

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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Hazel Iris P. Lafuente												(02) 88172585											
Contact Person												Company Telephone Number											

1	2	3	1	Preliminary Information Statement												First Monday of May								
Month		Day		2	0	-	1	S	FORM TYPE												Month		Day	
Fiscal Year																Annual Meeting								

Security License Type, If Applicable

M	S	R	D	Amended Articles Number/Section											
Dept. Requiring this Doc.															

				Total Amount of Borrowings											
Total No. of Stockholders				Domestic						Foreign					

To be accomplished by SEC Personnel concerned

											LCU											
File Number																						
											Cashier											
Document I.D.																						

STAMPS									

Remarks = pls. use black ink for scanning purposes

NOTICE OF SPECIAL STOCKHOLDERS' MEETING¹

NOTICE IS HEREBY GIVEN that the Special Stockholders' Meeting of SP NEW ENERGY CORPORATION (the "Issuer", the "Company", "SPNEC", or the "Corporation") will be conducted by remote communication on Thursday, 23 January 2025, at 10:00 AM with the following agenda:

A G E N D A

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Previous Annual Stockholders' Meeting on 10 May 2024
4. Creation of Security Interest over SPNEC shares in Terra Solar Philippines Inc. ("TSPI") and Terra Nueva Inc. ("TNI") in relation to the Project Financing, Execution of the Necessary Documentation, and Designation of Authorized Representatives for the Transaction
5. Ratification of Acts, Resolutions, and Decisions of the Board of Directors and Management beginning 10 May 2024
6. Other Matters
7. Adjournment

Only stockholders of record as of 03 January 2025 are entitled to notice of, to attend, and to vote in, the meeting.

Stockholders may attend and/or vote in the meeting by appointing a proxy or by voting *in absentia*. Stockholders intending to participate by remote communication should notify the Corporation by registering online at <https://conveneagm.com/ph/SPNEC2025SSM> on or before 20 January 2025. Please be informed that there will be an audio and visual recording of the meeting.

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 will be made available on the Corporation's website at <https://spnec.ph> and PSE EDGE.

Duly accomplished proxies together with a valid government-issued ID (for natural persons) or a notarized secretary's certificate (for juridical persons) should be submitted on or before 5:00 PM, 13 January 2025, to the Corporate Secretary, Atty. Jo Marianni P. Ocampo-Jalbuena, at 8F Tower One Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City. Soft copies of the proxies can be emailed in advance to MgenGrp_SEC@meralcopowergen.com. Validation of proxies is set for 16 January 2025, 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.

In accordance with the Securities and Exchange Commission Memorandum Circular No. 14, series of 2020, shareholders of record who, as of 03 January 2025, 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 15 January 2025.

Stockholders may email questions or comments to MgenGrp_SEC@meralcopowergen.com on or before 15 January 2025.

Pasig City, 09 December 2024


JO MARIANNI P. OCAMPO-JALBUENA
Corporate Secretary

¹ In accordance with Section 4, Article I of the Amended By-Laws of the Corporation, this Notice will be published in the business section of two (2) newspapers of general circulation in print and online format on 26 and 27 December 2024.

AGENDA DETAILS AND RATIONALE

I. CALL TO ORDER

The Chairman will formally open the meeting at approximately 10:00 AM.

II. CERTIFICATION OF NOTICE AND QUORUM

The 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 *in absentia* on the matters at the meeting. A stockholder participating by remote communication and/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 15 January 2025 to MgenGrp_SEC@meralcopowergen.com or <https://conveneagm.com/ph/SPNEC2025SSM> and shall be limited to the items in the Agenda.
2. Each of the proposed resolutions will be shown on the screen as the items are taken up at the meeting.
3. Stockholders must notify the Corporation on or before 20 January 2025 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/SPNEC2025SSM> or by authorizing the Chairman of the meeting as proxy.
5. Stockholders voting *in absentia*, who have registered online prior to the meeting, may cast their votes electronically using the system.
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 Corporation's accredited service provider will tabulate all votes received and Corporate Secretary will validate the results. The 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 ANNUAL STOCKHOLDERS' MEETING ON 10 MAY 2024

The signed Minutes of the Annual Stockholders' Meeting held on 10 May 2024 is attached hereto as **Annex "A"**. The said minutes are also available for download from the Corporation's website: <https://spnec.ph>. Below is the text of the proposed resolution:

***"RESOLVED**, that the stockholders of the Corporation approve the Minutes of Annual Stockholders' Meeting held on May 10, 2024."*

IV. CREATION OF SECURITY INTEREST OVER SPNEC SHARES IN TSPI AND TNI IN RELATION TO PROJECT FINANCING, EXECUTION OF THE NECESSARY DOCUMENTATION, AND DESIGNATION OF AUTHORIZED REPRESENTATIVES FOR THE TRANSACTION

The creation of a Security Interest over the shares of the Corporation in Terra Solar Philippines, Inc. ("TSPI") and Terra Nueva, Inc. ("TNI") in relation to financing projects to be separately entered into by TSPI and TNI, and the execution of all necessary documentation and designation of authorized representatives for the said transactions will be presented to the stockholders for approval.

TSPI will secure a syndicated loan from BDO Unibank, Inc., Security Bank Corporation (“SBC”), China Banking Corporation (“Chinabank”), Philippine National Bank (“PNB”), Bank of the Philippine Islands and Metropolitan Bank & Trust Company for a principal amount of up to Php160.2 Billion (the “TSPI Loan”). The proceeds of the TSPI Loan shall be used by TSPI to: (i) partially finance the supply, procurement, construction and development of approximately 3,500 MW solar photovoltaic (“PV”) power plant and 4,500 MWh battery energy storage system (“BESS”) project, including the transmission lines (the “Project”), and all other operating and capital expenditures incurred in connection with the Project; (ii) repay any bridge loan financing procured prior to the financial close under the TSPI Loan; and (iii) cover transaction costs in connection with, or arising from, the making of the TSPI Loan. The shares of stock held by the Corporation in TSPI, directly and indirectly, consisting of 99,999 common shares, which constitute 100% of TSPI’s outstanding capital stock, will be offered as security for the TSPI Loan.

On the other hand, TNI will secure a syndicated loan from SBC, Chinabank and PNB for a principal amount of up to Php20 Billion (the “TNI Loan”). The proceeds of the TNI Loan shall be used by TNI to: (i) partially fund the acquisition of lands to be used for the Project, and other fees and costs in relation to the acquisition, conversion, and titling of said lands in the name of TNI; (ii) fund payment of capital commitments to TSPI; (iii) repay any bridge loan financing procured prior to the financial close under the TNI Loan; and (iv) cover transaction costs in connection with, or arising from, the making of the TNI Loan. The shares of stock held by the Corporation in TNI, directly and indirectly, consisting of 50,000 common shares and 50,000 preferred shares, which constitute 100% of TNI’s outstanding capital stock, will be offered as security for the TNI Loan.

Below is the text of the proposed resolution authorizing the creation of the Security Interest over the shares of the Corporation in TSPI and TNI in relation to the TSPI Loan and TNI Loan, and the execution of all necessary documentation and designation of authorized representatives in relation to such transactions:

Attached as Annex “B” is the draft resolutions to be approved by SPNEC’s stockholders.

V. RATIFICATION OF ACTS, RESOLUTIONS, AND DECISIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT BEGINNING 10 MAY 2024

The acts, resolutions, and decisions of the Board of Directors, its committees and officers for ratification are those taken and adopted since the previous Annual Stockholders’ Meeting held on 10 May 2024 up to the present. These may include the approval of agreements, projects, investments, treasury-related matters, and other matters covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. 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. Below is the proposed resolution:

*“**RESOLVED**, that all acts, resolutions and deeds of the Board of Directors and Management of the Company from the Annual Stockholders’ Meeting held on May 10, 2024, up to the date of this meeting be, as they are hereby, confirmed, ratified and approved.”*

VI. OTHER MATTERS

These include such other matters that may arise before or during the meeting. Stockholders may email questions or comments on or before 15 January 2025 to MgenGrp_SEC@meralcopowergen.com, in accordance with existing laws, rules, and regulations of the Securities and Exchange Commission and the Corporation’s internal guidelines.

VII. ADJOURNMENT

After all business has been considered and resolved, the Chairman will declare the meeting adjourned.

WE ARE NOT SOLICITING YOUR PROXY.

Stockholders who will not, are unable, or do not expect to attend the meeting but would like to be represented thereat may choose to execute and send a proxy form to the Office of the Corporate Secretary on or before 5:00 p.m., 13 January 2025. Soft copies of the proxies can be emailed in advance to MgenGrp_SEC@meralcopowergen.com. A sample proxy form is provided below.

PROXY

The undersigned stockholder of **SP NEW ENERGY CORPORATION** (the “**Corporation**”) hereby appoints the Chairman of the meeting as attorney-in-fact and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder at the Special Meeting of the Stockholders of the Corporation on 23 January 2025 and at any postponement or adjournment thereof for the purpose of acting on the following matters:

#	Agenda Item	Yes	No	Abstain
1	Approval of the Minutes of the Previous Annual Stockholders’ Meeting held on 10 May 2024			
2	Creation of Security Interest over SPNEC Shares in TSPI and TNI in relation to the Project Financing, Execution of the Necessary Documentation, and Designation of Authorized Representatives for the Transaction			
3	Ratification of Acts, Resolutions, and Decisions of the Board of Directors and Management beginning 10 May 2024			

Place/Date : _____

Name of Shareholder : _____

Signature : _____

Number of Shares : _____

Duly accomplished proxies should be submitted on or before **5:00 PM of 13 January 2025** to the Corporate Secretary, Atty. Jo Marianni P. Ocampo-Jalbuena, at Global Business Power Corporation, 8F Tower One Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City. Soft copies of the proxies can be emailed in advance to MgenGrp_SEC@meralcopowergen.com. Validation of proxies is set for **16 January 2025**. 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 equivalent 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 such proxy in accordance with the Corporation’s By-Laws. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his/her/its intention to vote in person.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

[X] Preliminary Information Statement
[] Definitive Information Statement
2. Name of Issuer as specified in its charter: **SP NEW ENERGY 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: **112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City 1229, Philippines**
7. Postal Code: **1229**
8. Issuer’s telephone number, including area code: **(02) 8817-2585**
9. Date, time and place of the meeting of security holders: **23 January 2025, 10:00 AM, 13th Floor Lopez Bldg., Meralco Center, Ortigas Avenue, Pasig City. The meeting will be conducted by remote communication.**
10. Approximate date on which the proxy statement is first to be sent or given to security holders: **02 January 2025**
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	50,073,050,000 shares²
Preferred – Class B	19,404,202,552 shares³
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 are listed on the Philippine Stock Exchange.

² Only 9,998,828,397 common shares are registered with the Securities and Exchange Commission, while 40,073,050,000 common shares are still in the process of being listed in the Philippine Stock Exchange.
³ Not to be listed.

A. GENERAL INFORMATION

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

The Meeting of the Stockholders of the Corporation will be held on **23 January 2025, 10:00 AM, at 13th Floor Lopez Bldg., Meralco Center, Ortigas Avenue, Pasig City. It will be conducted by remote communication via videoconferencing.**

- a. The complete mailing address of the Corporation is **c/o Atty. Jo Marianni P. Ocampo-Jalbuena, 8F Tower 1, Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City 1604, 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 **02 January 2025.**

Item 2. Dissenters' Right of Appraisal

A stockholder may exercise the right of appraisal (i.e., the right to dissent and demand payment of the fair value of his shares) in the instances provided under the Revised Corporation Code of the Philippines (the “**Revised Corporation Code**”), as follows: 1) 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; 2) 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; 3) in case of merger or consolidation; and 4) in case of investment of corporate funds for any purpose other than the primary purpose of the corporation (Section 80, Title X, Appraisal Right, Revised Corporation Code).

The proposed meeting is called, among others, for the approval of the creation of security interest over SPNEC shares in TSPI and TNI, which shares comprise “substantially all” of the Corporation’s assets. In accordance with Section 81 of the Revised Corporation Code, dissenting stockholders may exercise their appraisal right in this instance by voting against the proposed matter during the meeting and making a written demand on the Corporation within thirty (30) days after the date on which the vote was taken for the payment of the fair value of their shares. Failure to make such a written demand within such period shall be deemed a waiver of their appraisal right.

The appraisal right shall be exercised in accordance with the procedure laid down in Section 81, Title X, of the Revised Corporation Code for a valid exercise of appraisal right.

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

None of the Corporation’s directors or officers, nor any of their associates, 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 Corporation of his/her opposition to any matter to be acted upon during the Meeting of the Stockholders to be held on 23 January 2025.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- a. As of 30 November 2024, the Corporation’s issued and outstanding capital stock consists of 50,073,050,000 common shares and 19,404,202,552 preferred shares – Class B. Each outstanding common and preferred Class B share held as of the record date is entitled to one (1) vote.
- b. Only persons, natural and juridical, recorded in the books of the Corporation as stockholders as of 03 January 2025 shall be entitled to notice and allowed to vote at the Stockholders’ Meeting on 23 January 2025 or any adjournment thereof.
- c. Voting

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/SPNEC2025SSM>. A stockholder voting via remote communication or *in absentia* shall be deemed present for purposes of quorum.

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 Corporation’s accredited service provider will tabulate all votes received and the Corporate Secretary will validate the results. The 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 30 November 2024, the following persons or groups own more than five percent (5%) of the Corporation’s voting securities:

Title Class	of	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 of Total Voting Shares
Common Class Preferred (voting)	B	<i>MGEN Renewable Energy, Inc.</i> (“MGreen”) 8 th Floor, Rockwell Business Center, Tower 1, Ortigas Avenue, Barangay Ugong, Pasig City <i>Parent Corporation</i>	Same as the record owner	Filipino	17,873,912,999 ⁴ 19,404,202,552	53.66%
Common		<i>Solar Philippines Power Project Holdings, Inc.</i> (“SP Project Holdings”) 20 th Floor AIA Tower (formerly PhilamLife Tower), 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines	Mr. Leandro Antonio L. Leviste owns 100% of SP Project Holdings’ outstanding capital stock.	Filipino	18,993,622,998 ⁵	27.34%
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 either in their own behalf or on behalf of their clients.	Filipino	4,241,497,094 ⁶	6.10%
Common		<i>Asia Pacific Institute for Green Development Inc.</i>	Asia Pacific Institute for Green Development Inc. is a	Filipino	4,150,000,000	5.97%

⁴ Composed of 15,699,999,999 common shares that are certificated and directly held or registered in the name of MGreen and 2,173,913,000 common shares which are scripless and indirectly held or currently under the name of PCD Nominee Corporation (Filipino).

⁵ Composed of 18,643,050,000 common shares that are certificated and directly held or registered in the name of SP Project Holdings and 350,572,998 common shares which are scripless and indirectly held or currently under the name of PCD Nominee Corporation (Filipino).

⁶ Shares presented in this row excludes shares owned by SP Project Holdings and MGreen lodged with PDTC.

	48 Dunwoody Street, University Hills, Malabon City	non-stock corporation and has no record or beneficial owner.			
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The following table shows the ownership of the following directors and officers in the Corporation’s common shares as of 30 November 2024:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Percent of Total Outstanding Shares
Common	Manuel V. Pangilinan	Filipino	1	Direct*	0%
			0	Indirect	
Common	Leandro Antonio L. Leviste	Filipino	1	Direct*	27.34%
			18,993,622,998	Indirect***	
Common	Lance Y. Gokongwei	Filipino	0	Direct	0%
			1	Indirect**	
Common	Emmanuel V. Rubio	Filipino	1	Direct**	0%
			2,000,000	Indirect	
Common	Hazel Iris P. Lafuente	Filipino	0	Direct	0.01%
			5,360,001	Indirect****	
Common	Ryan Jerome T. Chua	Filipino	0	Direct	0%
			1	Indirect**	
Common	Benjamin I. Espiritu	Filipino	1	Direct	0%
			0	Indirect	
Common	Lydia B. Echauz	Filipino	0	Direct	0%
			250,000	Indirect*****	
Common	Amanda Roselle A. Bengson	Filipino	1	Direct	0%
			0	Indirect	
N.A.	Alicia G. Brion	Filipino	0	Direct	0%
			0	Indirect	
Common	Rochel Donato R. Gloria	Filipino	1	Direct	0%
			0	Indirect	
N.A.	Dennis B. Jordan	Filipino	0	Direct	0%
			0	Indirect	
N.A.	Jo Marianni P. Ocampo-Jalbuena	Filipino	0	Direct	0%
			0	Indirect	
N.A.	Doris S. Te	Filipino	0	Direct	0%
			0	Indirect	
Total			19,001,233,007		27.35%

**The single shares of Mr. Pangilinan, Mr. Leviste, Mr. Gloria and Ms. Bengson are held in trust for SP Project Holdings.*

***The single shares of Mr. Rubio and Mr. Chua are held in trust for MGreen.*

****Mr. Leviste holds 18,993,622,998 shares through SP Project Holdings.*

*****Ms. Lafuente’s entire shareholding is currently lodged with the PDTC under PCD Nominee Corporation, including the qualifying share she holds in trust for SP Project Holdings.*

******The shares of Ms. Echauz 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 30 November 2024 is **19,001,233,007** or 27.35 % of the Corporation’s total outstanding shares.

Voting Trust Holders of 5% or More

The Corporation is not aware of any person holding more than 5% of voting shares under a voting trust or similar agreement.

Changes in Control

MGEN Renewable Energy Inc. (“**MGreen**”), the renewable energy development arm of Meralco Powergen Corporation (“**MGen**”), announced on 12 October 2023 that it has agreed with the Company and its then parent, Solar Philippines Power Project Holdings, Inc. (“**SP Project Holdings**”), to invest ₱15.9 billion to

subscribe to 15.7 billion common shares and 19.4 billion redeemable preferred voting shares in the Company. MGen is a wholly-owned subsidiary of the Manila Electric Company, the country’s largest private sector electric distribution utility company. The transaction will support the expansion of the Company’s project portfolio, including the development of a planned 3.5GW solar power plant and 4 GWh of battery storage.

The 15.7 billion SPNEC common shares have a total subscription price of ₱15.7 billion and represent 31.35% of the issued and outstanding common shares of the Company. The 19.404202552 billion redeemable preferred voting shares have a total subscription price of ₱194.04202552 million and do not have the ability to earn economic returns or dividends.

Upon full payment of the subscription price, MGreen’s nominees were elected as directors and officers of SPNEC. However, MGreen’s shares and the corresponding share certificates were not issued until 19 January 2024, when the Corporation received from the Securities and Exchange Commission (the “SEC”) the approval of its application for increase in authorized capital stock.

Subsequently, on 26 January 2024, MGreen purchased an additional 2,173,913,000 common shares held by SP Project Holdings for a total consideration of ₱2,499,999,950.00. With this, MGreen’s resulting ownership in SPNEC is now at 53.66%.

Item 5. Directors and Executive Officers

As of the date of this Information Statement, the following are the eight (8) individuals comprising the Corporation’s Board of Directors:

Name	Position	Nationality	Age	Term of Office	Period Served
Manuel V. Pangilinan	Chairman	Filipino	78	<1 year	2023 to present
Leandro Antonio L. Leviste	Vice Chairman	Filipino	31	< 8 years	2016 to present
Lance Y. Gokongwei	Director	Filipino	57	<1 year	2024 to present
Emmanuel V. Rubio	Director, President & Chief Executive Officer	Filipino	60	<1 year	2024 to present
Ryan Jerome T. Chua	Director	Filipino	38	< 1 year	2024 to present
Hazel Iris P. Lafuente	Director	Filipino	37	< 8 years	2016 to present
Benjamin I. Espiritu	Independent Director	Filipino	71	< 3 years	2021 to present
Lydia B. Echauz	Lead Independent Director	Filipino	77	< 1 year	2024 to present

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

Manuel V. Pangilinan, 78, Filipino, Chairman

Mr. Manuel V. Pangilinan currently sits as the Chairman and President of Metro Pacific Investments Corporation. He is the incumbent Chairman and Chief Executive Officer (CEO) of Manila Electric Company. Mr. Pangilinan is the CEO and Managing Director of First Pacific Company Limited. He also serves as the Chairman of PLDT Inc., Smart Communications, Inc., PLDT Communications and Energy Ventures Inc., Landco Pacific Corporation; Metro Pacific Hospital Holdings, Inc., Maynilad Water Services, Inc., Mediaquest, Inc., Associated Broadcasting Corporation (TV5), Makati Medical Center, Cardinal Santos Medical Center, Our Lady of Lourdes Hospital, Philex Mining Corporation, PXP Energy Corporation, NLEX Corporation, Digital Telecommunications Phils. Inc., Digitel Mobile Philippines, Inc. and Meralco PowerGen Corporation. In 2012, he was appointed as Vice Chairman of Roxas Holdings Incorporated which owns and operates the largest sugar milling operations in the Philippines. Effective 1 January 2024, Mr. Pangilinan assumed the role of Chairman, President and CEO of PLDT Group. He is the incumbent Chairman of the Board of Trustees of San Beda College, Hongkong Bayanihan Trust, Philippine Disaster Resilience Foundation, Disaster Recovery Foundation, Inc. and Philippine Business for Social Progress. Mr. Pangilinan serves as Co-Chairman of the USPhilippine Society. He also serves as the Vice Chairman of the Foundation for Crime Prevention. As a known patron of sports, he was named Chairman Emeritus of the Samahang Basketbol ng Pilipinas and Chairman of the Amateur Boxing Association of the Philippines. Mr. Pangilinan is also a Member of the Board of Overseers of The Wharton School of the

University of Pennsylvania. Mr. Pangilinan earned his Bachelor of Arts in Economics Degree from Ateneo de Manila University where he graduated cum laude. He pursued his Master of Business Administration in the Wharton School of Finance and Commerce as a Procter & Gamble Fellow.

Leandro Antonio L. Leviste, 31, Filipino, Vice Chairman

Mr. Leandro Antonio L. Leviste founded Solar Philippines in 2013 with a mission to accelerate the development of solar energy in the Philippines. He has received numerous awards, including being ranked at the top of Forbes Magazine's inaugural "30 Under 30" List for Asia in 2016 and being named the Young Entrepreneur of the Year Philippines 2022 by Ernst & Young. His first solar project completed in 2014 was awarded the "2016 Sustainable Energy Finance Award" by The International Finance Corporation of the World Bank. His pioneering innovations won for the company the Asian Power Awards for Independent Power Producer of the Year and Solar Power Project of the Year in 2017. He led the Solar Philippines Nueva Ecija Corporation during its Initial Public Offering in 2021, becoming the youngest ever Chairman, President, and CEO of a Philippine-listed company.

He is the youngest ever member of the Management Association of the Philippines and Makati Business Club. He currently serves as Chairman, President, and CEO of the Solar Philippines Group.

Lance Y. Gokongwei, 57, Filipino, Director

Mr. Lance Y. Gokongwei is the Chairman of Universal Robina Corporation, Robinsons Land Corporation, Robinsons Retail Holdings, Inc., Cebu Air, Inc., JG Summit Olefins Corporation and Gokongwei Brothers Foundation, Inc. He also serves as a director and the President and Chief Executive Officer of JG Summit Holdings, Inc. and Robinsons Land Corporation.

He is a member of the Board of Directors of Manila Electric Company, Altus Property Ventures, Inc., Cebu Air, Inc., RL Commercial REIT, Inc., Shakey's Asia Pizza Ventures, Inc., Oriental Petroleum and Minerals Corporation, Singapore Land Group Limited, Endeavor Acquisition Corporation, JE Holdings, Inc., AB Capital and Investment Corporation, JG Digital Equity Ventures, Inc. and Data Analytic Ventures, Inc.

Mr. Gokongwei received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Emmanuel V. Rubio, 60, Filipino, Director and President

Mr. Emmanuel V. Rubio serves as the President of SP New Energy Corporation (SPNEC). Concurrently, he serves as the President and CEO of Meralco PowerGen Corporation, a wholly owned subsidiary of Manila Electric Company (Meralco). He is a seasoned executive bringing in a wealth of experience and expertise having served as the President and CEO Aboitiz Power Corporation where he led the company's transformation towards sustainable energy sources by driving significant growth in its renewable energy and balancing its power generation portfolio.

Mr. Rubio completed several advanced leadership and management programs from Columbia University, Nanyang Technological University – Singapore, and Singapore Management University – Singapore Institute of Directors. He holds a Master of Business Administration from De La Salle University Graduate School of Business. He graduated with a Bachelor of Science degree, majoring in Industrial Management Engineering and minor in Mechanical Engineering from De La Salle University - Manila.

Hazel Iris P. Lafuente, 37, Filipino, Director

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 development, 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 Pi Gamma Mu International Honor Society in Social Sciences member.

Ryan Jerome T. Chua, 38, Filipino, Director

Mr. Ryan Jerome T. Chua has served as Vice President for Business Development for Metro Pacific Investments Corporation (MPIC) since November 2021. He has close to 20 years of end-to-end experience in direct investments, with broad-based experience across the Asia Pacific consumer, industrials, and infrastructure sectors. His experience also includes post-investment initiatives including post-merger integration, development plan and execution, and strategic planning.

Mr. Chua earned his Bachelor of Science in Management Engineering from Ateneo de Manila University where he graduated cum laude and obtained his MBA from INSEAD. He is also a CFA charterholder.

Lydia B. Echauz, 77, Filipino, Lead Independent Director

Dr. Lydia B. Echauz serves as an independent director of publicly listed companies Meralco, D&L Industries, Inc., and Shell Pilipinas Corp.

She is also a director of FERN Realty Corporation; Riverside College, Inc.; and NBS Educational Services, Inc. and trustee of SM Foundation, Inc.; Akademyang Filipino Association, Inc.; Mano Amiga Academy, Inc. and Museo del Galeon Foundation, Inc. She is also the executive director of Henry Sy Foundation, Inc.

She was president of publicly listed Far Eastern University and of its three affiliate schools for 10 years and was dean of DLSU Graduate School of Business. She was a trustee of De La Salle College of St. Benilde, and Immaculate Conception Academy. She was also a director of Manila Tytana College, MCO Foundation, Inc., and executive director of the Association of Deans of Southeast Asian Graduate Schools of Management, and Philippine council president of the Association of Deans of Southeast Asian Institutes of Higher Learning.

She also served as director of the Development Bank of the Philippines, DBP Brokerage Insurance, Inc., and DBP Data Center, Inc.; executive director of Jaime V. Ongpin Institute of Business and Government, and consultant to SM Prime Holdings, Inc.

Dr. Echauz earned her Doctor of Business Administration from De La Salle University, MBA from Ateneo de Manila University, and AB Economics and Mathematics from St. Theresa's College.

Benjamin I. Espiritu, 71, Filipino, Independent Director

Dr. Espiritu is a Certified Public Accountant, President of Risks, Opportunities Assessment and Management (ROAM) Inc., Chairman of Banco de Mindoro, Inc., President of EC Ventures Corporation, and heads several other private corporations and two family foundations. He is also an independent director of other publicly-listed corporations, Central Azucarera de Tarlac, Dizon Copper-Silver Mines, Inc., NiHao Mineral Resources International, Inc., and of an insurance company, 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 served as a Provincial Governor of Oriental Mindoro and a Brigadier General AFP (Res) and former Commander of the 7th Marine Brigade for three consecutive years from 2013 to 2015 and Philippines Navy Reserve Unit of the Year for six consecutive years from 2012 to 2017.

In the academe, he was the former Chairman of the Board of Regents of Pamantasan ng Lungsod ng Maynila concurrent Chairman of the Board of Trustees of Ospital ng Maynila Medical Center, President of Don Bosco Technical College Mandaluyong, and Dean of Far Eastern University – Makati. He was also Chairman of the Accounting, Finance, Business and Governance Department of De La Salle University Graduate School of Business, Program Coordinator of the Doctor of Business Administration program, and Course Director of the Corporate Governance and Risk Management program.

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.

Key Officers

Dennis B. Jordan, 55, Filipino, Chief Operating Officer

Mr. Dennis B. Jordan serves as the President of Terra Solar Philippines, Inc., a wholly owned subsidiary of SPNEC. Mr. Jordan is a seasoned energy and infrastructure executive with over two decades of leadership experience in strategy, project management, and sales & marketing gained from Australia and the Philippines.

Prior to joining the Company, he was the President & CEO of GNPowder Mariveles Energy Center Ltd. Co. and President & COO of AP Renewables, Inc. Mr. Jordan also held key leadership roles in Hearing Australia, JG Summit Petrochemical Corporation, and the Linde Group through BOC South Pacific.

Mr. Jordan holds a Master of Business Administration from De La Salle University Graduate School of Business and earned his Bachelor of Arts in Philosophy Degree from the University of the Philippines - Diliman.

Amanda Roselle A. Bengson, 49, Filipino, Chief Compliance Officer

Ms. Amanda Roselle A. Bengson is Senior Vice President and Head of Regulatory Management and Industry Affairs of MGen. Prior to this, she served as Head of Corporate Services Division of Global Business Power Corporation (“**GBP**”), a wholly owned subsidiary of MGen. She is a seasoned and highly respected legal and energy professional given her extensive experience in her profession and the industry. Prior to joining GBP in 2006, she was with Mirant Philippines where she managed the Company’s legal operations and held positions at the Puno and Puno Law Offices and SyCip Salazar Hernandez & Gatmaitan Law Offices.

Ms. Bengson holds a Juris Doctor degree from the Ateneo de Manila University and a Bachelor of Arts in Economics from the same university. She passed the Philippine Bar in 2001.

Rochel Donato R. Gloria, 59, Filipino, Treasurer and Chief Finance Officer

Mr. Rochel Donato R. Gloria serves as Senior Vice President and the Chief Finance Officer (CFO) of MGreen. Prior to this, he was Senior Vice President, CFO and Chief Risk Officer of GBP. He is a seasoned executive bringing in 37 years of leadership experience in corporate finance, business development, and marketing from various industries, including energy, telecommunications, private equity, among others. Prior to joining GBP, he served as Vice President and Head of Business Development and Corporate Planning for First Philec, Inc. He also served as First Vice President and Head for Energy Trading and Sales for Aboitiz Power Corporation.

Mr. Gloria holds a Master of Business Administration from the Ateneo de Manila University Graduate School of Business. He graduated with a Bachelor of Science, majoring in Industrial Management and minor in Mechanical Engineering from De La Salle University.

Alicia G. Brion, 56, Filipino, Head of Controllershship

Ms. Alicia G. Brion is the First Vice President and Controller of Meralco PowerGen Corporation (“**MGen**”). Concurrently, she also serves as the First Vice President and Controller of Global Business Power Corporation (“**GBP**”), a wholly owned subsidiary of MGen. She is a seasoned executive bringing in her expertise in financial controllershship and strategic insight, which are pivotal in enhancing the fiscal health of the organizations she manages.

Prior to joining MGen in 2011, she held various senior leadership positions in accounting and audit at Bauang Private Power Corporation, AmTrust Financial Holdings Corporation, and LC Diaz and Company.

Ms. Brion completed her Bachelor of Science degree in Business Administration – Accountancy from University of the East.

Jo Marianni P. Ocampo-Jalbuena, 40, Filipino, Corporate Secretary

Atty. Jo Marianni P. Ocampo-Jalbuena serves as a legal counsel of Meralco PowerGen Corporation (“**MGen**”) and Global Business Power Corporation. She is a seasoned legal professional bringing in her expertise in legal advisory, due diligence, and transaction negotiation. She is highly adept in contract drafting and review, whether in the ordinary course of business or in relation to big-ticket projects covering mergers and acquisitions, and loans and financings, among others.

Prior to joining MGen in 2022, she was the head of Legal for MetroPac Movers, Inc., the logistics arm of Metro Pacific Investments Corporation. Atty. Ocampo-Jalbuena received her primary legal practice training from SyCip Salazar Hernandez & Gatmaitan.

Atty. Ocampo-Jalbuena completed Juris Doctor degree from the Ateneo de Manila University where she graduated 7th in her class. She completed her Bachelor of Science in Business Administration Degree at the University of the Philippines – Diliman.

Doris S. Te, 43, Filipino, Assistant Corporate Secretary

Atty. Doris S. Te serves as a legal counsel of Global Business Power Corporation (GBP). She has extensive experience in corporate governance and corporate housekeeping, having previously served as Assistant Corporate Secretary of Filinvest Land, Inc., Filinvest Development Corporation, United Coconut Planters Bank and Landbank Securities, Inc. She was also previously the Corporate Secretary of Philippine National Bank and various entities affiliated with Vena Energy Shared Services Pte. Ltd. ROHQ.

Atty. Te obtained her degree in Bachelor of Science in Management in 2001 and earned her Juris Doctor in 2005 from Ateneo de Manila University.

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

Term of Office

The Directors are elected at the annual meeting of the stockholders for a term of one (1) year, until their successors are duly elected and qualified. Mr. Emmanuel V. Rubio was elected in a board meeting held on 11 July 2024, to replace Mr. Rochel Donato R. Gloria who had resigned as a director on the same date. Mr. Rubio will serve only for the remainder of the term.

Resignation of Directors

To date, no director has resigned or declined to stand for re-election for the Board due to any disagreement with the Company relative to the Company’s operations, policies, and practices.

Attendance of Directors in Board and Committee Meetings

Below is the record of attendance of the directors in 2023:

Directors	No. of Meetings Attended/Held During Their Incumbency	Percent Present During Their Incumbency
Leandro Antonio L. Leviste	19/19	100%
J. Carlitos G. Cruz <i>(resigned effective 22 December 2023)</i>	17/17	100%
Carlos Jose P. Gatmaitan <i>(resigned effective 11 December 2023)</i>	16/16	100%
Benjamin I. Espiritu	19/19	100%
Jesusa Loreto A. Arellano <i>(resigned effective 31 January 2023)</i>	1/1	100%
Hazel Iris P. Lafuente	19/19	100%
Aresty M. Lapitan <i>(resigned effective 27 December 2023)</i>	18/18	100%
Martin Charles Crotty <i>(served as director from 31 January 2023 until his resignation effective 27 December 2023)</i>	17/17	100%
Rochel Donato R. Gloria <i>(elected on 11 December 2023)</i>	3/3	100%
Amanda Roselle A. Bengson <i>(elected on 27 December 2023)</i>	2/2	100%
Manuel V. Pangilinan <i>(elected on 27 December 2023)</i>	1/1	100%
Pedro Emilio R. Roxas <i>(elected on 27 December 2023 and resigned on 10 June 2024)</i>	1/1	100%

Significant Employees

The Corporation considers the collective efforts of all of its employees as instrumental to the overall success of its performance. There is no employee who is not an executive officer who is expected to make, on his/her own, a significant contribution to the business.

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 Corporation.

Involvement in Legal Proceedings

To the best of the Corporation'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 Securities and Exchange Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

Pursuant to SPNEC's Material Related Party Transactions ("**RPT**") Policy, the RPT 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.

SPNEC has no other transactions with other parties (outside the definition of "related parties") that enable 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.

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. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

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 following are the Group⁷'s related party transactions for the year ended 31 December 2023, for the six-month period ended 31 December 2022 and for the year ended 30 June 2022, and the related outstanding balances as of 31 December 2023 and 2022:

⁷ Covers SPNEC and its subsidiaries: (i) the Solar Philippines Assets (as defined below, except Solar Philippines Central Luzon Corporation) (ii) Terra Nueva, Inc., (iii) Solar Philippines Calatagan Corporation, (iv) Solar Philippines Tarlac Corporation, (v) Solar Philippines Rooftop Corporation, and (vi) SP Holdings, Inc.

	Transactions during the periods ended			Outstanding balance as of December 31			
	December 31, 2023 (One Year)*	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	2023	2022	Terms	Conditions
Deposits for land acquisition							
Individual Stockholder	P421,618,085	P–	P–	P421,618,085	P–	Deposits; non-interest bearing	Unsecured; Not impaired
LHHC	–	–	–	270,000,000	270,000,000	-do-	-do-
PIC	–	–	–	267,000,000	267,000,000	-do-	-do-
				P958,618,085	P537,000,000		
Deposit							
SP Project Holdings	P–	P500,000,000	P–	P–	P500,000,000	Deposits; non-interest bearing	Unsecured
Due from related parties							
SP Project Holdings	P81,433,396	P8,700,000	P–	P87,967,930	P8,700,000	Due and demandable; non-interest bearing	Unsecured; Not impaired
SPCRPI	2,100,000	19,098,320	–	31,654,070	19,098,320	-do-	-do-
Individual Stockholder	7,293,310	–	–	7,293,310	–	-do-	-do-
SPCLC	5,000	–	–	5,000	–	-do-	-do-
SP Holdings	–	251,890,000	–	–	793,590,000	-do-	-do-
				P126,920,310	P821,388,320		
Due to related parties							
SP Project Holdings	P326,103,072	P–	6,966,300	P536,656,775	P22,770,229	Due and demandable; non-interest bearing	Unsecured
Countryside	37,552,682	–	–	37,552,682	–	-do-	-do-
TRHI	33,988,926	–	–	33,988,926	–	-do-	-do-
DGA	244,443	–	–	244,443	–	-do-	-do-
				P608,442,826	P22,770,229		
Accounts payable							
SPCRPI	P85,714,453	P–	P–	P85,714,453	P–	Due and demandable; non-interest bearing	Unsecured
SP Project Holdings	568,040,000	80,800,000	24,000,000	65,881,659	12,700,000	-do-	-do-
SMSC	85,454,482	23,450,790	–	32,869,361	2,339,094	-do-	-do-
SPMMC	547,956	–	–	547,956	–	-do-	-do-
				P185,013,429	P15,039,094		

*Includes effect of business combination

The following are the related party transactions for the nine-month periods ended September 30, 2024 and 2023, and the related outstanding balances as of September 30, 2024 and December 31, 2023:

		Transactions during the nine-months period ended September 30 (Unaudited)		Outstanding balance as of			
				September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	Terms	Conditions
2024*		2023					
Deposit (Notes 5 and 20)							
MIESCOR	P400,000,000	P–	P400,000,000	P–		Deposits; non-interest bearing	Unsecured; Not impaired
Advances to suppliers (Notes 8 and 20)							
SP Project Holdings							
	P688,000,000	P–	P688,000,000	P–		Cash advances	Unsecured
MIESCOR	14,799,879	–	14,799,879	–		-do-	-do-
MIESCOR Builders, Inc.	11,881,345	–	11,881,345	–		-do-	-do-
			P714,681,224	P–			
Deposits for land acquisition (Note 7)							
Individual Stockholder	P–	P–	P421,618,085	P421,618,085		Deposits; non-interest bearing	Unsecured; Not impaired
LHHC	–	–	270,000,000	270,000,000		-do-	-do-
PIC	–	–	267,000,000	267,000,000		-do-	-do-
			P958,618,085	P958,618,085			

		Transactions during the nine-months period ended September 30 (Unaudited)		Outstanding balance as of			
		2024*	2023	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	Terms	Conditions
Due from related parties							
<i>Intermediate Parent Company</i>							
MGreen	P585,729	P–	P585,729	P–	Due and demandable; non-interest bearing	Unsecured; Not impaired	
<i>Affiliates</i>							
SP Project Holdings	P–	P–	P85,708,957	P87,967,930	-do-	-do-	
SPCRPI	–	80,500,000	31,398,913	31,654,070	-do-	-do-	
SP Rooftop	14,472,361	–	14,472,361	–	-do-	-do-	
Individual Stockholder	–	–	7,293,310	7,293,310	-do-	-do-	
SP Batangas Baseload	3,264,680	–	3,264,680	–	-do-	-do-	
Laguna Rooftop	352,996	–	352,996	–	-do-	-do-	
SP Eastern	131,744	–	131,744	–	-do-	-do-	
SP South Luzon	111,745	–	111,745	–	-do-	-do-	
SP Visayas	65,320	–	65,320	–	-do-	-do-	
SP Batangas	62,744	–	62,744	–	-do-	-do-	
SP Central Visayas	61,744	–	61,744	–	-do-	-do-	
SP Southern Tagalog	61,744	–	61,744	–	-do-	-do-	
SP Tarlac Baseload	61,744	–	61,744	–	-do-	-do-	
SP Western	61,744	–	61,744	–	-do-	-do-	
SP Retail	54,459	–	54,459	–	-do-	-do-	
SP Southern Mindanao	51,744	–	51,744	–	-do-	-do-	
SP Systems	51,744	–	51,744	–	-do-	-do-	
SP Central Luzon	20,000	–	20,000	5,000	-do-	-do-	
			P143,873,422	P126,920,310			
Due to related parties							
SP Project Holdings	P–	P300,000,000	P347,523,294	P536,656,775	Due and demandable; non-interest bearing	Unsecured	
Countryside	724,344	–	38,227,026	37,552,682	-do-	-do-	
PIC	90,915	–	90,915	–	-do-	-do-	
Global	15,000	–	15,000	–	-do-	-do-	
TRHI	–	–	–	33,988,926	-do-	-do-	
DGA	–	–	–	244,443	-do-	-do-	
			P385,906,234	P608,442,826			
Accounts payable (Note 9)							
SP Project Holdings	P35,029,500	P30,810,000	P85,345,058	P65,881,659	Due and demandable; non-interest bearing	Unsecured	
MGreen	63,380,000	–	26,449,144	–	-do-	-do-	
SMSC	33,481,039	14,554,574	24,314,975	32,869,361	-do-	-do-	
Global	20,430,000	–	2,270,000	–	-do-	-do-	
SPCRPI	–	–	–	85,714,453	-do-	-do-	
SPMMC	–	–	–	547,956	-do-	-do-	
			P138,379,177	P185,013,429			

*Includes effect of deconsolidation.

In July 2024, TSPI entered into Service Agreements with GBP, an affiliate, and MGreen to provide support services for project development and business operations until December 31, 2024. Service fees incurred from GBP amounted to P20.4 million presented as part of “Other contracted services in general and administrative expenses. Service fees incurred from MGreen amounted to P63.4 million, for which P46.7 million was capitalized as part of “Construction in progress”.

a. Solar Philippines Power Project Holdings, Inc. (“**SP Project Holdings**”)

Disposal of Subsidiaries

Pursuant to the Option Agreement dated October 12, 2024, executed by and among SPNEC, SP Project Holdings and MGreen (as assignee of MGen under the Deed of Assignment and Assumption), SPNEC has the right and option to require SP Project Holdings to purchase certain assets comprising of shares in SPNEC subsidiaries, excluding SP Calatagan, SP Tarlac and Terra Solar (the “Put Option”). On August 12, 2024, the BOD of SPNEC approved the exercise of the Put Option.

Pursuant to SPNEC’s exercise of the Put Option as set out in its notice dated August 28, 2024, SPNEC and SP Project Holdings executed a Deed of Absolute Sale of Shares dated September 2, 2024, covering SPNEC’s full equity interest in the following entities (“Subject Companies”) for a total consideration of P80.0 million.

- Solar Philippines Rooftop Corporation
- Solar Philippines Batangas Corporation
- Solar Philippines Batangas Baseload Corporation

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

Deed of Assignment between SPNEC and SP Project Holdings

On 11 January 2021, a Deed of Assignment was entered into by SPNEC, as the assignee, and SP Project Holdings, as the assignor, whereby, SP Project Holdings assigned to SPNEC all of its rights and obligations under the 6 September 2016 lease agreement covering a total land area of 169.9 hectares, among others, and SPNEC accepted and assumed all of the said rights and obligations thus assigned, pursuant to the said Deed of Assignment.

Management Services Agreement (“MSA”) between SPNEC and SP Project Holdings

On 30 April 2021, SPNEC entered into an MSA with SP Project Holdings 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, 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 SPNEC’s operations, including but not limited to human resources, legal, finance, and information technology.

Prior to May 2021, the administrative and finance functions of SPNEC were being handled by SP Project Holdings at no cost to SPNEC. Starting May 2021, the key administrative and finance functions are performed by SP Project Holdings through the MSA. Management fee recognized for the year ended 31 December 2023, for the six (6)-month period ended 31 December 2022 and for the year ended 30 June 2022 amounted to ₱26.0 million, ₱12.8 million and ₱24.0 million, respectively, presented as “Management fees” under “General and administrative expenses” in the consolidated statements of comprehensive income.

Construction Support Services Agreement (“CSSA”) with SP Project Holdings

On 30 September 2022, SPNEC entered into a CSSA with SP Project Holdings wherein SP Project Holdings shall provide support services, including engineering, procurement and construction, logistics, warehousing and other contractor-related services during the construction of SPNEC’s Phase 1 Project.

Construction support services recognized for the year ended 31 December 2023, for the six (6)-month period ended 31 December 2022 and for the year ended 30 June 2022 amounted to ₱36.0 million, ₱68.0 million and nil, respectively, which were capitalized as part of Construction in Progress.

Administrative Services Contract (“ASC”) between Solar Philippines Calatagan Corporation (“SPCC”) and SP Project Holdings

On 27 May 2020, SPCC entered into an administrative service contract with Solar Philippines Commercial Rooftop Projects, Inc. (“SPCRPI”), an affiliate, to provide necessary and advisory services on management, investment and technical matters involving SPCC’s operations, including but not limited to human resources, legal, finance and information technology. Under the contract, SPCC shall pay SPCRPI a monthly fee of ₱1.0 million for a period of ten (10) years from 1 January 2020. On 22 January 2021, SPCRPI executed a Deed of Assignment transferring all of its rights and obligations under the administrative service contract to SP Project Holdings. In 2023, SPCC recognized professional fees amounting to ₱6.0 million, which is presented as “Management fees” under “General and administrative expenses” in the consolidated statement of income.

Site Acquisition Services Agreement (“SASA”) between Terra Nueva, Inc. (“TNI”) and SP Project Holdings

On 26 December 2022, TNI entered into a SASA with SP Project Holdings to cover total land area of 992.73 hectares for a consideration of ₱150.0 million for site acquisition services, exclusive of VAT, from 1 October 2022 to 31 December 2022.

As of 31 December 2022, TNI has fully paid for the site acquisition services rendered by SP Project Holdings and has presented this as part of “Deposits for land acquisition” in the consolidated statement of financial position.

Deposit and Services Agreement (“DSA”) between TNI and SP Project Holdings

On 26 December 2022, TNI entered into an agreement with SP Project Holdings, wherein the latter 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 (the “DAR”) for the 992.73 hectares acquired by the former including the delivery of the relevant conversion orders from the date of the agreement until 31 December 2024. To facilitate and expedite the performance of the services by SP Project Holdings, TNI has provided the former a refundable deposit amounting to ₱ 500.0 million which was presented in “Deposits” as part of “Other noncurrent assets” as of 31 December 2022.

In 2023, SP Project Holdings has secured multiple land conversion orders from DAR for parcels of land with a total land area of 992.73 hectares. TNI then reclassified the Deposits amounting to ₱500.0 million as part of land-related costs under “Deposits for land acquisition” account.

Intercompany Advance Agreement (“IAA”) with SP Project Holdings and TNI

On 5 May 2023, the BOD of SPNEC approved the authority to enter in a loan arrangement with SP Project Holdings in which SP Project Holdings may lend to SPNEC an amount up to the net proceeds of the Share Purchase Agreement with Metro Pacific Investments Corporation (net of taxes, costs, and fees), under the terms and conditions approved and recommended for board approval by the RPT Committee of SPNEC, and the proposed on-lending from SPNEC to TNI of the proceeds of this loan.

In June 2023, SPNEC entered into an IAA with SP Project Holdings whereby SP Project Holdings shall extend a loan to SPNEC wherein the latter shall exclusively use the proceeds of the loan for on-lending to TNI. Per the IAA, SPNEC shall not directly or indirectly use the proceeds of the loan for any other purpose without the prior written consent of SP Project Holdings. The IAA shall have a term of one (1) year, subject to extension mutually agreed by the parties.

On the same date, SPNEC entered into an IAA with TNI whereby SPNEC shall extend a loan to TNI wherein the latter shall exclusively use the proceeds to acquire the Project Land, as defined in the IAA. Per IAA, TNI shall not directly or indirectly use the proceeds of the loan for any other purpose without the lender’s prior written consent. The IAA shall have a term of one (1) year, subject to extension mutually agreed by the parties.

In 2023, SPNEC has received advances from SP Project Holdings which were then subsequently advanced to TNI amounting to ₱300.0 million.

Deed of Assignment of Deposit between SPNEC and SP Project Holdings

On 11 December 2023, SP Project Holdings entered into a Deed of Assignment with SPNEC whereby the former assigned the deposits in TSPI amounting to ₱25.96 million to the latter. In 2023, the group recognized other income amounting to ₱25.96 million presented as part of “Other income - net” in the consolidated statement of income.

b. Lupang Hinirang Holdings Corporation (“LHHC”)

Memorandum Of Agreement (“MOA”) with LHHC

On 19 April 2021, SPNEC entered into a MOA with LHHC, an affiliate of SPNEC, to secure land covering a total area of 56.81 hectares for a total amount of ₱270.0 million.

c. Provincia Investments Corporation (“PIC”)

MOA with PIC

On 20 February 2021, SPNEC entered into a MOA with PIC, an affiliate of SPNEC, which was later amended on 3 March 2021, to secure land covering a total area of 68.62 hectares for a total amount of ₱ 267.0 million.

d. Solar Philippines Commercial Rooftop Projects, Inc. (“SPCRPI”)

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

On 30 September 2022, SPNEC entered into a PDSA with SP Project Holdings wherein SP Project Holdings 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 5 October 2022, SP Project Holdings assigned all of its rights and obligations under the PDSA to SPCRPI, an affiliate of SPNEC.

As of 31 December 2022, SPNEC 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.

CSSA with SPCRPI

On 30 September 2022, SPNEC 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 SPNEC’s Phase 1 Project for a consideration of ₱100.0 million, exclusive of VAT.

On 5 October 2022, the parties agreed to amend the consideration of the CSSA from ₱100.0 million to ₱219.5 million, exclusive of VAT. As of 31 December 2022, ₱219.5 million was capitalized in CIP.

e. Solar Maintenance Services Corporation (“**SMSC**”)

Support Services Agreement between SPNEC and SMSC

On 29 September 2022, SPNEC entered into a Support Services Agreement with SMSC, an affiliate of SPNEC, wherein SMSC shall provide support services during the construction and development of SPNEC’s Phase 1 Project. Manpower services recognized for the year ended 31 December 2023, for the six-month period ended 31 December 2022 and for the year ended 30 June 2022, amounted to ₱43.6 million, ₱23.5 million and nil, respectively, which were capitalized in CIP.

Property Management Agreement (“PMA”) between SPCC and SMSC

SPCC has an annual PMA with SMSC to maintain and manage the solar power plant. In January 2022, SPCC renewed its contract for a period of one year until 31 December 2022. The agreement was automatically renewed and extended for another period of one year, subject to standard escalation of service fee at the rate of 10%. In 2023, SPCC recognized outside services amounting to ₱9.9 million presented as part of “Costs of sales and services” in consolidated statements of comprehensive income.

Operation and Maintenance Agreement (“O&M Agreement”) between Solar Philippines Tarlac Corporation (“SPTC”) and SMSC

SPTC has an Operation and Maintenance Agreement with SMSC for the latter to operate, maintain and manage SPTC’s solar power plant for 20 years for an annual fee of ₱21.5 million with an escalation rate of 2% on the second year of contract and every other year thereafter. For the year ended 31 December 2023, SPTC recognized professional fees amounting to ₱14.5 million, which was presented as part of “Costs of sales and services” in the consolidated statement of comprehensive income.

Property Maintenance and Management Agreement (“PMMA”) between Solar Philippines Rooftop Corporation (“SPRC”) and SMSC

SPRC has various property maintenance and management agreements with SMSC where the latter shall maintain and manage the solar power plants with terms varying for two (2) years up to 20 years. SPRC shall pay the total of salaries and wages cost plus 10% to SMSC for employees of SMSC who directly maintain and manage the solar power plant. For the year ended 31 December 2023, SPRC recognized “Personnel costs” which was presented as part of “Costs of sales and services” in the consolidated statements of comprehensive income amounting to ₱0.4 million.

CSSA between SPRC and SMSC

SPRC has three (3) CSSAs with SMSC where the latter shall provide support services, including EPC, logistics, warehousing, and other contractor-related services during the construction of the different projects of SPRC for one year. SPRC shall pay SMSC the total of salaries and wages cost plus 10% of the employees of SMSC who directly assisted to the construction of the power plants.

Construction support services recognized as part of CIP and “Personnel costs” under “Costs of sales and services” in the consolidated statement of comprehensive income amounted to ₱5.1 million and ₱5.4 million, respectively, for the year ended 31 December 2023.

f. Individual Stockholder

MOA with Solar Philippines Calatagan Corporation (“SPCC”)

On 12 February 2019, SPCC entered into a MOA with the Individual Stockholder to purchase 87.50 hectares of land for ₱421.6 million.

On 28 June 2019, the 87.50 hectares of land specified in the MOA were pledged as part of the securities to obtain a loan facility of SPTC.

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 Corporation 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 Corporation.

The Corporation did not employ any personnel from 31 December 2017 to 30 April 2021. During this period, the Corporation’s operations, business development, administrative, and finance functions were handled by its then parent corporation, SP Project Holdings. On 30 April 2021, the Corporation entered into a Management Service Agreement with SP Project Holdings to provide executive and leadership support and execute its strategic direction while managing its business operations from 1 May 2021 to 30 April 2024, which may be renewed or extended upon agreement of the parties, for a monthly fee of ₱ 2,000,000.00 or ₱24,000,000.00 per year. The Management Service Agreement covers all necessary administrative and advisory services on management, investment, and technical matters involving the Corporation’s operations, including but not limited to human resources, legal, finance, and information technology.

The executive compensation of the Corporation’s officers is part of the Management Service Agreement paid to SP Project Holdings for its executive and leadership support.

Regular directors do not receive per diem or monthly compensation. Below are the fees received by the Corporation’s independent directors:

	Year	Fees	Bonus	Other Compensation
Aggregate directors’ fee for Independent Directors	Actual FY 30 June 2021	N.A.	N.A.	N.A.
	Actual FY 30 June 2022	₱1.8 million		
	Actual 31 December 2022 (6 months)	₱1.8 million		
	Actual 31 December 2023	₱3.6 million		

Employment Contracts and Other Arrangements

As of the date of this Information Statement, the Corporation has no existing arrangements with members of the Board of Directors, executive officers, and employees other than the Management Service Agreement. There are no special employment contracts between the Corporation and its executive officers. Further, there are no special retirement plans for executives. There is also no special compensation to be received from the Corporation.

Warrants and Options Outstanding

As of the date of this Information Statement, there are no outstanding warrants or options held by directors and officers nor are there any adjustments in the exercise price of said warrants or options.

Item 7. Independent Public Accountants

SyCip Gorres Velayo & Co. (“SGV”) is a public accounting firm accredited by the SEC as a Group A auditing firm for public companies. Aside from the SEC, it is also accredited as an auditing firm by the Board of Accountancy, Bangko Sentral ng Pilipinas, Insurance Commission, and the Bureau of Internal Revenue. Globally, SGV is a member firm of Ernst & Young Global Limited.

SGV has acted as the Corporation’s external auditor since its incorporation. The Audited Financial Statements of the Corporation have been audited by SGV. The Corporation has not had any material disagreements on accounting matters or financial disclosure matters with SGV & Co.

There are no plans to change independent auditors for the succeeding years.

Pursuant to SRC Rule 68(3)(b)(iv), the appointment of a signing partner of an auditing firm shall not exceed seven (7) consecutive years. Mr. Dexter Allan Noel Madamba commenced as engagement partner of the Issuer in 2024. Hence, the engagement of SGV & Co. as the Issuer’s external auditor complies with the requirement on rotation of external auditors under SRC Rule 68(3)(b)(iv).

Representatives of SGV & Co. are expected to be present at the Special Stockholders’ Meeting on 23 January 2025 at 10:00AM to respond to appropriate questions and will be given the opportunity to make a statement if they desire to do so.

Changes in and Disagreements with Accountants on Accounting Policies and Financial Disclosure

There are no changes in or disagreements with accountants on accounting policies and financial disclosure.

Audit and Non-Audit Related Fees

SGV was engaged to audit the annual financial statements of the Corporation and subsidiaries and perform related reviews. The following consolidated fees, exclusive of value added tax, were incurred:

Table 1: Audit and Non-Audit Related Fees				
Amounts in Pthousands	June 30, 2021	June 30, 2022	December 31, 2022	December 31, 2023
Audit and Audit- Related Fees ⁽¹⁾	1,500	5,905	3,695	4,955
Non-Audit Services ⁽²⁾	-	-	-	1,533
Total	1,500	5,905	3,695	6,488

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 initial public offering and stock rights offering 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.* This category includes the services rendered for transfer pricing, securing eCAR for the acquisition of Solar Assets and agreed upon procedure for the increase in capital stock of SPNEC.

Audit and Risk Management Committee

Under its Manual on Corporate Governance, the Corporation’s Audit and Risk Management Committee assists the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations. It is responsible for, among others: (i) recommending the appointment of external auditors whose report they review, (ii) monitoring the system of internal controls and corporate compliance with laws, regulations, and code of ethics, and (iii) and serving as a direct channel of communication to the Board of Directors for the internal auditors. The Audit and Risk Management Committee also performs oversight functions over the Company’s external auditors. It ensures that the internal and external auditors act independently of each other, and that both are given unrestricted access to all records, properties, and personnel to enable it to perform their respective audit functions. Further, 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.

The Audit and Risk Management Committee is also responsible for evaluating and pre-approving the non-audit work, if any, of the external auditor, and reviewing 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 Corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with their duties as an external auditor or may pose a threat to their independence. The non-audit work, if allowed, should be disclosed in the Corporation’s annual report.

The members of the Issuer’s Audit and Risk Management Committee are as follows:

Ms. Lydia B. Echauz	Chairman
Mr. Leandro Antonio L. Leviste	Member
Mr. Benjamin I. Espiritu	Member
Mr. Ryan Jerome T. Chua	Member

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

No action is to be taken with respect to the authorization or issuance of securities other than for exchange.

Item 10. Modification or Exchange of Securities

No action is to be taken with respect to the modification or exchange of the Company's securities.

D. OTHER MATTERS

Item 11. Action with Respect to Reports

The following are included in the agenda of the Special Stockholders' Meeting for the approval of the stockholders on January 23, 2025:

1. Minutes of the Annual Stockholders' Meeting held on 10 May 2024

The matters approved and recorded in the Minutes of the Annual Stockholders' Meeting held on 10 May 2024 are as follows:

- a. Minutes of the special meeting of the stockholders held on 04 December 2024
- b. Annual Report of the President and Chief Executive Officer
- c. Presentation and Approval of the Audited Consolidated Financial Statements and Management Report for the Calendar Year Ended 31 December 2023
- d. Election of Directors
- e. Amendment of the Corporation's Articles of Incorporation to Change the Principal Office
- f. Appointment of External Auditor
- g. Ratification of Acts, Resolutions, and Decisions of the Board of Directors and Management beginning 04 December 2023

The Annual Stockholders' Meeting was held on 10 May 2024 via remote communication and was attended by the shareholders, Board of Directors, and various officers of the Corporation. The shareholders were allowed to cast their votes live, by proxy or *in absentia* on each agenda item presented to them for approval, with the number of votes approving each agenda item tabulated and presented at the end of the meeting and indicated in the minutes. The shareholders were also given the opportunity to ask questions, express opinion, and make suggestions on various issues related to the Corporation.

The Minutes of the Special Stockholders' Meeting held on 10 May 2024 is attached hereto as **Annex "A"**. The said minutes are also available for download from the Corporation's website: <https://spnec.ph/>.

2. Creation of Security Interest over SPNEC shares in TSPI and TNI in relation to the Project Financing, Execution of the Necessary Documentation, and Designation of Authorized Representatives for the Transaction

The creation of a Security Interest over the shares of the Corporation in Terra Solar Philippines, Inc. ("TSPI") and Terra Nueva, Inc. ("TNI") in relation to financing projects to be separately entered into by TSPI and TNI, and the execution of all necessary documentation and designation of authorized representatives for the said transactions will be presented to the stockholders for approval.

TSPI will secure a syndicated loan from BDO Unibank, Inc., Security Bank Corporation ("SBC"), China Banking Corporation ("Chinabank"), Philippine National Bank ("PNB"), Bank of the Philippine Islands and Metropolitan Bank & Trust Company for a principal amount of up to Php160.2 Billion (the "TSPI Loan"). The proceeds of the TSPI Loan shall be used by TSPI to: (i) partially finance the supply, procurement, construction and development of approximately 3,500 MW solar photovoltaic ("PV") power plant and 4,500 MWh battery energy storage system ("BESS") project, including the transmission lines (the "**Project**"), and all other operating and capital expenditures incurred in connection with the Project; (ii) repay any bridge loan financing procured prior to the financial close under the TSPI Loan; and (iii) cover transaction costs in connection with, or arising from, the making of the TSPI Loan. The shares of stock held by the Corporation in

TSPI, directly and indirectly, consisting of 99,999 common shares, which constitute 100% of TSPI's outstanding capital stock, will be offered as security for the TSPI Loan.

On the other hand, TNI will secure a syndicated loan from SBC, Chinabank and PNB for a principal amount of up to Php20 Billion (the "TNI Loan"). The proceeds of the TNI Loan shall be used by TNI to: (i) partially fund the acquisition of lands to be used for the Project, and other fees and costs in relation to the acquisition, conversion, and titling of said lands in the name of TNI; (ii) fund payment of capital commitments to TSPI; (iii) repay any bridge loan financing procured prior to the financial close under the TNI Loan; and (iv) cover transaction costs in connection with, or arising from, the making of the TNI Loan. The shares of stock held by the Corporation in TNI, directly and indirectly, consisting of 50,000 common shares and 50,000 preferred shares, which constitute 100% of TNI's outstanding capital stock, will be offered as security for the TNI Loan.

Item 12. Amendment of Charter, By-Laws or Other Documents

There are no further amendments to the Articles of Incorporation or By-Laws being proposed for the approval of the stockholders.

Item 13. Other Proposed Action

Ratification of Acts, Resolutions, and Decisions of the Board of Directors and Management beginning 10 May 2024.

The acts, resolutions, and decisions of the Board of Directors, its committees and officers for ratification by the stockholders are those taken and adopted since the previous Annual Stockholders' Meeting held on 10 May 2024 up to the present. These may include the approval of agreements, projects, investments, treasury-related matters, and other matters which may be covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange.

Item 14. 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. Questions and comments may be sent on or before 15 January 2025 to MgenGrp_SEC@meralcopowergen.com and shall be limited to the items in the Agenda.
2. Each of the proposed resolutions will be shown on the screen as the items are taken up at the meeting.
3. Stockholders must notify the Corporation on or before 20 January 2025 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. 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/SPNEC2025SSM>. A stockholder voting via remote communication or *in absentia* shall be deemed present for purposes of quorum.
5. The Corporation's accredited service provider will tabulate all votes received and the Corporate Secretary will validate the results. The Corporate Secretary shall report the results of voting during the meeting.
6. The meeting proceedings shall be recorded in audio and video format.

Votes Required for the Creation of Security Interest

Approval by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock will be required for the above subject.

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 15. Financial and Other Information

A copy of the Audited Consolidated Financial Statements of the Corporation as of and for the period ended 31 December 2023 and 2022 and for the year ended 31 December 2023, for the six-month period ended 31 December 2022 and for the year ended 30 June 2022, which include notes on the financial statements and a copy of the Statement of Management's Responsibility for Financial Statements, is attached as **Annex "C"**.

A copy of the Audited Consolidated Financial Statements as of 31 December 2022 and 30 June 2022 and for the period from 1 July 2022 to 31 December 2022 and for the years ended 30 June 2022 and 2021, respectively, which include notes on the financial statements and a copy of the Statement of Management's Responsibility for Financial Statements, is attached as **Annex "D"**.

A copy of the Unaudited Interim Condensed Consolidated Financial Statements as of 30 September 2024 is attached as **Annex "E"**.

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Securities

As of the date of this Information Statement, the Issuer has an authorized capital stock of ₱7,750,000,000.00 divided into 75,000,000,000 common shares with a par value ₱0.10 per share and 25,000,000,000 preferred shares with a par value of ₱0.01 per share divided into 5,595,797,448 Class A preferred shares and 19,404,202,552 Class B preferred shares.

The total issued and subscribed capital stock of the Corporation is ₱5,201,347,025.52.00, divided into 50,073,050,000 common shares with a par value of ₱0.10 per share and 19,404,202,552 Class B preferred shares with a par value of ₱0.01 per share.

The Articles of Incorporation delegated to the Board of Directors of the Corporation the determination of the features of Class A Preferred Shares. Class B Preferred Shares, on the other hand, are (1) voting; (2) non-cumulative; (3) not entitled to any economic returns or dividends; (4) redeemable at the option of the Corporation, at issue price, and at such other terms and conditions as may be determined by the Board of Directors (and shall be immediately retireable upon redemption thereof); and (5) in the event of the liquidation, dissolution or winding up of the Corporation (whether voluntary or involuntary), have preference over the Common Shares in respect of the assets of the Corporation available for distribution after payment of the liabilities of the Corporation.

Common shares are not entitled to pre-emptive rights.

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.

Stock Rights Offering

On 28 March 2022, pursuant to the approval of its BOD, SPNEC 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 8 April 2022, SPNEC 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 10.1I (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 19 July 2022.

On 18 August 2022, SPNEC 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 15 September 2022, SPNEC 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 1 December 2022, SPNEC extended the payment period for partially paid Right Shares for a period of three months, from 5 December 2022 to 5 March 2023.

As of 31 December 2023 and 2022, subscription receivables resulting from those that subscribed on installment payment amounted to ₱1.3 million and ₱651.1 million, respectively. SPNEC 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.

As of 30 November 2024, 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.

As of 30 November 2024, 9,998,828,397 of the Issuer’s common shares are listed with the PSE.

Market Information

The Corporation’s shares are traded on the Philippine Stock Exchange. The high and low sales prices of SPNEC shares for each quarter for the last two fiscal years and the first quarter of 2024 are as follows:

	2022		2023		2024	
	High	Low	High	Low	High	Low
Jan-Mar	2.29	1.15	1.79	1.17	1.40	1.02
Apr-Jun	1.90	1.43	1.76	1.36	1.16	0.89
Jul-Sep	1.78	1.12	Not Traded	Not Traded	1.39	0.91
Oct-Dec	1.42	0.99	1.40	1.04	-	-

The closing price of the Corporation’s common shares as of 31 October is P1.16 per share.

Holders

Based on the report of the Stock Transfer Agent for the period ended 30 November 2024, the following are the stockholders of the Company:

	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 common shares)
1	SOLAR PHILIPPINES POWER PROJECT HOLDINGS, INC.	FILIPINO	18,643,050,000*		18,643,050,000	37.2317044798
2	MGEN RENEWABLE ENERGY, INC.	FILIPINO	15,699,999,999**		15,699,999,999	31.3541915242
3	PCD NOMINEE CORPORATION - FILIPINO	FILIPINO	6,764,811,489	1,171,603	6,765,983,092	13.5122248235
4	ASIA PACIFIC INSTITUTE FOR GREEN DEVELOPMENT INC.	FILIPINO	4,150,000,000***		4,150,000,000	8.2878913907
5	PCD NOMINEE CORPORATION - NON FILIPINO	NON FILIPINO	1,632,782,435		1,632,782,435	3.2608008400
6	METRO PACIFIC INVESTMENTS CORPORATION	FILIPINO	1,600,000,000		1,600,000,000	3.1953316205
7	PAMULINAWEN HOLDINGS OPC	FILIPINO	1,580,000,000***		1,580,000,000	3.1553899752
8	MYRA P. VILLANUEVA	FILIPINO	210,125		210,125	0.0004196369
9	JOSE IVAN T. JUSTINIANO OR MA. JEMA V. JUSTINIANO	FILIPINO	200,000		200,000	0.0003994165
10	ELVIRA M. CRUZ OR BERNARDO A. CRUZ	FILIPINO	200,000		200,000	0.0003994165
11	JOHANNA THERESA AUSTRIA CID	FILIPINO	100,000		100,000	0.0001997082
12	MARK LOUIE APAO	FILIPINO	100,000		100,000	0.0001997082
13	MYRNA P. VILLANUEVA	FILIPINO	89,062		89,062	0.0001778641
14	MILAGROS P. VILLANUEVA	FILIPINO	89,062		89,062	0.0001778641

15	GABRIEL YU TAN	FILIPINO	50,000		50,000	0.0000998541
16	RICHARD YU TAN	FILIPINO	50,000		50,000	0.0000998541
17	MARIETTA V. CABREZA	FILIPINO	44,531		44,531	0.0000889321
18	JUAN CARLOS V. CABREZA	FILIPINO	44,531		44,531	0.0000889321
19	DEME RAFAEL VALIENTE ABAYON	FILIPINO	28,156		28,156	0.0000562298
20	ARTURO BIGYAN PAGDONSOLAN OR EVELYN BASILIA D. PAGDONSOLAN	FILIPINO	15,000		15,000	0.0000299562
21	JOSEMARIA GABRIEL D. FADRI	FILIPINO	5,000		5,000	0.0000099854
22	OFELIA R. BLANCO	FILIPINO	5,000		5,000	0.0000099854
23	JENNIFER T. RAMOS	FILIPINO	4,000		4,000	0.0000079883
24	EMMANUEL V. RUBIO	FILIPINO	1***	-	1	0.0000000020
25	PEDRO O. ROXAS	FILIPINO	1		1	0.0000000020
26	BENJAMIN I. ESPIRITU	FILIPINO	1		1	0.0000000020
27	ROCHEL DONATO R. GLORIA	FILIPINO	1		1	0.0000000020
28	MANUEL V. PANGILINAN	FILIPINO	1		1	0.0000000020
29	AMANDA ROSELLE A. BENGSON	FILIPINO	1		1	0.0000000020
30	LEANDRO ANTONIO L. LEVISTE	FILIPINO	1		1	0.0000000020
	Total		50,071,878,397	1,171,603	50,073,050,000	100.0000000000

**includes 18,643,050,000 not yet listed. Does not include 350,572,998 common shares which are scrippless and indirectly held or currently under the name of PCD Nominee Corporation (Filipino).*

***not yet listed and does not include 2,173,913,000 common shares which are scrippless and indirectly held or currently under the name of PCD Nominee Corporation (Filipino) and 19,404,202,552 voting Class B preferred shares which are unlisted.*

****not yet listed.*

The public float of the Issuer as of 30 November 2024 is 20.01%.

Note that the agenda for the Special 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. MGen Renewable Energy, Inc.

MGen Renewable Energy, Inc. (“**MGreen**”) is the renewable energy arm of Meralco PowerGen Corporation (“**MGen**”), which is focused on investing in and developing energy projects that utilize clean and sustainable energy sources. MGreen plays a vital role in the attainment of MGen’s goal of building a balanced power generation portfolio.

Currently, MGreen has an RE portfolio that includes the PowerSource First Bulacan Solar Inc. (BulacanSol), a 55MWac solar plant in San Miguel, Bulacan in partnership with PowerSource Energy Holdings Corporation; the Nuevo Solar Energy Corp. (NSEC), a 68MWac solar farm in Currimaos, Ilocos Norte with Vena Energy’s Pasuquin Energy Holdings Inc.; and the PH Renewables, Inc. (PHRI), a 75MWac solar farm in Baras, Rizal with Mitsui & Co.’s Mit-Renewables Philippine Corporation. The Company is also developing a 49 MWac solar power plant in Cordon, Isabela and an 18.75 MWac solar power plant in Bongabon, Nueva Ecija. MGreen also signed an investment agreement with Vena Energy (Vena) to jointly develop, construct and operate the 450MW Bugallon Solar Power Project in Bugallon, Pangasinan

2. Solar Philippines Power Project Holdings, Inc.

SP Project Holdings 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, SP Project Holdings shall not act as dealer and broker of securities.

3. 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 are 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 has not declared any kind of dividend to its shareholders since its incorporation.

Exempt Transactions

On 19 July 2022, the Corporation received a letter from the SEC confirming that its planned SRO as previously described is a transaction exempt from the registration requirements of the Securities Regulation Code (the "**SRC**").

The shares offered for subscription exclusively to existing eligible shareholders in proportion to their percentage of shares being held as of the record date set (the "**Rights Offer**"), provided that no commission or other remuneration shall be paid or given directly or indirectly in connection with the said subscription, is an exempt transaction under Section 10.1 (e) of the SRC. Further, the subscription of shares not subscribed to after the mandatory second round of the Rights Offer by the Institutional Investors is likewise an exempt transaction under Section 10.1 (l) of the SRC. The SEC's confirmation of exemption was made subject to certain conditions and requirements under the implementing rules and regulations of the SRC.

CORPORATE GOVERNANCE

As a leading player in the renewable energy sector, SPNEC strives to operate with a strong commitment to corporate governance principles to ensure transparency, accountability and ethical conduct across all its operations.

Board of Directors

The Board of Directors of SPNEC is responsible for providing strategic guidance, overseeing management, and safeguarding the interests of stakeholders. Comprising seasoned professionals with diverse expertise in energy, finance, legal, and environmental sectors, the Board operates with the highest standards of integrity and independence.

The key functions of the Board include:

- **Strategic Oversight:** The Board actively participates in the formulation and review of corporate strategy, ensuring alignment with the company's long-term goals and interests of stakeholders.
- **Risk Management:** Through regular risk assessments and mitigation strategies, the Board identifies and addresses potential risks to the company's operations, financial performance, and reputation.
- **Compliance and Ethics:** The Board oversees compliance efforts and promotes a culture of ethics and integrity throughout the organization.

Executive Management

SPNEC's executive management team is responsible for day-to-day operations and implementing the strategic directives set by the Board.

The key responsibilities of management include:

- **Operational Excellence:** The management team focuses on optimizing operational efficiency and maximizing the performance of SPNEC's solar power projects, ensuring reliable and sustainable energy generation.
- **Financial Stewardship:** Through prudent financial management and strategic investments, the management team aims to drive revenue growth, profitability, and long-term value creation for shareholders.
- **Stakeholder Engagement:** Management maintains open communication channels with stakeholders, including investors, employees, customers, and communities, to address concerns, gather feedback, and foster trust and collaboration.
- **Sustainability and Innovation:** SPNEC is committed to driving innovation in renewable energy technologies and practices. Management seeks initiatives to enhance environmental sustainability, minimize carbon footprint, and contribute to the transition to a low-carbon economy.

Corporate Governance Policies and Practices

SPNEC is dedicated to upholding the highest standards of corporate governance to safeguard the interests of its stakeholders and drive sustainable growth in the renewable energy sector. Through effective oversight, transparent practices, and ethical leadership, SPNEC remains committed to achieving its mission of advancing clean energy solutions for a greener future.

SPNEC upholds robust corporate governance policies and practices to ensure transparency, accountability, and ethical behavior at all levels of the organization. In line with this, the Corporation adopted its Manual on Corporate Governance which embodies the guiding principles for the Board, its committees, and management. The Audit and Risk, Corporate Governance, and Related Party Transactions Committees were created to oversee specific areas of corporate governance and provide informed recommendations to the Board.

The Corporation further adopted an Ethics Policy and Employee Code of Conduct and Ethics to set forth the ethical standards and principles that govern the conduct of all employees to ensure that all employees practice sound judgment, fairness, honesty, integrity, and trustworthiness. These policies include provisions against conflict of interest, anti-bribery and insider trading.

SPNEC's Environmental, Health and Safety Management Manual outlines its programs, rules, and regulations covering workplace efforts to protect the health and safety of employees, the public, and the environment from hazards that may arise from operations.

The Corporation maintains open and transparent communication with stakeholders by regularly disclosing relevant information through financial reports, press releases, and corporate filings, in accordance with regulatory requirements.

Deviations from the Manual on Corporate Governance

Under the Manual on Corporate Governance, the nomination for election of directors should be submitted to the Corporate Governance Committee, which then determines if the nominees possess all of the qualifications and none of the disqualifications. Further, the Audit and Risk Management Committee is tasked to review the financial statements and endorse the appointment of external auditor to the Board. The courtesy resignations of two (2) of the independent directors last December 2023, which happened during MGreen's entry into SPNEC, have resulted in these two (2) committees' inability to convene due to insufficient memberships and/or failure to fully comply with membership qualification requirements. The restrictions in the Revised Corporation Code on the election of additional directors to fill vacancies that resulted from an increase in board seats further prevented the immediate correction of the matter. Thus, the Corporation was constrained to instead course the above-mentioned items directly to the Board, which

then undertook the review and evaluation functions of the committees to still ensure proper corporate governance.

In view of the foregoing, the Corporation presented three (3) nominees for independent director to be elected by the stockholders in the last Annual Stockholders' Meeting, after which it had sufficient number of independent directors to be able to properly fill up the board committees in compliance with the Manual on Corporate Governance.

The Board of Directors did not perform an annual self-evaluation and performance appraisal in 2023 as the policy and forms are still in the process of being reviewed. They are targeted to be accomplished within the year. The directors have not made any disclosures on self-dealing and related party transactions other than those discussed under the section on related party transactions.

Plans to Improve Corporate Governance

The Company is currently in the process of transition due to the changes in control and management. During this transition, the Company intends to review and update its Manual on Corporate Governance, charters and policies for further improvement and to align with industry standards and best practices. After the Annual Stockholders' Meeting, the board committees were reorganized to be fully compliant with the Manual on Corporate Governance and to be able to take a more proactive role in safeguarding corporate governance practices within the Company.

Continuous training is also being undertaken by members of the Board of Directors and Management for better understanding and appreciation of the corporate governance principles and best practices. As of date, the following directors and officers have submitted their corporate governance training certificates to the SEC and the PSE:

1. Mr. Manuel V. Pangilinan
2. Mr. Emmanuel V. Rubio
3. Mr. Lance Y. Gokongwei
4. Ms. Lydia B. Echauz
5. Mr. Ryan Jerome T. Chua
6. Mr. Dennis B. Jordan
7. Mr. Rochel Donato R. Gloria
8. Mr. Benjamin I. Espiritu
9. Ms. Doris S. Te

Item 17. Legal Proceedings

To the best of the Company's knowledge, it is not involved in any material legal proceedings and is not aware of any such proceedings pending or threatened against it or any of its properties, which are or might be material.

Its affiliates are involved in a few routine criminal cases for complaints of theft or pilferage of company property. The group does not consider any of these as material as these legal proceedings will not affect the daily operations of its business, nor will they have a material effect on the present financial position of the group.

The Company and another subsidiary, SPTC, have filed applications for rate approval before the Energy Regulatory Commission ("ERC") which are required in the ordinary course of business for a company engaged in the business of renewable energy development, operation, and production. SPTC has also been issued interim relief by the ERC for its power supply agreement with Meralco pending a final decision.

The Company's subsidiary, TSPI, has a pending application with the ERC for the approval of a dedicated point-to-point limited transmission facilities, but it does not consider these material as the filing of such applications is done in the ordinary course of business.

Item 18. 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 19. 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 20. 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.

[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 is true, complete, and correct.

Pasig City, Philippines; December 9, 2024.

SP NEW ENERGY CORPORATION

By:



JO MARIANNI P. OCAMPO-JALBUENA
Corporate Secretary

ANNEXES

1. ANNEX A –Minutes of the Special Stockholders’ Meeting Held on 10 May 2024
2. ANNEX B – Draft Resolution
3. ANNEX C – Audited Consolidated Financial Statements of the Corporation as of and for the period ended 31 December 2023 and 2022 and for the year ended 31 December 2023, for the six-month period ended 31 December 2022 and for the year ended 30 June 2022, which include notes on the financial statements and a copy of the Statement of Management’s Responsibility for Financial Statements
4. ANNEX D – Audited Parent Company Financial Statements of the Corporation which includes the parent company statement of financial position as at 31 December 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the year ended 31 December 2023 and for the period from 1 July 2022 to 31 December 2022, and notes to the parent company financial statements.
5. ANNEX E – Unaudited Interim Condensed Consolidated Financial Statements as of 30 September 2024.

**MINUTES OF THE ANNUAL MEETING
OF THE STOCKHOLDERS OF
SP NEW ENERGY CORPORATION¹**

Held via remote communication (Convene),
on 10 May 2024 at 10:00 in the morning

ATTENDANCE:

Total Number of Shares Present:	38,608,513,880 common shares 19,404,202,552 preferred shares
Total Number of Outstanding Voting Shares:	50,073,050,000 common shares 19,404,202,552 preferred shares
Percentage of Shares Present:	83.5%

Incumbent Directors:

Manuel V. Pangilinan	- Chairman
Leandro Antonio L. Leviste	- Vice Chairman
Rochel Donato R. Gloria	- Director, Treasurer and Chief Financial Officer
Amanda Roselle A. Bengson	- Corporate Secretary & Chief Compliance Officer
Hazel Iris P. Lafuente	- Director
Benjamin I. Espiritu	- Independent Director
Pedro Emilio O. Roxas	- Independent Director

Nominee Directors:

Lance Y. Gokongwei	- Director
Ryan Jerome T. Chua	- Director
Lydia B. Echauz	- Independent Director

Also Present:

Alicia G. Brion (via video conference)	- Head of Controllershship
Aresty M. Lapitan (via video conference)	- Assistant Chief Information Officer
Jo Marianni P. Ocampo	- Assistant Corporate Secretary
Representatives from SyCip Gorres Velayo & Co. (via video conference)	- External Auditor

¹ Subject to the approval of stockholders in the next stockholders' meeting.

Representatives from the Trust Banking - Stock Transfer Agent
Group-Fiduciary Services Division of the
Philippine National Bank (via video
conference)
Representatives from Picazo Buyco Tan - External Counsel
Fider & Santos (via video conference)
Representatives from Azeus (via video - Platform and virtual solutions provider
conference)

I. CALL TO ORDER

Mr. Manuel V. Pangilinan, the Chairman, called the meeting to order at 10:05 AM, and presided over the same. Atty. Amanda Roselle A. Bengson, the Corporate Secretary, acted as secretary and recorded the minutes thereof. The Chairman welcomed the attendees to the meeting and acknowledged the presence of the board of directors, the new nominees to the board, and the corporate officers, as well as the representatives of SyCip Gorres Velayo & Co., the external auditor; Trust Banking Group-Fiduciary Services Division of the Philippine National Bank, the stock transfer agent; Picazo Buyco Tan Fider & Santos, the external counsel; and Azeus, the platform and virtual solutions provider for the meeting. He also informed those present that the proceedings were being digitally recorded.

II. CERTIFICATION OF NOTICE AND QUORUM

The Chairman asked the Corporate Secretary if notices were duly sent to the stockholders of record as of the record date and if there was a quorum present in the meeting.

The Corporate Secretary explained that, in accordance with the rules of the Securities and Exchange (SEC) Commission, written notice of the meeting was published in the business sections of Business Mirror and Malaya, both in print and online format, on April 18 and 19, 2024. The supporting Affidavits of Publication were submitted for the record. She added that the notice with agenda, together with a copy of the Definitive Information Statement and the Audited Financial Statements, was posted on the company's website and disclosed through the Philippine Stock Exchange (PSE) EDGE. Thereafter, the Corporate Secretary certified that the notice of meeting was duly provided to all stockholders of record as of 19 April 2024, the record date fixed by the board of directors.

Further, the Corporate Secretary reported that based on the tally of those who successfully registered for the meeting and the validated proxies, a total of 38,608,513,880 common shares and 19,404,202,552 preferred shares or 83.5% of the Corporation's total outstanding shares was present. Thus, she certified that a quorum existed for the valid transaction of business.

The mode of attendance of the stockholders present and the respective percentages of the outstanding shares are set forth below:

Mode of Attendance	Number of Shares	% of Total Outstanding Shares
Via Proxy	58,007,017,550	83.49066%
Remote communication/ voting <i>in absentia</i>	3,338,875	0.00481%
In person	2,360,007	0.00340%

III. APPROVAL OF THE MINUTES OF THE PREVIOUS STOCKHOLDERS' MEETING ON 04 DECEMBER 2023

The next item in the agenda was the approval of the minutes of the previous Special Stockholders' Meeting held on 04 December 2023. The Corporate Secretary confirmed that a copy of the minutes was made available on the website of the Corporation and attached to the Information Statement which was also posted on the website, as well as PSE EDGE.

The Corporate Secretary reported on votes received as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstention	% of total votes present
69,066,100,000	58,007,389,550	58,007,389,550	0	0	99.99%

IV. ANNUAL REPORT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

The President and Chief Executive Officer gave his message to the stockholders as follows:

It is with great pleasure and excitement that I welcome you to our 2024 Annual Stockholders' Meeting for SP New Energy Corporation. Our meeting today is truly a momentous occasion as we reflect on the past year's achievements, discuss our strategies for the future, and express our gratitude for your unwavering support.

The year 2023 has been nothing short of transformative for SP New Energy Corporation (SPNEC). It has been a year marked by substantial change, strategic positioning, and laying the groundwork for a promising future ahead.

Early last year, our key shareholders Metro Pacific Investments Corporation (MPIC) and Solar Philippines Power Project Holdings, Inc. (SP Project Holdings) entered into a Share Purchase Agreement which resulted in MPIC's acquisition of SP Project Holdings' rights, title, and

interests in SPNEC, amounting to 1.6 billion common shares. This strategic acquisition set the stage for our journey towards renewable energy leadership.

As we continued our path for expansion and consolidation, MGen Renewable Energy, Inc. (MGreen), a wholly owned subsidiary of Meralco PowerGen Corporation (MGen), entered into a Subscription Agreement with SPNEC in November 2023. Through this agreement, MGreen subscribed to 15.7 billion common shares and 19.4 billion preferred shares, equivalent to 50.5% stake in SPNEC. In January 2024, MGreen acquired an additional 2.17 billion shares of SPNEC resulting to an increase in ownership to 53.66%.

Further, SPNEC fully acquired Terra Solar Philippines, Inc. (Terra Solar) from Prime Infrastructure, Inc. in December 2023. Terra Solar stands as a testament to our commitment to sustainability and innovation. Serving as the Company's flagship project with an investment of P200 billion, this development aims to deliver 3,500 megawatts of solar energy and 4,000 megawatt-hours of battery storage system. The first phase of the project is scheduled for completion by the first quarter of 2026, marking a significant milestone in our journey towards a greener future.

I am pleased to share as well that our Company's efforts have been recognized on a global scale. In February 2024, SPNEC has been added to the MSCI Philippines Small Cap Index, this inclusion not only validates our position but also opens up new avenues for growth and investment opportunities.

As we reflect on our financial performance, I am pleased to report a total revenue of ₱635.5 million for the year, driven primarily by SP Calatagan Corporation and SP Tarlac Corporation. This revenue growth reflects the positive impact of Meralco's investment in SPNEC and sets the stage for continued success in the years to come.

Furthermore, our balance sheet has witnessed significant growth, with assets increasing to P51.2 billion and equity rising to P42.4 billion as of end-2023. These figures underscore the strength and stability of our Company and provide a solid foundation for future endeavors.

Looking ahead, we remain committed to our vision of sustainable growth and innovation. With your continued support and our relentless pursuit of excellence, we are well-positioned to capitalize on emerging opportunities in the renewable energy sector.

Before I close my message, I would like to take this opportunity to extend my gratitude to you our shareholders for your unwavering support and

confidence in our vision. Together, we will continue to embrace change, build growth, and pave the way for a brighter, more sustainable future for generations to come.

The President then turned over the floor to the Treasurer and Chief Financial Officer, Mr. Rochel Donato R. Gloria, to present the operating and financial highlights for 2023. Mr. Gloria reported to the stockholders the Corporation's financial performance as follows:

As of December 2023, SPNEC has subsidiaries that are in commercial operations, including SP Tarlac Corporation (SPTC) located at Sitio Gugo, Brgy. Sta. Rosa, Concepcion, Tarlac, with a generating capacity of 78MW, and SP Calatagan Corporation (SPCC) which is located in Brgy. Paraiso and Brgy. Biga, Calatagan, Batangas, with a generating capacity of 50MW. SPTC's year-to-date (YTD) net generation closed at 129.91 GWh while SPCC's settled at 73.1 GWh.

In 2023, SPNEC entered a period of acquisition and consolidation of various solar assets. Among these are the acquisition of interest in SPPPHI subsidiaries and the investment of MGreen in the Company. The acquisitions resulted in SPNEC's 100% interest in the Solar Philippines Assets and TSPI, except for SPCC, LRSC, and SPCLC in which SPNEC acquired 62%, 60%, and 1% interests, respectively, and excluding preferred shares in SPTC.

YTD revenue settled higher at P635 million, driven by the contributions of SPCC and SPTC's sale of electricity, resulting to SPNEC's Core Net Loss significantly lower at P16 million from a core net loss of P40 million in 2022. Reported Net Income increased to P5.95 billion with the take-up of P5.96 billion remeasurement gain of its investment in Terra Solar Philippines Inc. that was based on the provisional fair value.

Total assets grew to P51 billion with SPNEC's acquisition of the solar assets including SP Tarlac and Calatagan and MGreen's 50.5% subscription to SPNEC as of December 31, 2023. Increase in Assets were driven primarily by an increase in cash and cash equivalents to P10 billion from P37 million last year, driven primarily by MGreen's investment for TSPI's development of the 3,500 MW solar project and a substantial increase in property plant and equipment (at cost) attributed to the addition of the Solar Power Plants of SPTC and SPCC totaling a net book value P7,037.6 million alongside SPTC's Construction in Progress (CIP) for its 15MW extension.

Liabilities increased to P8.7 billion with the consolidation of SP Tarlac and SP Calatagan's long term loans of P3.1 billion and deferred tax liabilities of P4 billion. Total equity likewise increased to P42 billion with MGreen subscription, revaluation surplus of SPNEC assets and take-up of

remeasurement gains in investment with TSPI.

V. PRESENTATION AND APPROVAL OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT REPORT FOR THE CALENDAR YEAR ENDED 31 DECEMBER 2023

The next item on the agenda was the audited financial statements and management report for the calendar year ended 13 December 2023.

The Corporate Secretary informed the Chairman that the Audited Consolidated Financial Statements and Management Report were attached to the Definitive Information Statement made available to the stockholders prior to the meeting. She reported that the stockholders have voted as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstention	% of total votes present
69,066,100,000	58,007,389,550	58,007,389,550	0	0	99.99%

Thus, the audited financial statements and management report for the calendar year ended 31 December 2023 were approved and the following resolutions were passed and adopted:

“RESOLVED, that the Audited Consolidated Financial Statements and Management Report of SP New Energy Corporation (the “Corporation”) for the period ended 31 December 2023, be, as they are hereby, approved;

“RESOLVED, FURTHER, that Mr. Rochel Donato R. Gloria, the CFO and Treasurer, be, as he is hereby, authorized to release the said Audited Consolidated Financial Statements and Management Report on behalf of the Corporation and to sign and execute certifications, statements, or such other documents and instruments that may be required or necessary in relation to the foregoing authority.”

VI. ELECTION OF DIRECTORS

The Chairman stated that the next item on the agenda was the election of the members of the Board of Directors. He explained that the directors will hold office for a period of one (1) year and until their successors are duly elected and qualified.

The Corporate Secretary named the nominees for election as follows:

1. Mr. Manuel V. Pangilinan

2. Mr. Leandro Antonio L. Leviste
3. Mr. Lance Y. Gokongwei
4. Mr. Rochel Donato R. Gloria
5. Ms. Hazel Iris P. Lafuente
6. Mr. Ryan Jerome T. Chua
7. Mr. Benjamin I. Espiritu
8. Mr. Pedro Emilio O. Roxas
9. Ms. Lydia B. Echauz

She informed the Chairman that the profiles of the nominees are found in the Information Statement made available to the stockholders prior to this meeting, and highlighted that Mr. Espiritu, Mr. Roxas and Ms. Echauz were nominated as Independent Directors. Based on information and certifications provided, all nominees have the qualifications and none of the disqualifications to serve as directors or independent directors, as applicable, of the Corporation.

The Corporate Secretary said that each of the nominees received the votes of more than a majority of the outstanding shares. She presented the breakdown of the votes as follows:

Total Outstanding Shares	Total Votes Cast
69,066,100,000	58,007,389,550

Nominees	Votes Received
Manuel V. Pangilinan	58,000,103,550
Leandro Antonio L. Leviste	57,884,978,050
Lance Y. Gokongwei	57,983,535,050
Rochel Donato R. Gloria	58,003,603,050
Hazel Iris P. Lafuente	57,891,809,050
Ryan Jerome T. Chua	58,003,603,550
Benjamin I. Espiritu	57,892,208,550
Pedro Emilio O. Roxas	48,855,537,711
Lydia B. Echauz	58,007,020,050

Considering that there were only nine (9) persons nominated to, and qualified for, the nine (9) seats in the Board of Directors, the following resolution was passed and adopted:

“RESOLVED, that the following persons are hereby elected as members of the Board of Directors of SP New Energy Corporation for a period of one (1) year and until their successions shall have been duly elected and qualified:

1. Mr. Manuel V. Pangilinan
2. Mr. Leandro Antonio L. Leviste
3. Mr. Lance Y. Gokongwei
4. Mr. Rochel Donato R. Gloria

5. Ms. Hazel Iris P. Lafuente
6. Mr. Ryan Jerome T. Chua
7. Mr. Benjamin I. Espiritu (Independent Director)
8. Mr. Pedro Emilio O. Roxas (Independent Director)
9. Ms. Lydia B. Echauz (Independent Director)

VII. AMENDMENT OF THE CORPORATION'S ARTICLES OF INCORPORATION TO CHANGE THE PRINCIPAL OFFICE

The Chairman asked the Corporate Secretary to discuss the proposed amendment of the Articles of Incorporation. The Corporate Secretary explained that the amendment pertains to Article Third of the Articles of Incorporation, wherein the principal address of the Corporation will be changed from 112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City 1229, Philippines, to Rockwell Business Center, Ortigas Avenue, Pasig City. She stated that for this item, the vote of stockholders holding at least two-thirds (2/3) of the Corporation's outstanding capital stock is required.

The Corporate Secretary reported that the stockholders have voted as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstention	% of total outstanding
69,066,100,000	58,008,889,550	58,008,889,550	0	0	83.49%

Thus, the amendment of the Articles of Incorporation to change the principal office address was approved and the following resolutions were passed and adopted:

“RESOLVED, that the Third Article of the Articles of Incorporation of SP New Energy Corporation (the “Corporation”) shall be amended to read as follows: Third: That the place where the principal office of the Corporation is to be established is at Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City 1604, Philippines;

“RESOLVED, FURTHER, that any one of the directors or officers of the Corporation be authorized to execute and deliver the necessary certificates and other documents with the Securities and Exchange Commission and other government agencies, and to perform all actions as may be necessary to fully implement the foregoing resolutions;

“RESOLVED, FINALLY, that the foregoing resolutions shall remain valid unless otherwise revoked.”

VIII. APPOINTMENT OF EXTERNAL AUDITOR

The next item on the agenda was the appointment of the Corporation's external auditor. The Chairman explained that during its meeting on 12 April 2024, the Board of Directors endorsed the re-appointment of Sycip Gorres Velayo & Co. (SGV) as external auditor of SPNEC for the ensuing fiscal year. However, the engagement partner, Ms. Jhoanna Feliza C. Go, will be replaced by Mr. Dexter Allan Noel Madamba, in compliance with the rotation requirement under Rule 68 of the Securities Regulation Code.

Subsequently, upon the request of the Chairman, the Corporate Secretary presented the results of the voting of the stockholders on the re-appointment of SGV as external auditor of the Corporation for the year 2024, and the following resolution was passed and adopted:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstention	% of total votes present
69,066,100,000	58,008,889,550	58,008,889,550	0	0	99.99%

“RESOLVED, that SyCip Gorres Velayo & Co., Certified Public Accountants, be, as they hereby are, re-appointed as external auditors of SP New Energy Corporation for the year 2024, with Mr. Dexter Allan Noel Madamba as the new engagement partner.”

IX. RATIFICATION OF ACTS, RESOLUTIONS AND DECISIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT BEGINNING 04 DECEMBER 2023

The Chairman next discussed the ratification of acts, resolutions and decisions of the Board of Directors and Management since the last stockholders' meeting, the highlights of which were flashed on the screen. These actions were taken in the general conduct of business.

The Corporate Secretary reported that the stockholders have voted as follows:

Total Outstanding Shares	Total Votes Cast	Votes in Favor	Votes Against	Abstention	% of total votes present
69,066,100,000	58,008,889,550	58,008,889,550	0	0	99.99%

Thus, the amendment of the ratification of the acts, resolutions and deeds of the Board of Directors and Management of SPNEC was approved and the following resolutions were passed and adopted:

“RESOLVED, that all acts, resolutions and deeds of the Board of Directors and Management of SP New Energy Corporation from the Special Stockholders’ Meeting held on 04 December 2023, up to the date of this meeting be, as they are hereby, confirmed, ratified and approved.”

X. OTHER MATTERS

The Chairman inquired if there were any questions coming from the stockholders, who were given time to send in their questions and comments in the online platform’s chatbox. The Corporate Secretary reported that there was only one question received from Ms. Nena Jusuf, a stockholder, who asked about funding for the Terra Solar project.

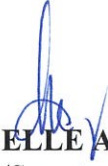
This was referred to the Chief Financial Officer, who replied that SPNEC is looking at equity as well as debt funding for the project. He further stated that with regard to equity funding, it has yet to be determined what the amount is going to be, but it will likely have to go through stockholder rights offer. He added that the process has not yet been fully determined and will be disclosed in due time once finalized.

XI. ADJOURNMENT

There being no other matters to discuss, upon motion duly made, seconded and unanimously carried, the meeting was adjourned. The Chairman, on behalf of the Board and Management, thanked the stockholders for attending the meeting and for their continued trust and confidence in the Corporation and its management.

[signature page follows]

Prepared by:



AMANDA ROSELLE A. BENGSON
Corporate Secretary/Secretary of the Meeting

Attested by:



MANUEL V. PANGILINAN
Chairman

ANNEX B

IN RELATION TO TSPI LOAN

RESOLVED, that the Stockholders of **SP NEW ENERGY CORPORATION** (“SPNEC” or the “**Corporation**”) authorize, as they hereby authorize, **TERRA SOLAR PHILIPPINES, INC. (“TSPI”)** to finance, and procure financing (the “**Financing**”) for (i) the acquisition, design, development, construction, completion, financing, testing and start-up of an approximately 3,500 mega watt solar photovoltaic power plant and 4,500 MWh battery energy storage system project, including the transmission lines, located in the Provinces of Nueva Ecija and Bulacan (the “**Project**”); (ii) the financing costs for the same, including but not limited to the principal amount, interest, financing fees, upfront fees, commitment fees, legal costs, professional fees, development costs, development fees and all incidental fees, costs and expenses in connection therewith; (iii) the repayment of any bridge loan financing procured prior to the financial close under the Financing, and pursuant thereto, the Stockholders of the Corporation authorize TSPI to:

- (i) Enter into, negotiate, approve, execute, deliver, and perform its obligations under the Omnibus Loan and Security Agreement (the “**Omnibus Agreement**”) and all its constitutive parts and sub-parts, including, without limitation, general provisions, loan facility agreement, personal property security agreement, mortgage agreement, project accounts agreement, and security supplement agreements, if any, with (i) TSPI as Borrower and Mortgagor and Security Grantor (ii) SPNEC as the Shares Security Grantor, (iii) BDO Unibank, Inc., Security Bank Corporation, China Banking Corporation, Philippine National Bank, Bank of the Philippine Islands and Metropolitan Bank & Trust Company as the Lenders; (iv) BDO Capital & Investment Corporation as Lead Arranger; and (v) BDO Unibank, Inc. – Trust and Investments Group as Facility Agent and Security Trustee, for an aggregate principal amount of up to PHP160,200,000,000.00) or seventy five percent (75%) of the Project Costs (the “**Loan**”), and such further agreements, instruments, schedules, annexes, exhibits, supplements, notices, deeds, certifications, and/or documents related, connected, antecedent, supplemental, consequential, or amendments to the foregoing, and as may be required, necessary, convenient, or appropriate for purposes of giving effect to, consummating, completing, or procuring the performance, completion, and implementation of all or any of the transactions contemplated by, referred to in, arising under, from or related to the Loan and the Omnibus Agreement (collectively, “**Related Documents**”) with any such persons or entities expressed to be parties to such Related Documents;
- (ii) Obtain credit accommodations, including standby letters of credit, from the Lender/s;
- (iii) Open and maintain bank accounts corresponding to each Project Account, invest and place the funds therein deliver and issue instructions in respect of such accounts where necessary;

- (iv) Grant, constitute and perfect a first-ranking mortgage and security interest over present and future Real Assets (as defined in the Omnibus Agreement) of TSPI to secure the Loan, in favor of the Security Trustee (for the benefit of the Secured Parties), and, for purposes of registration with the relevant Registers of Deeds, register such security interest for the amount of approximately (PHP[●]);
- (v) Grant, constitute and perfect a first-ranking security interest, and assign by way of security, to secure the Loan and, for purposes of registration with the relevant Registers of Deeds, register such security interest for the amount of (PHP[●]), on all of: (i) TSPI's rights, title and interests to the material project inventory, material insurance policies, agreements and instruments giving rise to material receivables, material project permits and authorizations, and project documents, and other intangible personal properties for the Project ("**Assigned Collateral**"), all proceeds and revenues thereunder and all amendments, supplements, substitutions and renewals to the foregoing, in each case to the extent that these are classified as movable property under applicable law or if the mortgage and security interest over the same is or becomes for any reason invalid or unenforceable in accordance with the terms thereof, including, to the full extent permitted by applicable law, TSPI's right, title and interest in and to the Assigned Collateral constituting future personal properties; (ii) TSPI's rights, title and interests in and to the present and future tangible personal properties; and (iii) TSPI's rights, title and interest to: (x) each of the Account Collateral (as defined in the Omnibus Agreement); and (y) the balances and proceeds of any or all of the foregoing, in favor of the Security Trustee (for the benefit of the Secured Parties);
- (vi) Authorize the registration of the Omnibus Agreement and any and all security interests created therein with the relevant Registries of Deeds, the electronic registry contemplated under the Personal Property Security Act and other competent authority for and on behalf of TSPI and the other security providers and relevant counterparties;
- (vii) Secure the approval of the shareholders to assign, grant, constitute and perfect a first priority lien and security interest in their rights, title and interests in and to advances to TSPI in favor of the Security Trustee (for the benefit of the Secured Parties) to secure the timely payment, discharge, observance and performance of TSPI's obligations under the Omnibus Agreement;
- (viii) Appoint BDO Unibank, Inc. – Trust and Investments Group as Facility Agent and Security Trustee;
- (ix) Engage the services of professional advisors, legal counsels and other agents to assist TSPI in negotiating the terms of the Loan and the Omnibus Agreement; and
- (x) Obtain any and all government permits, licenses and approvals required under applicable law and deal with any competent authority in connection with the due

execution and delivery of, and performance by TSPI of its obligations under the Omnibus Agreement and Project Documents;

RESOLVED, FURTHER, that the Stockholders of the Corporation hereby approve, affirm, confirm and ratify the authority of the Corporation to enter into, negotiate, execute, approve, affirm, confirm, ratify, delivery, and perform its obligations under the Omnibus Agreement for the Loan, and any Related Documents with any such persons or entities expressed to be parties to such Related Documents;

RESOLVED, FURTHER, that pursuant to the Financing, the Stockholders of the Corporation hereby authorize the Corporation to provide support to TSPI and the Project by constituting a first priority lien and security interest, in favor of the Security Trustee (for the benefit of the Secured Parties), in the shares of the capital stock, existing or future, of TSPI (“**Borrower’s Shares**”) and any present or future shareholder advances to TSPI and to do any act or execute any document to give effect to the foregoing under the terms of the Omnibus Agreement, including the delivery of the stock certificates, irrevocable proxies, stock powers duly executed in blank, and other documents required under the Omnibus Agreement covering the Borrower’s Shares to the Security Trustee;

RESOLVED, FURTHER, that pursuant to the Omnibus Agreement, the Stockholders of the Corporation hereby authorize the Corporation to execute under oath the Secured Shares Control Agreement, under which the Corporation unconditionally and irrevocably authorizes the Security Trustee to control and exercise rights to the Borrower Shares upon the occurrence of an Event of Default and all other matters in accordance with the Omnibus Agreement without any consent or direction from or notice to the Corporation or any other person;

RESOLVED, FURTHER, that the Corporation authorizes the corporate secretary and/or assistant corporate secretary of the Borrower to record the Secured Share Collateral, as defined under the Omnibus Agreement, over the shares of the Borrower held by the Corporation in the stock and transfer book of the Borrower and to submit to the Security Trustee, for the benefit of the Secured Parties, the sworn certification of the corporate secretary or assistant corporate secretary attesting to and confirming such recordation and a certified copy of the relevant page of the Borrower’s stock and transfer book reflecting such record

RESOLVED, FURTHER, that any two (2) of the following directors or officers of the Corporation, whose specimen signatures appear in Annex “A”, acting jointly, be as they are hereby, authorized to review, evaluate and negotiate the terms of all agreements, documents and undertakings to give effect to the Financing, and to sign, execute and deliver, for and on behalf of the Corporation, all deeds, documents, contracts, agreements, and instruments necessary for, or in connection with, the Financing, as the following directors or officers may deem to be beneficial to the Corporation, and to perform such further acts and deeds as may be necessary, convenient or appropriate to give force and effect to these resolutions:

NAME	POSITION
Emmanuel V. Rubio	President/CEO
Dennis B. Jordan	Chief Operations Officer
Rochel Donato Gloria	Treasurer and CFO

RESOLVED, FURTHER, that if the above-named signatories deem it necessary for administrative convenience, Jo Marianni P. Ocampo-Jalbuena is hereby authorized to sign and to initial each and every page of all documents, contracts, agreements, instruments, and deeds necessary for or in connection with the Financing;

RESOLVED, FURTHER, that the authority granted and any delegation made hereunder, shall remain in full force and effect until revoked by the Corporation and any and all transactions made by the Corporation's authorized signatory or signatories pursuant to the foregoing resolutions shall be valid and binding against the Corporation, and any amending resolution on the authorized signatories of the Corporation as may be approved hereafter by the Stockholders and Board of Directors of the Corporation shall only have prospective effect and be binding on the agents only upon delivery of a certification from the corporate secretary or assistant corporate secretary of the Corporation on such amending resolution to such agents;

RESOLVED, FURTHER, that the Stockholders of the Corporation ratify and confirm any and all acts which the directors or officers have done or shall lawfully do or cause to be done in accordance with the terms of the foregoing resolutions;

RESOLVED, FINALLY, that the Corporation acknowledges that the support given to TSPI and the Project is beneficial to the interests of the Corporation.

IN RELATION TO TNI LOAN

RESOLVED, that the Stockholders of **SP NEW ENERGY CORPORATION** (“SPNEC” or the “**Corporation**”) authorize, as they hereby authorize, **TERRA NUEVA, INC.** (“**TNI**”) to finance, and procure financing (the “**Financing**”) for (i) the acquisition of lands to be used for an approximately 3,500 mega watt solar photovoltaic power plant and 4,500 MWh battery energy storage system project, including the transmission lines, located in the Provinces of Nueva Ecija and Bulacan (the “**Project**”) and other fees and costs in relation to the acquisition, conversion, and titling of said lands in the name of TNI; (ii) the financing costs for the same, including but not limited to the principal amount, interest, financing fees, upfront fees, commitment fees, legal costs, professional fees, development costs, development fees and all incidental fees, costs and expenses in connection therewith; (iii) the funding of payment of capital commitments to Terra Solar Philippines, Inc.; and (iv) the repayment of any bridge loan financing procured prior to the financial close under the Financing, and pursuant thereto, the Stockholders of the Corporation authorize TNI to:

- (xi) Enter into, negotiate, approve, execute, deliver, and perform its obligations under the Omnibus Loan and Security Agreement (the “**Omnibus Agreement**”) and all its constitutive parts and sub-parts, including, without limitation, general provisions, loan facility agreement, personal property security agreement, mortgage agreement, project accounts agreement, and security supplement agreements, if any, with (i) TNI as Borrower and Mortgagor and Security Grantor (ii) SPNEC as the Shares Security Grantor, (iii) Security Bank Corporation, China Banking Corporation, and Philippine National Bank as the Lenders; (iv) China Bank Capital Corporation, PNB Capital and Investment Corporation, and SB Capital Investment Corporation as Arrangers; and (v) [] as Facility Agent and Security Trustee, for an aggregate principal amount of up to PHP20,000,000,000.00) or seventy five percent (75%) of the Project Costs (the “**Loan**”), and such further agreements, instruments, schedules, annexes, exhibits, supplements, notices, deeds, certifications, and/or documents related, connected, antecedent, supplemental, consequential, or amendments to the foregoing, and as may be required, necessary, convenient, or appropriate for purposes of giving effect to, consummating, completing, or procuring the performance, completion, and implementation of all or any of the transactions contemplated by, referred to in, arising under, from or related to the Loan and the Omnibus Agreement (collectively, “**Related Documents**”) with any such persons or entities expressed to be parties to such Related Documents;
- (xii) Obtain credit accommodations, including standby letters of credit, from the Lender/s;
- (xiii) Open and maintain bank accounts corresponding to each Project Account, invest and place the funds therein deliver and issue instructions in respect of such accounts where necessary;
- (xiv) Grant, constitute and perfect a first-ranking mortgage and security interest over present and future Real Assets (as defined in the Omnibus Agreement) of TNI to

secure the Loan, in favor of the Security Trustee (for the benefit of the Secured Parties), and, for purposes of registration with the relevant Registers of Deeds, register such security interest for the amount of approximately (PHP[●]);

- (xv) Grant, constitute and perfect a first-ranking security interest, and assign by way of security, to secure the Loan and, for purposes of registration with the relevant Registers of Deeds, register such security interest for the amount of (PHP[●]), on all of: (i) TNI's rights, title and interests to the material project inventory, material insurance policies, agreements and instruments giving rise to material receivables, material project permits and authorizations, and project documents, and other intangible personal properties for the Project ("**Assigned Collateral**"), all proceeds and revenues thereunder and all amendments, supplements, substitutions and renewals to the foregoing, in each case to the extent that these are classified as movable property under applicable law or if the mortgage and security interest over the same is or becomes for any reason invalid or unenforceable in accordance with the terms thereof, including, to the full extent permitted by applicable law, TNI's right, title and interest in and to the Assigned Collateral constituting future personal properties; (ii) TNI's rights, title and interests in and to the present and future tangible personal properties; and (iii) TNI's rights, title and interest to: (x) each of the Account Collateral (as defined in the Omnibus Agreement); and (y) the balances and proceeds of any or all of the foregoing, in favor of the Security Trustee (for the benefit of the Secured Parties);
- (xvi) Authorize the registration of the Omnibus Agreement and any and all security interests created therein with the relevant Registries of Deeds, the electronic registry contemplated under the Personal Property Security Act and other competent authority for and on behalf of TNI and the other security providers and relevant counterparties;
- (xvii) Secure the approval of the shareholders to assign, grant, constitute and perfect a first priority lien and security interest in their rights, title and interests in and to advances to TNI in favor of the Security Trustee (for the benefit of the Secured Parties) to secure the timely payment, discharge, observance and performance of TNI's obligations under the Omnibus Agreement;
- (xviii) Appoint [●] as Facility Agent and Security Trustee;
- (xix) Engage the services of professional advisors, legal counsels and other agents to assist TNI in negotiating the terms of the Loan and the Omnibus Agreement; and
- (xx) Obtain any and all government permits, licenses and approvals required under applicable law and deal with any competent authority in connection with the due execution and delivery of, and performance by TNI of its obligations under the Omnibus Agreement and Project Documents;

RESOLVED, FURTHER, that the Stockholders of the Corporation hereby approve, affirm, confirm and ratify the authority of the Corporation to enter into, negotiate, execute, approve, affirm, confirm, ratify, delivery, and perform its obligations under the Omnibus Agreement for the Loan, and any Related Documents with any such persons or entities expressed to be parties to such Related Documents;

RESOLVED, FURTHER, that pursuant to the Financing, the Stockholders of the Corporation hereby authorize the Corporation to provide support to TNI and the Project by constituting a first priority lien and security interest, in favor of the Security Trustee (for the benefit of the Secured Parties), in the shares of the capital stock, existing or future, of TNI (“**Borrower’s Shares**”) and any present or future shareholder advances to TNI and to do any act or execute any document to give effect to the foregoing under the terms of the Omnibus Agreement, including the delivery of the stock certificates, irrevocable proxies, stock powers duly executed in blank, and other documents required under the Omnibus Agreement covering the Borrower’s Shares to the Security Trustee;

RESOLVED, FURTHER, that pursuant to the Omnibus Agreement, the Stockholders of the Corporation hereby authorize the Corporation to execute under oath the Secured Shares Control Agreement, under which the Corporation unconditionally and irrevocably authorizes the Security Trustee to control and exercise rights to the Borrower Shares upon the occurrence of an Event of Default and all other matters in accordance with the Omnibus Agreement without any consent or direction from or notice to the Corporation or any other person;

RESOLVED, FURTHER, that the Corporation authorizes the corporate secretary and/or assistant corporate secretary of the Borrower to record the Secured Share Collateral, as defined under the Omnibus Agreement, over the shares of the Borrower held by the Corporation in the stock and transfer book of the Borrower and to submit to the Security Trustee, for the benefit of the Secured Parties, the sworn certification of the corporate secretary or assistant corporate secretary attesting to and confirming such recordation and a certified copy of the relevant page of the Borrower’s stock and transfer book reflecting such record

RESOLVED, FURTHER, that any two (2) of the following directors or officers of the Corporation, whose specimen signatures appear in Annex “A”, acting jointly, be as they are hereby, authorized to review, evaluate and negotiate the terms of all agreements, documents and undertakings to give effect to the Financing, and to sign, execute and deliver, for and on behalf of the Corporation, all deeds, documents, contracts, agreements, and instruments necessary for, or in connection with, the Financing, as the following directors or officers may deem to be beneficial to the Corporation, and to perform such further acts and deeds as may be necessary, convenient or appropriate to give force and effect to these resolutions:

NAME	POSITION
Emmanuel V. Rubio	President/CEO

Dennis B. Jordan	Chief Operations Officer
Rochel Donato Gloria	Treasurer and CFO

RESOLVED, FURTHER, that if the above-named signatories deem it necessary for administrative convenience, Jo Marianni P. Ocampo-Jalbuena is hereby authorized to sign and to initial each and every page of all documents, contracts, agreements, instruments, and deeds necessary for or in connection with the Financing;

RESOLVED, FURTHER, that the authority granted and any delegation made hereunder, shall remain in full force and effect until revoked by the Corporation and any and all transactions made by the Corporation's authorized signatory or signatories pursuant to the foregoing resolutions shall be valid and binding against the Corporation, and any amending resolution on the authorized signatories of the Corporation as may be approved hereafter by the Stockholders and Board of Directors of the Corporation shall only have prospective effect and be binding on the agents only upon delivery of a certification from the corporate secretary or assistant corporate secretary of the Corporation on such amending resolution to such agents;

RESOLVED, FURTHER, that the Stockholders of the Corporation ratify and confirm any and all acts which the directors or officers have done or shall lawfully do or cause to be done in accordance with the terms of the foregoing resolutions;

RESOLVED, FINALLY, that the Corporation acknowledges that the support given to TNI and the Project is beneficial to the interests of the Corporation.

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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A	R	I	E	S																												

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

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Form Type

A	C	F	S
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Department requiring the report

C	G	F	D
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Secondary License Type, If Applicable

Certificate of Permit to Offer Securities for Sale

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
spnec@solarphilippines.ph	(02) 8817-2585	(+63) 998 888 9326
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
23	First Monday of May	12/31

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Hazel Iris P. Lafuente	corsec@solarphilippines.ph	(02) 8817-2585	(+63) 917 881 6684

CONTACT PERSON'S ADDRESS

20th Floor, AIA Tower (formerly Philamlife Tower), 8767 Paseo de Roxas, Makati City
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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 NotiSce 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 (SPNEC, a subsidiary of MGen Renewable Energy, Inc.) and its Subsidiaries (collectively referred to as “the Group”), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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.

Accounting for Common Control Transactions

In 2023, SPNEC and Solar Philippines Power Project Holdings, Inc. ("SP Project Holdings") executed various deeds of absolute sale of shares where SP Project Holdings transferred and conveyed to SPNEC all its rights, title and interests in and to various entities for total consideration of ₱3,175.8 million. The transactions were common control transactions and accounted for using the pooling-of-interests method wherein the assets and liabilities of the transferred entities were recognized at their carrying values, and an equity adjustment was recorded for the difference between the carrying values of the assets acquired and liabilities assumed and the consideration given. We considered the accounting for these transactions as a key audit matter due to the complexity and significant financial impact to the Group.

The Group's disclosures related to these transactions are included in Notes 2 and 21 to the consolidated financial statements.

Audit Response

We reviewed the deeds of absolute sale of shares related to these transaction. We tested management's application of the pooling-of-interests method, the balances of the transferred entities to SPNEC and the resulting equity adjustments. We also reviewed the presentation and disclosures related to the common control transactions in the consolidated financial statements.

Accounting for the Acquisition of Terra Solar Philippines, Inc.

On June 9, 2023, SPNEC acquired 49.99% interest in Terra Solar Philippines, Inc. (Terra Solar), which was treated as an investment in associate and accounted for using the equity method. On December 11, 2023, SPNEC acquired additional 50.01% interest in Terra Solar, which resulted to SPNEC obtaining full ownership and control over Terra Solar. Accordingly, the Group consolidated Terra Solar on a line-by-line basis and recognized a gain of ₱5,964.0 million arising from the remeasurement of its previously held interest in Terra Solar.

The acquisition of Terra Solar was accounted for as business combination under PFRS 3, *Business Combination* and accordingly, on the date when the control was obtained the Group performed notional purchase price allocation using the provisional fair values of the assets acquired and liabilities assumed from Terra Solar which resulted in the recognition of goodwill amounting to ₱9.95 million.

This matter is important to our audit because the amounts involved are material and significant management judgment and estimates are involved in the determination of the provisional fair values of the assets acquired and liabilities assumed from Terra Solar and the determination of the provisional fair value of the previously held interest, based on the available information as at the acquisition date.

The Group's disclosures related to these transactions are included in Notes 2 and 22 to the consolidated financial statements.



Audit Response

We reviewed the deeds of absolute sale of shares and other documents covering the transactions and assessed whether the transactions were properly accounted for. We considered the terms of the relevant agreements and documents in evaluating the Group's determination of the total costs of acquisition. We also evaluated management's basis in determining the provisional fair values of identifiable assets acquired and liabilities assumed using the available information as of the acquisition date. We involved our internal specialist in evaluating the methodologies and assumptions used in arriving at the provisional fair values of the assets acquired and liabilities assumed. We also assessed the adequacy of the related disclosures in the consolidated financial statements.

Impairment Assessment of Deposits for Land Acquisition

As of December 31, 2023, the Group has deposits for land acquisition with a carrying value of ₱3,396.8 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 and 10 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, 2023 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, 2023, 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.



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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

BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079942, January 5, 2024, Makati City

April 12, 2024



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 23)	₱10,040,424,627	₱37,232,084
Trade receivables (Notes 5 and 23)	286,288,062	–
Subscriptions receivable (Notes 16 and 23)	1,319,056	651,115,661
Inventories (Note 6)	24,800,913	–
Due from related parties (Notes 14 and 23)	126,920,310	821,388,320
Other current assets (Notes 7, 23 and 29)	744,366,136	18,638,843
Total Current Assets	11,224,119,104	1,528,374,908
Noncurrent Assets		
Property, plant and equipment (Note 9)		
At cost	10,136,123,220	1,671,233,624
At revalued amount	12,467,340,000	–
Deposits for land acquisition (Note 10)	3,396,776,396	2,026,892,396
Intangible assets (Note 22)	13,261,891,642	–
Goodwill (Note 22)	9,954,384	–
Deferred income tax assets - net (Note 19)	9,646,601	10,201,126
Investment properties (Note 8)	–	312,626,010
Other noncurrent assets (Notes 11 and 23)	676,962,959	654,395,146
Total Noncurrent Assets	39,958,695,202	4,675,348,302
TOTAL ASSETS	₱51,182,814,306	₱6,203,723,210
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 12 and 23)	₱482,626,040	₱65,218,072
Due to related parties (Notes 14 and 23)	608,442,826	22,770,229
Current portion of:		
Long-term debt (Notes 13 and 23)	366,847,748	–
Lease liabilities (Notes 20 and 23)	8,962,861	4,538,676
Total Current Liabilities	1,466,879,475	92,526,977
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Notes 13 and 23)	2,729,695,924	–
Lease liabilities (Notes 20 and 23)	381,109,300	298,599,744
Deferred tax liabilities (Notes 19, 21 and 22)	4,086,521,200	–
Other noncurrent liabilities (Notes 15 and 29)	98,633,404	–
Total Noncurrent Liabilities	7,295,959,828	298,599,744
TOTAL LIABILITIES	₱8,762,839,303	₱391,126,721

(Forward)



	December 31	
	2023	2022
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 16)	₱3,437,305,000	₱1,000,000,000
Additional paid-in capital (Note 16)	5,713,764,409	4,938,722,430
Deposit for future stock subscription (Note 16)	15,894,042,026	—
Equity reserve (Note 21)	525,755,142	—
Revaluation surplus (Note 9)	8,268,091,263	—
Retained earnings (Deficit)	5,546,151,067	(126,125,941)
	39,385,108,907	5,812,596,489
Non-controlling Interests	3,034,866,096	—
Total Equity	42,419,975,003	5,812,596,489
TOTAL LIABILITIES AND EQUITY	₱51,182,814,306	₱6,203,723,210

See accompanying Notes to Consolidated Financial Statements.



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2023, FOR THE SIX-MONTH PERIOD ENDED
DECEMBER 31, 2022* AND FOR THE YEAR ENDED JUNE 30, 2022

	December 31, 2023 (One Year)	December 31, 2022 (Six Months)	June 30, 2022 (One Year)
REVENUE FROM CONTRACTS WITH CUSTOMERS (Notes 3 and 29)	₱635,451,217	₱—	₱—
COSTS OF SALES AND SERVICES (Note 17)	(327,103,277)	—	—
GROSS PROFIT	308,347,940	—	—
GENERAL AND ADMINISTRATIVE EXPENSES (Note 18)	(207,914,077)	(38,010,960)	(63,356,174)
FINANCE COSTS (Notes 13 and 20)	(167,232,021)	(4,532,695)	(9,142,009)
INTEREST INCOME (Note 4 and 7)	29,993,447	2,398,960	548,180
OTHER INCOME - net (Notes 9, 14 and 22)	6,008,335,292	—	—
INCOME (LOSS) BEFORE INCOME TAX	5,971,530,581	(40,144,695)	(71,950,003)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)			
Current	24,680,990	—	—
Deferred	(731,160)	265,138	(11,370,555)
	23,949,830	265,138	(11,370,555)
NET INCOME (LOSS)	₱5,947,580,751	(₱40,409,833)	(₱60,579,448)
Net income (loss) attributable to:			
Equity holders of the Parent Company	₱5,706,730,751	(₱40,409,833)	(₱60,579,448)
Non-controlling interests	240,850,000	—	—
	₱5,947,580,751	(₱40,409,833)	(₱60,579,448)
Basic/Diluted Earnings (Loss) Per Share (Note 24)	₱0.2356	(₱0.0043)	(₱0.0087)

* The Parent Company prepared consolidated financial statements as of and for the six-month period ended December 31, 2022 in connection with the change of the fiscal period end from June 30, 2022 to December 31, 2022 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2023, FOR THE SIX-MONTH PERIOD ENDED
DECEMBER 31, 2022* AND FOR THE YEAR ENDED JUNE 30, 2022

	December 31, 2023 (One Year)	December 31, 2022 (Six Months)	June 30, 2022 (One Year)
NET INCOME (LOSS)	₱5,947,580,751	(₱40,409,833)	(₱60,579,448)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Revaluation increment on land (net of tax effect amounting to ₱2,013.9 million) (Note 9)	6,041,693,185	—	—
Remeasurement loss on retirement benefits (net of tax effect amounting to ₱0.1 million) (Note 15)	(298,828)	—	—
	6,041,394,357	—	—
TOTAL COMPREHENSIVE INCOME (LOSS)	₱11,988,975,108	(₱40,409,833)	(₱60,579,448)
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	₱11,748,125,108	(₱40,409,833)	(₱60,579,448)
Non-controlling interests	240,850,000	—	—
	₱11,988,975,108	(₱40,409,833)	(₱60,579,448)

* The Parent Company prepared consolidated financial statements as of and for the six-month period ended December 31, 2022 in connection with the change of the fiscal period end from June 30, 2022 to December 31, 2022 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023, FOR THE SIX-MONTH PERIOD ENDED DECEMBER 31, 2022*
AND FOR THE YEAR ENDED JUNE 30, 2022

	Equity Attributable to Equity Holders of the Parent Company							Non-controlling Interests	Total
	Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Deposit for Future Stock Subscription (Note 16)	Equity Reserve (Note 21)	Revaluation Surplus (Note 9)	Retained Earnings (Deficit)	Total		
Balances at January 1, 2023	₱1,000,000,000	₱4,938,722,430	₱—	₱—	₱—	(₱126,125,941)	₱5,812,596,489	₱—	₱5,812,596,489
Issuance of shares (Note 16)	2,437,305,000	—	—	—	—	—	2,437,305,000	—	2,437,305,000
Stock issuance cost (Note 16)	—	—	—	—	—	(34,891,365)	(34,891,365)	—	(34,891,365)
Equity infusion (Note 16)	—	775,041,979	—	—	—	—	775,041,979	—	775,041,979
Deposit for future stock subscription (Note 16)	—	—	15,894,042,026	—	—	—	15,894,042,026	—	15,894,042,026
Effect of business combination under common control (Notes 21 and 22)	—	—	—	525,755,142	2,226,398,078	736,450	2,752,889,670	2,794,016,096	5,546,905,766
	2,437,305,000	775,041,979	15,894,042,026	525,755,142	2,226,398,078	(34,154,915)	21,824,387,310	2,794,016,096	24,618,403,406
Net income for the year	—	—	—	—	—	5,706,730,751	5,706,730,751	240,850,000	5,947,580,751
Other comprehensive income (loss) (Note 9)	—	—	—	—	6,041,693,185	(298,828)	6,041,394,357	—	6,041,394,357
Total comprehensive income	—	—	—	—	6,041,693,185	5,706,431,923	11,748,125,108	240,850,000	11,988,975,108
Balances at December 31, 2023	₱3,437,305,000	₱5,713,764,409	₱15,894,042,026	₱525,755,142	₱8,268,091,263	₱5,546,151,067	₱39,385,108,907	₱3,034,866,096	₱42,419,975,003

*The Parent Company prepared consolidated financial statements as of and for the six-month period ended December 31, 2022 in connection with the change of the fiscal period end from June 30, 2022 to December 31, 2022 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



	Capital Stock (Note 16)	Additional Paid-in Capital (Note 16)	Deficit	Total
Balances at June 30, 2021	₱542,435,000	₱—	(₱25,136,660)	₱517,298,340
Issuance of shares of stock (Note 16)	270,000,001	2,430,000,000	—	2,700,000,001
Stock issuance costs (Note 16)	—	(100,661,979)	—	(100,661,979)
Additional paid-in capital (Note 16)	—	18,000,000	—	18,000,000
Total comprehensive loss	—	—	(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 (Note 16)	187,564,999	2,625,909,994	—	2,813,474,993
Stock issuance costs (Note 16)	—	(34,525,585)	—	(34,525,585)
Total comprehensive loss	—	—	(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

* The Parent Company prepared consolidated financial statements as of and for the six-month period ended December 31, 2022 in connection with the change of the fiscal period end from June 30, 2022 to December 31, 2022 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023, FOR THE SIX-MONTH PERIOD ENDED
DECEMBER 31, 2022* AND FOR THE YEAR ENDED JUNE 30, 2022

	December 31, 2023 (One Year)	December 31, 2022 (Six Months)	June 30, 2022 (One Year)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	₱5,971,530,581	(₱40,144,695)	(₱71,950,003)
Adjustments for:			
Gain on remeasurement of previously existing equity interest in Terra Solar (Note 22)	(5,964,035,242)	—	—
Other income (Note 14)	(25,960,000)	—	—
Gain on sale of property, plant and equipment (Note 9)	(17,834,545)	—	—
Interest income (Note 26)	(29,993,447)	(2,398,960)	(548,180)
Finance costs (Notes 13 and 20)	167,232,021	4,532,695	9,142,009
Depreciation and amortization (Notes 9, 17 and 18)	216,232,722	2,584,193	5,420,370
Provision for impairment loss (Notes 5,7 and 18)	756,172	—	—
Retirement benefit expense (Note 15)	383,870	—	—
Unrealized foreign exchange loss (gain)	234,726	(545,388)	274,709
Operating income (loss) before working capital changes	318,546,858	(35,972,155)	(57,661,095)
Decrease (increase) in:			
Trade receivables (Note 5)	126,788,719	—	—
Inventories (Note 6)	(745,862)	—	—
Other current assets (Note 7)	(22,654,765)	2,150,545	(20,013,297)
Increase (decrease) in trade and other payables (Note 12)	(358,754,383)	52,217,812	6,272,205
Net cash flows from (used in) operations	63,180,567	18,396,202	(71,402,187)
Interest received	29,993,447	2,398,960	548,180
Net cash flows from (used in) operating activities	93,174,014	20,795,162	(70,854,007)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Solar Philippines assets, net of cash acquired (Notes 21 and 22)	(8,987,411,875)	—	—
Proceeds from disposal of property, plant and equipment (Note 9)	33,928,571	—	—
Additions to:			
Deposits for land acquisition (Note 10)	(723,096,532)	(1,405,392,463)	(541,700,000)
Property, plant and equipment (Note 9)			
At cost	(677,884,677)	(460,794,829)	(906,749,770)
At revalued amount	(26,892,762)	—	—
Investment properties (Note 8)	—	(312,626,010)	—
Decrease (increase) in:			
Due from related parties (Note 14)	960,420,010	(279,710,439)	(84,499,933)
Other noncurrent assets (Note 11)	107,779,964	(540,176,775)	(112,848,087)
Net cash flows used in investing activities	(9,313,157,301)	(2,998,700,516)	(1,645,797,790)

(Forward)



	December 31, 2023 (One Year)	December 31, 2022 (Six Months)	June 30, 2022 (One Year)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares of stock, net of subscriptions receivable and transaction costs (Note 16)	₱2,402,413,635	₱2,127,833,748	₱2,599,338,022
Collection of subscriptions receivable (Note 16)	649,796,605	—	—
Equity infusion (Note 16)	775,041,979	—	—
Deposit for future stock subscription (Note 16)	15,894,042,026	—	—
Payments of: (Note 27)			
Long-term debt	(166,261,855)	—	—
Interest	(136,800,476)	—	—
Lease liabilities (Note 20)	(18,526,229)	—	(14,004,465)
Dividends	(61,570,424)	—	—
Due to related parties	(114,724,705)	—	—
Additional capital contribution (Note 16)	—	—	18,000,000
Net cash flows from financing activities	19,223,410,556	2,127,833,748	2,603,333,557
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(234,726)	545,388	(274,709)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	10,003,192,543	(849,526,218)	886,407,051
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD			
	37,232,084	886,758,302	351,251
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Notes 4 and 23)			
	₱10,040,424,627	₱37,232,084	₱886,758,302

* The Parent Company prepared consolidated financial statements as of and for the six-month period ended December 31, 2022 in connection with the change of the fiscal period end from June 30, 2022 to December 31, 2022 (see Notes 1 and 2).

See accompanying Notes to Consolidated Financial Statements.



SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

SP New Energy Corporation (the “Parent Company” or “SPNEC”) was incorporated and registered with the Philippine Securities and Exchange Commission (“SEC”) on November 23, 2016, primarily to engage in the construction, operation and maintenance of all types of renewable energy plants and related services.

The common shares of SPNEC are listed on the Philippine Stock Exchange (“PSE”) beginning December 17, 2021 and traded under the ticker, “SPNEC”.

The Parent Company and its subsidiaries are hereby collectively referred to as the “Group”. All subsidiaries are incorporated in the Philippines (see Note 2). As of April 12, 2024, the Parent Company has subsidiaries that are in commercial operations (see Note 2).

On March 27, 2023, Metro Pacific Investments Corporation (“MPIC”), a corporation organized in the Republic of the Philippines, entered into a Share Purchase Agreement with Solar Philippines Power Project Holdings, Inc. (“SP Project Holdings”) to acquire the latter’s rights, title and interests in and to SPNEC equal to 1.6 billion common shares for a total consideration of ₱2,000.0 million (see Note 16).

Subsequently, on November 30, 2023, MGen Renewable Energy, Inc. (“MGreen”) and SPNEC entered into a Subscription Agreement, whereby MGreen subscribed (i) 15.7 billion common shares with par value of ₱1.0 per share and (ii) 19.4 billion preferred shares with par value of ₱0.01 per share for a total subscription price of ₱15.9 billion (see Note 16). MGreen is a wholly-owned subsidiary of Meralco PowerGen Corporation (“MGen”), which in turn is a wholly-owned subsidiary of Manila Electric Company (“Meralco”). Meralco, MGen and MGreen are registered with the Philippine SEC. The shares of Meralco are listed in the PSE under the ticker, “MER”.

As of December 31, 2023, the shares were not yet issued to MGreen pending the approval of SPNEC’s increase in authorized capital stock (see Note 16).

As of April 12, 2024, SPNEC is 35.7% owned by MGreen, 37.93% owned by SP Project Holdings, and 3.2% owned by MPIC, with the balance as the public float.

(b) Change in Corporate Name and Fiscal Year

On August 8, 2022, the Board of Directors (“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”). On January 11, 2023, the BIR approved the change in accounting period.

(c) Principal Office Address

On April 12, 2024, the BOD approved the amendment of the Parent Company’s Articles of Incorporation to change the principal office from 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City 1229, Philippines to Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City 1604, Philippines.

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

The consolidated financial statements of the Group as of December 31, 2023 and 2022 and for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022 were authorized for issue by the BOD on April 12, 2024.

2. Basis of Preparation, Statement of Compliance and Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared using the historical cost basis, except for land carried at revalued amount. 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 in the consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and the related notes, as of and for the six-month period ended June 30, 2022 were presented for the fractional period due to the change of the reporting period of the Parent Company from fiscal year beginning July 1 and ending June 30 to calendar year January 1 and ending December 31 (see Note 1). As a result, 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 for the six-month period ended December 31, 2022 are not comparable with those statements for the years ended December 31, 2023 and June 30, 2022.

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.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2023 and 2022 and for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring its accounting policies in line with the Parent Company’s accounting policies.



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 Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests ("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 interests 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.

NCI represents the interests in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from equity attributable to holders of the Parent Company. NCI shares in losses even if the losses exceed the NCI in the subsidiary.

Subsidiaries

Except with respect to SP Holdings, Inc. ("SP Holdings") and Terra Nueva, Inc. ("Terra Nueva"), which are investment holding entities, the rest of the subsidiaries has power generation as its primary purpose of business.

Except for Solar Philippines Calatagan Corporation ("SP Calatagan") and Solar Philippines Tarlac Corporation ("SP Tarlac"), all other subsidiaries have not started operations.



The consolidated financial statements comprise the Parent Company and the following subsidiaries of the Group:

Subsidiaries	Percentage of Ownership (%)			
	2023		2022	
	Direct	Indirect	Direct	Indirect
Terra Nueva, Inc. (Terra Nueva)	100	—	100	—
Solar Philippines Calatagan Corporation (SP Calatagan) ¹	62	—	—	—
Solar Philippines Tarlac Corporation (SP Tarlac)	100	—	—	—
Solar Philippines Rooftop Corporation (SP Rooftop)	100	—	—	—
Solar Philippines Batangas Corporation (SP Batangas)	100	—	—	—
Solar Philippines Batangas Baseload Corporation (SP Batangas Baseload)	100	—	—	—
Solar Philippines Central Visayas Corporation (SP Central Visayas)	100	—	—	—
Solar Philippines Eastern Corporation (SP Eastern)	100	—	—	—
Solar Philippines Retail Electricity, Inc. (SPREI)	100	—	—	—
Solar Philippines Southern Mindanao Corporation (SP Southern Mindanao)	100	—	—	—
Solar Philippines Southern Tagalog Corporation (SP Southern Tagalog)	100	—	—	—
Solar Philippines South Luzon Corporation (SP South Luzon)	100	—	—	—
Solar Philippines Tarlac Baseload Corporation (SP Tarlac Baseload)	100	—	—	—
Solar Philippines Visayas Corporation (SP Visayas)	100	—	—	—
Solar Philippines Western Corporation (SP Western)	100	—	—	—
SP Holdings, Inc. (SP Holdings)	100	—	—	—
Terra Solar Philippines, Inc. (Terra Solar)	100	—	—	—
Laguna Rooftop Solar Corporation (Laguna Rooftop)	60	—	—	—

¹Economic interest is 100% after dividend to preferred stock

The following significant transactions affected the Parent Company's investments in subsidiaries in 2023:

Acquisition of Solar Philippines Assets

In 2023, SPNEC executed several Deeds of Absolute Sale of Shares ("DOASS") with certain affiliates for the following transactions:

Date	Counterparty	Asset Acquired	Consideration (in millions)
May 15, 2023	SP Project Holdings	SP Tarlac	₱2,241.7
		SP Rooftop	100.7
June 9, 2023		Solar Philippines Assets	80.5
June 29, 2023		SP Calatagan	502.8
November 20, 2023	Leandro L. Leviste	SP Calatagan	249.9

On November 9, 2023, SPNEC entered into a Deed of Donation and Acceptance with Countryside Investments Holdings Corporation ("Countryside"), whereby Countryside donated and conveyed all its rights and obligations in SP Holdings, Inc. ("SP Holdings") to SPNEC.

Leandro L. Leviste is the major shareholder of SP Project Holdings and Countryside.



The foregoing share sale and donation transactions were accounted for using the pooling-of-interests method. Detailed information of the transactions is included in Note 21 to the consolidated financial statements.

Acquisition of controlling interest in Terra Solar from Prime Infrastructure, Inc. (“Prime Infra”)
As provided under the Memorandum of Agreement (“MOA”) between SP Project Holdings and Prime Infra and Prime Metro Holdings Corporation (“Prime Metro”), SPNEC acquired Prime Infra’s 50.01% interest in Terra Solar on December 11, 2023 for ₱6,000.0 million. Thereafter, Terra Solar became a wholly owned subsidiary of SPNEC.

This step acquisition is accounted for using the acquisition method. Detailed information of the transaction is included in Note 22 to the consolidated financial statements.

SP Calatagan

SP Calatagan is registered with the Board of Investments (“BOI”) entity. Under the provisions of Republic Act No. 9513, “Renewable Energy (“RE”) Act of 2008”, the Company shall be entitled to seven (7) years income tax holiday (“ITH”) from start of actual operations or two (2) months from the date of commissioning or testing, whichever comes earlier, duty-free importation of machineries for a period of 10 years and exemption from VAT, among others.

While all of the common shares of SP Calatagan are held by SPNEC and the preferred shares by KEPCO Philippines Holdings, Inc. (“KEPCO”), the voting interest is shared 62% and 38%, in favor of SPNEC. The preferred shares are voting, non-participating and earn cumulative dividends at ₱0.08 per share until December 31, 2035 subject to availability of retained earnings and approval of the BOD. These are convertible to common stock at the option of KEPCO through December 31, 2022 and at the option of SP Calatagan after December 31, 2035, provided the cumulative dividends are paid. Unpaid dividends are entitled to compounded interest at 9.5% per annum until fully paid. As at December 31, 2023, undeclared dividends on the SP Calatagan preferred shares amounted to ₱256.7 million, and accumulated interest recorded amounted to ₱11.0 million.

SP Tarlac

SP Tarlac is also registered with the BOI and is entitled to 7-year IT beginning September 12, 2019.

All of the common shares of SP Tarlac are held by SPNEC while all redeemable preferred shares totaling ₱1,500.0 million are held by Prime Metro. Such redeemable preferred shares are non-voting and entitled to cumulated fixed dividend at a rate of 12% per annum, subject to availability of retained earnings and approval of the BOD. These shares are redeemable at the option of SP Tarlac after five (5) years from issuance and convertible to common stock equivalent to 50% equity at the option of Prime Metro.

As at December 31, 2023, cumulative undeclared dividends amounted ₱589.9 million.

Laguna Rooftop

Laguna Rooftop was incorporated and registered with the SEC on July 6, 2021, primarily to engage in the development, financing, construction, testing, operation, maintenance and ownership of rooftop solar electricity generation projects tendered by Mitsubishi Motors Philippines Corporation (“MMPC”) and its subsidiary, Asian Transmission Corporation (“ATC”).

Material partly owned subsidiaries with material economic ownership interest

The consolidated financial statements include additional information about subsidiaries that have NCI that are material to the Group. Management determined material partly owned subsidiaries as those with balance of NCI greater than 5% of the total NCI and those subsidiaries which type of activities that are important to the Group as at the end of the year.



The following are the summarized financial information of SP Calatagan and SP Tarlac as of and for the year ended December 31, 2023:

	SP Calatagan	SP Tarlac
Summarized balance sheet information		
Current assets	₱697,606,656	₱483,642,795
Noncurrent assets	5,674,606,019	6,765,727,668
Current liabilities	288,533,947	591,246,084
Noncurrent liabilities	1,403,366,474	2,299,906,373
Summarized comprehensive income information		
Revenue from contract with customer	₱699,281,878	₱430,568,929
Costs of sale of electricity	(225,986,476)	(267,640,960)
Gross profit	473,295,402	162,927,969
Finance costs	(106,336,371)	(167,762,523)
General and administrative expenses	(51,953,283)	(33,030,536)
Other income	28,638,095	16,791,424
Provision for (benefit from) income tax	26,761,760	8,225,408
Net income (loss)	316,882,083	(29,299,074)
Other comprehensive income	78,381,150	22,450,093
Total comprehensive income (loss)	395,263,233	(6,848,981)
Summarized cash flows information		
Operating	₱457,619,789	₱240,993,169
Investing	(47,455,146)	(18,449,129)
Financing	(334,360,453)	(277,861,215)
Exchange rate effect on cash	83,580	255,736
Net increase (decrease) in cash	75,887,770	(55,061,439)

NCI

The NCI in the consolidated financial statements represents mainly the ownership of KEPCO in SP Calatagan, Prime Metro in SP Tarlac, and of DGA SP B.V. (“DGA”) in Laguna Rooftop.

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 2023. 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 Philippine Accounting Standards (“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 to the Practice Statement provide non-mandatory guidance.



- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (“OECD”), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.

The temporary exception from recognition and disclosure of information - 7 -eferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

The Group has yet to implement BEPS 2.0 Pillar Two because the Group’s entities are operating in jurisdiction/s (Philippines) which the legislation has not yet been enacted or substantially enacted as of December 31, 2023. The Group has not exceeded the threshold amount in consolidated revenue of €750 million, hence there is no impact on the consolidated financial statements as of December 31, 2023.

Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the Group’s consolidated financial statements, unless otherwise indicated.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the Group elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree’s



identifiable assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When a business is acquired, an assessment is made of the identifiable assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date and any resulting gain or loss is recognized in the consolidated statements of income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in the consolidated statement of income. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

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

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



Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Business Combination of Entities under Common Control

Business combination of entities under common control are accounted for by applying the pooling-of-interests method. The pooling-of-interests method generally involved the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair value or recognize any new assets or liabilities at the date of combination. The only adjustments that are made are those adjustments to harmonize the accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the entity acquired is reflected within equity.
- The consolidated statements of income, comprehensive income and cash flows reflect the result of the combining entities from the date when the combination takes place.
- Comparative financial information are presented as if the entities had always been combined, or on date the common control existed on the combining entities, whichever comes earlier.
- The effects of any intercompany transactions are eliminated to the extent possible.
- Equity reserve is recognized for the difference between considerations paid or transferred and the net assets of the entity acquired through business combinations involving entities under common control.

Presentation of Consolidated Financial Statements

The Group has elected to present all items of recognized income and expense in two statements: a statement displaying components of profit or loss (consolidated statements of income) and a second statement beginning with profit or loss and displaying components of OCI (consolidated statements of comprehensive income).

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 12 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 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

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

The 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 and Cash Equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash on hand and in banks and short-term deposits with original maturities of three (3) months or less from dates of acquisition and that are subject to insignificant risk of changes in value.

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 and cash equivalents, trade receivables, subscriptions receivable, due from related parties, short-term investments and bonds (under other current assets), and long-term receivables (under other noncurrent assets) as of December 31, 2023 and 2022 (see Notes 4, 5, 7, 11, 14, 16 and 23).

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 statement of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

The Group’s loans and borrowings include trade and other payables (excluding payable to government agencies), due to related parties, long-term debt and lease liabilities as of December 31, 2023 and 2022 (see Notes 12, 13, 14, 20 and 23).

As of December 31, 2023 and 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 statement 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 (2) 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.

Inventories

Inventories are valued at the lower of cost (weighted average method) and net realizable value ("NRV"). The NRV of finished goods and work-in-process is based on estimated selling price, less estimated costs of completion (for work-in-process) and the estimated costs necessary to make sale. The NRV for raw materials is the current replacement cost. In determining NRV, the Group considers any adjustment for obsolescence.

Plant construction materials

Plant construction materials are carried at cost and are presented as noncurrent assets as these are intended to be used in the construction of a project.

Advances to Suppliers

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

Property, Plant and Equipment

Property, plant and equipment, except for land and construction in progress, 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. The estimated useful lives of property, plant and equipment are as follows:

Category	Number of Years
Solar power plant	30
Right-of-use assets	25 - 30
Machinery and equipment	8
Land improvement	5
Office and warehouse equipment	5
Transportation equipment	5
Furniture and fixtures	5
Leasehold improvements	5 or term of the lease, whichever is shorter

Land

Land is measured at fair value less impairment losses, if any. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation deficit is recognized in the consolidated statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus. Upon disposal, any revaluation increment relating to the particular asset being sold is transferred to retained earnings. The appraisal increment, net of the related tax effect, is credited to the "Revaluation surplus" account included as OCI in the consolidated statement of comprehensive income and as other component of equity in the equity section of the consolidated statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognized in the consolidated statement of income, in which case the increase is recognized in the consolidated statement of income.



Construction in progress ("CIP")

CIP 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 assets incurred during the construction period. Construction in progress is not depreciated until such time that the assets are put into operational use.

Right-of-use ("ROU") assets

ROU assets are included 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 carried at cost including transaction costs, net of accumulated depreciation.

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 (or from) 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.

Intangible Asset

Intangible asset pertains to the Power Supply Agreement of Terra Solar that was existing at the time of the acquisition (see Notes 22 and 29).

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and any accumulated impairment loss. The useful lives of intangible assets are assessed at the individual asset level as having either finite or indefinite useful lives.



Intangible assets with finite lives are amortized over the useful economic lives of 20 years using the straight-line method and assessed for impairment whenever there is an indication that the intangible assets may be impaired. At a minimum, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting date. Changes in the expected useful life or the expected consumption pattern of future economic benefit embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and treated as change in accounting estimates. The amortization expense of intangible assets with finite lives is recognized in the consolidated statement of income.

Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment annually either individually or at the cash-generating unit level. The assessment of intangible assets with indefinite useful life is done annually at every reporting date to determine whether such indefinite useful life continues to exist. Otherwise, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the consolidated statement of income.

Intangible assets generated within the business are not capitalized and expenditures are charged to profit or loss in the year these are incurred.

Project development costs

Project development costs pertain to power plant project in the development phase which meet the “identifiability” requirement under PAS 38, Intangible Assets, as they are separable and susceptible to individual sale and are carried at acquisition cost. These assets are transferred to “Property, plant and equipment” when construction of the power plant commences. During the period of development, the asset is tested for impairment annually.

Value-Added Tax (“VAT”)

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

Retirement Benefit Obligation

The Group has an unfunded, non-contributory defined benefit plan covering substantially all of its qualified employees.

The defined benefit obligation is the aggregate of the present value of the defined benefit obligation at the end of the reporting period. The cost of providing benefits under the defined benefit plan is actuarially determined by an independent qualified actuary using the projected unit credit method.

Defined benefit costs comprise the following:

- Current service cost
- Remeasurements of net defined benefit liability or asset

Current service costs are recognized as expense in profit or loss.



Remeasurements, comprising actuarial gains and losses, are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods, but are closed directly to retained earnings at the end of every reporting period.

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 shall 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 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 period 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 periods. Such reversal is recognized in the consolidated statement 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 reduction to the APIC. If APIC is not sufficient, the excess is charged against the "Retained earnings" account.

Subscriptions Receivable

Subscriptions receivable represents unpaid portion of subscriptions and is presented as current assets when it is expected to be collected within 12 months after the financial reporting date. Otherwise, this is presented as reduction from equity.



Deposits for Future Stock Subscriptions

Deposits for future stock subscriptions represent funds received as payment for additional issuance of shares.

The Parent Company classifies a contract to deliver its additional equity instruments as a “Deposit for future stock subscriptions” if and only if, all of the following elements are present as of the reporting period:

- a. the unissued authorized capital stock of the Parent Company is insufficient to cover the amount of shares indicated in the contract;
- b. there is BOD’s approval on the proposed increase in authorized capital stock;
- c. there is stockholders’ approval of the said proposed increase; and
- d. the application for the approval of the proposed increase was presented for filing or has been filed with the SEC.

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.

Group 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 are recognized as expense on a straight-line basis over the lease term.

Revenue from Contracts with Customers

Sale of electricity

Revenue from sale of electricity is based on the Renewable Energy Payment Agreement (“REPA”), Power Supply Agreements (“PSAs”) and Power Purchase Agreements (“PPAs”). Sale of electricity is recognized over time as the power generated by the Group is transmitted through the transmission line designated by the buyer for a consideration and is presented as “Revenue from contracts with customers” in the consolidated statement of comprehensive income. Revenue from sale of electricity is based on sales price and recognized monthly based on the actual energy delivered.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

Significant financing component

Revenue from installation services included in contracts with customers have significant financing component considering the period between the customer’s payment of the price of the revenue from installation services and time of the transfer of control over of the installed asset, which is more than one year. The transaction price for such contracts is determined by discounting the amount of promised consideration using the appropriate discount rate. The Group concluded that there is a significant financing component for those contracts where the customer elects to pay in arrears considering the length of time between the customer’s payment and the transfer of installed asset to the customer, as well as the prevailing interest rates in the market.

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.

Costs and Expenses

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

Costs of sale of goods

Costs of sale of goods include direct materials, personnel expenses, utilities, and other manufacturing costs. This is recognized when the inventories are sold and title is transferred to the buyer.



Costs of sale of electricity

These include expenses incurred by those directly responsible for the generation of revenues from solar energy (i.e., plant operations, plant maintenance and power plant preventive maintenance schedule), at operating project location. Costs of sales of electricity are expensed when incurred.

Costs of installation services

Costs of installation services mainly consist of costs of personnel directly engaged in providing installation services. These also include construction costs such as direct materials and those indirect costs related to contract performance. These are generally recognized when the installation services are used or the expenses arise.

General and administrative expenses

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

Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Group's entities in the respective functional currency spot rate prevailing at the date of transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the end of the reporting period. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

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.



Operating Segments Reporting

Operating segments are components of SPNEC Group that are engaged in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by SPNEC Group's Chief Operating Decision Maker ("CODM") to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

The Group's operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment. Previously, the Group has no operating segments as it has not yet commenced its commercial operations as of December 31, 2022. Financial information on operating segments are presented in Note 26 to the consolidated financial statements.

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, 2024

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

The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.



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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.



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*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Estimates and Assumptions

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:

Judgments

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 subsidiaries by virtue of either 100% or a majority of the voting interest in the investee company.

Determination of Acquisition Date in Business Combinations

The acquisition date is the date the acquirer obtains control of the acquiree, generally the specified closing or completion date of the business combination.

The date on which control passes is a matter of fact. In determining the acquisition date, the Group considers all the terms and conditions of the arrangements and their economic effects. One or more of pertinent facts and circumstances surrounding a business combination are considered in assessing when the acquirer has obtained control of the acquiree:



- When the consideration is transferred;
- When acquiree shares or underlying net assets are acquired;
- When the acquirer 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;
- Agreement date designed to achieve an overall commercial effect of business combination and economically justified by the parties;

The date on which the Group obtains control over the Solar Philippines Assets is the date on which the Group legally transfers the consideration, acquires the assets, and assumes the liabilities of Solar Philippines Assets.

Assessment of Acquisition as Business Combination

Where asset is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the asset.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Otherwise, corporate acquisitions are accounted for as business combinations. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

The Parent Company's acquisition of Terra Solar have been accounted for as business combination (see Note 22).

Business Combination of Entities under Common Control

A combination involving entities or businesses under common control is 'a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory'. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group, provided the transaction meets the definition of a business combination in PFRS 3.

The transactions entered by the Parent Company with SP Project Holdings and Countryside were determined to be common control business combinations (see Note 21).

Change in Operating Segments

The Group changed the structure of its internal organization that caused the composition of its reportable segments to change. Previously, the Group has no operating segments as it has not yet commenced its commercial operations. As of December 31, 2023, the Group's operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment. Financial information on operating segments are presented in Note 26 of the consolidated financial statements. The reported operating segment information is in accordance with PFRS 8.

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, 2023 and 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 ₱3,396.8 million and ₱2,026.9 million as of December 31, 2023 and 2022, respectively (see Note 10).

Evaluating Revenue from Contracts with Customers

The Group applied the following judgments in the determination of the amount and timing of revenue recognition:

- *Identifying Performance Obligations*

The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if:

1. each distinct good or services in the series are transferred over time; and
2. the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation

For sale of electricity, the obligation under each contract is a single performance obligation. For installation services where the Group has to deliver the components of solar photovoltaic ("PV") systems and perform installation services, the obligations are combined and considered as a single performance obligation since these are not distinct within the context of PFRS 15 as the Group provides a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output for which the customer has contracted. The risk of transferring individual goods or services is inseparable because substantial part of the Group's promise to the customer is to ensure the individual goods or services are incorporated into the combined output.

For revenue from manufacturing of goods performance obligation is comprised of non-distinct goods or services, which include issuance of materials to production, assembly, testing and packaging considered as single performance obligation.

Further, allocation of transaction prices is not necessary as the obligation under each contract with customers are accounted for as a single performance obligation and the Group does not have any other ancillary services to be performed in connect to all the contracts with customers (see Note 29).

- *Revenue Recognition*

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

For sale of electricity, the Group concluded that sale of electricity is to be recognized over time, since the customer simultaneously receives and consumes the benefits as the Group supplies electricity.



Revenue from manufacturing of goods is recognized over time or at a point in time. For turnkey contracts where in the products created have no alternative use to the Group and the Group has right to payment for performance completed to date including the related profit margin, in case of termination for reasons other than the Group's failure to perform as promised, revenue is recognized over time. For goods manufactured not covered by customer purchase orders or firm delivery schedule, revenues are recognized at a point in time.

For revenue from sale of installation services, the Group concluded that revenue from sale of installation services is recognized over time as the satisfaction of the performance obligations creates assets that the customers control as the assets are created.

- *Identifying Methods for Measuring Progress of Revenue recognized over Time*

The Group determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

For sale of electricity, the Group determined that the output method is the best method in measuring progress as actual electricity is supplied to customer. The Group recognizes revenue based on the actual renewable energy generation (see Note 29).

For revenue from manufacturing of goods, the Group measures progress towards complete satisfaction of the performance obligation using an input method (i.e., costs incurred). Management believes that this method provides a faithful depiction of the transfer of goods or services to the customer because the Group provides integration service to produce a combined output and each item in the combined output may not transfer an equal amount of value to the customer.

For installation services, the Group determined that the input method (on the basis of cost incurred) is the best method in measuring progress towards complete satisfaction of the performance obligation.

Set out below is the disaggregation of the Group's revenue from contracts with customers in 2023:

Sale of electricity	₱619,252,204
Sale of installation services	16,199,013
Total revenue from contracts with customers	₱635,451,217

Estimates

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 statement 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 ECL

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.

As of December 31, 2023, the total allowance for ECL recognized on trade receivables amounted to ₱69.3 million (see Note 5). The aggregate carrying amounts of cash and cash equivalents (excluding cash on hand), trade receivables, subscriptions receivables, short-term investments and bonds (under other current assets), due from related parties and long-term receivables (under other noncurrent assets) amounted to ₱11,385.5 million and ₱1,525.2 million as of December 31, 2023 and 2022, respectively (see Notes 4, 5, 7, 11 and 14).

Provisional Fair Value Assessment as a result of the step-acquisition of Terra Solar

In 2023, the Group's acquisition of Terra Solar was accounted for using the acquisition method which require extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at acquisition date. It also requires the acquirer to recognize gain on bargain purchase or goodwill. The Group's acquisition of Terra Solar has resulted in goodwill. The Group valued certain assets acquired and liabilities assumed, including any identifiable intangible assets from the acquisition. The valuation had not been completed by the date the consolidated financial statements were approved for issue by the BOD. Pending the valuation, the Group provisionally determined the fair values of the assets acquired and liabilities assumed from the acquisition. See Note 22 for the detailed information on the transaction.



As of December 31, 2023, the Group has yet to finalize the determination of the fair values of the assets acquired and liabilities assumed from the acquisition of Terra Solar (see Note 22). The Group determines the acquisition-date fair values of identifiable assets acquired and liabilities assumed from the acquiree without quoted market prices based on the following:

- For assets and liabilities that are short-term in nature, carrying values approximate fair values; and
- For intangible assets, fair values are determined based on multi-period excess earnings method which estimates the sum of the discounted future excess earnings attributable to the intangible assets.

In 2023, the Group remeasured its previously held equity interest in Terra Solar, previously an associate, to fair value and recognized the resulting gain in profit or loss, as a result of its step-acquisition upon obtaining control on December 11, 2023 (see Note 22).

Estimating NRV for Inventories

The Group provides allowance for inventories, whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The allowance account is reviewed periodically to reflect the accurate valuation in the financial records. As of December 31, 2023, total inventories and total allowance for impairment loss amounted to ₱24.8 million and ₱27.5 million, respectively (see Notes 6).

Revaluation of Land

The Group carries its land at revalued amount with changes in fair value recognized in OCI. The fair value of the Group's land measured using the fair value model is based on the valuation carried out by an independent appraiser as of December 31, 2023. The valuation was arrived by reference to market evidence of transaction prices of similar properties.

External appraisers used market approach to value the land properties by using sales comparison method in particular. The valuation analysis involved key assumptions such as listing prices of reasonably comparable properties and adjustments related to the characteristics of the land properties such as size, location, utility, and other relevant conditions.

In 2023, the total increase in land as a result of revaluation amounted to ₱7,919.9 million. As of December 31, 2023, the total revaluation surplus amounted to ₱8,268.1 million, net of the deferred income tax liability. As of December 31, 2023, carrying value of revalued land amounted to ₱12,467.3 million (see Note 9).

Estimating useful lives of Property, Plant and Equipment (except Land and CIP)

The Group estimates the useful lives of property, plant and equipment (except land and CIP) based on the period over which these assets are expected to be available for use. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of these assets. In addition, estimation of the useful lives is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances.

The carrying values of property, plant and equipment (except land and CIP) amounted to ₱7,497.9 million and ₱281.7 million as of December 31, 2023 and 2022, respectively (see Note 9).



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.

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:

	2023	2022
Other current assets* (Note 7)	₱168,555,877	₱18,638,844
Property, plant and equipment – at cost (Note 9)	10,136,123,220	1,671,233,624
Deposits for land acquisition (Note 10)	3,396,776,396	2,026,892,396
Intangible assets (Note 22)	13,261,891,642	–
Investment properties (Note 8)	–	312,626,010
Other noncurrent assets** (Note 11)	357,985,321	654,395,146
	₱27,321,332,456	₱4,683,786,020

*Excluding short-term investments

**Excluding long-term receivables

There were no indicators of impairment of nonfinancial assets for the for the year ended December 31, 2023 for the six-month period ended December 31, 2022 and for the year ended June 30, 2022.

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 ₱41.4 million and ₱30.2 million as of December 31, 2023 and 2022, respectively (see Note 19). The Group did not recognize deferred income tax assets on the carryforward benefits of unused net operating loss carryover ("NOLCO") amounting to ₱479.2 million and ₱254.4 million as of December 31, 2023 and 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 19).



4. Cash and Cash Equivalents

	2023	2022
Cash on hand and in banks	₱9,934,772,578	₱37,232,084
Short-term deposits	105,652,049	—
	₱10,040,424,627	₱37,232,084

Short-term deposits are made for varying periods of up to three (3) months and earn interest at the prevailing short-term deposit interest rates.

Cash in banks earn interest at the respective bank deposit rates. Total interest earned from the Group's cash and cash equivalents, net of final tax, amounted to ₱9.5 million, ₱2.4 million and ₱0.5 million for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022, respectively.

Cash in banks include the balance of escrow account where the net proceeds of the Initial Public Offering ("IPO") and Stock Rights Offering ("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 (5) 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. Trade Receivables

The Group's trade receivables as of December 31, 2023 are as follows:

Trade receivables	
Third parties (Note 29)	₱351,397,454
Related party	4,189,066
	355,586,520
Less allowance for doubtful accounts	(69,298,458)
	₱286,288,062

Movement in allowance for doubtful accounts are as follows:

Effect of business combination under common control (Note 21)	₱69,645,553
Provision for impairment loss (Note 18)	75,280
Reversal	(422,375)
Balance at end of period	₱69,298,458

Trade receivable arises from the revenue from the sale of electricity, sale of goods and services. These are either interest or non-interest bearing depending on the clause indicated in the contract and generally collectible within 40 to 60 days.

The Group has no trade receivables as of December 31, 2022.



6. Inventories

The Group's inventories at NRV as of December 31, 2023 is as follows:

Cost	
Mounting structures	₱19,423,306
Panels and inverters	12,924,499
Cables	10,297,327
Others	9,696,238
	52,341,370
Less allowance for impairment loss	(27,540,457)
	<u>₱24,800,913</u>

Movement in allowance for impairment loss follows:

Effect of business combination under common control (Note 21)	₱29,382,300
Reversal	(1,841,843)
Balance at end of period	<u>₱27,540,457</u>

Other inventories include cost of consumables, supplies accessories and electricals, which includes cost of batteries, switch boards and transformers, that will be used in the construction projects of SP Rooftop.

Inventories charged to costs of sales and services for the year ended December 31, 2023 amounted to ₱8.7 million (see Note 17).

The Group has no inventories as of December 31, 2022.

7. Other Current Assets

	2023	2022
Short-term investments	₱575,810,259	₱—
Input VAT	41,086,277	—
Bonds (Note 23)	35,267,363	15,552,038
Deferred transaction costs (Note 16)	32,106,975	—
Advances to suppliers	15,330,330	—
Creditable withholding taxes	6,748,265	—
Others (Notes 18 and 29)	43,626,491	3,086,805
	749,975,960	18,638,843
Less allowance for impairment	(5,609,824)	—
	<u>₱744,366,136</u>	<u>₱18,638,843</u>



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

Effect of business combination under common control (Note 21)	₱5,133,866
Provision for impairment loss (Note 18)	680,892
Reversal	(204,934)
Balance at end of period	₱5,609,824

Bonds consist of:

Beneficiary	Contract	Term	Expiry Date	Amount
Department of Agrarian Reform ("DAR")	DAR conversion order	Refundable upon conversion of land and compliance with the conditions set forth in the DAR conversion order		₱20,267,363
Angeles Electric Corporation ("AEC")	Power Supply Agreement for 15 MW _p solar power project	Callable upon demand	August 10, 2024	15,000,000
Total				₱35,267,363

Short-term investments pertain to the restricted interest-bearing accounts opened and established by SP Calatagan and SP Tarlac in accordance with certain loan and service agreements that will serve as a cash reserve or deposit to service the principal and/or interest payments due on the long-term debt, and as performance security to their respective PSAs (see Note 29). For the year ended December 31, 2023, interest earned from short-term investments amounted to ₱14.9 million.

Advances to suppliers pertain to advance payments made by the Group to third-party suppliers for the purchase of materials.

Others include other prepayments and advances to employees of SP Project Holdings that are subject to liquidation within 30 days.

8. Investment Properties

As of December 31, 2022, investment properties consist of several parcels of land located in Nueva Ecija with total area of 316.46 hectares for the solar power plant of Terra Solar. These properties were acquired 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.

In 2023, as a result of the consolidation of Terra Solar (see Note 2), the investment properties were reclassified as land under property, plant and equipment (see Note 9).



9. Property, Plant and Equipment

At cost

2023

	Solar Power Plants	Land and Leasehold Improvements	Transportation Equipment	Office and Warehouse Equipment	Furniture and Fixtures	ROU Assets	Building	Construction in Progress	Total
Cost									
Balances at beginning of period	P–	P–	P207,600	P–	P–	P301,837,803	P–	P1,389,549,741	P1,691,595,144
Effect of business combination under common control (Note 21)	8,558,032,873	722,248	493,482	1,244,417	385,031	249,432,583	–	571,815,714	9,382,126,348
Additions	937,305	1,645,516	–	2,801,450	–	–	1,543,512	691,411,384	698,339,167
Disposal	(18,691,782)	–	–	–	–	–	–	–	(18,691,782)
Adjustments (Note 20)	–	–	–	–	–	(16,616,847)	–	–	(16,616,847)
Balances at end of period	8,540,278,396	2,367,764	701,082	4,045,867	385,031	534,653,539	1,543,512	2,652,776,839	11,736,752,030
Accumulated depreciation, amortization, and impairment losses									
Balances at beginning of period	–	–	13,840	–	–	20,347,680	–	–	20,361,520
Effect of business combination under common control (Note 21)	1,299,392,700	722,248	318,618	1,169,828	319,674	42,911,325	–	14,556,547	1,359,390,940
Depreciation and amortization (Notes 17 and 18)	205,857,760	54,851	88,480	183,597	44,753	9,982,700	20,580	–	216,232,721
Amortization capitalized to CIP	–	–	–	–	–	7,239,385	–	–	7,239,385
Disposal	(2,597,756)	–	–	–	–	–	–	–	(2,597,756)
Balances at end of period	1,502,652,704	777,099	420,938	1,353,425	364,427	80,481,090	20,580	14,556,547	1,600,628,810
Net book value	P7,037,625,692	P1,590,665	P280,144	P2,692,442	P20,604	P454,170,449	P1,522,932	P2,638,220,292	P10,136,123,220



2022

	Transportation Equipment	Construction in Progress	ROU Assets	Total
Cost:				
Balances at beginning of period	P–	₱921,385,618	₱301,837,803	₱1,223,223,421
Additions (Notes 14 and 20)	207,600	468,164,123	–	468,371,723
Balances at end of period	207,600	1,389,549,741	301,837,803	1,691,595,144
Accumulated depreciation, amortization and impairment losses:				
Balances at beginning of period	–	–	14,927,309	14,927,309
Depreciation and amortization (Note 18)	13,840	–	2,584,193	2,598,033
Amortization capitalized to CIP	–	–	2,836,178	2,836,178
Balances at end of period	13,840	–	20,347,680	20,361,520
Net book value	₱193,760	₱1,389,549,741	₱281,490,123	₱1,671,233,624

Solar Power Plants

As of December 31, 2023, solar power plants of SP Calatagan and SP Tarlac (“Solar Power Plants”) are pledged as collateral for their respective long-term debt contracted separately for the respective projects (see Note 13).

In 2023, the Group recognized gain on sale of property, plant and equipment amounting to ₱17.8 million presented as part of “Other income – net” in the consolidated statement of comprehensive income.

CIP

This pertains to capitalized costs related mainly to the SPNEC’s Phase 1 and SP Tarlac’s expansion projects (see Note 28).

ROU assets

The Group entered into various land lease agreements in Concepcion, Tarlac, and Sta. Rosa, Nueva Ecija with various third-party lessors for the development of various projects under non-cancelable lease agreements.

As of December 31, 2023 and 2022, the Group’s total land area under lease is at 454.92 hectares and 347.42 hectares, respectively.

The costs of ROU assets are amortized using the straight-line method over the lease term. As of December 31, 2023 and 2022, the remaining terms of the leases range between 20 to 30 years (including extension of five (5) years) (see Note 20).

At revalued amount

Land

Effect of business combination under common control (Note 21)	₱3,775,546,200
Additions	36,070,190
Reclassifications from:	
Investment properties (Note 8)	312,626,010
Deposits for land acquisition (Note 10)	287,506,687
Revaluation increment during the year	8,055,590,913
	₱12,467,340,000

As part of the business combination under common control, a total of 135.68 hectares of land of SP Calatagan and SP Tarlac with combined value of ₱3,775.5 million were transferred to SPNEC (see Note 21).

SPNEC opted to adopt the appraisal accounting consistent with the provisions of PFRS 13, *Fair Value Measurement*. Consequently, it engaged an independent firm of appraisers to conduct a revaluation of the consolidated land area of the Group. The appraisers used Level 3 key observable inputs to measure the fair value of the land and determined that it is in the range of ₱2,300 - ₱4,900 per square meter. The resulting values are as follows:

Entity	Land Area (in hectares)	Acquisition cost	Appraised value as of December 31, 2023	Revaluation increment in 2023
<i>(In Millions)</i>				
Terra Nueva	534.76	₱636.2	₱8,556.1	₱7,919.9
SP Calatagan	105.26	2,390.7	2,421.1	30.4
SP Tarlac	30.41	1,384.8	1,490.1	105.3
	670.43	₱4,411.7	₱12,467.3	₱8,055.6

The foregoing properties of SP Calatagan and SP Tarlac were used as collateral to secure their respective long-term debts (see Note 13).

The total value of the land - at cost, is ₱4,411.7 million as of December 31, 2023.

10. Deposits for Land Acquisition

Following is a summary of the deposits for land acquisition of the Group:

Entity	2023		2022	
	Land Area (in hectares)	Deposit Paid	Land Area (in hectares)	Deposit Paid
Provincia Investments Corporation ("PIC")	68.62	₱267,000,000	68.62	₱267,000,000
Lupang Hinirang Holdings Corporation ("LHHC")	56.81	270,000,000	56.81	270,000,000
Leandro L. Leviste	87.50	421,618,085	—	—
Various landowners	2,092.72	2,438,158,311	1,727.36	1,489,892,396
	2,305.65	₱3,396,776,396	1,852.79	₱2,026,892,396



The 87.50-hectares property with deposit for land acquisition to Leandro L. Leviste is pledged to a local bank for the loan obtained from a local bank by SP Tarlac (see Note 13).

Following is the movement in the Group's deposits for land acquisition with various landowners:

	2023	2022
Balances at beginning of period	₱1,489,892,396	₱84,499,933
Effect of business combination under common control (Note 21)	12,676,070	—
Additions	723,096,532	1,405,392,463
Reclassifications from (to):		
Deposit (Note 11)	500,000,000	—
Land (Note 9)	(287,506,687)	—
Balances at end of period	₱2,438,158,311	₱1,489,892,396

As of December 31, 2023 and 2022, the remaining balance amounting to ₱1,111.8 million and ₱674.1 million, respectively, will be payable when the conditions under the contracts to sell are satisfied.

11. Other Noncurrent Assets

	2023	2022
Long-term receivables (Note 29)	₱318,977,637	₱—
Input VAT	138,451,932	144,640,016
Deferred input VAT	78,188,325	480,000
Project development costs	75,062,130	—
Plant construction materials	50,624,254	—
Refundable deposits (Note 14)	—	500,000,000
Others (Note 20)	15,786,849	9,403,298
	677,091,127	654,523,314
Less allowance for impairment of input VAT	(128,168)	(128,168)
	₱676,962,959	₱654,395,146

Terra Nueva paid SP Project Holdings ₱500.0 million on December 26, 2022 for the latter to assist in the land conversion activities covering 975.75 hectares of land acquired by Terra Nueva (Note 14).

As of December 31, 2023, deposits pertaining to a total of 898.59 hectares of land with conversion order issued by the DAR have reclassified to the "Deposits for land acquisition" account.

Project development costs pertain to pre-development costs incurred by Terra Solar in relation to the construction of its solar power project (see Note 22).



12. Trade and Other Payables

	2023	2022
Accounts payable		
Related parties (Note 14)	₱185,013,429	₱15,039,314
Third parties	49,127,667	—
Interest payable (Note 13)	99,315,778	—
Accrued expenses (Note 29)	89,591,394	2,836,359
Income tax payable	21,707,307	—
Withholding tax payable	13,793,524	47,298,615
Accrued purchases	10,743,183	—
Other payables	13,333,758	43,784
	₱482,626,040	₱65,218,072

Accounts payable are non-interest bearing and settled within one (1) year in the normal course of business.

Accrued liabilities pertain to unbilled liabilities for costs of benefits to host communities provided under Department of Energy (“DOE”) Energy Regulations No. 1-94, professional fees, differential cost of replacement energy charged by Meralco consistent with the provisions of the Power Supply Agreement of SP Tarlac.

As agreed between Meralco and SP Tarlac, the latter may offset the payment for such replacement energy against the billings for energy sold every month. As of December 31, 2023, the total cost of replacement energy to be offset against SP Tarlac’s future billings to Meralco amounted to ₱107.5 million (see Note 29).

Other payables pertain to statutory liabilities that are to be remitted to the appropriate government agency.

13. Long-term Debt

Following are the details of the long-term debt assumed through business combination:

Entity	Original Loan Amount	Interest rate	Repayment schedule	Outstanding balance	Interest Expense
<i>(In Millions)</i>					
SP Tarlac	₱2,225.0	7.83%, subject to repricing in July 2024 and second repricing in July 2029	20 semi-annual installments starting January 3, 2021 until July 3, 2031	₱1,935.8	₱105.2
SP Calatagan	3,400.0	5-year benchmark plus a pre-agreed spread	24 semi-annual installments starting October 3, 2018 until April 3, 2029	1,198.8	51.3
Total				3,134.6	156.5
Less unamortized debt transaction cost				(38.0)	
				3,096.6	
Current portion				(366.9)	
Long-term debt, net of current portion				2,729.7	



Movements in the debt transaction costs are as follows:

	SP Tarlac	SP Calatagan	Total
Effect of business combination under common control	₱35,943,554	₱7,300,919	₱43,244,473
Amortization during the period	(4,142,179)	(1,095,966)	(5,238,145)
Balance at the end of period	₱31,801,375	₱6,204,953	₱38,006,328

SP Tarlac

Omnibus Loan and Security Agreement (₱2,225.0 million Loan)

On June 18, 2019, SP Tarlac signed an OLSA with BDO Unibank, Inc. (“BDO”) for a long-term loan facility of ₱2,225.0 million to solely finance the construction of the Concepcion Solar Project.

For the year ended December 31, 2023, total interest expense amounted to ₱105.2 million and is presented as part of “Finance costs” in the consolidated statement of comprehensive income. As of December 31, 2023, accrued interest relating to the long-term debt amounted to ₱77.6 million (see Note 12).

Under the OLSA, SP Tarlac is required to maintain a maximum debt-to-equity ratio of 50:50. In addition, a debt service coverage ratio (“DSCR”) of at least 1.20x. As of December 31, 2023, SP Tarlac’s DSCR is at 0.94x and SP Tarlac has obtained a waiver for the compliance of the minimum DCSR from BDO.

As of December 31, 2023, the OLSA is secured by the following:

1. SP Tarlac’s solar power plant with net book value of ₱4,513.5 million (see Note 9)
2. Tarlac 1A Project with revalued amount of ₱1,490.0 million (see Note 9)
3. Leasehold rights over leased Tarlac 1A Project land of 61.48 hectares (see Note 20)
4. Parcels of land with land area of 87.50 hectares owned by SP Calatagan (see Note 14)
5. SP Tarlac’s common stocks

SP Calatagan

Omnibus Loan and Security Agreement (₱3,400.0 million Loan)

On February 14, 2017, SP Calatagan signed an OLSA with BDO, Philippine Business Bank (“PBB”) and United Coconut Planters Bank (“UCPB”) (collectively referred to as the “SP Calatagan Lenders”) for a long-term loan facility of ₱3,400.0 million to finance the repayment of short-term loan facility, including accrued interests, and project advances from SP Project Holdings and Solar Philippines Commercial Rooftop Projects, Inc. (“SPCRPI”), which were used to partially finance the construction of the Calatagan Solar Power Project. On April 3, 2017, SP Calatagan received the full proceeds of the long-term loan.

For the year ended December 31, 2023, total interest expense amounted to ₱51.3 million and was presented as part of “Finance costs” in the consolidated statement of income. As of December 31, 2023, accrued interest relating to the long-term facility amounted to ₱21.7 million (see Note 12).

Under the OLSA, SP Calatagan is required to maintain a maximum debt-to-equity ratio of 70:30 and maintain a debt service coverage ratio (“DSCR”) of at least 1.20x. As of December 31, 2023, SP Calatagan’s debt-to-equity ratio is 70:30 and DSCR is at 1.30x.



As of December 31, 2023, the loan is secured by the following:

1. SP Calatagan's solar power plant presented as part of "Property, plant and equipment" with net book value of ₱2,508.9 million as of December 31, 2023 (see Note 9);
2. SP Calatagan's Project Lands with revalued amount of ₱2,421.1 million as of December 31, 2023 (see Note 9); and
3. SP Calatagan's capital stock comprising of common stock and preferred stock amounting to ₱1,099.5 million and ₱305.9 million, respectively.

14. 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. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates.

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.

Following are the Group's related party transactions for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022, and the related outstanding balances as of December 31, 2023 and 2022:

	Transactions during the periods ended			Outstanding balance as of December 31			
	December 31, 2023 (One Year)*	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	2023	2022	Terms	Conditions
Deposits for land acquisition (Note 7)							
Individual Stockholder	₱421,618,085	₱—	₱—	₱421,618,085	₱—	Deposits; non-interest bearing	Unsecured; Not impaired
LHHC	—	—	—	270,000,000	270,000,000	-do-	-do-
PIC	—	—	—	267,000,000	267,000,000	-do-	-do-
				₱958,618,085	₱537,000,000		
Deposit (Note 21)							
SP Project Holdings	₱—	₱500,000,000	₱—	₱—	₱500,000,000	Deposits; non-interest bearing	Unsecured
Due from related parties							
SP Project Holdings	₱81,433,396	₱8,700,000	₱—	₱87,967,930	₱8,700,000	Due and demandable; non-interest bearing	Unsecured; Not impaired
SPCRPI	2,100,000	19,098,320	—	31,654,070	19,098,320	-do-	-do-
Individual Stockholder	7,293,310	—	—	7,293,310	—	-do-	-do-
SPCLC	5,000	—	—	5,000	—	-do-	-do-
SP Holdings	—	251,890,000	—	—	793,590,000	-do-	-do-
				₱126,920,310	₱821,388,320		



	Transactions during the periods ended			Outstanding balance as of December 31		Terms	Conditions
	December 31, 2023 (One Year)*	December 31, 2022 (Six Months)	June 30, 2022 (One Year)	2023	2022		
Due to related parties							
						Due and demandable; non-interest bearing	
SP Project Holdings	₱326,103,072	₱—	6,966,300	₱536,656,775	₱22,770,229		Unsecured
Countryside	37,552,682	—	—	37,552,682	—	-do-	-do-
TRHI	33,988,926	—	—	33,988,926	—	-do-	-do-
DGA	244,443	—	—	244,443	—	-do-	-do-
				₱608,442,826	₱22,770,229		
Accounts payable (Note 10)						Due and demandable; non-interest bearing	
SPCRPI	₱85,714,453	₱—	₱—	₱85,714,453	₱—		Unsecured
SP Project Holdings	568,040,000	80,800,000	24,000,000	65,881,659	12,700,000	-do-	-do-
SMSC	85,454,482	23,450,790	—	32,869,361	2,339,094	-do-	-do-
SPMMC	547,956	—	—	547,956	—	-do-	-do-
				₱185,013,429	₱15,039,094		

*Includes effect of business combination (see Notes 21 and 22)

a. SP Project Holdings

Deed of Assignment between SPNEC and SP Project Holdings

On January 11, 2021, a Deed of Assignment was entered into by the Parent Company, as the assignee, and SP Project Holdings, as the assignor, whereby, SP Project Holdings 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 20).

Management Services Agreement (“MSA”) between SPNEC and SP Project Holdings

On April 30, 2021, the Parent Company entered into a MSA with SP Project Holdings 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, 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 SP Project Holdings at no cost to the Parent Company. Starting May 2021, the key administrative and finance functions are performed by SP Project Holdings through the MSA. Management fee recognized for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022 amounted to ₱26.0 million, ₱12.8 million and ₱24.0 million, respectively, presented as “Management fees” under “General and administrative expenses” in the consolidated statements of comprehensive income (see Note 18).



Construction Support Services Agreement (“CSSA”) with SP Project Holdings

On September 30, 2022, the Parent Company entered into a CSSA with SP Project Holdings wherein SP Project Holdings shall provide support services, including engineering, procurement and construction (“EPC”), logistics, warehousing and other contractor-related services during the construction of the Parent Company’s Phase 1 Project.

Construction support services recognized for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022 amounted to ₱36.0 million, ₱68.0 million and nil, respectively, which were capitalized as part of CIP (see Note 9).

Administrative Services Contract (“ASC”) between SP Calatagan and SP Project Holdings

On May 27, 2020, SPCC entered into an administrative service contract with SPCRPI, an affiliate, to provide necessary and advisory services on management, investment and technical matters involving SPCC’s operations, including but not limited to human resources, legal, finance and information technology. Under the contract, SPCC shall pay SPCRPI a monthly fee ₱1.0 million for a period of ten (10) years from January 1, 2020. On January 22, 2021, SPCRPI executed a Deed of Assignment transferring all of its rights and obligations under the administrative service contract to SP Project Holdings. In 2023, SPCC recognized professional fees amounting to ₱6.0 million, which is presented as “Management fees” under “General and administrative expenses” in the consolidated statement of income (see Note 18).

Site Acquisition Services Agreement (“SASA”) between Terra Nueva and SP Project Holdings

On December 26, 2022, Terra Nueva entered into a SASA with SP Project Holdings to cover total land area of 992.73 hectares for a consideration of ₱150.0 million for site acquisition services, exclusive of VAT, from October 1, 2022 to December 31, 2022.

As of December 31, 2022, Terra Nueva has fully paid for the site acquisition services rendered by SP Project Holdings and has presented this as part of “Deposits for land acquisition” in the consolidated statement of financial position (see Note 10).

Deposit and Services Agreement between Terra Nueva and SP Project Holdings

On December 26, 2022, Terra Nueva entered into an agreement with SP Project Holdings, wherein the latter 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 DAR for the 992.73 hectares acquired by the former including the delivery 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 SP Project Holdings, Terra Nueva has provided the former a refundable deposit amounting to ₱500.0 million which was presented in “Deposits” as part of “Other noncurrent assets” as of December 31, 2022 (see Note 11).

In 2023, SP Project Holdings has secured multiple land conversion orders from DAR for parcels of land with a total land area of 992.73 hectares. Terra Nueva then reclassified the Deposits amounting to ₱500.0 million as part of land-related costs under “Deposits for land acquisition” account (see Note 10).

Intercompany Advance Agreement (“IAA”) with SP Project Holdings and Terra Nueva

On May 5, 2023, the BOD of SPNEC approved the authority to enter in a loan arrangement with SP Project Holdings in which SP Project Holdings may lend to SPNEC an amount up to the net proceeds of the Share Purchase Agreement with MPIC (see Note 14) (net of taxes, costs, and fees), under the terms and conditions approved and recommended for board approval by the



Related Party Transactions Committee of SPNEC, and the proposed on-lending from SPNEC to Terra Nueva of the proceeds of this loan.

On June 2023, SPNEC entered into an IAA with SP Project Holdings whereby SP Project Holdings shall extend a loan to SPNEC wherein the latter shall exclusively use the proceeds of the loan for on-lending to Terra Nueva. Per IAA, SPNEC shall not directly or indirectly use the proceeds of the Loan for any other purpose without SP Project Holdings's prior written consent. The IAA shall have a term of one (1) year, subject to extension mutually agreed by the parties.

On the same date, SPNEC entered into an IAA with Terra Nueva whereby SPNEC shall extend a loan to Terra Nueva wherein the latter shall exclusively use the proceeds to acquire the Project Land, as defined in the IAA. Per IAA, Terra Nueva shall not directly or indirectly use the proceeds of the Loan for any other purpose without the Lender's prior written consent. The IAA shall have a term of one (1) year, subject to extension mutually agreed by the parties.

In 2023, SPNEC received advances from SP Project Holdings which were then subsequently advanced to Terra Nueva amounting to ₱300.0 million.

Deed of Assignment of deposit between SPNEC and SP Project Holdings

On December 11, 2023, SP Project Holdings entered into a Deed of Assignment with the Parent Company whereby the former assigned the deposits in Terra Solar amounting to ₱25.96 million to the latter. In 2023, the Group recognized other income amounting to ₱25.96 million presented as part of "Other income - net" in the consolidated statement of income.

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 10).

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 10).

d. SPCRPI

Project Development Services Agreement ("PDSA") and Amendment Agreement with SPCRPI

On September 30, 2022, the Parent Company entered into a PDSA with SP Project Holdings wherein SP Project Holdings 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, SP Project Holdings 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 10).



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 Parent Company's Phase 1 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 in CIP (see Note 9).

e. Solar Maintenance Services Corporation ("SMSC")

Support Services Agreement between SPNEC and 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 Parent Company's Phase 1 Project. Manpower services recognized for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022, amounted to ₱43.6 million, ₱23.5 million and nil, respectively, which were capitalized in CIP (see Note 9).

Property Management Agreement between SP Calatagan and SMSC

SP Calatagan has annual property management agreement with SMSC to maintain and manage the solar power plant. In January 2022, SPCC renewed its contract for a period of one year until December 31, 2022. The agreement was automatically renewed and extended for another period of one year, subject to standard escalation of service fee at the rate of 10%. In 2023, SP Calatagan recognized outside services amounting to ₱9.9 million presented as part of "Costs of sales and services" in consolidated statements of comprehensive income (see Note 17).

Operation and Maintenance Agreement between SP Tarlac and SMSC

SP Tarlac has Operation and Maintenance Agreement with SMSC for the latter to operate, maintain and manage SP Tarlac's solar power plant for 20 years for an annual fee of ₱21.5 million with an escalation rate of 2% on the second year of contract and every other year thereafter. For the year ended December 31, 2023, SP Tarlac recognized professional fees amounting to ₱14.5 million, which was presented as part of "Costs of sales and services" in the consolidated statement of comprehensive income (see Note 17).

Property Maintenance and Management Agreement between SP Rooftop and SMSC

SP Rooftop has various property maintenance and management agreements with SMSC where the latter shall maintain and manage the solar power plants with terms varying for two (2) years up to 20 years. SP Rooftop shall pay the total of salaries and wages cost plus 10% to SMSC for employees of SMSC who directly maintain and manage the solar power plant. For the year ended December 31, 2023, SP Rooftop recognized "Personnel costs" which was presented as part of "Costs of sales and services" in the consolidated statements of comprehensive income amounting to ₱0.4 million (see Note 17).

CSSA between SP Rooftop and SMSC

SP Rooftop has three (3) CSSAs with SMSC where the latter shall provide support services, including EPC, logistics, warehousing, and other contractor-related services during the construction of the different projects of SP Rooftop for one year. SP Rooftop shall pay SMSC the total of salaries and wages cost plus 10% of the employees of SMSC who directly assisted to the construction of the power plants.



Construction support services recognized as part of CIP and “Personnel costs” under “Costs of sales and services” in the consolidated statement of comprehensive income amounted to ₱5.1 million and ₱5.4 million, respectively, for the year ended December 31, 2023 (see Notes 9 and 17).

f. Individual Stockholder

MOA with SP Calatagan

On February 12, 2019, SP Calatagan entered into a MOA with the Individual Stockholder to purchase 87.50 hectares of land for ₱421.6 million.

On June 28, 2019, the 87.50 hectares of land specified in the MOA were pledged as part of the securities to obtain a loan facility of SP Tarlac (see Notes 7, 10 and 13).

15. Retirement Benefit Obligation

The Group has an unfunded non-contributory defined benefit plan covering substantially all of its qualified employees. The defined benefit obligation is determined using the projected unit credit method.

Changes in the present value of the defined benefit obligation as of December 31, 2023 are as follows:

Effect of business combination under common control (Note 21)	₱2,628,137
Current service cost	290,944
Interest cost	92,926
Remeasurements arising from changes in:	
Financial assumptions	1,122,862
Deviation of experience assumptions	(205,332)
Transferred liability	(724,983)
Balance at end of the year	₱3,204,554

In 2023, the principal actuarial assumptions used in determining the projected benefit obligation were discount rate and salary increase rate were 6.10% and 8.0%, respectively. As of December 31, 2023, the Group recognized retirement benefit obligation of ₱3.2 million presented under other noncurrent liabilities in the consolidated statement of financial position.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2023, assuming all other assumptions were held constant:

	Increase/Decrease in Percentage Point	Increase (Decrease) in Defined Benefit Obligation
Discount rate	+1%	(₱440,381)
	-1%	545,803
Future salary increases	+1%	525,319
	-1%	(435,666)
Employee turnover	-10%	133,877
	+10%	(133,877)



The maturity analysis of the undiscounted benefit payments as of December 31, 2023 are as follows:

More than 1 to 10 years	₱3,642,143
More than 10 to 15 years	1,981,946
More than 15 to 20 years	10,988,836
More than 20 years	43,711,040

The weighted average duration of the defined benefit obligation as of December 31, 2023 is 17 to 22 years.

16. Equity

Capital Stock and Additional Paid-in Capital

The details of the Parent Company's capital stock as of December 31, 2023 and 2022 are as follows:

	2023		2022	
	Shares	Amount	Shares	Amount
Common shares - ₱0.1 par value per share				
Balances at beginning of period	10,000,000,000	₱1,000,000,000	10,000,000,000	₱1,000,000,000
Increase in authorized capital stock	40,000,000,000	4,000,000,000	—	—
Balances at end of period	50,000,000,000	₱5,000,000,000	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	24,373,050,000	2,437,305,000	1,875,649,995	187,564,999
Balances at end of period	34,373,050,000	₱3,437,305,000	10,000,000,000	₱1,000,000,000

IPO

On December 17, 2021, the Parent Company completed its IPO and was listed in the PSE under the stock symbol "SPNEC".

SRO

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. The Parent Company offered the option to pay in installments, with a down payment of 25% and the balance of 75% within three (3) months of the offer period. This resulted in 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 (3) months, from December 5, 2022 to March 5, 2023.

As of December 31, 2023 and 2022, subscriptions receivable resulting from those that subscribed on installment payment amounted to ₱1.3 million and ₱651.1 million, respectively. As of April 12, 2024, 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.

First Increase in Authorized Capital Stock

On June 1, 2023, the SEC approved the Parent Company's application for increase in authorized capital stock from ₱1.0 billion divided into 10.0 billion common shares at ₱0.10 per share, to ₱5.0 billion divided into 50.0 billion common shares at ₱0.10 per share.



Investment by MPIC

On March 27, 2023, MPIC entered into a Share Purchase Agreement (“SPA”) with SP Project Holdings to acquire its rights, title and interest in and to SPNEC for a total of 1,600.0 million common shares (“Sale Shares”) for a total consideration of ₱2,000.0 million. MPIC paid the total consideration on May 10, 2023.

On May 5, 2023, SPNEC entered into an Option Agreement with SP Project Holdings and MPIC, which grants the MPIC Group the option to acquire up to 17,400.0 million shares of 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). Together with the initial acquisition by MPIC from SP Project Holdings 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. The Option Agreement was terminated on October 12, 2023.

Subscription Agreement with SP Project Holdings

On May 10, 2023, SPNEC received ₱2,437.3 million from SP Project Holdings for the subscription of 24,373.05 million common shares at ₱0.10 par value.

In 2023, transaction costs incurred amounting to ₱34.9 million were presented as a direct charge against “Deficit”.

Capital Infusion

In 2023, SPNEC received cash infusion from SP Project Holdings amounting to ₱775.0 million, as additional paid-in capital to SP Project Holdings’ existing subscription in SPNEC. This was recognized as additional paid-in capital under equity.

Second Increase in Authorized Capital Stock

At its October 11, 2023 meeting, the BOD of the Parent Company approved the following:

- a. Amendment of its Articles of Incorporation to increase its authorized capital stock from 50 billion common shares with par value of ₱0.10 per share to 75 billion common shares with par value of ₱0.10 per share and 25 billion preferred shares with par value of ₱0.01 per share, divided into Class A preferred shares and Class B preferred shares.
 - i. The BOD shall determine: (a) the features of the Class A preferred shares (whether voting or non-voting) at each issuance of the Class A preferred shares; (b) the frequency of issuance of Class A preferred shares (which may be issued in one or more series), and (c) the preference as to redemption, dividends and other preferences for each issuance of Class A preferred shares. The Class A preferred shares shall not have pre-emptive rights over other issuances or re-issuance of preferred shares or common shares
 - ii. Class B preferred shares shall be (a) voting; (b) non-cumulative; (c) not entitled to any economic returns or dividends; (d) redeemable at the option of the Parent Company, at issue price, at such terms and conditions as may be determined by the BOD (and shall be immediately retireable upon redemption thereof); and (e) in the event of the liquidation, dissolution or winding up of the Parent Company (whether voluntary or involuntary), Class B preferred shares shall have preference over the common shares in respect of the assets of the Parent Company available for distribution after payment of the liabilities of the Parent Company;
- b. Authorization to execute an agreement for an investor to subscribe to shares in the Parent Company to support the above-mentioned increase in authorized capital stock.



- c. Conduct of a Follow-On Offering with an aim to support the expansion of the Parent Company's project portfolio and increase the public ownership of its shares.

These were subsequently approved by the stockholders of the Parent Company on December 4, 2023.

In 2023, the Parent Company paid filing fees amounting to ₱32.1 million, which was presented as "Deferred transaction costs" under "Prepayments and other current assets" (see Note 7). This shall be reclassified to retained earnings upon approval of the Parent Company's second increase in authorized capital stock and issuance of shares.

On January 17, 2024, the SEC approved the Parent Company's application for increase in authorized capital stock.

Investment by MGreen

On October 12, 2023, SPNEC and SP Project Holdings entered into an Option Agreement with MGen which grants MGen the option to subscribe, out of the second increase in authorized capital stock, (i) 15.7 billion common shares with par value of ₱1.0 per share and (ii) 19.4 billion preferred shares with par value of ₱0.01 per share for a total subscription price of ₱15.9 billion. The BOD of the Parent Company shall comprise of nine (9) directors, wherein MGen shall elect five (5) directors and SP Project Holdings is allowed to elect no more than two (2) directors. On the same date, MGen, by virtue of a Deed of Assignment and Assumption, assigned all its rights and obligations under the Option Agreement to MGreen.

On November 30, 2023, SPNEC entered into a Subscription Agreement with MGreen to subscribe (i) 15.7 billion common shares with par value of ₱1.0 per share and (ii) 19.4 billion preferred shares with par value of ₱0.01 per share for a total subscription price of ₱15.9 billion. On December 27, 2023, MGreen completed the acquisition of 50.53% voting equity interest of SPNEC with the full payment of the common and redeemable voting preferred shares subscription price.

On December 6, 2023, the Parent Company filed its application for the aforementioned increase in authorized capital stock with the SEC. As of December 31, 2023, the Parent Company presented the cash subscription amounting to ₱15.9 billion as "Deposits for future stock subscription" under Equity. On January 17, 2024, upon the SEC's approval of the application for increase in authorized capital stock, the subscribed shares were issued to MGreen.

Pledge of Parent Company's shares owned by SP Project Holdings

On June 25, 2021, SP Project Holdings executed a pledge over all the Parent Company's shares it holds to secure a loan by its affiliate, PIC, from ACEN Corporation (formerly AC Energy Corporation; "ACEN"). ACEN is a corporation organized in the Republic of the Philippines, and its shares are listed in the PSE under the stock symbol "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, SP Project Holdings 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 SP Project Holdings in SPNEC.



17. Cost of Sales and Services

Costs of sales and services for the year ended December 31, 2023 are as follows:

Depreciation and amortization (Note 9)	₱210,672,075
Insurance	26,389,038
Manpower services (Note 14)	25,163,828
Security services	12,569,952
Salaries and wages	11,123,826
Inventories issued (Note 6)	8,714,838
Rentals	6,731,915
Others	25,737,805
	₱327,103,277

Others include charges of Independent Electricity Market Operator of the Philippines (“IEMOP”), professional fees, supplies, repairs and maintenance and utilities.

18. General and Administrative Expenses

	December 31, 2023 (One Year)	December 31, 2022 (Six Months)	June 30, 2022 (One Year)
Professional fees	₱67,000,766	₱6,401,289	₱6,540,000
Taxes and licenses	40,924,882	6,848,628	10,592,654
Management fee (Note 14)	32,040,000	12,800,000	24,000,000
Rentals	8,252,107	—	—
Insurance	7,503,489	2,121,316	—
Bid-related costs	7,499,277	—	1,634,000
Penalties and surcharges	6,180,173	1,819,212	48,055
Depreciation and amortization (Note 9)	5,560,646	2,598,033	5,420,370
Provision for impairment loss (Notes 5 and 7)	756,172	—	—
PSE filing fees	—	—	12,465,411
Others (Notes 5 and 7)	32,196,565	5,422,482	2,655,684
	₱207,914,077	₱38,010,960	₱63,356,174

Others include government share, benefits to host communities, premiums, notarial fees, trust fees, utilities, miscellaneous and representation.



19. Income Taxes

- a. A reconciliation between statutory income tax and effective income tax are as follows:

	December 31, 2023 (One Year)	December 31, 2022 (Six Months)	June 30, 2022 (One Year)
Income tax benefit at statutory income tax rate	(P1,280,445)	(P4,170,289)	(P7,195,000)
Adjustments for:			
Movements in unrecognized deferred income tax assets	31,893,033	8,254,469	5,908,169
Nontaxable income	(3,583,334)	—	—
Income from ITH-registered activity	1,641,858	—	—
Transaction costs charged to APIC and retained earnings	(5,415,454)	(3,452,558)	(10,066,198)
Interest income subject to final tax	(2,384,139)	(744,149)	(54,818)
Nondeductible expenses	3,078,311	377,665	37,292
Provision for (benefit from) deferred income tax	P23,949,830	P265,138	(P11,370,555)

- b. The Group's deferred income tax assets and liabilities presented in the consolidated statements of financial position are as follows:

	2023	2022
Deferred income tax assets	P9,646,601	P10,201,126
Deferred income tax liabilities	(4,086,521,200)	—

The components of the Group's recognized deferred income tax assets and liabilities are as follows:

	2023	2022
Deferred income tax assets:		
Lease liabilities	P37,081,548	P30,219,583
Long-term receivables	3,626,393	—
Retirement benefit obligation	320,455	—
Contract liabilities	209,658	—
Others	145,936	—
	41,383,990	30,219,583
Deferred income tax liabilities:		
Revaluation of land	(2,756,030,419)	—
Intangible asset	(1,326,189,164)	—
ROU Assets	(36,039,006)	(20,018,457)
	(4,118,258,589)	(20,018,457)
	(P4,076,874,599)	P10,201,126



As of December 31, 2023, the Group has NOLCO for which no deferred income tax assets have been recognized as follows:

Period Incurred	Valid Until	Amount
January 1 to December 31, 2023	December 31, 2026	₱224,836,886
July 1, 2022 to December 31, 2022	December 31, 2025	68,221,542
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
		₱479,212,138

The movements in NOLCO are as follows:

	2023	2022
Balances at beginning of period	₱254,375,252	₱190,618,674
Additions	224,836,886	68,221,542
Expirations	—	(4,464,964)
Balances at end of period	₱479,212,138	₱254,375,252

No deferred income tax asset was recognized on the carryforward benefits of NOLCO as of December 31, 2023 and 2022 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.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On June 20, 2023, the BIR issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (“MCIT”) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (“RA”) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (“CREATE”)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Bayanihan to Recover as One Act (Bayanihan 2)

On September 30, 2020, the BIR issued Revenue Regulations (“RR”) No. 25-2020 implementing Section 4 (bbb) 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.

20. Leases

Lease liabilities as of December 31, 2023 and 2022 are as follows:

	2023	2022
Balances at beginning of period	₱303,138,420	₱293,878,848
Additions through business combination under common control (Note 21)	98,120,014	—
Adjustments	(16,616,847)	—
Interest expense capitalized to CIP* (Note 9)	13,213,102	4,726,877
Interest expense (Note 26)	10,743,700	4,532,695
Payments	(18,526,228)	—
Total lease liabilities	390,072,161	303,138,420
Current portion of lease liabilities	8,962,861	4,538,676
Noncurrent portion of lease liabilities	₱381,109,300	₱298,599,744

*Incurred during the construction period (see Note 29)



Additions through business combinations under common control pertain to SP Tarlac's various land leases with a total land area of 102.49 hectares, out of which 61.48 hectares were held as security for the OLSA (see Note 13).

Parent Company as a lessee

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 SP Project Holdings, as the assignor, whereby, the latter 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 land 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.

As of April 12, 2024, leased lands that have DAR order equal to 352.42 hectares of leased land, of which 169.9 hectares of leased land have DAR Certificate of Finality Order.

Set out below are the amounts recognized in the consolidated statements of comprehensive income:

	December 31, 2023 (One Year)	December 31, 2022 (Six Months)	June 30, 2022 (One Year)
Interest accretion of lease liabilities	₱10,743,700	₱4,532,695	₱9,142,009
Amortization of ROU assets	9,982,698	2,584,193	5,420,370
Expenses relating to leases of low-value assets (included in costs of sales and services, Note 17)	6,731,915	—	—
Expenses relating to leases of low-value assets (included in general and administrative expenses, Note 18)	8,252,107	—	—
Total amounts recognized in the consolidated statements of comprehensive income	₱35,710,148	₱7,116,888	₱14,562,379



21. Business Combination of Entities under Common Control

Acquisition of Solar Philippines Assets

On February 24, 2022, the BOD of the Parent Company approved the acquisition of 100% of the outstanding shares of SP Project Holdings and affiliates in the Solar Philippines Assets.

On May 5, 2023, the BOD of SPNEC approved the modified acquisition by SPNEC of 100% of the shares of SP Project Holdings in various Solar Philippines Assets to be at cost and paid in cash using the proceeds SPNEC received from the subscription of SP Project Holdings of 24.37 billion common shares of SPNEC (see Note 16).

On May 15, 2023, SPNEC (“Buyer”) entered into a Contract to Sell Shares with SPPPHI and Individual Stockholder (“Sellers”) for the Buyer to purchase Sellers’ rights, titles, and interests in and to the Solar Philippines Assets, using the proceeds of SPPPHI’s subscription of 24.37 billion of the Buyer’s common shares, premised on the approval of the Buyer’s first increase in authorized capital stock (see Note 14).

On the same date, SPNEC entered into DOASS with SPPPHI for the former to purchase the latter’s rights, titles, and interests in SP Tarlac and SPRC for a total purchase price of ₱2,342.4 million.

On June 9, 2023, SPNEC entered into another DOASS with SPPPHI for the former to purchase the latter’s rights, titles, and interests in and to the following Solar Philippines Assets for a total purchase price of ₱80.5 million.

- Solar Philippines Batangas Corporation
- Solar Philippines Batangas Baseload Corporation
- Solar Philippines Central Luzon Corporation
- Solar Philippines Central Visayas Corporation
- Solar Philippines Eastern Corporation
- Solar Philippines Retail Electricity, Inc.
- 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 Rooftop Solar Corporation
- Terra Solar Philippines, Inc.

On June 29, 2023, SPNEC entered into a DOASS with SPPPHI for the former to purchase the latter’s rights, titles, and interests in and to SPCC for a purchase price of ₱502.8 million. Consequently, on November 20, 2023, SPNEC entered into a DOASS with the Individual Stockholder to acquire the latter’s rights, titles, and interests in and to SPCC for ₱249.9 million.

On November 9, 2023, SPNEC entered into a Deed of Donation and Acceptance with Countryside for the latter to cede, transfer and convey SP Holdings shares by way of donation, including any and all liabilities and obligations attached to such shares.

Leandro L. Leviste is the major shareholder of SP Project Holdings and Countryside.



Prior to the transactions, SPNEC has no existing interests in and to the Solar Philippines Assets. The aforementioned transactions resulted in SPNEC owning 100% interest in the Solar Philippines Assets, except for SP Calatagan, Laguna Rooftop and SP Central Luzon in which SPNEC acquired 62%, 60%, and 1% interests, respectively, and excluding preferred shares in SP Tarlac.

SPNEC acquired the Solar Philippines Assets through the transfer of shares with SP Project Holdings and Countryside. As the transactions were outside the scope of PFRS 3, the acquisitions and donation of shares were accounted for using the pooling-of-interests method. In applying the pooling-of-interests method, the assets and liabilities of acquired entities are taken into the merged business at their carrying value at their respective acquisition and donation dates. Likewise, no goodwill was recognized in the business combination of entities under common control (see Note 2).

The Parent Company has obtained the Certificates Authorizing Registration (“CARs”) covering the shares of the assets transferred, pending the CAR related to the acquisition of the Individual Stockholder’s shares in SP Calatagan.

Name of entities to be transferred	Ownership % prior to acquisition of				SPNEC’s interest after acquisition
	SP Project Holdings	Individual Stockholder	Countryside	SPNEC	
Solar Philippines Calatagan Corporation (SP Calatagan)	55.35	6.65	—	—	62
Solar Philippines Tarlac Corporation (SP Tarlac)	100	—	—	—	100
Solar Philippines Rooftop Corporation (SP Rooftop)	100	—	—	—	100
Solar Philippines Batangas Corporation (SP Batangas)	100	—	—	—	100
Solar Philippines Batangas Baseload Corporation (SP Batangas Baseload)	100	—	—	—	100
Solar Philippines Central Visayas Corporation (SP Central Visayas)	100	—	—	—	100
Solar Philippines Eastern Corporation (SP Eastern)	100	—	—	—	100
Solar Philippines Retail Electricity, Inc. (SPREI)	100	—	—	—	100
Solar Philippines Southern Mindanao Corporation (SP Southern Mindanao)	100	—	—	—	100
Solar Philippines Southern Tagalog Corporation (SP Southern Tagalog)	100	—	—	—	100
Solar Philippines South Luzon Corporation (SP South Luzon)	100	—	—	—	100
Solar Philippines Tarlac Baseload Corporation (SP Tarlac Baseload)	100	—	—	—	100
Solar Philippines Visayas Corporation (SP Visayas)	100	—	—	—	100
Solar Philippines Western Corporation (SP Western)	100	—	—	—	100
SP Holdings, Inc. (SP Holdings)	—	—	100	—	100
Laguna Rooftop Solar Corporation (Laguna Rooftop)	60	—	—	—	60



Details of the balances of the Solar Philippines Assets which were consolidated to the Group at the respective acquisition and donation dates are as follows:

Assets	
Cash and cash equivalents	₱187,150,952
Trade receivables	413,076,781
Inventories	24,055,051
Due from related parties	265,952,000
Other current assets	648,137,129
Property, plant and equipment	
At cost	8,022,735,408
At revalued amount	3,775,546,200
Deposits for land acquisition	434,194,156
Deferred income tax assets - net	1,107,678
Other noncurrent assets	559,216,378
	<u>14,331,171,733</u>
Liabilities	
Trade and other payables	542,958,643
Other current liabilities	122,494,306
Long-term debt	3,262,805,527
Lease liabilities	98,120,014
Dividends payable	61,570,424
Due to related parties	666,408,376
Deferred income tax liabilities - net	748,221,668
Other noncurrent liabilities	105,898,267
	<u>₱5,608,477,225</u>
Total Identifiable Net Assets	₱8,722,694,508
Less: Non-controlling interests	2,794,016,096
Other comprehensive income closed to Revaluation surplus	2,226,398,078
Other comprehensive income closed to Deficit	736,450
	<u>3,701,543,882</u>
Consideration paid	3,175,788,740
Equity reserve	₱525,755,142

From acquisition dates to December 31, 2023, the contribution of the acquired Solar Philippines Assets to revenue and net loss are as follows:

Revenue from contracts with customers	₱637,329,666
Costs of sales and services	(327,103,279)
Gross profit	310,226,387
General and administrative expenses	(70,217,345)
Finance costs	(157,434,925)
Interest income	22,876,610
Other income - net	22,292,474
Net income	<u>₱127,743,201</u>
Net income (loss) attributable to:	
Equity holders of the Parent Company	(₱113,106,799)
Non-controlling interests	240,850,000
	<u>₱127,743,201</u>



If the transactions had taken place at the beginning of 2023, the contribution of the Solar Philippines Assets to revenue and net loss would have been ₱1,154.7 million and ₱22.9 million, respectively.

Consideration transferred was paid in cash on the respective acquisition dates of the subsidiaries. Net cash outflow on acquisition is as follows:

Cash consideration	₱3,175,788,740
Less: cash acquired with the subsidiaries ¹	(187,150,952)
Net cash outflow	₱2,988,637,788

¹Included in cash flows from investing activities.

22. Business Combination

Acquisition of controlling interest in Terra Solar from Prime Infra

As provided under the MOA between SP Project Holdings, Prime Infra and Prime Metro, SPNEC acquired Prime Infra's 50.01% interest in Terra Solar on December 11, 2023 for ₱6,000.0 million. Thereafter, Terra Solar became a wholly owned subsidiary of SPNEC.

Prior to the acquisition, SPNEC has 49.99% interest in Terra Solar and Prime Infra has 50.01% interest in Terra Solar. The aforementioned acquisition resulted to SPNEC owning 100% equity interest in Terra Solar. The transaction was accounted for using the acquisition method under PFRS 3, *Business Combination*.

As of December 31, 2023, the Group is still in the process of completing the determination of fair values of the assets and liabilities acquired, including the identifiable assets. As allowed by PFRS, the Group has provisionally assessed the fair values of the assets acquired and liabilities assumed. The provisional fair values will be adjusted within one year from the acquisition date once relevant information has been obtained.

The Group remeasured its previously held interest in Terra Solar based on the provisional fair value which resulted in a remeasurement gain of ₱5,964.0 million presented as part of "Other income - net" in the 2023 consolidated statement of income.

Details of the provisional fair values of the identifiable net assets of Terra Solar which were consolidated to the Group at December 11, 2023 are as follows:

Assets	
Cash and cash equivalents	₱1,276,287
Other current assets	4,192,447
Project development costs	75,062,130
Intangible assets	13,261,891,642
Other noncurrent assets	3,334,133
	13,345,756,639
Liabilities	
Trade and other payables	5,487,317
Deferred tax liability	1,326,189,164
Due to related parties	33,988,926
	1,365,665,407
Total Identifiable Net Assets	11,980,091,232
Consideration	11,990,045,616
Goodwill	₱9,954,384



The cost of the business combination is made up as follows:

Cash paid to Prime Infra	₱6,000,000,000
Fair value of equity interest in Terra Solar prior to business combination	5,990,045,616
Total consideration	₱11,990,045,616

Goodwill arose in the acquisition of Terra Solar because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies and future market growth. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash outflow on acquisition is as follows:

Cash consideration	₱6,000,050,374
Less: cash acquired with the subsidiaries ¹	(1,276,287)
Net cash outflow	₱5,998,774,087

¹Included in cash flows from investing activities.

No profit and loss for the year was attributable to the additional business generated by Terra Solar. If the business combination had taken place at the beginning of 2023, Terra Solar would have contributed a net loss that will reduce the Group's net income by ₱3.3 million. As of April 12, 2024, Terra Solar has not yet started its commercial operations.

Initial accounting for the acquisition of Terra Solar has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalization of the consolidated financial statements, the necessary market valuations and other calculations has not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

23. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents (excluding cash on hand), trade receivables, subscriptions receivable, short-term investments and bonds (under other current assets), long-term receivables (under other noncurrent assets) and due to and from related parties, trade and other payables (excluding statutory liabilities), long-term debt 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.

Cash and cash equivalents (excluding cash on hand)

The Group applies the low credit risk simplification for cash and cash equivalents. 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.

Trade receivables

One of the Group's sale of electricity is with National Transmission Corporation ("TransCo"), a government-owned and controlled corporation, which accounts for 22% of the total trade receivables. Any failure on the part of TransCo to pay their obligations to the Group would significantly affect the Group's business operations. As a practice, the Group monitors closely its collections from TransCo and may charge interest on delayed payments following the provision of the REPA. Receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant.

Due from related parties and Bonds

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.

With respect to the credit risk arising from other financial assets, 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 and cash equivalents (excluding cash on hand), trade receivables, subscriptions receivable, due from related parties, short-term investments and bonds (under other current assets) and long-term receivables (under other noncurrent assets) amounted to ₱11,385.5 million and ₱1,525.2 million as of December 31, 2023 and 2022, respectively.

Credit Quality of Financial Assets

Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, the credit risk exposure is minimal. These counterparties normally include customers, banks and related parties who pay on or before due date. Financial assets are classified as a standard grade if the counterparties settle their obligation with the Group with tolerable delays. Low grade accounts are accounts, which have probability of impairment based on historical trend. These accounts show propensity of default in payment despite regular follow-up actions and extended payment terms. As of December 31, 2023 and 2022, financial assets categorized as neither past due nor impaired are viewed by management as high grade, considering the collectability of the receivables and the credit history of the counterparties. Meanwhile, past due but not impaired financial assets are classified as standard grade.

With respect to the credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents (excluding cash on hand), trade receivables, subscriptions receivable,



short-term investments and bonds (under other current assets), long-term receivables (under other noncurrent assets) and due from related parties, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

As of December 31, 2023 and 2022, the aging analysis per class of financial assets that were past due is as follows:

2023

	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 30 days	30 to 60 days	More than 60 days		
<i>(In Thousand Pesos)</i>						
Cash and cash equivalents*	₱10,040,120	₱—	₱—	₱—	₱—	₱10,040,120
Trade receivables	286,288	—	—	—	69,596	355,884
Subscriptions receivable	1,319	—	—	—	—	1,319
Short term investments	575,810	—	—	—	—	575,810
Bonds	36,037	—	—	—	—	36,037
Due from related parties	126,920	—	—	—	—	126,920
Long-term receivables	318,978	—	—	—	—	318,978
	₱11,385,472	₱	₱—	₱—	₱69,596	₱11,455,068

*Excludes cash on hand

2022

	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 30 days	30 to 60 days	More than 60 days		
<i>(In Thousand Pesos)</i>						
Cash and cash equivalents*	₱37,132	₱—	₱—	₱—	₱—	₱37,132
Subscriptions receivable	651,116	—	—	—	—	651,116
Bonds	15,552	—	—	—	—	15,552
Due from related parties	821,388	—	—	—	—	821,388
	₱1,525,188	₱	₱—	₱—	₱—	₱1,525,188

*Excludes cash on hand

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 summarize the maturity profile as of December 31, 2023 and 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:

	2023				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Financial assets at amortized cost:					
Cash and cash equivalents*	₱10,040,120	₱—	₱—	₱—	₱10,040,120
Trade receivables	191,893	94,395	—	—	286,288
Subscriptions receivable	1,319	—	—	—	1,319
Short-term investments	575,810	—	—	—	575,810
Due from related parties	126,920	—	—	—	126,920
Bonds	36,037	—	—	—	36,037
Long-term receivables	—	—	318,978	—	318,978
	₱10,972,099	₱94,395	₱318,978	₱—	₱11,385,472
Financial liabilities at amortized cost:					
Trade and other payables**	₱—	₱323,732	₱—	₱—	₱323,732
Due to related parties	608,443	—	—	—	608,443
Lease liabilities***	—	23,527	128,834	677,113	829,474
Long-term debt***	—	374,150	1,554,450	1,205,950	3,134,550
	₱608,443	₱721,409	₱1,683,284	₱1,883,063	₱4,896,199

*Excludes cash on hand

**Excludes statutory liabilities

***Includes future interest payments

	2023				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Financial assets at amortized cost:					
Cash and cash equivalents*	₱37,132	₱—	₱—	₱—	₱37,132
Subscriptions receivable	651,116	—	—	—	651,116
Due from related parties	821,388	—	—	—	821,388
Bonds	15,552	—	—	—	15,552
	₱1,525,188	₱—	₱—	₱—	₱1,525,188
Financial liabilities at amortized cost:					
Trade and other payables**	₱17,875	₱—	₱—	₱—	₱17,875
Due to a related party	22,770	—	—	—	22,770
Lease liabilities***	4,539	4,539	101,981	567,270	678,329
	₱45,184	₱4,539	₱101,981	₱567,270	₱718,974

*Excludes cash on hand

**Excludes statutory liabilities

***Includes future interest payments

Fair Value and Category of Financial Instruments

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

Cash and cash equivalents (excluding cash on hand), Trade receivables, Subscriptions receivable, Bonds and short-term investments (under other current assets), Long-term receivables (under other noncurrent assets), Trade and other payables (excluding statutory liabilities) and Due to and from related parties



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

Long-term Receivables

In 2023, the fair value of long-term receivables was computed by discounting the expected cash flows using the applicable rate of 5.58%. As of December 31, 2023, the fair value and carrying value of the long-term receivables amounted to ₱353.3 million and ₱300.0 million, respectively.

Long-term Debt

The fair value of long-term debt was calculated based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used in 2023 ranges from 6.50% to 8.87%. As of December 31, 2023, the fair value and carrying value of the long-term debt amounted to ₱3,141.7 million and ₱3,096.5 million, respectively.

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 6.84% to 9.35% and 8.59% as at December 31, 2023 and 2022, respectively. The fair value of the lease liabilities amounted to ₱368.7 million and ₱233.1 million as of December 31, 2023 and 2022 respectively, while the carrying value of the lease liabilities amounted to ₱390.1 million and ₱303.1 million as of December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the fair value of lease liabilities are measured using Level 3 valuation technique. For the years ended December 31, 2023 and 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 year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022.

The Group considers the following as its core capital:

	2023	2022
Capital stock	₱3,437,305,000	₱1,000,000,000
Additional paid-in capital	5,713,764,409	4,938,722,430
Deposit for future stock subscription	15,894,042,026	—
Equity reserve	525,755,142	—
Revaluation surplus	8,268,091,263	—
Retained earnings (Deficit)	5,546,151,067	(126,125,941)
	₱39,385,108,907	₱5,812,596,489

The Parent Company and its subsidiaries, except for SP Calatagan and SP Tarlac, are not subject to any externally imposed capital requirement. SP Calatagan and SP Tarlac were able to meet their capital management objectives as of December 31, 2023.



24. Basic/Diluted Earnings (Loss) Per Share

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

	December 31, 2023 (One Year)	December 31, 2022 (Six Months)	June 30, 2022 (One Year)
(a) Net income (loss) attributable to equity holders of the Parent Company	₱5,706,730,751	(₱40,409,833)	(₱60,579,448)
(b) Weighted average number of common shares outstanding	24,217,612,500	9,374,783,335	6,999,350,005
Basic/diluted earnings (loss) per share (a/b)	₱0.2356	(₱0.0043)	(₱0.0087)

The Group does not have any dilutive potential common shares as at December 31, 2023 and 2022.

25. Significant Laws

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;
- 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;
- 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
- 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 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.



As provided in the Act, all manufacturers, fabricators and suppliers of locally-produced RE equipment and components duly recognized and accredited by the DOE, in consultation with DOST, DOF and DTI, shall, upon registration with the BOI, be entitled to the privileges set forth under this section:

- i. Tax and Duty-free Tax and Duty-free Importation of Components, Parts and Materials. – All shipments necessary for the manufacture and/or fabrication of RE equipment and components shall be exempted from importation tariff and duties and value added tax: *Provided, however*, That the said components, parts and materials are: (i) not manufactured domestically in reasonable quantity and quality at competitive prices; (ii) directly and actually needed and shall be used exclusively in the manufacture/fabrication of RE equipment; and (iii) covered by shipping documents in the name of the duly registered manufacturer/fabricator to whom the shipment will be directly delivered by customs authorities: *Provided, further*, That prior approval of the DOE was obtained before the importation of such components, parts and materials;
- ii. Tax Credit on Domestic Capital Components, Parts and Materials. – A tax credit equivalent to one hundred percent (100%) of the amount of the value-added tax and customs duties that would have been paid on the components, parts and materials had these items been imported shall be given to an RE equipment manufacturer, fabricator, and supplier duly recognized and accredited by the DOE who purchases RE components, parts and materials from a domestic manufacturer: *Provided*, That such components, and parts are directly needed and shall be used exclusively by the RE manufacturer, fabricator and supplier for the manufacture, fabrication and sale of the RE equipment: *Provided, further*, That prior approval by the DOE was obtained by the local manufacturer;
- iii. Income Tax Holiday and Exemption. – For seven (7) years starting from the date of recognition/accreditation, an RE manufacturer, fabricator and supplier of RE equipment shall be fully exempt from income taxes levied by the National Government on net income derived only from the sale of RE equipment, machinery, parts and services; and
- iv. Zero-rated value added tax transactions – All manufacturers, fabricators and suppliers of locally produced renewable energy equipment shall be subject to zero-rated value added tax on its transactions with local suppliers of goods, properties and services.

Department Circular No. 2022-11-0034

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.

BIR Ruling OT-323-2021

On December 27, 2021, IEMOP released its guidelines and procedures for the implementation of the BIR Ruling OT-323-2021 published last August 24, 2021. Changes to Transco's FIT billing system/ FIT revenue payment process are effective on January 2022 billing month and March 2022 payment date. A significant change brought about by the BIR ruling includes invoicing requirements whereby the ruling has recognized that the distribution utilities ("Dus") are the customers/ buyers of the electricity generated and sold by the RE developers, who are the generator/ seller, to the market. Therefore, the RE developers should issue the official receipts ("ORs") under the names of the Dus based on the settlement statements and payments/remittances made by the IEMOP payment facility.



Resolution Adopting the 2023 Revised Rules for the Issuance of Certificates of Compliance (“COCs”) for Generation Facilities

On October 12, 2023, ERC published Resolution No. 2023-17 that outlines the revised rules on application for COC and the standards, requirements and procedures for its issuance. Article IX Transitory Provisions of the resolution stated that for existing generation facilities with pending application for renewal of COC filed before the ERC, the validity period of such COC is extended until 2024, and the date of which shall be the day and month of its original expiry. Generation facilities with issued Provisional Authority to Operate (“PAO”), the validity period of such PAO is extended until 2024, and the date of which shall be the day and month of its original expiry. After which the generation company shall apply for issuance of COC or PAO not later than 60 calendar days prior to the expiration of the extended validity period.

26. Operating Segment Information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRSs. The classification of segment revenue is consistent with the consolidated statements of income. Segment expenses pertain to the costs and expenses presented in the consolidated statements of income excluding interest expense and financing charges, depreciation and amortization expense and income taxes which are managed on a per company basis.

SPNEC has only one geographical segment as all of its operating assets are currently located in the Philippines. SPNEC Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.



Financial information on the business segments are summarized as follows:

December 31, 2023 (One Year)							
	SPNEC	SP Calatagan	SP Tarlac	SP Rooftop	Others	Eliminating entries*	Total
Segment revenue	₱—	₱351,071,791	₱265,601,831	₱20,656,044	₱—	(₱1,878,449)	₱635,451,217
Segment expenses	(125,535,724)	(66,399,849)	(78,703,955)	(26,839,415)	(23,907,693)	2,604,000	(318,782,636)
Segment results	(125,535,724)	284,671,942	186,897,876	(6,183,371)	(23,907,693)	725,551	316,668,581
Interest income	7,104,690	14,324,506	8,050,936	500,357	12,958	—	29,993,447
Interest expense	(9,241,144)	(51,304,308)	(106,130,617)	—	(555,952)	—	(167,232,021)
Depreciation and amortization	(5,209,905)	(99,711,981)	(110,544,227)	(768,608)	—	—	(216,234,721)
Other income (expense)	28,805,035	(4,456)	679,563	17,719,875	2,604,036	5,958,531,242	6,008,335,295
	(104,077,048)	147,975,703	(21,046,469)	11,268,253	(21,846,651)	5,959,256,793	5,971,530,581
Benefit from (provision for) income tax	(916,815)	(20,734,846)	23,055	(2,321,224)	—	—	(23,949,830)
Net income (loss)	(₱104,993,863)	₱127,240,857	(₱21,023,414)	₱8,947,029	(₱21,846,651)	₱5,959,256,793	₱5,947,580,751

*Pertains to intercompany transactions that were eliminated upon consolidation and other consolidation adjustments.

December 31, 2022 (Six Months)			
	SPNEC	Terra Nueva	Total
Segment revenue	₱—	₱—	₱—
Segment expenses	(30,994,615)	(4,418,312)	(35,412,927)
Segment results	(30,994,615)	(4,418,312)	(35,412,927)
Interest income	2,388,263	10,697	2,398,960
Interest expense	(4,532,695)	—	(4,532,695)
Depreciation and amortization	(2,598,033)	—	(2,598,033)
Loss before income tax	(35,737,080)	(4,407,615)	(40,144,695)
Provision for income tax	(265,138)	—	(265,138)
Net loss	(₱36,002,218)	(₱4,407,615)	(₱40,409,833)

	June 30, 2022 (One Year)
	SPNEC
Segment revenue	P–
Segment expenses	(57,935,804)
Segment results	(57,935,804)
Interest income	548,180
Interest expense	(9,142,009)
Depreciation and amortization	(5,420,370)
Loss before income tax	(71,950,003)
Benefit from income tax	11,370,555
Net loss	(P60,579,448)

	December 31, 2023						
	SPNEC	SP Calatagan	SP Tarlac	SP Rooftop	Others	Eliminating entries*	Total
Current assets	P12,224,875,406	P696,287,698	P487,397,004	P258,298,000	P191,704,735	(P2,634,443,739)	P11,224,119,104
Noncurrent assets	13,029,874,184	5,675,924,976	6,761,973,459	92,303,787	10,333,450,331	4,065,168,464	39,958,695,202
Total	P25,254,749,590	P6,372,212,674	P7,249,370,463	P350,601,787	P10,525,155,066	P1,430,724,725	P51,182,814,306
Current liabilities	P184,722,370	P288,533,947	P591,246,084	P348,965,791	P2,687,855,022	(P2,634,443,739)	P1,466,879,475
Noncurrent liabilities	286,519,338	1,403,366,474	2,299,906,373	–	1,979,978,479	1,326,189,164	7,295,959,828
Total	P471,241,708	P1,691,900,421	P2,891,152,457	P348,965,791	P4,667,833,501	(P1,308,254,575)	P8,762,839,303

*Pertains to intercompany transactions that were eliminated upon consolidation and other consolidation adjustments.

December 31, 2022				
	SPNEC	Terra Nueva	Eliminating entries*	Total
Current assets	₱3,114,526,970	₱16,907,181	(₱1,603,059,243)	₱1,528,374,908
Noncurrent assets	3,070,703,855	1,604,744,446	(100,000)	4,675,348,302
Total	₱6,185,230,825	₱1,621,651,627	(₱1,603,159,243)	₱6,203,723,210
Current liabilities	₱69,626,975	₱1,625,959,245	(₱1,603,059,243)	₱92,526,977
Noncurrent liabilities	298,599,744	—	—	298,599,744
Total	₱368,226,719	₱1,625,959,245	(₱1,603,059,243)	₱391,126,721

*Pertains to intercompany transactions that were eliminated upon consolidation.

June 30, 2022	
	SPNEC
Current assets	₱1,449,247,690
Noncurrent assets	1,954,480,680
Total	₱3,403,728,370
Current liabilities	₱40,331,284
Noncurrent liabilities	289,340,172
Total	₱329,671,456

27. Changes in Liabilities Arising From Financing Activities

December 31, 2023

	December 31, 2022	Effect of Business Combination under Common Control (Notes 21 and 22)	Cash flows	Others	December 31, 2023
Due to related parties	₱22,770,229	₱632,419,450	(₱114,724,705)	₱67,977,852	₱608,442,826
Long-term debt	—	3,262,805,527	(166,261,855)	—	3,096,543,672
Accrued interest	—	79,627,929	(136,800,476)	156,488,325	99,315,778
Lease liabilities	303,138,420	98,120,014	(18,526,229)	7,339,956	390,072,161
Total liabilities from financing activities	₱325,908,649	₱4,072,972,920	(₱436,313,265)	₱231,806,133	₱4,194,374,437

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

28. Service Contracts with the DOE

The Group has the following Solar Energy Service Contracts (SESC), Solar Energy Operating Contracts (SEOC) and Wind Energy Service Contract (WESC) with the DOE.

SPNEC

Sta. Rosa Nueva Ecija 2 Solar Power Project (“NE 2 Project”)

SPNEC is developing a two-phase 500 MW_p (“MW_{dc}”) solar power plant located in Nueva Ecija and is divided into two (2) Phases. Solar Energy Service Contract (“SESC”) No. 2017-06-404 was assigned by an affiliate, Solar Philippines Commercial Rooftop Projects, Inc. (“SPCRPI”) on December 29, 2017. The assignment was approved by the DOE with the issuance of a new Certificate of Registration (“COR”) and a Certificate of Confirmation of Commerciality.

The first phase of the NE 2 Project is a 225 MW_{dc} solar power plant (“Phase 1”) in Barangay Las Piñas, Peñaranda, Nueva Ecija with sub-phases of Phase 1A at 50 MW_{dc} and Phase 1B at 175 MW_{dc}. The Parent Company targets that Phase 1A shall be commissioned by mid-2024 while Phase 1B is planned to be commissioned by end of 2025. The second phase of the NE 2 Project is a 275 MW_{dc} solar power plant (“Phase 2”).

The Parent Company began construction of Phase 1A on December 27, 2021 and is 56.26% complete as at December 31, 2023.

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 280MW_{dc} NE 2 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. Also, the Parent Company submitted a performance bond amounting to ₱2,765.8 million valid until August 1, 2024.

Total premiums paid were ₱7.5 million in 2023 and 2022, respectively. The unamortized portion of the premium included as prepaid premium amounted to ₱5.0 million and ₱3.0 million as of December 31, 2023 and 2022, respectively (see Note 7).



SP Calatagan

SP Calatagan owns and operates a 63.4 MW_{ac} solar photovoltaic (“PV”) facility situated in Calatagan, Batangas. It has an Energy Regulatory Commission (“ERC”) awarded Feed-in-Tariff (“FIT”) Certificate of Compliance (“COC”), which entitles SP Calatagan to a base FIT rate of ₱8.69 per kWh, subject to an annual escalation, to be approved by the ERC.

WESC

On December 23, 2019, SP Calatagan entered into WESC No. 2019-10-126 with the DOE granting SP Calatagan the exclusive right to explore, develop and utilize the wind energy resource with the contract area covering a total of 486 hectares. The WESC allows for five years non-extendable term for pre-development within which the developer should be able to declare commerciality.

A Certificate of Confirmation of Commerciality shall be issued by the DOE to affirm the declaration. The contract shall remain in force for the balance of a period of 25 years from the effective date. One year before the expiration of the initial 25-year period, SP Calatagan may submit to the DOE an extension of the WESC for another 25 years under the same terms and conditions so long as SP Calatagan is not in default of any material obligations under the WESC.

GEAP

On June 24, 2022, SP Calatagan was awarded as one of the winning bidders by the DOE on its First Green Energy Auction Round. SP Calatagan will supply the electricity from the 30 MW Calatagan Wind 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. SP Calatagan submitted a performance bond amounting to ₱571.1 million valid until August 1, 2024.

SP Tarlac

SESC

On August 15, 2017, SPCRPI, an affiliate of SP Tarlac, entered into a SESC with the DOE granting SPCRPI the exclusive right to explore, develop and utilize the energy resource with the contract area covering a total of 646.0 hectares. The SESC allows for two years non-extendable term for pre-development within which the developer should be able to declare commerciality.

A Certificate of Confirmation of Commerciality shall be issued by the DOE to affirm the declaration. The contract shall remain in force for the balance of a period of 25 years from the effective date. One year before the expiration of the initial 25-year period, SP Tarlac may submit to the DOE an extension of the SESC for another 25 years under the same terms and conditions so long as SP Tarlac is not in default of any material obligations under the SESC.

On September 27, 2017, SPCRPI executed a Deed of Assignment transferring all its rights and obligations under the SESC No. 2017-07-442, including all of its annexes to SP Tarlac which has been approved. On October 6, 2017, the DOE acknowledged and approved the Deed of Assignment between SPCRPI and SP Tarlac. On that same day, the DOE issued a COR under the name of SP Tarlac as an RE Developer of Solar Energy Resources in Concepcion, Tarlac which covers SESC No. 2017-07-442.

On October 20, 2017, SP Tarlac issued its Declaration of Commerciality stating the commercial viability of the Tarlac 1A Project and was confirmed and approved by the DOE by issuing a Confirmation of Commerciality on December 6, 2017.

SP Rooftop

On December 14, 2022, the DOE awarded SP Rooftop with SEOC No. 2022-11-644, for the exclusive right to explore, develop and operate its 2.04 MW DMPI Bugo Solar Power Project. The



SEOC has a contract period of 25 years and will expire on 2047. SP Rooftop shall develop, construct, install, commission, and operate the solar PV system within the period of the first five-year work program.

SP Batangas

On December 20, 2019, the DOE awarded SP Batangas with SESC No. 2019-02-500 for the exclusive right to explore and develop the Padre Garcia Solar Power Project. SP Batangas shall undertake exploration, assessment, harnessing, piloting and other studies of Solar Energy resources in Lipa City and Padre Garcia, Batangas. The SESC allows for two (2) years non-extendable term for pre-development within which SP Batangas should be able to declare commerciality.

SP Batangas Baseload

On August 22, 2017, SPCRPI, an affiliate of the SP Batangas Baseload, was awarded the SESC No. 2017-05-384 for the exclusive right to explore and develop the Balayan Solar Power Project, respectively, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Balayan and Calaca, Batangas. On May 26, 2021, SPCRPI executed a Deed of Assignment transferring all his rights and obligations to SP Batangas Baseload. As of April 12, 2024, SP Batangas Baseload is still awaiting for the acknowledgment and approval from the DOE of the Deed of Assignment between SPCRPI and SP Batangas Baseload.

SP Central Visayas

On February 9, 2017, SPCRPI, an affiliate of SP Central Visayas, was awarded SESC No. 2017-02-364 for the exclusive right to explore and develop the Medellin Solar Power Project, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Medellin, Cebu. On March 23, 2022, SPCRPI executed a Deed of Assignment transferring all his rights and obligations to SP Central Visayas. On March 23, 2022, SP Central Visayas has submitted to the DOE the necessary documents for the transfer of the SESC under the name of SP Central Visayas. As of April 12, 2024, SP Central Visayas is still awaiting for the acknowledgment and approval from the DOE of the Deed of Assignment between SPCRPI and SP Central Visayas.

SP Eastern

On April 11, 2019, SPCRPI, an affiliate of SP Eastern, was awarded SESC No. 2018-03-479 for the exclusive right to explore and develop the Tayabas Solar Power Project, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Tayabas, Quezon. On March 23, 2022, SPCRPI executed a Deed of Assignment transferring all its rights and obligations to the Tayabas Solar Power Project. On March 23, 2022, SP Eastern has submitted to the DOE the necessary documents for the transfer of the SESC under the name of SP Eastern. As of April 12, 2024, SP Eastern is still awaiting for the acknowledgment and approval from the DOE on the Deed of Assignment between SPCRPI and SP Eastern.

SP Southern Mindanao

On December 23, 2019, SPCRPI, an affiliate of SP Southern Mindanao, was awarded SESC No. 2019-05-514 for the exclusive right to explore and develop the General Santos Solar Power Project, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in General Santos City, South Cotabato. On March 23, 2022, SPCRPI executed a Deed of Assignment transferring all its rights and obligations to General Santos Solar Power Project. On March 23, 2022, SP Southern Mindanao applied with the DOE for the transfer of the SESC under the name of SP Southern Mindanao. As of April 12, 2024, SP Southern Mindanao is still awaiting for the acknowledgment and approval from the DOE on the Deed of Assignment between SPCRPI and SP Southern Mindanao.



SP Southern Tagalog

On April 11, 2019, SPCRPI, an affiliate of SP Southern Tagalog, was awarded the SESC No. 2018-03-477 for the exclusive right to explore and develop the Cabatang Tiaong Solar Power Project, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Cabatang Tiaong, Quezon. On March 23, 2022, SPCRPI executed a Deed of Assignment transferring all his rights and obligations to SP Southern Tagalog. On the same date, SP Southern Tagalog has submitted to the DOE the necessary documents for the transfer of the SESC under the name of SP Southern Tagalog. As of April 12, 2024, SP Southern Tagalog is still awaiting for the acknowledgment and approval from the DOE of the Deed of Assignment between SPCRPI and SP Southern Tagalog.

SP South Luzon

The following SESC's were awarded to SP South Luzon.

SESC No.	Award Date	Project Name
2019-10-531	December 20, 2019	Binangonan and Cardona, Rizal and Laguna de Bay Solar Power Project
2019-05-513	December 23, 2019	Pili and Naga City, Camarines Sur Solar Power Project

SP Tarlac Baseload

On July 18, 2017, SPCRPI, an affiliate of SP Tarlac Baseload, was awarded SESC No. 2017-05-385 for the exclusive right to explore and develop the Calamba-Tanauan Solar Power Project, wherein the SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Tarlac City and La Paz, Tarlac. On May 26, 2021, SPCRPI executed Deed of Assignment transferring all his rights and obligations to SP Tarlac Baseload. As of April 12, 2024, Tarlac Baseload is still awaiting for the acknowledgment and approval from the DOE of the Deed of Assignment between SPCRPI and SP Tarlac Baseload.

SP Visayas

On December 27, 2019, DOE awarded SP Visayas with SESC No. 2019-05-512 for the exclusive right to explore and develop the Kananga-Ormoc Solar Power Project, wherein SP Visayas shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Kananga and Ormoc City, Leyte. Further, on that same day, the DOE issued and approved a COR under the name of SP Visayas which recognizes SP Visayas as a RE developer.

GEAP

In 2022, the SP Visayas was awarded as one of the winning bidders by the DOE for the first round of the GEAP, which promotes the acceleration of renewable energy systems and the promotion and commercialization of its application, encourage free and active private sector participation and investment in all energy activities, and provide adequate capacity to meet demand. In 2022, SP Visayas submitted a surety bond, as part of the bidding requirements. Also, SP Visayas submitted a performance bond amounting to ₱2,963.4 million valid until December 2, 2024.



Terra Solar

The following SESC's were awarded to SPCRPI, an affiliate of Terra Solar.

SESC No.	Award Date	Project Name
2017-02-365	February 9, 2017	100 MW Iba-Palauig 1
2017-06-421	August 22, 2021	100 MW Maragondon-Naic 1
2017-06-407	August 22, 2021	140 MW San Ildelfonso, Bulacan
2017-06-405	August 22, 2021	140 MW San Rafael 1 Bulacan
2017-07-434	April 11, 2019	100 MW Santa Rosa Nueva Ecija

On June 30, 2021, SPCRPI executed a Deed of Assignment transferring all its rights and obligations to Terra Solar. On March 27, 2023, Terra Solar applied with the DOE for the approval of the assignment of the SESC's. As of April 12, 2024, Terra Solar awaits the approval of DOE.

Laguna Rooftop

The following SEOC's were awarded to Laguna Rooftop. Each SEOC has a contract period of 25 years and will expire on 2047.

SEOC No.	Award Date	Project Name	Capacity (MW_p)
2022-03-618	April 5, 2022	ATC Solar Power Project	1.752
2022-05-623	June 9, 2022	MMPC Phase 1 Solar Power Project	4.097
2022-05-624	June 10, 2022	MMPC Phase 2 Solar Power Project	0.130

The BOI approved Laguna Rooftop's registration as RE Developer for the following projects:

Award Date	Project Name	Capacity (MW_p)
December 19, 2022	ATC Solar Power Project	1.752
January 16, 2023	MMPC Phase 2 Solar Power Project	0.130
August 24, 2023	MMPC Phase 1 Solar Power Project	4.096

The BOI certifications served as the basis of entitlement to incentives under RA No. 9513, otherwise known as the RE Act of 2008, which grants Laguna Rooftop income tax holiday for a period of seven (7) years from the start of its commercial operation, duty free importation of machineries for ten (10) years, and zero-rated VAT among others.

On November 24, 2023, Laguna Rooftop received the Distributed Energy Resources Certificate of Compliance (COC) from the ERC. On January 8, 2024, the ATC solar power project started its commercial operations.

As of December 31, 2023, Laguna Rooftop is still in the process of securing the related COC from the ERC for the MMPC solar power projects.



29. Contracts and Commitments

SPNEC

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. ("TRHI") and its associated developments to SP Holdings, given that SP Holdings is a shareholder in TRHI and that SP Holdings 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 NE 2 Project and would form part of the expansion of the Parent Company's projects.

Memorandum of Agreements ("MOA") between SP Project Holdings, Prime Infra and Prime Metro

On February 9, 2023, the BOD of SPNEC approved the MOAs between SP Project Holdings and Prime Infra for their joint ventures in Terra Solar, Solar Tanauan Corporation ("Solar Tanauan"), and SP Tarlac. The MOAs cover the following:

- a) Amendments to the Shareholders' Agreement of Terra Solar between SP Project Holdings and Prime Infra 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 Terra Solar. Terra Solar has signed a 850 MW_{ac} Mid-Merit PSA with 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 SP Project Holdings to Prime Infra for ₱1.0 billion upon execution of the agreements, which would result in Prime Infra 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 MW_{ac}, has secured over 140 hectares of land, and is currently under construction.
- c) Redemption or purchase of preferred shares in SP Tarlac of Prime Metro by SP Tarlac or SP Project Holdings for ₱1.5 billion plus accrued dividends on or before March 31 2024, which, with additional equity, would result in SP Project Holdings (or SPNEC after the share swap) owning 100% of SP Tarlac. SP Tarlac has a PSA with Meralco for 85 MW_{ac}, has secured over 140 hectares of land, and currently has 100 MW operating and 50 MW under construction.

Terms of the MOAs applied to SPNEC upon the completion of its share swap with SP Project Holdings.

Deed of Assignment between SP Project Holdings and SPNEC

On May 16, 2023, a Deed of Assignment was entered between the Parent Company, as the assignee, and SP Project Holdings, as the assignor, whereby the latter assigned all its rights and obligations under the February 9, 2023 MOA with SP Project Holdings, Prime Infra, Prime Metro and SP Tarlac, including but not limited to SP Project Holdings' right to purchase Prime Metro's preferred shares in SP Tarlac on or before March 31 2024.

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

On February 7, 2022, the Parent Company secured a 10-year Offtake Agreement with AEC, distribution utility in Pampanga Province, under which the Parent Company will supply AEC 97.8 MWh daily, representing a portion of the NE 2 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.

On January 23, 2023, the Parent Company and AEC jointly filed the PSA with the ERC. As of April 12, 2024, the Parent Company and AEC are still awaiting the approval from the ERC.

The Parent Company provided a performance bond in relation to the NE 2 project amounting to ₱15.0 million valid until August 10, 2024.

As of December 31, 2023 and 2022, performance bond amounted to ₱15.0 million was presented as part of "Bonds" under "Other current assets" in the consolidated statements of financial position (see Note 7).

SP Calatagan

Connection Agreement

In 2015, the Connection Agreement was entered between SPCRPI, an affiliate of SP Calatagan, and National Grid Corporation of the Philippines ("NGCP") wherein the Calatagan Solar Power Plant's generation facility shall connect to NGCP's transmission system. SPCRPI assigned to SP Calatagan all of its rights and obligations under this agreement through a deed of assignment executed on February 3, 2017. A copy of the Connection Agreement was sent to the NGCP on the same day.

Transmission Service Agreement

Transmission Service Agreement dated May 24, 2016 was entered between SPCRPI and NGCP for the 69 kilovolt ("kV") line of NGCP along the Calatagan, Batangas area. SPCRPI assigned to SP Calatagan all of its rights and obligations under this agreement through a deed of assignment executed on February 3, 2017.



Metering Service Agreement

The Metering Service Agreement dated May 24, 2016 was entered between SPCRPI and NGCP wherein the latter is authorized to act as the metering service provider of the Calatagan Solar Power Plant which requires revenue metering facilities and services for measuring the energy consumed and/or generated by its grid-connected facilities. The term of the agreement started on February 26, 2016 and would expire on February 25, 2026, unless earlier terminated in accordance with the terms and conditions of the agreement. SPCRPI assigned to SP Calatagan all of its rights and obligations under this agreement through a deed of assignment executed on February 3, 2017.

The Connection Agreement, Transmission Agreement, and Metering Service Agreement of SP Calatagan with NGCP are governed by the rules, terms and conditions for the Provision of Open Access Transmission Service (“OATS”) rules, which govern the provision of transmission services to qualified grid users.

FIT System

FIT is an incentive scheme under the RE Act of 2009 to attract investments and hasten the deployment of renewable energy sources. FIT provides priority treatment to renewable energy developers in terms of connection to the grid, purchase and transmission of and payment for by grid operators, and a fixed premium rate for a specified period of time. On March 14, 2016, the DOE issued COE-FIT No. S-2016-03-05, which entitles SP Calatagan to a base FIT rate of ₱8.69 per kWh for 20 years.

All eligible RE plants shall be entitled to the appropriate FITs as established and such FITs shall be paid by all on-grid electricity consumers in accordance with FIT system. An RE plant shall be deemed eligible upon issuance of COC authorizing to operate as FIT-eligible RE plant, subject to the term and conditions attached to it, among them, in compliance with the Philippine Grid Code (PGC) and other pertinent laws, rules and regulations of the ERC. SP Calatagan obtained its COC with No. 16-06-M-00072L from the ERC on June 29, 2016 valid from June 28, 2016 to June 27, 2021.

On June 24, 2021, SP Calatagan received a letter from the ERC granting a Provisional Authority to Operate (“PAO”) for a period of one year from June 28, 2021 to June 27, 2022. On August 28, 2022, the ERC grant an extension of PAO for a period of one year from June 28, 2022 to June 27, 2023, pending SP Calatagan’s compliance and submission of the necessary requirements. On August 15, 2023, ERC issued a certification for the second extension of PAO valid for a period of six months from the date of its issuance or until February 14, 2024. As of April 12, 2024, ERC is still in the process of evaluating the requirements for the renewal submitted by SP Calatagan.

On May 26, 2020, the ERC approved Resolution No. 06, Series of 2020 which adopted FIT rate adjustments, for the years 2016 to 2020 using 2014 as the base year for the consumer price index and foreign exchange. The said resolution was published in a newspaper of general circulation on November 17, 2020 and became effective 15 days after.

While waiting for the approval of the FIT rates for the years 2021 to 2023, management has assessed that the lower between the ERC approved 2020 FIT rates and the TransCo forecasted FIT rates for the years 2021 to 2023, represent the best estimate of the transaction price SP Calatagan will be entitled to in exchange of the delivered energy. It is expected that the adjusted FIT rates applicable for the years 2021 to 2023 will also be collected in arrears in accordance with the approval of the ERC.

As of December 31, 2023, the long-term receivable from TransCo amounted to ₱319.0 million (see Note 11). The current portion of the long-term receivables amounted to ₱57.3 million is presented as part of “Trade receivables” in the consolidated statements of financial position as of December 31, 2023 (see Note 5). For the year ended December 31, 2023, interest accretion on



receivables from TransCo amounted to ₱13.5 million which was presented under “Interest income” in the consolidate statement of income.

REPA

On March 17, 2016, SP Calatagan and TransCo, designated as the FIT-All Fund Administrator, entered into a REPA. The REPA-0037 dated March 17, 2016 for the 63.359 MW_p Calatagan Solar Power Plant was deemed effective as of July 4, 2016 through a letter signed by TransCo Officer-in-Charge. The REPA governs the rights and obligation of the parties in respect to the full payment of all actual renewable energy generation of SP Calatagan from March 11, 2016 to March 10, 2036, the period of SP Calatagan’s FIT Eligibility Period.

WESM

Under Section 30 of Electric Power Industry Reform Act (“EPIRA”), the ERC may authorize entities to become eligible as members, either directly or indirectly, of the WESM. All generating companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC, whether direct or indirect members of the WESM shall be bound by the WESM spot market rules with respect to transactions in the market.

On February 24, 2016, SP Calatagan registered with Philippines Electricity Market System (“PEMC”) as Direct WESM Member and Trading Participant-Generator Category.

Energy Regulations No. 1-94

On March 10, 2016, SP Calatagan entered into a Memorandum of Agreement with the DOE for the establishment of Trust Accounts for Accrued Financial Benefits from the commercial operations of the 63.359 MW_p Solar Power Plant. This is in compliance with the provision in the EPIRA under R.A. 9136 and more importantly to help recognize the contributions of the host communities and the people affected by the project thereby lessening conflict and promoting cooperation among the stakeholders. Under this agreement, SP Calatagan should set aside one centavo per kilowatt hour (₱0.01/kWh) of the total electricity sales as financial benefit to its host community.

SP Tarlac

PSAs with Meralco 75 MW to 85MW PSA

On August 25, 2017, SP Tarlac entered into a PSA with Meralco for the sale of 75 MW up to 85 MW of electricity for a period of 20 years from the commencement date at a price of P2.9999 per kWh subject to 2% annual escalation. SP Tarlac received the final approval of the 85MW PSA from the ERC on March 4, 2019. In accordance with 75MW to 85 MW PSA, the commencement is nine months from the receipt of the provisional approval from ERC which is on August 20, 2018. SP Tarlac and Meralco agreed that the Commercial Operation Date (“COD”) of the Tarlac 1A Project was on September 26, 2020. SP Tarlac obtained its COC No. 19-09-M-00182L dated September 12, 2019 from ERC which was valid for five (5) years from September 12, 2019 to September 11, 2024.



In accordance with the provision of the 75 MW to 85 MW PSA, SP Tarlac shall supply or deemed supply replacement energy to Meralco from the commencement date of the PSA up to the COD of the Tarlac 1A Project.

As of December 31, 2023, the current portion of the replacement energy cost payable presented as others in the “Trade and other payables” amounted to ₱12.1 million, and the noncurrent replacement energy cost payable presented as “Other noncurrent liabilities” amounted to ₱95.4 million.

50 MW PSA at ₱2.3456/kWh

On August 17, 2018, Meralco awarded another PSA to SP Tarlac for the sale of 50 MW of electricity for a period of 20 years from the commencement date a price of ₱2.3456 per kWh subject to annual escalation rate of 16% starting on the 11th contract year. In March 2019, SP Tarlac and Meralco then jointly requested for the approval with the ERC. As of April 12, 2024, SP Tarlac is still waiting for the approval of ERC.

Connection Agreement

In 2017, SP Tarlac entered into Connection Agreement with NGCP where the former’s Tarlac 1A solar power plant’s generation facility shall connect to NGCP’s transmission system.

Transmission Service Agreement

SP Tarlac has Transmission Service Agreement dated November 26, 2018 with NGCP for the 69 kV line of NGCP along the Concepcion, Tarlac area, which is valid until November 25, 2028.

Metering Service Agreement

SP Tarlac has a Metering Service Agreement with NGCP wherein the latter is authorized to act as the metering service provider of the Tarlac 1A Project which requires revenue metering facilities and services for measuring the energy consumed and/or generated by its grid-connected facilities. The agreement is valid until March 25, 2029, unless earlier terminated in accordance with the terms and conditions of the agreement.

Energy Regulations No. 1-94

On June 29, 2020 and January 20, 2021, SP Tarlac entered into Memorandum of Agreements with host communities in Brgy. Sta. Rosa and Municipality of Concepcion, Tarlac for the establishment of Trust Accounts for Accrued Financial Benefits from the commercial operations of the Tarlac 1A Project. This is in compliance with the provision in the EPIRA under R.A. 9136. Under this agreement, SP Tarlac should set aside one centavo per kilo watt hour (₱0.01/kWh) of the total electricity sales as financial benefit to the host communities. For the year ended December 31, 2023, benefits to host communities amounted to ₱1.9 million which is presented under “General and administrative expenses” in the consolidated statements of income (see Note 18).

SP Rooftop

EPC Agreements

Robinsons Land Corporation (“RLC”)

On October 23, 2018, SP Rooftop entered into five (5) EPC agreements with RLC for the design, engineering, procurement of components for, and construction of PV systems for the project sites. As of December 31, 2023, SP Rooftop has completed the construction of four (4) projects and is in the process of completing the remaining activities on the remaining project. As of December 31, 2023, the remaining receivable amounted to ₱28.4 million (see Note 5).



Mitsubishi Motors Philippines Corporation (“MMPC”)

In June 2023, SP Rooftop entered into an electrical system modification agreement with MMPC for the supply, delivery, installation, termination and testing of the electrical works of a solar PV system for a contract price of ₱5.8 million. The project was completed and completed on October 20, 2023.

Power Purchase Agreements (“PPA”)

SP Rooftop entered into three (3) PPAs for the finance, design, construction, operation and maintenance of PV system electric generation (“PSEG”) facilities on the rooftops of three (3) establishments. Each PPA shall be for a term of 20-25 years, throughout which SP Rooftop shall make available all the energy output produced by PSEG facilities installed on the rooftops of each mall at the applicable payment rates stipulated in each PPA. As of December 31, 2023, SP Rooftop has three (3) PPAs. Under each PPA, SP Rooftop shall own the PSEG facilities and all the associated environmental attributes, and shall be entitled to own, claim and retain any and all the tax benefits and incentives associated with the ownership of the PSEG facilities, unless the respective mall owners purchase the PSEG facilities as allowed in the purchase option provisions of each PPA.

For the year ended December 31, 2023, SP Rooftop recognized revenue from sale of electricity amounting to ₱2.6 million. As of December 31, 2023, the outstanding receivable from sale of electricity amounted to ₱0.9 million (see Note 5).

Energy Equipment Leasing and Service Agreements (EELSA)

SP Rooftop has entered into six (6) different EELSA where SP Rooftop will develop, construct, operate and lease solar generation facilities totaling to around 4.5MW_p. Each EELSA shall have a term of 25 years beginning on the day the solar generation facility unit was commissioned.

Under each EELSA, SP Rooftop shall own the solar generation facility units as well as the improvements and shall be entitled to retain ownership upon expiration of the term subject to certain conditions. As of December 31, 2023, the construction of five (5) projects are in progress, while one has not yet started construction.

SP Retail Electricity

WESM

Under Section 30 of EPIRA, the ERC may authorize entities to become eligible as members, either directly or indirectly, of the WESM. All generating companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC, whether direct or indirect members of the WESM shall be bound by the WESM spot market rules with respect to transactions in the market.

On February 18, 2020, SP Retail Electricity was registered with IEMOP as Direct Member – RES Category.

Laguna Rooftop

PPA with DGA

On September 15, 2020, SP Rooftop and DGA entered into PPAs with ATC and MMPC to finance, construct, install, test, own, operate, and maintain PV systems. ATC and MMPC agreed to purchase all the energy output produced by the PV systems at the applicable payment rates stipulated in the PPAs. The PPAs have a term of 20 years and 25 years, respectively.

On October 27, 2021, Laguna Rooftop entered into a Deed of Assignment with SP Rooftop and DGA to assign all their rights, benefits, titles and obligations of the Assignors in and to the PPA with ATC to Laguna Rooftop, respectively. Subsequently, on April 28, 2022, Laguna Rooftop entered into a



similar agreement with the Assignors to assign all their rights, benefits, titles and obligations in and to the PPA with MMPC to Laguna Rooftop. ATC and MMPC, unconditionally and irrevocably, consented, acknowledged and agreed to the assignment.

On October 19, 2022, Laguna Rooftop and MMPC entered into a compensation agreement wherein Laguna Rooftop agreed to pay ₱14,000 for every day of delay on the agreed project timeline. The agreed construction completion date and commercial operation date were set on October 15, 2022 and December 9, 2022, respectively. However, due to delays on the construction, Laguna Rooftop incurred compensation charges amounting to ₱5.1 million in 2023.

The commercial operations date of the ATC Solar Power Project is on January 8, 2024. As of April 12, 2024, the remaining projects of Laguna Rooftop are estimated to be completed in 2024.

Master EPC Contract

On January 7, 2022, Laguna Rooftop entered into a Master EPC Contract with SP Rooftop to establish a framework within which Laguna Rooftop may issue confirmation memorandums for the performance of works in relation to the design, engineering, procurement, construction works, testing and commissioning of PV systems.

Confirmation Memorandums

In 2022, Laguna Rooftop entered into three (3) confirmation memorandums with SP Rooftop for the engineering, procurement and construction works of PV systems for the following project sites:

Project Name	Location	Contract Price
MMPC Phase 1 Solar Power Project	Sta. Rosa, Laguna	₱149,524,531
ATC Solar Power Project	Calamba, Laguna	68,247,200
MMPC Phase 2 Solar Power Project	Sta. Rosa, Laguna	8,856,663
		₱226,628,394

Laguna Rooftop is entitled to claim damages from SP Rooftop on the delay from the date of provisional acceptance of the PV systems, such claims will be utilized to pay for compensation charges of MMPC.

As agreed with SP Rooftop, Laguna Rooftop is entitled to claim damages equal to the total compensation charges finally agreed with MMPC.

Terra Solar

PSA with Meralco

On October 24, 2022, Terra Solar entered into a PSA with Meralco to provide and sell electricity for Contract Capacity of 850 MW. Terra Solar intends to construct at least 2,500 MW solar power plant and 400 MW battery energy storage system to make available the Contract Capacity. This shall be delivered to Meralco into two phases: Phase 1 or 600 MW is scheduled to be delivered by February 26 2026, and the Phase 2 or 250 MW is scheduled to be delivered by February 26 2027. The PSA shall expire on the 20th year following the commercial operations date of Phase 2, renewable for another one year.

On February 15, 2023, Terra Solar and Meralco filed a joint application of the PSA dated November 2, 2022 for the approval with the ERC. Terra Solar and Meralco obtained the ERC's approval of the PSA which was docketed under ERC Case No. 2023-014 RC dated August 18, 2023. Terra Solar and Meralco shall only be allowed to implement the aforementioned PSA upon submission of required documents to the ERC.



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 (a subsidiary of MGen Renewable Energy, Inc.) and its subsidiaries (collectively referred to as the "Group") as at December 31, 2023 and 2022, and for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022, and have issued our report thereon dated April 12, 2024. 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 basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jhoanna Feliza C. Go

Partner

CPA Certificate No. 0114122

Tax Identification No. 219-674-288

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

BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079942, January 5, 2024, Makati City

April 12, 2024



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 (a subsidiary of MGen Renewable Energy, Inc.) and its subsidiaries (collectively referred to as the "Group") as at December 31, 2023 and 2022, and for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022, and have issued our report thereon dated April 12, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022, and for the year ended December 31, 2023, for the six-month period ended December 31, 2022 and for the year ended June 30, 2022 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

BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079942, January 5, 2024, Makati City

April 12, 2024



SP NEW ENERGY CORPORATION
(A Subsidiary of MGen Renewable Energy, Inc.)
AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2023

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D	Long-Term Debt
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SP NEW ENERGY CORPORATION
(A Subsidiary of MGen Renewable Energy, Inc.)

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2023

Deficit, January 1, 2023		(₱121,718,325)
Add: Deferred tax assets		(10,201,126)
Deficit, January 1, 2023, as adjusted		(131,919,451)
Net loss during the year closed to deficit	(₱104,993,864)	
Less: Non-actual/unrealized income (net of tax)		
Benefit from income tax - deferred	910,119	
Net loss actual/realized during the year		(104,083,745)
TOTAL DEFICIT, December 31, 2023		(₱236,003,196)

SP New Energy Corporation

Parent Company Financial Statements
As of December 31, 2023 and 2022
and for the Year Ended December 31, 2023
and for the Period from July 1, 2022 to
December 31, 2022

and

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
SP New Energy Corporation

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of SP New Energy Corporation (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the year ended December 31, 2023 and for the period from July 1, 2022 to December 31, 2022, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the year ended December 31, 2023 and for the period from July 1, 2022 to December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

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



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

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

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

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

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

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



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

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.

Report on the Supplementary Information Required Under Revenue Regulation No. 15-2010

Our audits were conducted for the purpose of forming an opinion on the parent company financial statements taken as a whole. The supplementary information required under Revenue Regulation No. 15-2010 in Note 21 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of SP New Energy Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

BIR Accreditation No. 08-001998-103-2022, November 7, 2022, valid until November 6, 2025

PTR No. 10079942, January 5, 2024, Makati City

April 12, 2024



SP NEW ENERGY CORPORATION
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 16)	₱9,803,201,023	₱20,375,735
Subscriptions receivable (Note 12)	1,319,056	651,115,661
Due from related parties (Notes 11 and 16)	2,368,216,814	2,424,447,563
Other current assets (Note 5)	52,138,514	18,588,011
Total Current Assets	12,224,875,407	3,114,526,970
Noncurrent Assets		
Property, plant and equipment (Notes 1 and 6)	2,112,730,586	1,671,233,624
Deposits for land acquisition (Note 7)	1,550,289,326	1,252,773,959
Investments and deposits (Note 8)	9,204,799,112	100,000
Deferred tax asset - net (Note 14)	9,291,007	10,201,126
Other noncurrent assets (Note 9)	152,764,152	136,395,146
Total Noncurrent Assets	13,029,874,183	3,070,703,855
TOTAL ASSETS	₱25,254,749,590	₱6,185,230,825
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other liabilities (Notes 10, 11 and 16)	₱50,398,459	₱42,318,071
Due to a related party (Notes 11 and 16)	129,833,301	22,770,229
Current portion of lease liabilities (Notes 15 and 16)	4,490,610	4,538,676
Total Current Liabilities	184,722,370	69,626,976
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 15 and 16)	286,519,339	298,599,744
Total Liabilities	471,241,709	368,226,720
Equity (Note 12)		
Capital stock	3,437,305,000	1,000,000,000
Additional paid-in capital	5,713,764,409	4,938,722,430
Deposit for future stock subscription	15,894,042,026	—
Deficit	(261,603,554)	(121,718,325)
Total Equity	24,783,507,881	5,817,004,105
TOTAL LIABILITIES AND EQUITY	₱25,254,749,590	₱6,185,230,825

See accompanying Notes to Parent Company Financial Statements.



SP NEW ENERGY CORPORATION**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD FROM JULY 1, 2022 TO DECEMBER 31, 2022**

	2023 (One Year)	2022 (Six Months)
INCOME		
Interest (Note 4)	₱7,104,690	₱2,388,263
Others (Notes 8 and 20)	29,306,429	—
	36,411,119	2,388,263
EXPENSES (Note 13)	140,488,168	38,125,342
LOSS BEFORE INCOME TAX	104,077,049	35,737,079
PROVISION FOR INCOME TAX (Note 14)		
Current	6,696	—
Deferred	910,119	265,138
	916,815	265,138
NET LOSS	104,993,864	36,002,217
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE LOSS	₱104,993,864	₱36,002,217
Basic/Diluted Loss Per Share (Note 17)	₱0.0043	₱0.0038

See accompanying Notes to Parent Company Financial Statements.



SP NEW ENERGY CORPORATION**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY****FOR THE YEAR ENDED DECEMBER 31, 2023 AND FOR THE PERIOD FROM JULY 1, 2022 TO DECEMBER 31, 2022**

	Capital Stock	Additional Paid-in Capital	Deposit for Future Stock Subscription	Deficit	Total
Balances at January 1, 2023	₱1,000,000,000	₱4,938,722,430	₱—	(₱121,718,325)	₱5,817,004,105
Issuance of shares of stock (Note 12)	2,437,305,000	—	—	—	2,437,305,000
Stock issuance costs (Note 12)	—	—	—	(34,891,365)	(34,891,365)
Equity infusion (Note 12)	—	775,041,979	—	—	775,041,979
Deposit for future stock subscription (Note 12)	—	—	15,894,042,026	—	15,894,042,026
Total comprehensive loss for the period	—	—	—	(104,993,864)	(104,993,864)
Balances at December 31, 2023	₱3,437,305,000	₱5,713,764,409	₱15,894,042,026	(₱261,603,554)	₱24,783,507,881
Balances at July 1, 2022	₱812,435,001	₱2,347,338,021	₱—	(₱85,716,108)	₱3,074,056,914
Issuance of shares of stock (Note 12)	187,564,999	2,625,909,994	—	—	2,813,474,993
Stock issuance costs (Note 12)	—	(34,525,585)	—	—	(34,525,585)
Total comprehensive loss for the period	—	—	—	(36,002,217)	(36,002,217)
Balances at December 31, 2022	₱1,000,000,000	₱4,938,722,430	₱—	(₱121,718,325)	₱5,817,004,105

See accompanying Notes to Parent Company Financial Statements.

SP NEW ENERGY CORPORATION**PARENT COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD FROM JULY 1, 2022 TO DECEMBER 31, 2022**

	2023 (One Year)	2022 (Six Months)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱104,077,049)	(₱35,737,079)
Adjustments for:		
Interest accretion of lease liabilities (Notes 13 and 15)	9,241,144	4,532,695
Depreciation and amortization (Notes 6, 13 and 15)	5,209,905	2,598,033
Unrealized foreign exchange loss (gain)	501,394	(545,388)
Other income (Notes 8 and 20)	(28,860,000)	—
Interest income (Note 4)	(7,104,690)	(2,388,263)
Operating loss before working capital changes	(125,089,296)	(31,540,002)
Decrease (increase) in other current assets (Note 5)	(33,550,504)	2,201,377
Increase in accounts payable and other liabilities (Note 10)	8,073,692	29,317,811
Cash used in operations	(150,566,108)	(20,814)
Interest received (Note 4)	7,104,690	2,388,263
Net cash flows from (used in) operating activities	(143,461,418)	2,367,449
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additional investments and deposits (Note 8)	(9,175,839,112)	(100,000)
Additions to:		
Property, plant and equipment (Note 6)	(453,428,940)	(460,808,669)
Deposits for land acquisition (Note 7)	(297,515,367)	(631,274,027)
Other noncurrent assets (Note 9)	(16,369,004)	(22,176,775)
Increase in due from related parties (Note 11)	(197,809,251)	(1,882,769,682)
Cash flows used in investing activities	(10,140,961,674)	(2,997,129,153)
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposit from future stock subscription (Note 12)	15,894,042,026	—
Proceeds from issuance of shares of stock, net of subscriptions receivable and transaction costs (Note 12)	2,402,413,635	2,127,833,749
Equity infusion (Note 12)	775,041,979	—
Collection of subscriptions receivable	649,796,605	—
Increase in due to related parties (Notes 11 and 19)	361,103,072	—
Payment of lease liabilities (Notes 15 and 19)	(14,647,543)	—
Net cash flows from financing activities	20,067,749,774	2,127,833,749
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(501,394)	545,388
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,782,825,288	(866,382,567)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	20,375,735	886,758,302
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Notes 4 and 16)	₱9,803,201,023	₱20,375,735

See accompanying Notes to Parent Company Financial Statements.

SP NEW ENERGY CORPORATION

NOTES TO PARENT COMPANY FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

SP New Energy Corporation (“SPNEC”; the Parent Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 23, 2016, primarily to engage in the construction, operation and maintenance of all types of renewable energy plants and related services. As of April 12, 2024, the Parent Company has not yet started commercial operations [see details in (b) The NE 2 Project below].

The common shares of SPNEC are listed on the Philippine Stock Exchange (“PSE”) beginning December 17, 2021 and traded under the ticker, “SPNEC”.

On March 27, 2023, Metro Pacific Investments Corporation (“MPIC”), a corporation organized in the Republic of the Philippines, entered into a Share Purchase Agreement with Solar Philippines Power Project Holdings, Inc. (“SP Project Holdings”), the then controlling shareholder of SPNEC, to acquire the latter’s rights, title and interests in and to SPNEC equal to 1.6 billion common shares for ₱2,000.0 million (see Note 12).

Subsequently, on November 30, 2023, MGen Renewable Energy, Inc. (“MGreen”) and SPNEC entered into a Subscription Agreement, whereby MGreen subscribed (i) 15.7 billion common shares with par value of ₱1.0 per share and (ii) 19.4 billion preferred shares with par value of ₱0.01 per share for a total subscription price of ₱15.9 billion (see Note 12). MGreen is a wholly-owned subsidiary of Meralco PowerGen Corporation (“MGen”), which in turn is a wholly-owned subsidiary of Manila Electric Company (“Meralco”). Meralco, MGen and MGreen are registered with the Philippine SEC. The shares of Meralco are listed in the PSE under the ticker, “MER”.

As of December 31, 2023, the shares were not yet issued to MGreen pending the approval of SPNEC’s increase in authorized capital stock (see Note 12).

As of April 12, 2024, SPNEC is 35.7% owned by MGreen, 37.93% owned by SP Project Holdings, and 3.2% owned by MPIC, with the balance as the public float.

(b) Sta. Rosa Nueva Ecija 2 Solar Power Project (“NE 2 Project”)

SPNEC is developing a two-phase 500 MW_p (“MW_{dc}”) solar power plant located in Nueva Ecija and is divided into two (2) Phases. Solar Energy Service Contract (“SESC”) No. 2017-06-404 was assigned by an affiliate, Solar Philippines Commercial Rooftop Projects, Inc. (“SPCRPI”) on December 29, 2017. The assignment was approved by the Department of Energy (“DOE”) with the issuance of a new Certificate of Registration (“COR”) and a Certificate of Confirmation of Commerciality.

The Parent Company began construction of Phase 1A on December 27, 2021 and is 56.26% complete as at December 31, 2023 (see Note 6).



(c) 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.

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

(d) Principal Office Address

On April 12, 2024, the BOD approved the amendment of the Parent Company's Articles of Incorporation to change the principal office from 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City 1229, Philippines to Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City 1604, Philippines.

(e) Authorization for the Issuance of the Parent Company Financial Statements

The parent company financial statements as of December 31, 2023 and 2022 and for the year ended December 31, 2023 and for the six-month period ended December 31, 2022 were authorized for issue by the BOD on April 12, 2024.

2. Basis of Preparation, Statement of Compliance and Summary of Material Accounting Policy Information

Basis of Preparation

The parent company financial statements have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. All amounts are rounded to the nearest ₱, unless otherwise indicated.

The amounts presented in the parent company statements of comprehensive income, statements of changes in equity, statements of cash flows and the related notes, which are for the year ended December 31, 2023 and for the six-month period ended December 31, 2022, respectively, are not comparable due to the change of the fiscal year of the Parent Company from fiscal year beginning July 1 and ending June 30 to calendar year January 1 and ending December 31 (see Note 1).

The Parent Company issues consolidated financial statements which are prepared for the same period in compliance with Philippine Financial Reporting Standards ("PFRSs"). These may be obtained from the office of SPNEC at 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City.

Statement of Compliance

The parent company financial statements are prepared in compliance with 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 2023. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Unless otherwise indicated, adoption of these new standards did not have an impact on the parent company financial statements.

- Amendments to Philippine Accounting Standards (“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 to the Practice Statement provide non-mandatory guidance.

- 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.

- 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 parent company financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (“OECD”), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’, respectively.



The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Current versus Noncurrent Classification

The Parent Company presents assets and liabilities in the parent company 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 12 months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

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

The 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 Parent Company classifies all other liabilities as noncurrent.

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

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and in banks and short-term deposits with original maturities of three (3) months or less from dates of acquisition and that are subject to insignificant risk of changes in value.

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 Parent Company's business model for managing them. The Parent Company 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 Parent Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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 Parent Company 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 Parent Company measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in the parent company statement of comprehensive income when the asset is derecognized, modified or impaired.

The Parent Company's financial assets at amortized cost include cash and cash equivalents, subscriptions receivable, due from related parties, and bonds (included under other current assets) as of December 31, 2023 and 2022 (see Notes 4, 5, 11, 12 and 16).

The Parent Company 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 parent company statements of comprehensive income when the liabilities are derecognized, as well as through the amortization process.

The Parent Company's loans and borrowings include accounts payable and other liabilities (excluding payable to government agencies), due to a related party and lease liabilities as of December 31, 2023 and 2022 (see Notes 10, 11, 15 and 16).

As of December 31, 2023 and 2022, the Parent Company 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 Parent Company 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 Parent Company has transferred substantially all the risks and rewards of the asset, or (b) the Parent Company has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

Where the Parent Company 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 Parent Company'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 Parent Company 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 parent company statements of comprehensive income.

Impairment of Financial Assets

The Parent Company 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 Parent Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.



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

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the parent company 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 Parent Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible to the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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



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

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

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 Parent Company 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 ("CIP")

CIP 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 assets incurred during the construction period. Construction in progress is not depreciated until such time that the assets are put into operational use.



Right-of-use (“ROU”) assets

ROU assets are included as part of property, plant and equipment. The Parent Company 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 Parent Company 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).

Value-Added Tax (“VAT”)

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

Investment in subsidiaries

The Parent Company’s investments in subsidiaries is accounted for using the cost method of accounting. A subsidiary is an entity in which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. An associate is an entity in which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating decision of the investee but is not in control or in joint control of those policies.

Investment in subsidiaries are carried in the Parent Company’s statements of financial position at cost less any impairment in value. The Parent Company recognizes income from its investments when its right to receive dividends is established. An assessment of the carrying value of investments is performed when there is an indication that the investments have been impaired.

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 to the Parent Company, the deposits for land acquisition shall be reclassified to land as part of either investment property or property, plant and equipment.

Impairment of Nonfinancial Assets

The Parent Company assesses at each reporting date whether there is an indication that these nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Parent Company estimates these nonfinancial assets’ recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the



asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period 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 Parent Company makes an estimate of recoverable amount. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the parent company statement 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 reduction to the APIC. If APIC is not sufficient, the excess is charged against the "Retained earnings" account.

Subscriptions Receivable

Subscriptions receivable represents unpaid portion of subscriptions and is presented as current assets when it is expected to be collected within 12 months after the financial reporting date. Otherwise, this is presented as reduction from equity.

Deposit for Future Stock Subscriptions

Deposit for future stock subscriptions represents funds received as payment for additional issuance of shares.

The Parent Company classifies a contract to deliver its additional equity instruments as a "Deposit for future stock subscriptions" if and only if, all of the following elements are present as of the reporting period:

- a. the unissued authorized capital stock of the Parent Company is insufficient to cover the amount of shares indicated in the contract;
- b. there is BOD's approval on the proposed increase in authorized capital stock;
- c. there is stockholders' approval of the said proposed increase; and
- d. the application for the approval of the proposed increase was presented for filing or has been filed with the SEC.



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 Parent Company 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.

Parent Company as a Lessee

The Parent Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Parent Company 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 Parent Company 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 Parent Company and payments of penalties for terminating a lease, if the lease term reflects the Parent Company 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 Parent Company 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 Parent Company 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 are 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 Parent Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Parent Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The 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 Parent Company 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 Parent Company 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 Parent Company 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, 2023 and 2022, the Parent Company does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Operating Segments

The Parent Company has no operating segments as it has not yet commenced its commercial operations as of December 31, 2023 and 2022.

Contingencies

Contingent liabilities are not recognized in the parent company 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 parent company 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 Parent Company’s position at the balance sheet date (adjusting events) are reflected in the parent company financial statements. Events after the financial reporting date that are not adjusting events are disclosed in the notes to parent company financial statements when material.

Future Changes in Accounting Policies

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



Effective beginning on or after January 1, 2024

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

The amendments clarify:

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

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

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

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts



On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

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*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Significant Accounting Estimate and Assumption

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

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 Parent Company assess to have significant risks arising from estimation uncertainties:

Judgment

In the process of applying the Parent Company'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 parent company financial statements. This judgment is based upon



management's evaluation of relevant facts and circumstances as of the date of the parent company 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 Parent Company has established that it has the ability to control its subsidiaries by virtue of 100% or a majority of the voting interest in the investee company.

Assessing Impairment of Deposits for Land Acquisition

The Parent Company 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, 2023 and 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 ₱1,550.3 million and ₱1,252.8 million as of December 31, 2023 and 2022, respectively (see Note 7).

Estimates

Estimating Useful Lives of ROU Assets

The Parent Company 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 ₱254.0 million and ₱281.5 million as of December 31, 2023 and 2022, respectively (see Notes 6 and 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 parent company 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 Parent Company'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 Parent Company'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 Parent Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Measurement of ECL

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 Parent Company in accordance with the contract and the cash flows that the Parent Company 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 Parent Company 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 Parent Company to identify whether the credit risk of financial assets has significantly increased.

No provision for ECL was recognized by the Parent Company for the year ended December 31, 2023 and for the six-month period ended December 31, 2022. The aggregate carrying values of cash and cash equivalents (excluding cash on hand), subscriptions receivable, due from related parties, bonds (included under other current assets) amounted to ₱12,188.2 million and ₱3,111.4 million as of December 31, 2023 and 2022, respectively (Notes 4, 5, 11, 12 and 16).

Estimating Impairment of Investments and deposits

The Parent Company performs an impairment review on its investments and deposits whenever an impairment indicator exists. This requires an estimation of the value in use of the investments.

Estimating the value in use requires the Parent Company to make an estimate of the expected future cash flows of the investments and to make use of a suitable discount rate to calculate the present value of those future cash flows. Management has determined that there are no events or circumstances that may indicate that the carrying amounts of the investments and deposits are not recoverable. Thus, no impairment loss was recognized in 2023 and 2022. The carrying amount of investments and deposits amounted to ₱9,204.8 million and ₱0.1 million as of December 31, 2023 and 2022, respectively (see Note 8).

Estimating Impairment of Nonfinancial Assets, other than Investments and deposits

The Parent Company 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 Parent Company considers important which could trigger an impairment review include the following:

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

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

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:

	2023	2022
Property, plant and equipment (Notes 6)	₱2,112,730,586	₱1,671,233,624
Deposits for land acquisition (Note 7)	1,550,289,326	1,252,773,959
Other noncurrent assets (Note 9)	152,764,152	136,395,146
	₱3,815,784,064	₱3,060,402,729

There were no indicators of impairment of nonfinancial assets for the year ended December 31, 2023 and for the six-month period from July 1, 2022 to December 31, 2022.

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 ₱28.0 million and ₱30.2 million as of December 31, 2023 and 2022, respectively (see Note 14). The Parent Company did not recognize deferred income tax assets on the carryforward benefits of unused net operating loss carryover ("NOLCO") amounting to ₱445.6 million and ₱251.0 million as of December 31, 2023 and 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

	2023	2022
Cash in banks and on hand	₱38,201,023	20,275,735
Short-term deposits	9,765,000,000	—
	₱9,803,201,023	₱20,375,735



Short-term deposits are made for varying periods of up to three (3) months and earn interest at the prevailing short-term deposit interest rates.

Cash in banks earn interest at the respective bank deposit rates. Total interest earned on cash in banks, net of final tax, amounted to ₱7.1 million and ₱2.4 million for the year ended December 31, 2023 and for the six-month period ended December 31, 2022, respectively.

Cash in banks include the balance of escrow account where the net proceeds of the Initial Public Offering (“IPO”) and Stock Rights Offering (“SRO”) are deposited. As provided in the escrow agreement, the escrow agent shall release to the Parent Company the offer proceeds within five (5) 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 (see Note 12).

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

	2023	2022
Deferred transaction costs (Note 12)	₱32,106,975	₱—
Bonds (Notes 16 and 20)	15,552,038	15,552,038
Prepaid premiums (Notes 13 and 20)	2,950,073	2,969,843
Others	1,529,428	66,130
	₱52,138,514	₱18,588,011

Bonds consist of:

Beneficiary	Contract	Term	Expiry Date	Amount
Angeles Electric Corporation (“AEC”)	Power Supply Agreement for 15 MW _p solar power project	Callable upon demand	August 10, 2024	₱15,000,000
Department of Agrarian Reform (“DAR”)	DAR conversion order	Refundable upon conversion of land and compliance with the conditions set forth in the DAR conversion order		552,038
Total				₱15,552,038

Others include advances to employees of SP Project Holdings that are subject for liquidation within 30 days.



6. Property, Plant and Equipment

	2023			
	Transportation Equipment	Construction in progress (Notes 1 and 15)	ROU Assets	Total
Cost:				
Balances at beginning of period	₱207,600	₱1,389,549,741	₱301,837,803	₱1,691,595,144
Additions (Notes 11 and 15)	–	468,996,069	–	468,996,069
Adjustments (Note 15)	–	–	(16,616,847)	(16,616,847)
Balances at end of the period	207,600	1,858,545,810	285,220,956	2,143,974,366
Accumulated depreciation, amortization and impairment losses:				
Depreciation and amortization (Note 13)	13,840	–	20,347,680	20,361,520
Amortization capitalized to CIP	41,520	–	5,168,385	5,209,905
Balances at end of period	–	–	5,672,355	5,672,355
Net book value	55,360	–	31,188,420	31,243,780
	₱152,240	₱1,858,545,810	₱254,032,536	₱2,112,730,586

	2022			
	Transportation Equipment	Construction in progress (Notes 1 and 15)	ROU Assets	Total
Cost:				
Balances at beginning of period	₱–	₱921,385,618	₱301,837,803	₱1,223,223,421
Additions (Notes 11 and 15)	207,600	468,164,123	–	468,371,723
Balances at end of period	207,600	1,389,549,741	301,837,803	1,691,595,144
Accumulated depreciation, amortization and impairment losses:				
Depreciation and amortization (Note 13)	–	–	14,927,309	14,927,309
Amortization capitalized to CIP	13,840	–	2,584,193	2,598,033
Balances at end of period	–	–	2,836,178	2,836,178
Net book value	13,840	–	20,347,680	20,361,520
	₱193,760	₱1,389,549,741	₱281,490,123	₱1,671,233,624

7. Deposits for Land Acquisition

Following is a summary of the deposits for land acquisition of the Parent Company:

Entity	2023		2022	
	Land Area (in hectares)	Deposit Paid	Land Area (in hectares)	Deposit Paid
Provincia Investments Corporation (“PIC”)	68.62	₱267,000,000	68.62	₱267,000,000
Lupang Hinirang Holdings Corporation (“LHHC”)	56.81	270,000,000	56.81	270,000,000
Various landowners	1,288.11	1,013,289,326	925.61	715,773,959
	1,413.54	₱1,550,289,326	1,051.04	₱1,252,773,959



Following is the movement in the Parent Company's deposits for land acquisition with various landowners are as follows:

	2023	2022
Balances at beginning of period	₱715,773,959	₱84,499,933
Additions	297,515,367	631,274,026
Balances at end of period	₱1,013,289,326	₱715,773,959

As of December 31, 2023 and 2022, the remaining balance amounting to ₱802.4 million and ₱819.8 million, respectively, will be payable when the conditions under the contracts to sell are satisfied.



8. Investments and Deposits

Except with respect to SP Holdings, Inc. (“SP Holdings”) and Terra Nueva, Inc. (“Terra Nueva”), which are investment holding entities, the rest of the investees has power generation as its primary purpose of business.

Except for Solar Philippines Calatagan Corporation (“SP Calatagan”) and Solar Philippines Tarlac Corporation (“SP Tarlac”), all other subsidiaries have not started operations. The following is a summary of the investments and deposits:

Investee	Percentage of Ownership		Amount invested	
	2023	2022	2023	2022
(a) Terra Solar Philippines, Inc. (TSPI)	100	—	₱6,026,010,374	₱—
(b) Solar Philippines Tarlac Corporation (SP Tarlac)	100	—	2,241,687,500	—
(c) Solar Philippines Calatagan Corporation (SP Calatagan) ¹	62	—	752,766,910	—
(d) Solar Philippines Rooftop Corporation (SP Rooftop)	100	—	100,750,000	—
(e) Solar Philippines Retail Electricity, Inc. (SPREI)	100	—	44,330,000	—
(f) Laguna Rooftop Solar Corporation (Laguna Rooftop)	100	—	32,401,203	—
(g) SP Holdings, Inc. (SP Holdings)	100	—	2,975,000	—
(h) Solar Philippines South Luzon Corporation (SP South Luzon)	100	—	1,007,500	—
(i) Solar Philippines Tarlac Baseload Corporation (SP Tarlac Baseload)	100	—	554,125	—
(j) Solar Philippines Batangas Corporation (SP Batangas)	100	—	453,375	—
(k) Solar Philippines Batangas Baseload Corporation (SP Batangas Baseload)	100	—	251,875	—
(l) Solar Philippines Central Visayas Corporation (SP Central Visayas)	100	—	251,875	—
(m) Solar Philippines Eastern Corporation (SP Eastern)	100	—	251,875	—
(n) Solar Philippines Southern Mindanao Corporation (SP Southern Mindanao)	100	—	251,875	—
(o) Solar Philippines Southern Tagalog Corporation (SP Southern Tagalog)	100	—	251,875	—
(p) Solar Philippines Visayas Corporation (SP Visayas)	100	—	251,875	—
(q) Solar Philippines Western Corporation (SP Western)	100	—	251,875	—
(r) Terra Nueva, Inc. (Terra Nueva)	100	100	100,000	100,000
			₱9,204,799,112	₱100,000

¹Economic interest is 100% after dividend to preferred stock



Acquisition of Solar Philippines Assets

On February 24, 2022, the BOD of the Parent Company approved the acquisition of 100% of the outstanding shares of SP Project Holdings and affiliates in various entities (“Solar Philippines Assets”)

In 2023, SPNEC executed several Deeds of Absolute Sale of Shares (“DOASS”) with certain affiliates for the following transactions:

Date	Counterparty	Asset Acquired	Consideration (in millions)
May 15, 2023	SP Project Holdings	SP Tarlac	₱2,241.7
		SP Rooftop	100.7
June 9, 2023		Solar Philippines Assets	80.0
June 29, 2023		SP Calatagan	502.8
November 20, 2023	Leandro L. Leviste	SP Calatagan	249.9

On November 9, 2023, SPNEC entered into a Deed of Donation and Acceptance with Countryside Investments Holdings Corporation ("Countryside"), whereby Countryside donated and conveyed all its rights and obligations in SP Holdings, Inc. (“SP Holdings”) to SPNEC. In 2023, the Parent Company recognized other income amounting to ₱2.9 million, equal to the market value of shares received by SPNEC.

On December 11, 2023, SPNEC and SP Project Holdings executed a deed of assignment wherein SP Project Holdings assigned to SPNEC all its rights, title and interest therein in relation to the ₱26.0 million deposit for future stock subscription in TSPI of SP Project Holdings.

Leandro L. Leviste is the major shareholder of SP Project Holdings and Countryside.

Prior to the transactions, SPNEC has no existing interests in and to the Solar Philippines Assets. The aforementioned acquisitions resulted in 100% interest in the Solar Philippines Assets, except for SP Calatagan, Laguna Rooftop, and SP Central Luzon in which SPNEC acquired 62%, 60%, and 1% interest, respectively and excluding preferred shares in SP Tarlac.

Acquisition of controlling interest in TSPI from Prime Infrastructure, Inc. (“Prime Infra”)

As provided under the Memorandum of Agreement (“MOA”) between SP Project Holdings and Prime Infra and Prime Metro Holdings Corporation (“Prime Metro”), SPNEC acquired Prime’s 50.01% interest in Terra Solar on December 11, 2023 for ₱6,000.0 million. Thereafter, Terra Solar became a wholly owned subsidiary of SPNEC.

Prior to the acquisition, SPNEC and Prime Infra has 49.99% and 50.01% interest, respectively, in TSPI. The foregoing acquisition was accounted for using acquisition method under PFRS 3, *Business Combination*. As of December 31, 2023, TSPI is a wholly owned subsidiary of SPNEC.

SP Calatagan

SP Calatagan is registered with the Board of Investments (“BOI”) entity. Under the provisions of Republic Act No. 9513, “Renewable Energy (“RE”) Act of 2008”, SP Calatagan shall be entitled to seven (7) years income tax holiday (“ITH”) from start of actual operations or two (2) months from the date of commissioning or testing, whichever comes earlier, duty-free importation of machineries for a period of 10 years and exemption from VAT, among others.



While all of the common shares of SP Calatagan are held by SPNEC and the preferred shares by KEPCO Philippines Holdings, Inc. (“KEPCO”), the voting interest is shared 62% and 38%, in favor of SPNEC. The preferred shares are voting, non-participating and earn cumulative dividends at ₱0.08 per share until December 31, 2035 subject to availability of retained earnings and approval of the BOD. These are convertible to common stock at the option of KEPCO through December 31, 2022 and at the option of SP Calatagan after December 31, 2035, provided the cumulative dividends are paid. Unpaid dividends are entitled to compounded interest at 9.5% per annum until fully paid. As at December 31, 2023, undeclared dividends on the SP Calatagan preferred shares amounted to ₱256.7 million, and accumulated interest recorded amounted to ₱11.0 million.

SP Calatagan owns and operates a 63.4 MW_{ac} solar photovoltaic (“PV”) facility situated in Calatagan, Batangas. It has an Energy Regulatory Commission (“ERC”) awarded Feed-in-Tariff (“FIT”) Certificate of Compliance (“COC”), which entitles SP Calatagan to a base FIT rate of ₱8.69 per kWh, subject to an annual escalation, to be approved by the ERC.

WESC

On December 23, 2019, SP Calatagan entered into WESC No. 2019-10-126 with the DOE granting SP Calatagan the exclusive right to explore, develop and utilize the wind energy resource with the contract area covering a total of 486 hectares. The WESC allows for five (5) years non-extendable term for pre-development within which the developer should be able to declare commerciality.

GEAP

On June 24, 2022, SP Calatagan was awarded as one of the winning bidders by the DOE on its First Green Energy Auction Round. SP Calatagan will supply the electricity from the 30 MW Calatagan Wind 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. SP Calatagan submitted a performance bond amounting to ₱571.1 million valid until August 1, 2024.

SP Tarlac

SP Tarlac is also registered with the BOI and is entitled to 7-year IT beginning September 12, 2019.

All of the common shares of SP Tarlac are held by SPNEC while all redeemable preferred shares totaling ₱1,500.0 million are held by Prime Metro. Such redeemable preferred shares are non-voting and entitled to cumulated fixed dividend at a rate of 12% per annum, subject to availability of retained earnings and approval of the BOD. These shares are redeemable at the option of SP Tarlac after five (5) years from issuance and convertible to common stock equivalent to 50% equity at the option of Prime Metro.

As at December 31, 2023, cumulative undeclared dividends amounted ₱589.9 million.

SP Rooftop

On December 14, 2022, the DOE awarded SP Rooftop with Solar Energy Operating Contract (“SEOC”) No. 2022-11-644, for the exclusive right to explore, develop and operate its 2.04 MW DMPI Bugo Solar Power Project. The SEOC has a contract period of 25 years and will expire on 2047. SP Rooftop shall develop, construct, install, commission, and operate the solar PV system within the period of the first five-year work program.

SP Batangas

On December 20, 2019, the DOE awarded SP Batangas with SESC No. 2019-02-500 for the exclusive right to explore and develop the Padre Garcia Solar Power Project. SP Batangas shall undertake exploration, assessment, harnessing, piloting and other studies of Solar Energy resources in Lipa City and Padre Garcia, Batangas. The SESC allows for two (2) years non-extendable term for



pre-development within which SP Batangas should be able to declare commerciality.

SP Batangas Baseload

On August 22, 2017, SPCRPI, an affiliate of the SP Batangas Baseload, was awarded the SESC No. 2017-05-384 for the exclusive right to explore and develop the Balayan Solar Power Project, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Balayan and Calaca, Batangas. On May 26, 2021, SPCRPI executed a Deed of Assignment transferring all his rights and obligations to SP Batangas Baseload. As of April 12, 2024, SP Batangas Baseload is still awaiting for the acknowledgment and approval from the DOE of the Deed of Assignment between SPCRPI and SP Batangas Baseload.

SP Central Visayas

On February 9, 2017, SPCRPI, an affiliate of SP Central Visayas, was awarded SESC No. 2017-02-364 for the exclusive right to explore and develop the Medellin Solar Power Project, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Medellin, Cebu. On March 23, 2022, SPCRPI executed a Deed of Assignment transferring all his rights and obligations to SP Central Visayas. On March 23, 2022, SP Central Visayas has submitted to the DOE the necessary documents for the transfer of the SESC under the name of SP Central Visayas. As of April 12, 2024, SP Central Visayas is still awaiting for the acknowledgment and approval from the DOE of the Deed of Assignment between SPCRPI and SP Central Visayas.

SP Eastern

On April 11, 2019, SPCRPI, an affiliate of SP Eastern, was awarded SESC No. 2018-03-479 for the exclusive right to explore and develop the Tayabas Solar Power Project, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Tayabas, Quezon. On March 23, 2022, SPCRPI executed a Deed of Assignment transferring all its rights and obligations to the Tayabas Solar Power Project. On March 23, 2022, SP Eastern has submitted to the DOE the necessary documents for the transfer of the SESC under the name of SP Eastern. As of April 12, 2024, SP Eastern is still awaiting for the acknowledgment and approval from the DOE on the Deed of Assignment between SPCRPI and SP Eastern.

SPREI

Under Section 30 of Electric Power Industry Reform Act of 2001 (“EPIRA”), the ERC may authorize entities to become eligible as members, either directly or indirectly, of the Wholesale Electricity Spot Market (WESM). All generating companies, distribution utilities, suppliers, bulk consumers/end-users and other similar entities authorized by the ERC, whether direct or indirect members of the WESM shall be bound by the WESM spot market rules with respect to transactions in the market.

On February 18, 2020, SPREI was registered with Philippine Electricity Market Corporation (PEMC) as Direct Member - RES Category.

SP Southern Mindanao

On December 23, 2019, SPCRPI, an affiliate of SP Southern Mindanao, was awarded SESC No. 2019-05-514 for the exclusive right to explore and develop the General Santos Solar Power Project, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in General Santos City, South Cotabato. On March 23, 2022, SPCRPI executed a Deed of Assignment transferring all its rights and obligations to the General Santos Solar Power Project. On March 23, 2022, SP Southern Mindanao applied with the DOE for the transfer of the SESC under the name of SP Southern Mindanao. As of April 12, 2024, SP Southern Mindanao is still awaiting for the acknowledgment and approval from the DOE on the Deed of Assignment between SPCRPI and SP Southern Mindanao.



SP Southern Tagalog

On April 11, 2019, SPCRPI, an affiliate of SP Southern Tagalog, was awarded SESC No. 2018-03-477 for the exclusive right to explore and develop the Cabatang Tiaong Solar Power Project, wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Cabatang Tiaong, Quezon. On March 23, 2022, SPCRPI executed a Deed of Assignment transferring all his rights and obligations to SP Southern Tagalog. On the same date, SP Southern Tagalog has submitted to the DOE the necessary documents for the transfer of the SESC under the name of SP Southern Tagalog. As of April 12, 2024, SP Southern Tagalog is still awaiting for the acknowledgment and approval from the DOE of the Deed of Assignment between SPCRPI and SP Southern Tagalog.

SP South Luzon

The following SESCOs were awarded to SP South Luzon.

<u>SESC No.</u>	<u>Award Date</u>	<u>Project Name</u>
2019-10-531	December 20, 2019	Binangonan and Cardona, Rizal and Laguna de Bay Solar Power Project
2019-05-513	December 23, 2019	Pili and Naga City, Camarines Sur Solar Power Project

SP Tarlac Baseload

On July 18, 2017, SPCRPI, an affiliate of SP Tarlac Baseload, was awarded SESC No. 2017-05-385 for the exclusive right to explore and develop the Calamba-Tanauan Solar Power Project, wherein the SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Tarlac City and La Paz, Tarlac. On May 26, 2021, SPCRPI executed Deed of Assignment transferring all his rights and obligations to SP Tarlac Baseload. As of April 12, 2024, Tarlac Baseload is still awaiting for the acknowledgment and approval from the DOE of the Deed of Assignment between SPCRPI and SP Tarlac Baseload.

SP Visayas

On December 27, 2019, the DOE awarded SP Visayas with SESC No. 2019-05-512 for the exclusive right to explore and develop the Kananga-Ormoc Solar Power Project, wherein SP Visayas shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Kananga and Ormoc City, Leyte. Further, on that same day, the DOE issued and approved a COR under the name of SP Visayas which recognizes SP Visayas as a RE developer.

GEAP

In 2022, the SP Visayas was awarded as one of the winning bidders by the DOE for the first round of the GEAP, which promotes the acceleration of renewable energy systems and the promotion and commercialization of its application, encourage free and active private sector participation and investment in all energy activities, and provide adequate capacity to meet demand. SP Visayas submitted a surety bond, as part of the bidding requirements.



TSPI

TSPI was incorporated and registered with the SEC on June 21, 2021 primarily to generate and supply solar energy. The following SESC were awarded to SPCRPI, an affiliate of TSPI.

SESC No.	Award Date	Project Name
2017-02-365	February 9, 2017	100 MW Iba-Palauig 1
2017-06-421	August 22, 2017	100 MW Maragondon-Naic 1
2017-06-407	August 22, 2017	140 MW San Ildelfonso, Bulacan
2017-06-405	August 22, 2017	140 MW San Rafael 1 Bulacan
2017-07-434	April 11, 2019	100 MW Santa Rosa Nueva Ecija

On June 30, 2021, SPCRPI executed a Deed of Assignment transferring all its rights and obligations to TSPI. On March 27, 2023, TSPI applied with the DOE for the approval of the assignment of the SESCOs. As of April 12, 2024, TSPI awaits the approval of DOE.

Laguna Rooftop

Laguna Rooftop was incorporated and registered with the SEC on July 6, 2021, primarily to engage in the development, financing, construction, testing, operation, maintenance and ownership of rooftop solar electricity generation projects tendered by Mitsubishi Motors Philippines Corporation (“MMPC”) and its subsidiary, Asian Transmission Corporation (“ATC”).

The following SEOCs were awarded to Laguna Rooftop. Each SEOC has a contract period of 25 years and will expire on 2047.

SEOC No.	Award Date	Project Name	Capacity (“MW_p”)
2022-03-618	April 5, 2022	ATC Solar Power Project	1.752
2022-05-623	June 9, 2022	MMPC Phase 1 Solar Power Project	4.097
2022-05-624	June 10, 2022	MMPC Phase 2 Solar Power Project	0.130

The BOI approved Laguna Rooftop’s registration as RE Developer for the following projects:

Award Date	Project Name	Capacity (“MW_p”)
December 19, 2022	ATC Solar Power Project	1.752
January 16, 2023	MMPC Phase 2 Solar Power Project	0.130
August 24, 2023	MMPC Phase 1 Solar Power Project	4.096

The BOI certifications served as the basis of entitlement to incentives under RA No. 9513, otherwise known as the Renewable Energy Act of 2008, which grants Laguna Rooftop ITH for a period of seven (7) years from the start of its commercial operation, duty free importation of machineries for ten (10) years, and zero-rated VAT among others.

On November 24, 2023, Laguna Rooftop received the Distributed Energy Resources Certificate of Compliance (“COC”) from the ERC. On January 8, 2024, the ATC solar power project started its commercial operations.

As of December 31, 2023, Laguna Rooftop is still in the process of securing the related COC from the ERC for the MMPC solar power projects.

SP Holdings

SP Holdings was incorporated and registered with the SEC on June 9, 2021 and registered with the BIR on July 9, 2021, primarily to invest in, hold, use, sell, transfer, mortgage, pledge, exchange, or



otherwise dispose of assets. SP Holdings was formed to carry on and manage the general business of any company, except as a stockbroker or dealer in securities.

Terra Nueva

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

9. Other Noncurrent Assets

	2023	2022
Input VAT	₱135,117,799	₱126,640,015
Deferred input VAT	2,084,703	480,000
Others (Note 15)	15,689,818	9,403,299
	152,892,320	136,523,314
Less allowance for impairment of input VAT	(128,168)	(128,168)
	₱152,764,152	₱136,395,146

Others include lease security deposits and payments to various landowners in relation to easement and right-of-way which amounted to ₱6.3 million in 2023.

10. Accounts Payable and Other Liabilities

	2023	2022
Accounts payable:		
Related parties (Note 11)	₱16,972,319	₱15,039,314
Third parties	10,296,887	—
Accrued expenses	21,384,894	2,436,359
Withholding tax payable	1,737,607	24,798,615
Other payables	6,752	43,783
	₱50,398,459	₱42,318,071

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 include 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 Parent Company 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.



Following are the Parent Company's related party transactions and the related outstanding balances for the year ended December 31, 2023 and for the period from July 1, 2022 to December 31, 2022 and the related outstanding balances as of December 31, 2023 and 2022:

	Transactions during the periods ended		Outstanding balance as of December 31		Terms	Conditions
	December 31, 2023	December 31, 2022	2023	2022		
	(One Year)	(Six Months)				
Deposit for land acquisition (Note 7)						
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		
Due from related parties						
<i>Subsidiaries</i>						
Terra Nueva	₱501,836,973	₱1,603,059,243	₱2,102,481,494	₱1,603,059,243	Due and demandable; non-interest bearing	Unsecured; Not impaired
SP Holdings	–	251,890,000	220,050,000	793,590,000	-do-	-do-
SP Rooftop	12,550,000	–	12,550,000	–	-do-	-do-
SP Batangas						
Baseload	3,200,000	–	3,200,000	–	-do-	-do-
SP Eastern	20,000	–	20,000	–	-do-	-do-
SP Visayas	11,000	–	11,000	–	-do-	-do-
SP Batangas	1,000	–	1,000	–	-do-	-do-
			2,338,313,494	2,396,649,243		
<i>Affiliates</i>						
SPCRPI	2,100,000	19,098,320	21,198,320	19,098,320	Due and demandable; non-interest bearing	Unsecured; Not impaired
SP Project Holdings	–	8,700,000	8,700,000	8,700,000	-do-	-do-
SPCLC	5,000	–	5,000	–	-do-	-do-
			29,903,320	27,798,320		
			₱2,368,216,814	₱2,424,447,563		
Due to a related party						
SP Project Holdings	₱326,103,072	₱–	₱129,833,301	₱22,770,229	Due and demandable; non-interest bearing	Unsecured
Accounts payable (Note 10)						
SMSC	₱43,630,045	₱23,450,790	₱6,814,619	₱2,339,094	Management fee Construction support services	Unsecured; Due and demandable; non-interest bearing
SP Project Holdings	36,000,000	68,000,000	5,880,000	–	-do-	-do-
SP Project Holdings	26,040,000	12,800,000	4,277,700	12,700,000	Management fee	-do-
			₱16,972,319	₱15,039,094		

a. SP Project Holdings

Deed of Assignment with SP Project Holdings

On January 11, 2021, a Deed of Assignment was entered into by the Parent Company, as the assignee, and SP Project Holdings, as the assignor, whereby, SP Project Holdings 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 SP Project Holdings

On April 30, 2021, the Parent Company entered into a MSA with SP Project Holdings 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, 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 SP Project Holdings at no cost to the Parent Company. Starting May 2021, the key administrative and finance functions are performed by SP Project Holdings through the MSA.

Management fee recognized for the year ended December 31, 2023 and for the six-month period from July 1, 2022 to December 31, 2022 amounted to ₱26.0 million and ₱12.8 million, respectively, presented as “Management fee” under “Expenses” in the parent company statements of comprehensive income (see Note 13).

Construction Support Services Agreement (“CSSA”) with SP Project Holdings

On September 30, 2022, the Parent Company entered into a CSSA with SP Project Holdings wherein SP Project Holdings shall provide support services, including engineering, procurement and construction (“EPC”), logistics, warehousing and other contractor-related services during the construction of the NE 2 Project.

Construction support services recognized for the year ended December 31, 2023 and for the six-month period ended December 31, 2022, amounted to ₱36.0 million, and ₱68.0 million, respectively, which were capitalized as part of CIP (see Note 6).

Intercompany Advance Agreement (“IAA”) with SP Project Holdings and Terra Nueva

On May 5, 2023, the BOD of SPNEC approved the authority to enter in a loan arrangement with SP Project Holdings in which SP Project Holdings may lend to SPNEC an amount up to the net proceeds of the Share Purchase Agreement with MPIC (net of taxes, costs, and fees), under the terms and conditions approved and recommended for board approval by the Related Party Transactions Committee of SPNEC, and the proposed on-lending from SPNEC to Terra Nueva of the proceeds of this loan.

On June 2023, SPNEC entered into an IAA with SP Project Holdings whereby SP Project Holdings shall extend a loan to SPNEC wherein the latter shall exclusively use the proceeds of the loan for on-lending to Terra Nueva. Per IAA, SPNEC shall not directly or indirectly use the proceeds of the Loan for any other purpose without SP Project Holdings’ prior written consent. The IAA shall have a term of one (1) year, subject to extension mutually agreed by the parties.

On the same date, SPNEC entered into an IAA with Terra Nueva whereby SPNEC shall extend a loan to Terra Nueva wherein the latter shall exclusively use the proceeds to acquire the Project Land, as defined in the IAA. Per IAA, Terra Nueva shall not directly or indirectly use the



proceeds of the Loan for any other purpose without the Lender's prior written consent. The IAA shall have a term of one (1) year, subject to extension mutually agreed by the parties.

In 2023, SPNEC received advances from SP Project Holdings which were then subsequently advanced to Terra Nueva amounting to ₱300.0 million.

Deed of Assignment of deposit with SP Project Holdings

On December 11, 2023, SPNEC and SP Project Holdings executed a Deed of Assignment wherein the latter assigned all its rights, title and interest to the former in relation to the ₱25.96 million deposit for future stock subscription in TSPI (see Note 8). In 2023, the Parent Company recognized other income amounting to ₱25.96 million presented as part of "Other income - net" in the parent company statements of income.

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 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 SP Project Holdings wherein SP Project Holdings 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, SP Project Holdings 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 parent company 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 NE 2 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 CIP (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 NE 2 Project.

Manpower services recognized for the year ended December 31, 2023 and for the six-month period ended December 31, 2022, amounted to ₱43.6 million and ₱23.5 million, respectively, which was capitalized as part of CIP (see Note 6).

12. Equity

Capital Stock and Additional Paid-in Capital

The details of the Parent Company’s capital stock as of December 31, 2023 and 2022 are as follows:

	2023		2022	
	Shares	Amount	Shares	Amount
Common shares – ₱0.1 par value per share				
Balances at beginning of year	10,000,000,000	₱1,000,000,000	10,000,000,000	₱1,000,000,000
Increase in authorized capital stock	40,000,000,000	4,000,000,000	—	—
Balances at end of year	50,000,000,000	₱5,000,000,000	10,000,000,000	₱1,000,000,000
Issued and outstanding:				
Balances at beginning of year	10,000,000,000	₱1,000,000,000	8,124,350,005	₱812,435,001
Issuance of shares	24,373,050,000	2,437,305,000	1,875,649,995	187,564,999
Balances at end of year	34,373,050,000	₱3,437,305,000	10,000,000,000	₱1,000,000,000

IPO

On December 17, 2021, the Parent Company completed its IPO and was listed in the PSE under the stock symbol “SPNEC”.

SRO

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 per share. The Parent Company offered the option to pay in installments, with a down payment of 25% and the balance of 75% within three (3) months of the offer period. This resulted to in 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 (3) months, from December 5, 2022 to March 5, 2023.

As of December 31, 2023 and 2022, subscriptions receivable resulting from those that subscribed on installment payment amounted to ₱1.3 million and ₱651.1 million, respectively. As of April 12, 2024, 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.



First Increase in Authorized Capital Stock

On June 1, 2023, the SEC approved the Parent Company's application for increase in authorized capital stock from ₱1.0 billion divided into 10.0 billion common shares at ₱0.10 per share, to ₱5.0 billion divided into 50.0 billion common shares at ₱0.10 per share.

Investment by MPIC

On March 27, 2023, MPIC entered into a Share Purchase Agreement ("SPA") with SP Project Holdings to acquire its rights, title and interest in and to SPNEC for a total of 1,600.0 million common shares (Sale Shares) for a total consideration of ₱2,000.0 million. MPIC paid the total consideration on May 10, 2023.

On May 5, 2023, SPNEC entered into an Option Agreement with SP Project Holdings and MPIC, which grants the MPIC Group the option to acquire up to 17,400.0 million shares of 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 first increase in authorized capital stock from 10,000.0 million to 50,000.0 million shares. Together with the initial acquisition by MPIC from SP Project Holdings 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. The Option Agreement was terminated on October 12, 2023.

Subscription Agreement with SP Project Holdings

On May 10, 2023, SPNEC received ₱2,437.3 million from SP Project Holdings for the subscription of 24,373.05 million common shares at ₱0.10 par value.

In 2023, transaction costs incurred amounting to ₱34.9 million were presented as a direct charge against "Deficit".

Capital Infusion

In 2023, SPNEC received cash infusion from SP Project Holdings amounting to ₱775.0 million as additional paid-in capital to SP Project Holdings' existing subscription in SPNEC. This was recognized as additional paid-in capital under equity.

Second Increase in Authorized Capital Stock

At its October 11, 2023 meeting, the BOD of the Parent Company approved the following:

- a. Amendment of its Articles of Incorporation to increase its authorized capital stock from 50 billion common shares with par value of ₱0.10 per share to 75 billion common shares with par value of ₱0.10 per share and 25 billion preferred shares with par value of ₱0.01 per share, divided into Class A preferred shares and Class B preferred shares.
 - i. The BOD shall determine: (a) the features of the Class A preferred shares (whether voting or non-voting) at each issuance of the Class A preferred shares; (b) the frequency of issuance of Class A preferred shares (which may be issued in one or more series), and (c) the preference as to redemption, dividends and other preferences for each issuance of Class A preferred shares. The Class A preferred shares shall not have pre-emptive rights over other issuances or re-issuance of preferred shares or common shares.
 - ii. Class B preferred shares shall be (a) voting; (b) non-cumulative; (c) not entitled to any economic returns or dividends; (d) redeemable at the option of the Parent Company, at issue price, at such terms and conditions as may be determined by the BOD (and shall be immediately retireable upon redemption thereof); and (e) in the event of the liquidation, dissolution or winding up of the Parent Company (whether voluntary or involuntary), Class



B preferred shares shall have preference over the common shares in respect of the assets of the Parent Company available for distribution after payment of the liabilities of the Parent Company;

- b. Authorization to execute an agreement for an investor to subscribe to shares in the Parent Company to support the above-mentioned increase in authorized capital stock.
- c. Conduct of a Follow-On Offering with an aim to support the expansion of the Parent Company's project portfolio and increase the public ownership of its shares.

These were subsequently approved by the stockholders of the Parent Company on December 4, 2023.

In 2023, Parent Company paid filing fees amounting to ₱32.1 million, which was presented as "Deferred transaction costs" under "Other current assets" (see Note 5). This shall be reclassified to retained earnings upon approval of the Parent Company's second increase in authorized capital stock and issuance of shares.

On January 17, 2024, the SEC approved the Parent Company's application for increase in authorized capital stock.

Investment by MGreen

On October 12, 2023, SPNEC and SP Project Holdings entered into an Option Agreement with MGen which grants MGen the option to subscribe, out of the second increase in authorized capital stock, (i) 15.7 billion common shares with par value of ₱1.0 per share and (ii) 19.4 billion preferred shares with par value of ₱0.01 per share for a total subscription price of ₱15.9 billion. The BOD of the Parent Company shall comprise of nine (9) directors, wherein MGen shall elect five (5) directors and SP Project Holdings is allowed to elect no more than two (2) directors. On the same date, MGen, by virtue of a Deed of Assignment and Assumption, assigned all its rights and obligations under the Option Agreement to MGreen.

On November 30, 2023, SPNEC entered into a Subscription Agreement with MGreen to subscribe (i) 15.7 billion common shares with par value of ₱1.0 per share and (ii) 19.4 billion preferred shares with par value of ₱0.01 per share for a total subscription price of ₱15.9 billion. On December 27, 2023, MGreen completed the acquisition of 50.53% voting equity interest of SPNEC with the full payment of the common and redeemable voting preferred shares subscription price.

On December 6, 2023, the Parent Company filed its application for the aforementioned increase in authorized capital stock with the SEC. As of December 31, 2023, the Parent Company presented the cash subscription amounting to ₱15.9 billion as "Deposits for future stock subscription" under Equity. On January 17, 2024, upon the SEC's approval of the application for increase in authorized capital stock, the subscribed shares were issued to MGreen.

Pledge of Parent Company's Shares owned by SP Project Holdings

On June 25, 2021, SP Project Holdings executed a pledge over all the Parent Company's shares it holds to secure a loan by its affiliate, PIC, from ACEN Corporation (formerly AC Energy Corporation; "ACEN"). ACEN is a corporation organized in the Republic of the Philippines, and its shares are listed in the PSE under the stock symbol "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, SP Project Holdings executed definitive agreements with ACEN to provide 500 million common shares of SPNEC as prepayment 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 SP Project Holdings in SPNEC.

13. Expenses

	2023 (One Year)	2022 (Six Months)
Professional fees	₱58,516,278	₱6,001,289
Management fee (Note 11)	26,040,000	12,800,000
Taxes and licenses	17,424,371	3,972,856
Interest accretion of lease liabilities (Note 15)	9,241,144	4,532,695
Rentals	8,046,250	20,500
Depreciation and amortization (Notes 6 and 15)	5,209,905	2,598,033
Insurance (Note 5)	5,183,160	2,121,316
Penalties and surcharges	3,266,040	818,909
Supplies	148,995	1,220,327
Others	7,412,025	4,039,417
	₱140,488,168	₱38,125,342

Other expenses include notarial fees, trust fees, utilities, advertising expenses and travel expenses.

14. Income Taxes

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

	2023 (One Year)	2022 (Six Months)
Income tax benefit at statutory income tax rate of 10%	(₱10,407,705)	(₱3,573,708)
Adjustments for:		
Movements in unrecognized deferred income tax assets	20,403,105	7,402,641
Nondeductible expenses	578,404	127,589
Interest income subject to final tax	(710,469)	(238,826)
Transaction costs charged to APIC and retained earnings	(6,060,520)	(3,452,558)
Nontaxable income	(2,886,000)	—
	₱916,815	₱265,138

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

	2023	2022
Deferred income tax asset on lease liability	₱28,039,910	₱30,219,583
Deferred income tax liability on ROU asset	(18,748,903)	(20,018,457)
Net deferred income tax asset	₱9,291,007	₱10,201,126



As of December 31, 2023, the Parent Company has NOLCO for which no deferred income tax assets have been recognized as follows:

Period Incurred	Valid Until	Amount
January 1 to December 31, 2023	December 31, 2026	₱194,599,519
July 1, 2022 to December 31, 2022	December 31, 2025	64,803,534
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
		₱445,556,763

The movements in NOLCO are as follows:

	2023 (One Year)	2022 (Six Months)
Balances at beginning of period	₱250,957,244	₱190,618,674
Additions	194,599,519	64,803,534
Expirations	–	(4,464,964)
Balances at end of period	₱445,556,763	₱250,957,244

No deferred income tax asset was recognized on the carryforward benefits of NOLCO as of December 31, 2023 and 2022 amounting to ₱445.6 million and ₱251.0 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 Regulation (“RR”) No. 25-2020 implementing Section 4 (bbb) 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.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Parent Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

15. Leases

- a. 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.
- b. On January 11, 2021, a Deed of Assignment was entered between the Parent Company, as the assignee, and SP Project Holdings, as the assignor, whereby, SP Project Holdings 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.

- 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 (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.
- d. Lease liabilities as of December 31, 2023 and 2022 are as follows:

	2023*	2022
Balances at beginning of period	₱303,138,420	₱293,878,848
Adjustments	(16,616,847)	—
Interest expense capitalized to CIP*	9,894,775	4,726,877
Interest expense (Note 13)	9,241,144	4,532,695
Payments	(14,647,543)	—
Total lease liabilities	291,009,949	303,138,420
Current portion of lease liabilities	4,490,610	4,538,676
Noncurrent portion of lease liabilities	₱286,519,339	₱298,599,744

*Incurred during the construction period (see Notes 1 and 6)

- e. The following are the amounts recognized for the year ended December 31, 2023 and for the six-month period ended December 31, 2022 in the parent company statements of comprehensive income:

	2023 (One Year)	2022 (Six Months)
Interest accretion of lease liabilities	₱9,241,144	₱4,532,695
Amortization of ROU assets (Note 6)	5,168,384	2,584,193
Expenses related to leases of low value assets (included in Expenses, Note 13)	8,046,250	20,500
Total amounts recognized in the parent company statements of comprehensive income	₱22,455,778	₱7,137,388

- f. As of April 12, 2024, 352.42 hectares of leased lands have DAR order, out of which 169.9 hectares are with DAR Certificate of Finality Order.

16. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

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



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

The Parent Company has exposure to liquidity 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 Parent Company, which comprise cash in banks, subscriptions receivable, due from related parties, and bonds, the Parent Company's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments as of December 31, 2023 and 2022, are as follows:

	2023	2022
At amortized cost:		
Cash and cash equivalents*	₱9,803,101,023	₱20,275,735
Bonds**	15,552,038	15,552,038
Subscriptions receivable	1,319,056	651,115,661
Due from related parties	2,368,216,814	2,424,447,563
	₱12,188,188,931	₱3,111,390,997

*Excluding cash on hand

**Included in other current assets

Cash and cash equivalents

For cash and cash equivalents, the Parent Company 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 Parent Company'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 Parent Company 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, bonds

The Parent Company'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 Parent Company has assessed that the outstanding balances are exposed to low credit risk. ECL on these balances have therefore been assessed as insignificant.



As of December 31, 2023 and 2022, the aging analysis per class of financial assets were past due is as follows:

2023

	Neither past due nor impaired	Past due but not impaired			Total
		Less than 30 days	31 to 60 days	More than 60 days	
Cash and cash equivalents*	₱9,803,101,023	₱—	₱—	₱—	₱9,803,101,023
Subscriptions receivable	1,319,056	—	—	—	1,319,056
Due from related parties	2,368,216,814	—	—	—	2,368,216,814
Bonds**	15,552,038	—	—	—	15,552,038
	₱12,188,188,931	₱—	₱—	₱—	₱12,188,188,931

*Excluded cash on hand

**Included in other current assets

2022

	Neither past due nor impaired	Past due but not impaired			Total
		Less than 30 days	31 to 60 days	More than 60 days	
Cash and cash equivalents*	₱20,275,735	₱—	₱—	₱—	₱20,275,735
Subscriptions receivable	651,115,661	—	—	—	651,115,661
Due from related parties	2,424,447,563	—	—	—	2,424,447,563
Bonds**	15,552,038	—	—	—	15,552,038
	₱3,111,390,997	₱—	₱—	₱—	₱3,111,390,997

*Excluded cash on hand

**Included in the other current assets account

Liquidity risk

Liquidity risk is the risk that the Parent Company will not be able to meet its financial obligations as they fall due. The Parent Company'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 Parent Company's credit standing.

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



The tables below show the maturity profile as of December 31, 2023 and 2022 of the Parent Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	2023				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Financial assets at amortized cost:					
Cash and cash equivalents ¹	₱9,803,101	₱—	₱—	₱—	₱9,803,101
Subscriptions receivable	1,319	—	—	—	1,319
Due from related parties	2,368,217	—	—	—	2,368,217
Bonds	15,552	—	—	—	15,552
	₱12,188,189	₱—	₱—	₱—	₱12,188,189
(Forward)					
Financial liabilities at amortized cost:					
Accounts payable	₱27,269	₱—	₱—	₱—	₱27,269
Accrued expenses	21,385	—	—	—	21,385
Due to a related party	129,833	—	—	—	129,833
Lease liabilities ²	—	9,940	82,815	520,821	613,576
	₱178,487	₱9,940	₱82,815	₱520,821	₱792,063

¹Excluding cash on hand

²Includes future interest 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 and cash equivalents ¹	₱20,276	₱—	₱—	₱—	₱20,276
Subscriptions receivable	651,116	—	—	—	651,116
Due from related parties	2,424,448	—	—	—	2,424,448
Bonds	15,552	—	—	—	15,552
	₱3,111,392	₱—	₱—	₱—	₱3,111,392
Financial liabilities at amortized cost:					
Accounts payable	₱15,039	₱—	₱—	₱—	₱15,039
Accrued expenses	2,436	—	—	—	2,436
Due to a related party	22,770	—	—	—	22,770
Lease liabilities ²	4,539	4,539	101,981	567,270	678,329
	₱44,784	₱4,539	₱101,981	₱567,270	₱718,574

¹Excluding cash on hand

²Includes future interest payments

Fair Value and Category of Financial Instruments

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

Cash and cash equivalents (excluding cash on hand), subscriptions receivable, due from related parties, bonds (included under other current assets), accounts payable and other liabilities (excluding government payables) 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 Parent Company'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 7.06% to 9.35% and 8.59% as at December 31, 2023 and 2022, respectively. The fair value of the lease liabilities amounted to ₱261.7 million and ₱233.1 million as of December 31, 2023 and



2022 respectively, while the carrying value of the lease liabilities amounted to ₱291.0 million and ₱303.1 million as of December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the fair value of lease liabilities are measured using Level 3 valuation technique, and there were no transfers into and out of Level 3 fair value measurements.

Capital Management

The Parent Company 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 Parent Company may issue new shares. No significant changes have been made in the objectives, policies and processes of the Group for the year ended December 31, 2023 and for the six-month period ended December 31, 2022.

The Parent Company considers the following as its core capital:

	2023	2022
Capital stock	₱3,437,305,000	₱1,000,000,000
Additional paid-in capital	5,713,764,409	4,938,722,430
Deficit	(261,603,554)	(121,718,325)
	₱8,889,465,855	₱5,817,004,105

As of December 31, 2023 and 2022, the Parent Company 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:

	2023 (One Year)	2022 (Six Months)
(a) Net loss attributable to equity holders of the Parent Company	₱104,993,864	₱36,002,217
(b) Weighted average number of common shares outstanding	24,217,612,500	9,374,783,335
Basic/diluted loss per share (a/b)	₱0.0043	₱0.0038

The Parent Company does not have any dilutive potential common shares as at December 31, 2023 and 2022.

18. **Significant Laws**

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.

Department Circular No. 2022-11-0034

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, 2023

	December 31, 2022	Cash flows	Others	December 31, 2023
Due to a related party	₱22,770,229	₱361,103,072	(254,040,000)	₱129,833,301
Lease liabilities	303,138,420	(14,647,543)	2,519,072	291,009,949
Total liabilities from financing activities	₱325,908,649	₱346,455,529	(251,520,928)	₱420,843,250

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



20. Contracts and Commitments

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. ("TRHI") and its associated developments to SP Holdings, given that SP Holdings is a shareholder in TRHI and that SP Holdings 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 NE 2 Project and would form part of the expansion of the Parent Company's projects.

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

On February 7, 2022, the Parent Company secured a 10-year Offtake Agreement with AEC, a distribution utility in Pampanga Province, under which the Parent Company will supply AEC 97.8 MWh daily, representing a portion of the NE 2 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.

On January 23, 2023, the Parent Company and AEC jointly filed the PSA with the ERC. As of April 12, 2024, 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 August 10, 2024.

As of December 31, 2023 and 2022, performance bond amounted to ₱15.0 million was presented as part of "Bonds" under "Other current assets" in the parent company 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 280MW_{dc} NE 2 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. Also, the Parent Company submitted a performance bond amounting to ₱2,765.8 million valid until August 1, 2024.

Total premiums paid by the Parent Company were ₱5.0 million and ₱5.1 million in 2023 and 2022, respectively. The unamortized portion of the premium included as prepaid premium amounted to ₱3.0 million as of December 31, 2023 and 2022, respectively.

Memorandum of Agreements (“MOA”) between SP Project Holdings, Prime Infra and Prime Metro

On February 9, 2023, the BOD of SPNEC approved the MOAs between SP Project Holdings, Prime Infra and Prime Metro for their joint ventures in TSPI, Solar Tanauan Corporation (“Solar Tanauan”), and SP Tarlac. The MOAs cover the following:

- a. Amendments to the Shareholders’ Agreement of TSPI between SP Project Holdings and Prime Infra 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 MW_{ac} Mid-Merit PSA with 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 SP Project Holdings to Prime Infra for ₱1.0 billion upon execution of the agreements, which would result in Prime Infra 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 MW_{ac}, has secured over 140 hectares of land, and is currently under construction.
- c. Redemption or purchase of preferred shares in SP Tarlac of Prime Infra by SP Tarlac or SP Project Holdings for ₱1.5 billion plus accrued dividends on or before March 31 2024, which, with additional equity, would result in SP Project Holdings (or SPNEC after the share swap) owning 100% of SP Tarlac. SP Tarlac has a PSA with Meralco for 85 MW_{ac}, has secured over 140 hectares of land, and currently has 100 MW operating and 50 MW under construction.

Terms of the MOAs applied to SPNEC upon the completion of its share swap with SP Project Holdings.

Deed of Assignment between SP Project Holdings and SPNEC

On May 16, 2023, a Deed of Assignment was entered between the Parent Company, as the assignee, and SP Project Holdings, as the assignor, whereby the latter assigned all its rights and obligations under the February 9, 2023 MOA with SP Project Holdings, Prime Infra, Prime Metro and SP Tarlac, including but not limited to SP Project Holdings’ right to purchase Prime Metro’s preferred shares in SP Tarlac on or before March 31 2024.



21. Supplementary Information Required Under Revenue Regulation (RR) No. 15-2010

The Parent Company reported and accrued/paid the following types of taxes in 2023:

VAT

The Parent Company's sales are subject to output VAT while its purchases of goods and services from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

- a. Taxable receipts and output VAT for 2023 amounted to ₱446,429 and ₱53,571, respectively.
- b. The amount of input VAT claimed is broken down as follows:

Balance as of January 1	₱126,640,015
Domestic purchase of services	8,531,355
Total	135,171,370
Application against output VAT	(53,571)
Balance as of December 31	₱135,117,799

Taxes and Licenses

SEC regulatory fees	₱8,001,000
Real property tax	2,461,976
Payment to other government agencies	1,294,917
Titling fees	1,185,928
Listing fees	1,130,548
Local business tax and related fees	70,687
Local taxes on non-life insurance policy	54,590
BIR annual registration fees	500
Other permit and fees	2,034,898
Total	₱16,235,044

Documentary Stamp Taxes

Transfer of shares	₱52,604,195
Intercompany advances	2,250,000
Non-life insurance policy	1,257,504
Loose documentary stamps	9,145
Total	₱56,120,844

Withholding Taxes

In 2023, the Parent Company withheld tax on income payments amounting to ₱9.5 million.



Tax Assessments

On July 27, 2023, the Parent Company received a letter of authority from the BIR Assessment Division of RR No. 8A - Makati City to examine the Parent Company's books of accounts and other accounting records for all internal revenue taxes for the period from July 1, 2021 to June 30, 2022. On December 1, 2023, the Parent Company received the notice of discrepancy in which the Parent Company was assessed with deficiency taxes totaling to ₱9,008,841. On December 21, 2023, the Parent Company has paid the deficiency taxes to the BIR.



COVER SHEET

C S 2 0 1 6 2 7 3 0 0

S.E.C. Registration Number

S P N E W E N E R G Y C O R P O R A T I O N

(Company's Full Name)

2 0 t h F l o o r , P h i l a m L i f e T o w e r ,
8 7 6 7 P a s e o d e R o x a s , M a k a t i
C i t y 1 2 2 6

(Business Address of the Company)

Jo Marianni P. Ocampo - Jalbuena

Contact Person

0 2 - 8 8 1 7 - 2 5 8 5

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

SEC Form 17-Q

Form Type

1st Monday of May each year

Regular Meeting

Certificate of Permit to Offer Securities for Sale (Pursuant to SEC MSRD Order No. 87, Series of 2021)

Secondary License type, if applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended 30 September 2024
2. SEC Identification Number CS201627300 3. BIR Tax Identification No. 009-468-103
4. SP New Energy Corporation
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. 20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City, Philippines 1226
Address of principal office Postal Code
8. (02) 8817-2585
Issuer's telephone number, including area code
9. N/A
Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Common

50,073,050,000

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange ("PSE"); common shares.

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

November 14, 2024

SECURITIES AND EXCHANGE COMMISSION

7907 Makati Ave., Salcedo Village, Barangay Bel-Air
Makati City 1209

Attention: **DIRECTOR OLIVER O. LEONARDO**
Director, Market and Securities Regulations Department

THE PHILIPPINE STOCK EXCHANGE, INC.

PSE Tower, 5th Avenue corner 28th Street,
Bonifacio Global City, Taguig City

Attention: **ATTY. STEFANIE ANN B. GO**
Officer-in-Charge, Disclosure Department

RE: **SEC Form 17-Q (Quarterly Report)**

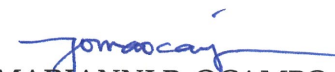
Gentlemen:

The undersigned is hereby filing on behalf of **SP NEW ENERGY CORPORATION** (the "Company"), the Company's SEC Form 17-Q (Quarterly Report) for the quarter ended 30 September 2024.

Thank you.

Very truly yours,

SP NEW ENERGY CORPORATION


JO MARIANNI P. OCAMPO – JALBUENA
Corporate Secretary

PART I - FINANCIAL INFORMATION

Item 1. Financial Statement

- Unaudited Interim Condensed Consolidated Statements of Financial Position as of September 30, 2024 with Comparative Audited Figures as at December 31, 2023
- Unaudited Interim Condensed Consolidated Statements of Income for the Nine-Month Period Ended September 30, 2024 And 2023
- Unaudited Interim Condensed Consolidated Statements of Changes in Equity for the Nine-Month Period Ended September 30, 2024 And 2023
- Unaudited Interim Condensed Consolidated Statements of Cash Flows For the Nine-Month Period Ended September 30, 2024 And 2023
- Notes to Unaudited Interim Condensed Consolidated Financial Statements

[Please see attached]

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

- Material Changes to the Consolidated Statements of Financial Position as of September 30, 2024, compared to the Consolidated Statements of Financial Position as of December 31, 2023
- Material Changes to the Consolidated Statements of Comprehensive Income for the nine (9)-months ended September 30, 2024, compared to the Consolidated Statements of Comprehensive Income for the nine (9) -months ended September 30, 2023.
- Key Performance Indicators

[Please see attached]

PART II – OTHER INFORMATION

Not Applicable

Signature

Pursuant to the requirements of the Securities Regulations Code, the Issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SP NEW ENERGY CORPORATION

By:

A handwritten signature in black ink, appearing to read 'RD Gloria', is positioned above the printed name.

ROCHEL DONATO R. GLORIA

Treasurer

Date: November 14, 2024

SP New Energy Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
September 30, 2024
(With Comparative Audited Figures as of December
31, 2023)
And For the Nine-Month Periods Ended
September 30, 2024 and 2023

**SP NEW ENERGY CORPORATION
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

As at September 30, 2024

(With Comparative Audited Figures as at December 31, 2023)

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 16)	P6,940,138,388	P10,040,424,627
Trade and other receivables (Notes 4 and 16)	179,101,642	287,607,118
Due from related parties (Notes 11 and 16)	143,873,422	126,920,310
Inventories	–	24,800,913
Other current assets (Note 5)	524,192,608	744,366,136
Total Current Assets	7,787,306,060	11,224,119,104
Noncurrent Assets		
Property, plant and equipment (Note 6)		
At cost	10,262,170,320	10,136,123,220
At revalued amount	12,467,340,000	12,467,340,000
Deposits for land acquisition (Note 7)	5,649,040,597	3,396,776,396
Intangible assets	13,261,891,642	13,261,891,642
Goodwill	9,954,384	9,954,384
Deferred income tax assets - net	9,291,007	9,646,601
Other noncurrent assets (Notes 8 and 16)	1,413,215,320	676,962,959
Total Noncurrent Assets	43,072,903,270	39,958,695,202
TOTAL ASSETS	P50,860,209,330	P51,182,814,306
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 9 and 16)	P469,789,787	P482,626,040
Due to related parties (Notes 11 and 16)	385,906,234	608,442,826
Current portion of:		
Long-term debt (Notes 10 and 16)	347,540,093	366,847,748
Lease liabilities (Notes 15 and 16)	13,255,926	8,962,861
Total Current Liabilities	1,216,492,040	1,466,879,475
Noncurrent Liabilities		
Noncurrent portion of:		
Long-term debt (Notes 10 and 16)	2,489,551,481	2,729,695,924
Lease liabilities (Notes 15 and 16)	370,283,404	381,109,300
Deferred tax liabilities	4,086,521,200	4,086,521,200
Other noncurrent liabilities	96,343,004	98,633,404
Total Noncurrent Liabilities	7,042,699,089	7,295,959,828
TOTAL LIABILITIES	P8,259,191,129	P8,762,839,303

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Equity Attributable to Equity Holders of the Parent Company		
Common stock (Note 12)	₱5,007,305,000	₱3,437,305,000
Preferred stock (Note 12)	194,042,026	—
Additional paid-in capital (Note 12)	19,794,017,012	5,713,764,409
Deposit for future stock subscription (Note 12)	—	15,894,042,026
Equity reserve	688,902,762	525,755,142
Revaluation surplus	8,268,091,263	8,268,091,263
Retained earnings	5,414,909,041	5,546,151,067
	39,367,267,104	39,385,108,907
Non-controlling Interests	3,233,751,097	3,034,866,096
TOTAL EQUITY	42,601,018,201	42,419,975,003
TOTAL LIABILITIES AND EQUITY	₱50,860,209,330	₱51,182,814,306

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**SP NEW ENERGY CORPORATION
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME**

	Three-Month Periods Ended September 30		Nine-Month Periods Ended September 30	
	2024	2023	2024	2023
REVENUE FROM CONTRACTS WITH CUSTOMERS (Note 18)	₱268,235,701	₱269,623,227	₱985,690,500	₱333,666,169
COSTS OF SALES AND SERVICES (Note 13)	(174,888,707)	(123,154,496)	(395,452,268)	(160,543,158)
GROSS PROFIT	93,346,994	146,468,731	590,238,232	173,123,011
GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)	(166,573,574)	(47,721,124)	(361,271,309)	(96,804,726)
FINANCE COSTS (Notes 10 and 15)	(68,840,485)	(75,989,365)	(203,382,192)	(94,400,746)
INTEREST INCOME (Notes 3 and 5)	97,016,230	16,057,842	299,064,632	18,907,175
OTHER INCOME (EXPENSE) - net (Note 19)	(97,416,065)	20,630,252	(99,680,221)	23,866,887
INCOME (LOSS) BEFORE INCOME TAX	(142,466,900)	59,446,336	224,969,142	24,691,601
PROVISION FOR INCOME TAX	641,215	—	28,686,168	—
NET INCOME (LOSS)	(₱143,108,115)	₱59,446,336	₱196,282,974	₱24,691,601
Net income (loss) attributable to:				
Equity holders of the Parent Company	(₱252,283,115)	₱14,446,336	(₱131,242,026)	(₱42,808,399)
Non-controlling interest	109,175,000	45,000,000	327,525,000	67,500,000
	(₱143,108,115)	₱59,446,336	₱196,282,974	₱24,691,601
Basic/Diluted Income (Loss) Per Share (Note 17)	(₱0.0050)	₱0.0006	(₱0.0026)	(₱0.0021)

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

	Three-Month Periods Ended September 30		Nine-Month Periods Ended September 30	
NET INCOME (LOSS)	(P143,108,115)	P59,446,336	P196,282,974	P24,691,601
OTHER COMPREHENSIVE INCOME				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Revaluation increment on land - net of tax effect amounting to P514.1 million	—	—	—	1,542,255,053
TOTAL COMPREHENSIVE INCOME (LOSS)	(P143,108,115)	P59,446,336	P196,282,974	P1,566,946,654
Total comprehensive income (loss) attributable to:				
Equity holders of the Parent Company	(P252,283,115)	P14,446,336	(P131,242,026)	P1,499,446,654
Non-controlling interest	109,175,000	45,000,000	327,525,000	67,500,000
	(P143,108,115)	P59,446,336	P196,282,974	P1,566,946,654

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**SP NEW ENERGY CORPORATION
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023**

	Equity Attributable to Equity Holders of the Parent Company								Non-controlling Interests	Total
	Common Stock (Note 12)	Preferred Stock (Note 12)	Additional Paid-in Capital (Note 12)	Deposit for Future Stock Subscription (Note 12)	Equity Reserve	Revaluation Surplus	Retained Earnings (Deficit)	Total		
Balances at January 1, 2024	P3,437,305,000	P–	P5,713,764,409	P15,894,042,026	P525,755,142	P8,268,091,263	P5,546,151,067	P39,385,108,907	P3,034,866,096	P42,419,975,003
Issuance of shares (Note 12)	1,570,000,000	194,042,026	14,130,000,000	(15,894,042,026)	–	–	–	–	–	–
Stock issuance cost (Note 12)	–	–	(49,747,397)	–	–	–	–	(49,747,397)	–	(49,747,397)
Change due to loss of control (Note 19)	–	–	–	–	163,142,620	–	–	163,147,620	(128,639,999)	34,507,621
	1,570,000,000	194,042,026	14,080,252,603	(15,894,042,026)	163,142,620	–	–	113,400,223	(128,639,999)	(15,239,776)
Total comprehensive income (loss) for the period	–	–	–	–	–	–	(131,242,026)	(131,242,026)	327,525,000	196,282,974
Balances at September 30, 2024	P5,007,305,000	P194,042,026	P19,794,017,012	P–	P688,902,762	P8,268,091,263	P5,414,909,041	P39,367,267,104	P3,233,751,097	P42,601,018,201
Balances at January 1, 2023	P1,000,000,000	P–	P4,938,722,430	P–	P–	P–	(P126,125,941)	P5,812,596,489	P–	P5,812,596,489
Issuance of shares, net of stock issuance cost (Note 12)	2,437,305,000	–	–	–	–	–	(54,235,555)	2,383,069,445	–	2,383,069,445
Equity infusion (Note 12)	–	–	774,480,324	–	–	–	–	774,480,324	–	774,480,324
Effect of common control business combination	–	–	–	–	508,005,980	2,226,398,078	737,452	2,735,141,510	–	2,735,141,510
Non-controlling interest arising from effect of business combination	–	–	–	–	–	–	–	–	3,400,016,097	3,400,016,097
	2,437,305,000	–	774,480,324	–	508,005,980	2,226,398,078	(53,498,103)	5,892,691,279	3,400,016,097	9,292,707,376
Net income (loss) for the period	–	–	–	–	–	–	(42,808,399)	(42,808,399)	67,500,000	24,690,601
Other comprehensive income	–	–	–	–	–	1,542,255,053	–	1,542,255,053	–	1,542,255,053
Total comprehensive income (loss) for the period	–	–	–	–	–	1,542,255,053	(42,808,399)	1,499,446,654	67,500,000	1,566,946,654
Balances at September 30, 2023	P3,437,305,000	P–	P5,713,202,754	P–	P508,005,980	P3,768,653,131	(P222,433,443)	P13,204,733,422	P3,467,516,097	P16,672,249,519

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

**SP NEW ENERGY CORPORATION
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
CASH FLOWS**

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱224,969,142	₱24,691,601
Adjustments for:		
Depreciation and amortization (Notes 6, 13 and 14)	301,536,102	100,244,112
Finance costs (Notes 10 and 15)	203,382,192	94,400,746
Loss on deconsolidation (Note 19)	95,896,920	–
Interest income (Note 18)	(299,064,632)	(18,907,175)
Reversal of impairment (Note 14)	(3,653,777)	–
Gain on sale of solar power plant	–	(17,625,184)
Unrealized foreign exchange loss	–	18,603
Operating income before working capital changes	523,065,947	182,822,703
Decrease (increase) in:		
Trade receivables (Notes 4, 14 and 19)	(41,181,568)	166,675,200
Inventories (Note 19)	1,041,470	41,746,762
Other current assets (Notes 12 and 19)	178,053,710	(57,493,969)
Increase (decrease) in:		
Trade and other payables (Notes 9 and 19)	225,656,442	(304,301,976)
Other current liabilities	–	(81,964,330)
Dividends payable	–	(61,570,424)
Net cash flows from (used in) operations	886,636,001	(114,086,034)
Interest received	299,064,632	1,115,872
Income tax paid	(3,851,132)	–
Net cash flows from (used in) operating activities	1,181,849,501	(112,970,162)
CASH FLOWS FROM INVESTING ACTIVITIES		
Change due to loss of control, net of cash surrender (Note 19)	70,144,364	–
Additions to:		
Deposits for land acquisition (Note 7)	(2,252,264,201)	(1,219,096,235)
Property, plant and equipment (Notes 6 and 19)	(335,336,074)	(547,257,045)
Decrease (increase) in:		
Due from related parties (Notes 11 and 19)	(79,552,016)	471,964,809
Other noncurrent assets (Notes 8 and 19)	(1,159,914,675)	331,735,101
Acquisition of Solar Philippines Assets, net of cash acquired	–	(2,715,890,476)
Decrease in other noncurrent liabilities	–	(4,501,202)
Cash flows used in investing activities	(3,756,922,602)	(3,683,045,048)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Long-term debt (Note 10)	(264,950,000)	(143,958,994)
Interest	(99,150,218)	–
Lease liabilities (Note 15)	(26,834,544)	(18,096,655)
Stock issuance cost (Note 12)	(17,640,422)	–

(Forward)

	2024	2023
Increase (decrease) in:		
Due to related parties (Notes 11 and 19)	(114,347,554)	297,372,969
Other noncurrent liabilities	(2,290,400)	—
Issuance of shares, net of stock issuance cost	—	2,383,069,445
Equity infusion	—	774,480,324
Collection of subscription receivable	—	649,796,605
Net cash flows from (used in) financing activities	(525,213,138)	3,942,663,694
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	P—	(P18,603)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,100,286,239)	146,648,484
CASH AND CASH EQUIVALENTS AT JANUARY 1	10,040,424,627	37,232,084
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30 (Notes 3 and 16)	P6,940,138,388	P183,861,965

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SP NEW ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

SP New Energy Corporation (the “Parent Company” or “SPNEC”) was incorporated and registered with the Philippine Securities and Exchange Commission (“SEC”) on November 23, 2016, primarily to engage in the construction, operation and maintenance of all types of renewable energy plants and related services.

The common shares of SPNEC are listed on the Philippine Stock Exchange (“PSE”) beginning December 17, 2021 and traded under the ticker, “SPNEC”.

On November 30, 2023, MGen Renewable Energy, Inc. (“MGreen”) and SPNEC entered into a Subscription Agreement, whereby MGreen subscribed (i) 15.7 billion common shares with par value of ₱1.0 per share and (ii) 19.4 billion preferred shares with par value of ₱0.01 per share for a total subscription price of ₱15.9 billion. MGreen is a wholly-owned subsidiary of MERALCO PowerGen Corporation (“MGen”), which in turn is a wholly-owned subsidiary of Manila Electric Company (“Meralco”). Meralco, MGen and MGreen are registered with the SEC. The shares of Meralco are listed in the PSE under the ticker, “MER”.

On January 17, 2024, the SEC approved the Parent Company’s application for increase in authorized capital stock.

As of November 13, 2024, MGreen is considered as the controlling shareholder of SPNEC with a total voting interest of 53.66%.

(b) Group Information

The Parent Company and its subsidiaries are hereby collectively referred to as the “Group”. All subsidiaries are incorporated in the Philippines. As of November 13, 2024, the Parent Company has subsidiaries that are in commercial operations.

The consolidated financial statements comprise the Parent Company and the following subsidiaries of the Group:

Subsidiaries	Percentage of Ownership (%)			
	September 30, 2024		December 31, 2023	
	Direct	Indirect	Direct	Indirect
Solar Philippines Calatagan Corporation (SP Calatagan) ¹	62	—	62	—
Solar Philippines Tarlac Corporation (SP Tarlac)	100	—	100	—
Terra Solar Philippines, Inc. (Terra Solar)	100	—	100	—
Terra Nueva, Inc. (Terra Nueva)	100	—	100	—
SP Holdings, Inc. (SP Holdings)	100	—	100	—
Solar Philippines Rooftop Corporation (SP Rooftop)	—	—	100	—
(Forward)				

	Percentage of Ownership (%)			
	September 30, 2024		December 31, 2023	
Solar Philippines Batangas Corporation (SP Batangas)	—	—	100	—
Solar Philippines Batangas Baseload Corporation (SP Batangas Baseload)	—	—	100	—
Solar Philippines Central Visayas Corporation (SP Central Visayas)	—	—	100	—
Solar Philippines Eastern Corporation (SP Eastern)	—	—	100	—
Solar Philippines Retail Electricity, Inc. (SP Retail)	—	—	100	—
Solar Philippines Southern Mindanao Corporation (SP Southern Mindanao)	—	—	100	—
Solar Philippines Southern Tagalog Corporation (SP Southern Tagalog)	—	—	100	—
Solar Philippines South Luzon Corporation (SP South Luzon)	—	—	100	—
Solar Philippines Tarlac Baseload Corporation (SP Tarlac Baseload)	—	—	100	—
Solar Philippines Visayas Corporation (SP Visayas)	—	—	100	—
Solar Philippines Western Corporation (SP Western)	—	—	100	—
Laguna Rooftop Solar Corporation (Laguna Rooftop)	—	—	60	—

²Economic interest is 100% after dividend to preferred stock

Significant transaction that affected the Parent Company's investments in subsidiaries is disclosed in Note 19.

(c) Principal Office Address

On April 12, 2024, the Board of Directors ("BOD") approved the amendment of the Parent Company's Articles of Incorporation to change the principal office from 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City 1229, Philippines to Rockwell Business Center, Ortigas Avenue, Brgy. Ugong, Pasig City 1604, Philippines. This was subsequently approved by the Parent Company's stockholders on May 10, 2024.

(d) Authorization for the Issuance of the Condensed Consolidated Financial Statements

The unaudited interim condensed consolidated financial statements of the Group as of September 30, 2024 and December 31, 2023 and for the nine-month period ended September 30, 2024 and 2023 were authorized for issue by the BOD on November 13, 2024.

2. Basis of Preparation, and Material Accounting Policy Information

Basis of Preparation

The unaudited interim consolidated financial statements of the Group as of September 30, 2024 and for the nine-month periods ended September 30, 2024 and 2023 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 audited consolidated financial statements as at December 31, 2023.

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 of the previous financial year, except for the adoption of new standards effective 2024. 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 unaudited interim condensed consolidated financial statements.

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

The amendments clarify:

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

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

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

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

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

3. Cash and Cash Equivalents

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand and in banks	P871,258,056	P9,934,772,578
Short-term deposits	6,068,880,332	105,652,049
	P6,940,138,388	P10,040,424,627

Short-term deposits are made for varying periods of up to three (3) months and earn interest at the prevailing short-term deposit interest rates.

4. Trade and Other Receivables

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables		
Third parties	P177,693,867	P351,397,454
Related party	–	4,189,066
Non-trade receivables		
Subscription receivable	1,319,056	1,319,056
Others	163,999	–
	179,176,922	356,905,576
Less allowance for doubtful accounts	(75,280)	(69,298,458)
	P179,101,642	P287,607,118

Movement in allowance for doubtful accounts are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	P69,298,458	P–
Deconsolidation	(65,569,401)	–
Effect of business combination under common control	–	69,645,553
Provision for impairment loss	–	75,280
Reversal	(3,653,777)	(422,375)
Balance at end of period	P75,280	P69,298,458

Trade receivable arises from the revenue from the sale of electricity, sale of goods and services. These are either interest or non-interest bearing depending on the clause indicated in the contract and generally collectible within 40 to 60 days.

5. Other Current Assets

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deposit (Notes 11 and 19)	P400,000,000	P–
Input VAT	43,749,744	41,086,277
Bonds	35,267,363	35,267,363
Creditable withholding taxes	9,583,150	6,748,265
Short-term investments	–	575,810,259
Deferred transaction costs	–	32,106,975
Advances to suppliers	–	15,330,330
Others	35,745,072	43,626,491
	524,345,329	749,975,960
Less allowance for impairment	(152,721)	(5,609,824)
	P524,192,608	P744,366,136

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

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	P5,609,824	P–
Deconsolidation	(3,585,802)	–
Reversal	(1,871,301)	(204,934)
Effect of business combination under common control	–	5,133,866
Provision for impairment loss	–	680,892
Balance at end of period	P152,721	P5,609,824

Short-term investments pertain to the restricted interest-bearing accounts opened and established by SP Calatagan and SP Tarlac in accordance with certain loan and service agreements that will serve as a cash reserve or deposit to service the principal and/or interest payments due on the long-term debt, and as performance security to their respective PSAs.

Others include other prepayments and advances to employees of Solar Philippines Power Project Holdings, Inc. (“SP Project Holdings”) that are subject to liquidation within 30 days.

6. Property, Plant and Equipment

At cost

September 30, 2024 (Unaudited)

	Solar Power Plants	Land and Leasehold Improvements	Transportation Equipment	Office and Warehouse Equipment	Furniture and Fixtures	ROU Assets	Building	Construction in Progress(CIP)	Total
Cost									
Balances at beginning of period	P8,540,278,396	P2,367,763	P701,082	P4,045,867	P385,031	P534,653,539	P1,543,512	P2,652,776,840	P11,736,752,030
Additions	161,710,536	31,440	12,962,947	10,805,509	411,931	—	—	165,551,975	351,474,338
Reclassification (Note 8)	—	(722,248)	—	(3,637,967)	—	—	—	409,307,719	404,947,504
Deconsolidation (Note 19)	(88,219,969)	—	—	—	—	—	—	(258,533,690)	(346,753,659)
Balances at end of period	8,613,768,963	1,676,955	13,664,029	11,213,409	796,962	534,653,539	1,543,512	2,969,102,844	12,146,420,213
Accumulated depreciation, amortization, and impairment losses									
Balances at beginning of period	1,502,652,704	777,099	420,938	1,353,425	364,427	80,483,090	20,580	14,556,547	1,600,628,810
Depreciation and amortization (Notes 13 and 14)	288,121,595	247,601	757,076	749,755	47,262	11,566,508	46,305	—	301,536,102
Amortization capitalized to CIP	—	—	—	—	—	4,254,267	—	—	4,254,267
Deconsolidation (Note 19)	(7,612,739)	—	—	—	—	—	—	(14,556,547)	(22,169,286)
Balances at end of period	1,783,161,560	1,024,700	1,178,014	2,103,180	411,689	96,303,865	66,885	—	1,884,249,893
Net book value	P6,830,607,403	P652,255	P12,486,015	P9,110,229	P385,273	P438,349,674	P1,476,627	P2,969,102,844	P10,262,170,320

In 2024, Terra Solar began the development of the Terra Solar project (see Note 20).

December 31, 2023 (Audited)

	Solar Power Plants	Land and Leasehold Improvements	Transportation Equipment	Office and Warehouse Equipment	Furniture and Fixtures	ROU Assets	Building	Construction in Progress	Total
Cost									
Balances at beginning of period	P–	P–	P207,600	P–	P–	P301,837,803	P–	P1,389,549,741	P1,691,595,144
Effect of business combination under common control	8,558,032,873	722,248	493,482	1,244,417	385,031	249,432,583	–	571,815,714	9,382,126,348
Additions	937,305	1,645,516	–	2,801,450	–	–	1,543,512	691,411,384	698,339,167
Disposal	(18,691,782)	–	–	–	–	–	–	–	(18,691,782)
Adjustments	–	–	–	–	–	(16,616,847)	–	–	(16,616,847)
Balances at end of period	8,540,278,396	2,367,764	701,082	4,045,867	385,031	534,653,539	1,543,512	2,652,776,839	11,736,752,030
Accumulated depreciation, amortization, and impairment losses									
Balances at beginning of period	–	–	13,840	–	–	20,347,680	–	–	20,361,520
Effect of business combination under common control	1,299,392,700	722,248	318,618	1,169,828	319,674	42,911,325	–	14,556,547	1,359,390,940
Depreciation and amortization	205,857,760	54,851	88,480	183,597	44,753	9,982,700	20,580	–	216,232,721
Amortization capitalized to CIP	–	–	–	–	–	7,239,385	–	–	7,239,385
Disposal	(2,597,756)	–	–	–	–	–	–	–	(2,597,756)
Balances at end of period	1,502,652,704	777,099	420,938	1,353,425	364,427	80,481,090	20,580	14,556,547	1,600,628,810
Net book value	P7,037,625,692	P1,590,665	P280,144	P2,692,442	P20,604	P454,170,449	P1,522,932	P2,638,220,292	P10,136,123,220

Solar Power Plants

As of September 30, 2024, solar power plants of SP Calatagan and SP Tarlac (“Solar Power Plants”) are pledged as collateral for their respective long-term debt contracted separately for the respective projects (see Note 10).

At revalued amount

Land

Entity	Land Area (in hectares)	Acquisition cost	Appraised value as of September 30, 2024 (Unaudited)
Terra Nueva	534.76	₱636.2	₱8,556.1
SP Calatagan	105.26	2,390.7	2,421.1
SP Tarlac	30.41	1,384.8	1,490.1
	670.43	₱4,411.7	₱12,467.3

The foregoing properties of SP Calatagan and SP Tarlac were used as collateral to secure their respective long-term debts (see Note 10).

The total value of the land - at cost, is ₱4,411.7 million as of September 30, 2024 and December 31, 2023.

7. Deposits for Land Acquisition

Following is a summary of the deposits for land acquisition of the Group:

Entity	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Land Area (in hectares)	Deposit Paid	Land Area (in hectares)	Deposit Paid
Provincia Investments Corporation (“PIC”)	68.62	₱267,000,000	68.62	₱267,000,000
Lupang Hinirang Holdings Corporation “LHHC”)	56.81	270,000,000	56.81	270,000,000
Individual Stockholder	87.50	421,618,085	87.50	421,618,085
Various landowners	3,073.61	4,690,422,512	2,092.72	2,438,158,311
	3,286.54	₱5,649,040,597	2,305.65	₱3,396,776,396

The 87.50-hectares property with deposit for land acquisition to the Individual Stockholder was pledged as collateral to the loan obtained by SP Tarlac from a local bank.

Following is the movement in the Group's deposits for land acquisition with various landowners:

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Balances at beginning of period	P2,438,158,311	P1,489,892,396
Additions	2,252,264,201	723,096,532
Reclassifications from (to):		
Deposit	–	500,000,000
Land	–	(287,506,687)
Effect of business combination under common control	–	12,676,070
Balances at end of period	P4,690,422,512	P2,438,158,311

As of September 30, 2024 and December 31, 2023, the remaining balance amounting to P1,334.5 million and P1,111.8 million, respectively, will be payable when the conditions under the contracts to sell are satisfied.

8. Other Noncurrent Assets

	September 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Advances to suppliers		
Related parties (Note 11)	P714,681,224	P–
Third parties	31,567,955	–
Long-term receivables	384,504,071	318,977,637
Input VAT	141,085,188	138,451,932
Deferred input VAT	74,757,423	78,188,325
Plant construction materials	50,631,692	50,624,254
Project development costs (Note 6)	–	75,062,130
Others	16,115,935	15,786,849
	1,413,343,488	677,091,127
Less allowance for impairment of input VAT	(128,168)	(128,168)
	P1,413,215,320	P676,962,959

Project development costs pertain to costs incurred by Terra Solar in relation to the development of its solar power project. In 2024, TSPI has entered into various services agreements in relation to the development of the area intended for the construction of the solar plant.

9. Trade and Other Payables

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable		
Third parties	P206,560,834	P49,127,667
Related parties (Note 11)	138,379,177	185,013,429
Interest payable	82,692,318	99,315,778
Retention payable	13,198,337	—
Accrued purchases	8,925,877	10,743,183
Withholding tax payable	5,777,271	13,793,524
Accrued expenses	176,678	89,591,394
Income tax payable	—	21,707,307
Other payables	14,079,295	13,333,758
	P469,789,787	P482,626,040

Accounts payable are non-interest bearing and settled within one (1) year in the normal course of business.

Other payables include unbilled liabilities for costs of benefits to host communities provided under Department of Energy (“DOE”) Energy Regulations No. 1-94, and differential cost of replacement energy charged by Meralco consistent with the provisions of the Power Supply Agreement of SP Tarlac.

As agreed between Meralco and SP Tarlac, the latter may offset the payment for such replacement energy against the billings for energy sold every month. As of September 30, 2024 and December 31, 2023, the total cost of replacement energy to be offset against SP Tarlac’s future billings to Meralco amounted to P93.2 million and P107.5 million, respectively.

Other payables pertain to statutory liabilities that are to be remitted to the appropriate government agency.

10. Long-term Debt

Following are the details of the long-term debt:

Entity	Original Loan Amount	Interest rate	Repayment schedule	Outstanding balance as of September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
<i>(In Millions)</i>					
SP Tarlac	₱2,225.0	7.83%, subject to repricing in July 2024 and second repricing in July 2029	20 semi-annual installments starting January 3, 2021 until July 3, 2031	₱1,780.0	₱1,935.8
SP Calatagan	3,400.0	5-year benchmark plus a pre-agreed spread	24 semi-annual installments starting October 3, 2018 until April 3, 2029	1,089.5	1,198.8
Total				2,869.5	3,134.6
Less unamortized debt transaction cost				(32.5)	(38.0)
				2,837.0	3,096.6
Current portion				347.5	366.9
Long-term debt, net of current portion				₱2,489.5	₱2,729.7

Movements in the debt transaction costs are as follows:

	SP Tarlac	SP Calatagan	Total
Balance at beginning of period	₱31,801,375	₱6,204,953	₱38,006,328
Amortization during the period	(2,672,681)	(2,825,221)	(5,497,902)
Balance at end of period	₱29,128,694	₱3,379,732	₱32,508,426

11. Related Party Transactions

Following are the Group's related party transactions for the nine-month periods ended September 30, 2024 and 2023, and the related outstanding balances as of September 30, 2024 and December 31, 2023:

	Transactions during the nine-months period ended September 30 (Unaudited)		Outstanding balance as of		Terms	Conditions
	2024*	2023	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)		
Deposit (Notes 5 and 20)						
MIESCOR	₱400,000,000	P=	₱400,000,000	P=	Deposits; non-interest bearing	Unsecured; Not impaired

		Transactions during the nine-months period ended September 30 (Unaudited)		Outstanding balance as of			
		2024*	2023	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)	Terms	Conditions
Advances to suppliers (Notes 8 and 20)							
SP Project Holdings	P688,000,000		P–	P688,000,000	P–	Cash advances	Unsecured
MIESCOR	14,799,879		–	14,799,879	–	-do-	-do-
MIESCOR Builders, Inc.	11,881,345		–	11,881,345	–	-do-	-do-
				P714,681,224	P–		
Deposits for land acquisition (Note 7)							
Individual Stockholder	P–		P–	P421,618,085	P421,618,085	Deposits; non-interest bearing	Unsecured; Not impaired
LHHC	–		–	270,000,000	270,000,000	-do-	-do-
PIC	–		–	267,000,000	267,000,000	-do-	-do-
				P958,618,085	P958,618,085		
Due from related parties <i>Intermediate Parent Company</i>							
MGreen	P585,729		P–	P585,729	P–	Due and demandable; non-interest bearing	Unsecured; Not impaired
<i>Affiliates</i>							
SP Project Holdings	P–		P–	P85,708,957	P87,967,930	-do-	-do-
SPCRPI	–	80,500,000	–	31,398,913	31,654,070	-do-	-do-
SP Rooftop	14,472,361	–	–	14,472,361	–	-do-	-do-
Individual Stockholder	–	–	–	7,293,310	7,293,310	-do-	-do-
SP Batangas Baseload	3,264,680	–	–	3,264,680	–	-do-	-do-
Laguna Rooftop	352,996	–	–	352,996	–	-do-	-do-
SP Eastern	131,744	–	–	131,744	–	-do-	-do-
SP South Luzon	111,745	–	–	111,745	–	-do-	-do-
SP Visayas	65,320	–	–	65,320	–	-do-	-do-
SP Batangas	62,744	–	–	62,744	–	-do-	-do-
SP Central Visayas	61,744	–	–	61,744	–	-do-	-do-
SP Southern Tagalog	61,744	–	–	61,744	–	-do-	-do-
SP Tarlac Baseload	61,744	–	–	61,744	–	-do-	-do-
SP Western	61,744	–	–	61,744	–	-do-	-do-
SP Retail	54,459	–	–	54,459	–	-do-	-do-
SP Southern Mindanao	51,744	–	–	51,744	–	-do-	-do-
SP Systems	51,744	–	–	51,744	–	-do-	-do-
SP Central Luzon	20,000	–	–	20,000	5,000	-do-	-do-
				P143,873,422	P126,920,310		
Due to related parties							
SP Project Holdings	P–	P300,000,000	P347,523,294	P536,656,775		Due and demandable; non-interest bearing	Unsecured
Countryside	724,344	–	38,227,026	37,552,682		-do-	-do-
PIC	90,915	–	90,915	–		-do-	-do-
Global	15,000	–	15,000	–		-do-	-do-
TRHI	–	–	–	33,988,926		-do-	-do-
DGA	–	–	–	244,443		-do-	-do-
				P385,906,234	P608,442,826		
Accounts payable (Note 9)							
SP Project Holdings	P35,029,500	P30,810,000	P85,345,058	P65,881,659		Due and demandable; non-interest bearing	Unsecured
MGreen	63,380,000	–	26,449,144	–		-do-	-do-
SMSC	33,481,039	14,554,574	24,314,975	32,869,361		-do-	-do-

	Transactions during the nine-months period ended September 30 (Unaudited)		Outstanding balance as of		Terms	Conditions
	2024*	2023	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)		
Global	20,430,000	—	2,270,000	—	-do-	-do-
SPCRPI	—	—	—	85,714,453	-do-	-do-
SPMMC	—	—	—	547,956	-do-	-do-
			₱138,379,177	₱185,013,429		

*Includes effect of deconsolidation.

In July 2024, Terra Solar entered into Service Agreements with Global Business Power Corporation (“Global”), an affiliate, and MGreen to provide support services for project development and business operations until December 31, 2024. Service fees incurred from Global amounted to ₱20.4 million presented as part of “Other contracted services in general and administrative expenses (see Note 14). Service fees incurred from MGreen amounted to ₱63.4 million, for which ₱46.7 million was capitalized as part of “Construction in progress” (see Note 6).

12. Equity

Capital Stock and Additional Paid-in Capital

The details of the Parent Company’s capital stock as of September 30, 2024 and December 31, 2023 are as follows:

	September 30, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Shares	Amount	Shares	Amount
Common shares - ₱0.1 par value per share				
Balances at beginning of period	50,000,000,000	₱5,000,000,000	10,000,000,000	₱1,000,000,000
Increase in authorized capital stock	25,000,000,000	2,500,000,000	40,000,000,000	4,000,000,000
Balances at end of period	75,000,000,000	₱7,500,000,000	50,000,000,000	₱5,000,000,000
Issued and outstanding:				
Balances at beginning of period	34,373,050,000	₱3,437,305,000	10,000,000,000	₱1,000,000,000
Issuance of shares	15,700,000,000	1,570,000,000	24,373,050,000	2,437,305,000
Balances at end of period	50,073,050,000	₱5,007,305,000	34,373,050,000	₱3,437,305,000
Preferred shares - ₱0.01 par value per share				
Balances at beginning of period	—	₱—	—	₱—
Increase in authorized capital stock	25,000,000,000	250,000,000	—	—
Balances at end of period	25,000,000,000	₱250,000,000	—	₱—
Issued and outstanding:				
Balances at beginning of period	—	₱—	—	₱—
Issuances of shares	19,404,202,552	194,042,026	—	—
Balances at end of period	19,404,202,552	₱194,042,026	—	₱—

In 2024, upon approval of the SEC of the Parent Company’s application for increase in authorized capital stock, the Parent Company reclassified the “Deposits for future stock subscription” and issued

15.7 billion common shares with par value of ₱1.0 per share and 19.4 billion preferred shares with par value of ₱0.01 per share. The amount in excess of par value totaling to ₱14.1 billion is presented as additional paid-in capital, net of stock issuance costs amounting to ₱50.0 million.

On January 26, 2024, MGreen acquired additional 2.2 billion shares from SP Project Holdings.

On June 10, 2024 the BOD of the Parent Company approved the filing of its listing applications with the PSE covering a total of 40,073,050,000 common shares.

13. Cost of Sales and Services

	For the Nine-Month Periods Ended September 30 (Unaudited)	
	2024	2023
Depreciation and amortization (Note 6)	₱288,124,278	₱96,191,508
Consumables, parts and repairs	38,812,940	2,765,776
Insurance	32,315,364	17,114,021
Contracted services	19,213,669	22,524,979
Rentals	786,750	3,839,974
Other operations and maintenance expenses	16,199,267	18,106,900
	₱395,452,268	₱160,543,158

Other operations and maintenance expenses include Independent Electricity Market Operator of the Philippines (“IEMOP”) market fees, transmission and ancillary charges, purchased power for household/plant operation, operations and maintenance related courier services, and other outside services.

14. General and Administrative Expenses

	For the Nine-Month Period Ended September 30 (Unaudited)	
	2024	2023
Professional services	₱101,212,518	₱11,728,677
Other contracted services (Note 11)	83,722,288	22,425,000
Taxes, licenses and fees	52,532,656	25,638,579
Miscellaneous	34,941,274	10,793,958
Salaries and wages	19,219,537	544,848
Depreciation and amortization (Note 8)	13,411,825	4,052,604
Transportation and travel	6,415,009	799,981
Insurance	5,810,259	5,699,507
Utilities	3,859,320	—
Materials	2,057,641	353,633
Employee benefits and allowances	1,358,701	—
Rentals	346,380	3,348,486
Others	36,383,901	11,419,453
	₱361,271,309	₱96,804,726

Others include employee benefits and allowances, staff accommodation costs, employee related activity expenses, representation, rent, repair and maintenance, donations, advertising, subscriptions and membership fees, and other training cost.

15. Leases

Lease liabilities as of September 30, 2024 and December 31, 2023 are as follows:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balances at beginning of period	₱390,072,161	₱303,138,420
Interest expense capitalized to CIP*	7,523,782	13,213,102
Interest expense	12,777,931	10,743,700
Payments	(26,834,545)	(18,526,228)
Additions through business combination under common control	—	98,120,014
Adjustments	—	(16,616,847)
Total lease liabilities	383,539,330	390,072,161
Current portion of lease liabilities	13,255,926	8,962,861
Noncurrent portion of lease liabilities	₱370,283,404	₱381,109,300

*Incurred during the construction period

Set out below are the amounts recognized in the unaudited interim condensed of comprehensive income:

	For the Nine-Month Period Ended September 30 (Unaudited)	
	2024	2023
Interest accretion of lease liabilities	₱12,777,931	₱6,141,889
Amortization of ROU assets	11,566,508	3,865,896
Expenses relating to leases of low-value assets in:		
Costs of sales and services (Note 13)	786,750	3,839,974
General and administrative expenses (Note 14)	346,380	3,348,486
Total amounts recognized in the unaudited interim condensed consolidated statement of comprehensive income	₱25,477,569	₱17,196,245

16. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents (excluding cash on hand), trade receivables, subscriptions receivable, short-term investments and bonds (under other current assets), long-term receivables (under other noncurrent assets) and due to and from related parties, trade and other payables (excluding statutory liabilities), long-term debt 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.

Cash and cash equivalents (excluding cash on hand)

The Group applies the low credit risk simplification for cash and cash equivalents. 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.

Trade receivables

One of the Group's sale of electricity is with National Transmission Corporation ("TransCo"), a government-owned and controlled corporation, which accounts for 22% of the total trade receivables. Any failure on the part of TransCo to pay their obligations to the Group would significantly affect the Group's business operations. As a practice, the Group monitors closely its collections from TransCo and may charge interest on delayed payments following the provision of the REPA. Receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts is not significant.

Due from related parties and Bonds

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.

With respect to the credit risk arising from other financial assets, 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 and cash equivalents (excluding cash on hand), trade and other receivables, due from related parties, short-term investments and bonds (under other current assets) and long-term receivables (under other noncurrent assets) amounted to ₱7,682.2 million and ₱11,385.5 million as of September 30, 2024 and December 31, 2023, respectively.

Credit Quality of Financial Assets

Financial assets are classified as high grade if the counterparties are not expected to default in settling their obligations. Thus, the credit risk exposure is minimal. These counterparties normally include customers, banks and related parties who pay on or before due date. Financial assets are classified as a standard grade if the counterparties settle their obligation with the Group with tolerable delays. Low grade accounts are accounts, which have probability of impairment based on historical trend. These accounts show propensity of default in payment despite regular follow-up actions and extended

payment terms. As of September 30, 2024 and December 31, 2023, financial assets categorized as neither past due nor impaired are viewed by management as high grade, considering the collectability of the receivables and the credit history of the counterparties. Meanwhile, past due but not impaired financial assets are classified as standard grade.

With respect to the credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalents (excluding cash on hand), trade receivables, subscriptions receivable, short-term investments and bonds (under other current assets), long-term receivables (under other noncurrent assets) and due from related parties, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

As of September 30, 2024 and December 31, 2023, the aging analysis per class of financial assets that were past due is as follows:

September 30, 2024 (Unaudited)

	Neither past due nor impaired	Past due but not impaired			Impaired	Total
		Less than 30 days	30 to 60 days	More than 60 days		
<i>(In Thousand Pesos)</i>						
Cash and cash equivalents*	P6,939,581	P–	P–	P–	P–	P6,939,581
Trade and other receivables	179,177	–	–	–	–	179,177
Bonds	35,267	–	–	–	–	35,267
Due from related parties	143,873	–	–	–	–	143,873
Long-term receivables	384,504	–	–	–	–	384,504
	P7,682,402	P–	P–	P–	P–	P7,682,402

*Excludes cash on hand

December 31, 2023 (Audited)

		Past due but not impaired				
	Neither past due nor impaired	Less than 30 days	30 to 60 days	More than 60 days	Impaired	Total
	<i>(In Thousand Pesos)</i>					
Cash and cash equivalents*	₱10,040,120	₱–	₱–	₱–	₱–	₱10,040,120
Trade and other receivables	287,607	–	–	–	69,596	357,203
Short term investments	575,810	–	–	–	–	575,810
Bonds	36,037	–	–	–	–	36,037
Due from related parties	126,920	–	–	–	–	126,920
Long-term receivables	318,978	–	–	–	–	318,978
	₱11,385,472	₱–	₱–	₱–	₱69,596	₱11,455,068

*Excludes cash on hand

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 summarize the maturity profile as of September 30, 2024 and December 31, 2023 of the Group's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	September 30, 2024 (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 and cash equivalents*	P6,939,581	P–	P–	P–	P6,939,581
Trade and other receivables	1,319	177,858	–	–	179,177
Bonds	35,267	–	–	–	35,267
Due from related parties	143,873	–	–	–	143,873
Long-term receivables	–	–	–	384,504	384,504
	P7,120,040	P177,858	P–	P384,504	P7,682,402
Financial liabilities at amortized cost:					
Trade and other payables**	P–	P345,117	P–	P–	P345,117
Due to related parties	385,906	–	–	–	385,906
Lease liabilities***	–	28,855	120,320	652,749	801,924
Long-term debt***	–	574,374	2,212,906	1,006,022	3,793,302
	P385,906	P948,346	P2,333,226	P1,658,771	P5,326,249

*Excludes cash on hand

**Excludes statutory liabilities

***Includes future interest payments

	December 31, 2023 (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 and cash equivalents*	P10,040,120	P–	P–	P–	P10,040,120
Trade and other receivables	193,212	94,395	–	–	287,607
Short-term investments	575,810	–	–	–	575,810
Due from related parties	126,920	–	–	–	126,920
Bonds	36,037	–	–	–	36,037
Long-term receivables	–	–	318,978	–	318,978
	P10,972,099	P94,395	P318,978	P–	P11,385,472
Financial liabilities at amortized cost:					
Trade and other payables**	P–	P323,732	P–	P–	P323,732
Due to related parties	608,443	–	–	–	608,443
Lease liabilities***	–	23,527	128,834	677,113	829,474
Long-term debt***	–	374,150	1,554,450	1,205,950	3,134,550
	P608,443	P721,409	P1,683,284	P1,883,063	P4,896,199

*Excludes cash on hand

**Excludes statutory liabilities

***Includes future interest payments

Fair Value and Category of Financial Instruments

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

Cash and cash equivalents (excluding cash on hand), Trade and other receivables, Bonds and short-term investments (under other current assets), Long-term receivables (under other noncurrent assets), Trade and other payables (excluding statutory liabilities) and Due to and from related parties

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

Long-term Receivables

The fair value of long-term receivables was computed by discounting the expected cash flows using the applicable rate.

Long-term Debt

The fair value of long-term debt was calculated based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk (Level 3 of the fair value hierarchy).

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).

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 nine-month periods ended September 30, 2024 and 2023.

The Group considers the following as its core capital:

	September 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Capital stock	5,201,347,026	₱3,437,305,000
Additional paid-in capital	19,794,017,012	5,713,764,409
Equity reserve	688,902,762	525,755,142
Revaluation surplus	8,268,091,263	8,268,091,263
Retained earnings	5,414,909,041	5,546,151,067
Deposit for future stock subscription	—	15,894,042,026
	₱39,367,267,104	₱39,385,108,907

The Parent Company and its subsidiaries, except for SP Calatagan and SP Tarlac, are not subject to any externally imposed capital requirement. SP Calatagan and SP Tarlac were able to meet their capital management objectives as of September 30, 2024.

17. Basic/Diluted Loss Per Share

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

	For the Nine-Month Period Ended September 30 (Unaudited)	
	2024	2023
(a) Net loss attributable to equity holders of the Parent Company	₱131,242,026	₱42,808,399
(b) Weighted average number of common shares outstanding	50,073,050,000	20,832,466,667
Basic/diluted loss per share (a/b)	(₱0.0026)	(₱0.0021)

The Group does not have any dilutive potential common shares for the nine-month periods ended September 30, 2024 and 2023.

18. Operating Segment Information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRSs. The classification of segment revenue is consistent with the unaudited interim condensed consolidated statement of income. Segment expenses pertain to the costs and expenses presented in the unaudited interim condensed consolidated statement of income excluding interest expense and financing charges, depreciation and amortization expense and income taxes which are managed on a per company basis.

SPNEC has only one geographical segment as all of its operating assets are currently located in the Philippines. SPNEC Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Financial information on the business segments are summarized as follows:

September 30, 2024 (Nine Months) (Unaudited)						
	SPNEC	SP Calatagan	SP Tarlac	Others	Adjustments*	Total
Segment revenue	P–	P616,240,248	P361,305,768	P–	P8,144,484	P985,690,500
Segment expenses	(135,724,640)	(104,267,214)	(84,247,030)	(127,520,477)	(6,368,777)	(458,128,138)
Segment results	(135,724,640)	511,973,034	277,058,738	(127,520,477)	1,775,707	527,562,362
Interest income	270,140,297	17,224,557	9,961,023	1,391,861	346,894	299,064,632
Finance costs	(7,107,104)	(73,454,633)	(122,826,455)	–	–	(203,382,192)
Depreciation and amortization	(3,907,429)	(159,007,961)	(134,665,855)	(1,014,194)	–	(298,595,439)
Other income (expense)	(102,000,996)	(2,313,331)	(631,054)	(107,059)	5,372,220	(99,680,220)
Net income (loss) before tax	21,406,128	294,421,666	28,896,397	(127,249,869)	7,494,820	224,969,138
Provision for income tax	–	28,686,168	–	–	–	28,686,168
Net income (loss)	P21,406,128	P265,735,498	P28,896,397	(P127,249,869)	P7,494,820	P196,282,974

*Pertains to eliminating entries and other consolidation adjustments.

September 30, 2023 (Nine Months) (Unaudited)							
	SPNEC	SP Tarlac	SP Calatagan	SP Rooftop	Others	Adjustments*	Total
Segment revenue	P–	P158,392,607	P168,004,075	P8,197,650	P–	(P928,162)	P333,666,170
Segment expenses	(53,448,251)	(44,611,527)	(25,055,385)	(16,870,075)	(17,144,260)	–	(157,104,772)
Segment results	(53,448,251)	113,781,080	142,948,690	(8,672,425)	(17,144,260)	(928,162)	176,536,672
Interest income	701,339	3,936,930	13,844,529	413,751	10,626	–	18,907,175
Finance costs	(7,657,181)	(59,390,364)	(27,353,202)	–	–	–	(94,400,747)
Depreciation and amortization	(3,907,429)	(67,265,775)	(28,735,595)	(309,587)	–	–	(100,218,386)
Other income (expense)	142,994	4,691,998	16,708	19,016,612	(1,425)	–	23,866,887
Net income (loss)	(P64,168,528)	(P4,246,131)	P100,721,130	P10,448,351	(P17,135,059)	(P928,162)	P24,691,601

*Pertains to eliminating entries and other consolidation adjustments.

September 30, 2024 (Unaudited)

	SPNEC	SP Calatagan	SP Tarlac	Others	Adjustments*	Total
Current assets	P12,115,313,952	P878,080,664	P487,193,356	P1,071,397,778	(P6,764,679,690)	P7,787,306,060
Noncurrent assets	13,102,407,067	5,676,136,194	6,644,609,380	5,481,530,476	12,168,220,153	43,072,903,270
Total	P25,217,721,019	P6,554,216,858	P7,131,802,736	P6,552,928,254	P5,403,540,463	P50,860,209,330
Current liabilities	P187,904,315	P313,157,791	P577,688,295	P6,902,421,329	(P6,764,679,690)	P1,216,492,040
Noncurrent liabilities	274,650,094	1,295,011,318	2,167,000,035	–	3,306,037,642	7,042,699,089
Total	P462,554,409	P1,608,169,109	P2,744,688,330	P6,902,421,329	(P3,458,642,048)	P8,259,191,129

*Pertains to eliminating entries and other consolidation adjustments.

December 31, 2023 (Audited)

	SPNEC	SP Calatagan	SP Tarlac	SP Rooftop	Others	Adjustments*	Total
Current assets	P12,224,875,406	P696,287,698	P487,397,004	P258,298,000	P191,704,735	(P2,634,443,739)	P11,224,119,104
Noncurrent assets	13,029,874,184	5,675,924,976	6,761,973,459	92,303,787	10,333,450,332	4,065,168,464	39,958,695,202
Total	P25,254,749,590	P6,372,212,674	P7,249,370,463	P350,601,787	P10,525,155,067	P1,430,724,725	P51,182,814,306
Current liabilities	P184,722,370	P288,533,947	P591,246,084	P348,965,791	P2,687,855,022	(P2,634,443,739)	P1,466,879,475
Noncurrent liabilities	286,519,338	1,403,366,474	2,299,906,373	–	1,979,978,479	1,326,189,164	7,295,959,828
Total	P471,241,708	P1,691,900,421	P2,891,152,457	P348,965,791	P4,667,833,501	(P1,308,254,575)	P8,762,839,303

*Pertains to eliminating entries and other consolidation adjustments.

19. Disposal of subsidiaries

Pursuant to the Option Agreement dated October 12, 2024, executed by and among SPNEC, SP Project Holdings and MGreen (as assignee of MGen under the Deed of Assignment and Assumption), SPNEC has the right and option to require SP Project Holdings to purchase certain assets comprising of shares in SPNEC subsidiaries, excluding SP Calatagan, SP Tarlac and Terra Solar (the “Put Option”). On August 12, 2024, the BOD of SPNEC approved the exercise of the Put Option.

Pursuant to SPNEC’s exercise of the Put Option as set out in its notice dated August 28, 2024, SPNEC and SP Project Holdings executed a Deed of Absolute Sale of Shares dated September 2, 2024, covering SPNEC’s full equity interest in the following entities (“Subject Companies”) for a total consideration of ₱80.0 million.

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

Subject Companies’ accounts have been classified in the Group’s consolidated financial statements as at September 30, 2024 as follows:

- a. Balance sheet accounts were deconsolidated.
- b. Income statement accounts for the period January 1 to September 3, 2024 are included in the unaudited interim condensed consolidated statement of income.

Assets

Cash and cash equivalents	₱9,849,636
Trade receivables	153,340,821
Inventories	23,759,443
Due from related parties	62,598,904
Other current assets	13,863,975
Property, plant and equipment	324,583,373
Deferred income tax assets	355,594
Other noncurrent assets	14,354,595
	₱602,707,341

Liabilities

Trade and other payables	₱353,135,004
Due to related parties	106,685,974

Equity

Remeasurement gain on retirement benefits	1,503,064
	461,324,042

Total Identifiable Net Assets	141,383,299
Add: Reversal of equity reserve	163,147,620
Less: Non-controlling interest	128,639,999
	175,890,920
Consideration paid	79,994,000
Loss on deconsolidation	(P95,896,920)

After the sale to SP Project Holdings, the Group has fully divested its interest in the Subject Companies which resulted in a loss amounting to P95.9 million recognized under “Other income - net” in the unaudited interim condensed consolidated statement of income.

Net cash inflow on the sale is as follows:

Cash consideration	P79,994,000
Less: cash surrendered by the subsidiaries ¹	(9,849,636)
Net cash inflow	P70,144,364

¹Included in cash flows from investing activities

20. Other Matters

Exchangeable Note Facility Agreement between MGreen and SP Project Holdings

On September 2, 2024, MGreen extended a one-year loan to SP Project Holdings amounting to P6,700,000,050, to be repaid at maturity by 5.8 billion SPNEC common shares currently held by SP Project Holdings at maturity. An additional loan of P800.0 million will be extended to SP Project Holdings upon the occurrence of either:

- SPNEC’s Follow-on Offering or Equity Offering at a price per share equal to or greater than P1.45; or
- Terra Solar Sale at a price per share equal to or greater than the price implied by a 100% equity valuation of Terra Solar of P12,000,000,000.

Environmental Compliance Certificate (“ECC”) of Terra Solar

On May 22, 2024, the DOE issued an ECC to Terra Solar. The ECC covers the maximum 3,500 MW_p solar power project of Terra Solar located in Brgy. Malibay and Maligaya, San Miguel, Bulacan, Brgys. San Pedro, Rio Chico, Pias and Nazareth, General Trio, Nueva Ecija and Brgys. Callos, Sinasajan B., Penaranda and Makabalkay, Gapan City Nueva Ecija.

Terra Solar Project

On May 27, 2024, the DOE awarded Terra Solar the Solar Energy Operating Contract (“SEOC”) No. 2024-05-872 with a contract period of 25 years for the exclusive right to explore and develop the Terra Solar Project located in Gapan City, General Trio and Penaranda, Nueva Ecija and San Miguel and Dona Remedios, Bulacan. On the same date, the DOE issued the Certificate of Registration (“COR”) under the name of Terra Solar.

The Terra Solar Project is a 3,500 MW_p solar project which comprises of 2,500 MW_{ac} solar project and 1,125 MW Battery Energy Storage System (“BESS”). Terra Solar targets the Terra Solar Project to commence operations by February 2026.

On August 13, 2024, the Philippine Board of Investments (“BOI”) issued COR No. 2024-230 to Terra Solar in accordance with the Republic Act No. 9513, or the Renewable Energy Act of 2008.

Contract between Terra Solar, Maxipro Development Corporation and Fuijian Electric Power Engineering Co. Ltd. (collectively referred as “Contractors”)

On July 31, 2024, Terra Solar executed a Contract for Engineering, Design, Supply, Construction, Testing and Commissioning for the 500kV Transmission Line and Associated Facilities of the Terra Solar Power Plant and BESS Project with the Contractors.

Contract between Terra Solar and Meralco Industrial Engineering Services Corp. (MIESCOR)

On August 20, 2024, Terra Solar executed a Contract for Engineering, Design, Supply, Construction, Testing and Commissioning for the Connection Assets for the Terra Solar Project with MIESCOR, an affiliate. The construction is expected to be completed by October 2025.

In 2024, Terra Solar issued Limited Notices to Proceed to MIESCOR to proceed with portions of the scope of Works under the Contract, with the last one issued to allow for mobilization. The payment was presented as part of Refundable deposits under “Other current assets” (see Notes 5 and 11).

Investment by Actis Rubyred (Singapore) Pte. Ltd. (“Actis”) in Terra Solar

On September 6, 2024, the BOD of SPNEC approved the acquisition by Actis of a 40% equity stake in Terra Solar.

In accordance with the Share Subscription Agreement executed by the parties on the same date, Terra Solar will issue to Actis shares (common and preferred) (the “Shares”) equivalent to 40% equity stake in Terra Solar for a total consideration of US\$600 million, subject to compliance with certain conditions, including securing the necessary government approvals on or before March 31, 2025. The Shares shall be issued out of the increase in authorized capital stock, which approval by the SEC is one of the closing conditions for the transaction. Pursuant to the Shareholders’ Agreement, the BOD of Terra Solar shall consist of a maximum of five directors, with each shareholder group having the right to appoint one director for every 20% of the shares it holds based on its shareholding percentage.

Seasonality of Operations

Operations of solar power plants are generally affected by seasonality. Solar power plants are expected to generate their highest output during summer months.

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 condensed unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s unaudited interim condensed unaudited interim condensed consolidated financial statements as of September 30, 2024.

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.

21. Events After the Financial Reporting Date

Results of the October 9, 2024 Meeting of the BOD

At its October 9, 2024 meeting, the BOD of Parent Company approved the following, among others:

- Subscription to 6,075,000 common shares and 597,300,000 preferred shares of TSPI resulting from the increase in authorized capital stock (the “Subscribed Shares”) and application of Parent Company’s receivables in the total amount of ₱1,651,392,365.80 (the “Receivables”) as partial payment of the Subscribed Shares;
- Additional subscription to Terra Nueva shares in the amount of ₱2,902,000,000.

SPNEC’s subscription to the Subscribed Shares and the assignment of the Receivables as partial payment of the Subscribed Shares are covered by a Subscription Agreement and a Deed of Assignment of Shareholder Advances, respectively, with both agreements dated October 16, 2024. As of November 13, 2024, Terra Solar is in the process of filing the required documents with the SEC.

Early Works (EW) Agreements of Terra Solar with China Energy International Group Co. Ltd. (“China Energy”), GEDI Construction Development Corporation (“GEDI”) and POWERCHINA Philippines Corporation (“POWERCHINA”) (collectively referred as “EW Contractors”)

In October 2024, Terra Solar and EW Contractors executed EW Agreements to carry out early works related to the construction of the Terra Solar Project in Nueva Ecija for the purpose of achieving the intended commercial operations date of February 26, 2026, as specified in the EPC Contract. On the same execution dates of the EW Agreements, Terra Solar issued a Letter of Notice Proceed to the respective EW Contractors.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The summary of financial information is based on the Unaudited Interim Condensed Consolidated Financial Statement as of 30 September 2024 (with Comparative Audited Figures as of 31 December 2023) and for the Nine-Month Periods Ended 30 September 2024 and 2023, which were prepared in accordance with the Philippine Financial Reporting Standards (“PFRS”) and should be read in conjunction with the financial statements and notes contained in this report.

Material Changes to the Consolidated Statements of Financial Position as of September 30, 2024, compared to the Consolidated Statements of Financial Position as of December 31, 2023

Horizontal and Vertical Analysis of Financial Position September 30, 2024 vs December 31, 2023						
Amounts in ₱0.00	September 30, 2024	December 31, 2023	Horizontal Analysis Increase/(Decrease)		Vertical Analysis	
			Amount	Percentage	September 30, 2024	December 2023
Assets						
Cash and cash equivalents	6,940,138,388	10,040,424,627	(3,100,286,239)	-30.88%	13.65%	19.62%
Trade receivables	177,782,586	286,288,062	(108,505,476)	-37.90%	0.35%	0.56%
Subscription receivable	1,319,056	1,319,056	-	0.00%	0.00%	0.00%
Inventories	-	24,800,913	(24,800,913)	-100.00%	0.00%	0.05%
Due from related parties	143,873,422	126,920,310	16,953,112	13.36%	0.28%	0.25%
Other current assets	524,192,608	744,366,136	(220,173,528)	-29.58%	1.03%	1.45%
TOTAL CURRENT ASSETS	7,787,306,060	11,224,119,104	(3,436,813,044)	-30.62%	15.31%	21.93%
Property, plant and equipment						
At cost	10,262,170,320	10,136,123,220	126,047,100	1.24%	20.18%	19.80%
At Revalued Amount	12,467,340,000	12,467,340,000	-	0.00%	24.51%	24.36%
Deposits for land acquisition	5,649,040,597	3,396,776,396	2,252,264,201	66.31%	11.11%	6.64%
Intangible assets	13,261,891,642	13,261,891,642	-	0.00%	26.08%	25.91%
Goodwill	9,954,384	9,954,384	-	0.00%	0.02%	0.02%
Deferred Tax Asset	9,291,007	9,646,601	(355,594)	-3.69%	0.02%	0.02%
Other noncurrent assets	1,413,215,320	676,962,959	736,252,361	108.76%	2.78%	1.32%
TOTAL NONCURRENT ASSETS	43,072,903,270	39,958,695,202	3,114,208,068	7.79%	84.69%	78.07%
TOTAL ASSETS	50,860,209,330	51,182,814,306	(322,604,976)	-0.63%	100.00%	100.00%
Liabilities and Equity						
Trade and other payables	469,789,787	482,626,040	(12,836,253)	-2.66%	0.92%	0.94%
Due to related parties	385,906,234	608,442,826	(222,536,592)	-36.57%	0.76%	1.19%
Current portion of lease liabilities	13,255,926	8,962,861	4,293,065	47.90%	0.03%	0.02%
Current portion of notes payable	347,540,093	366,847,748	(19,307,655)	-5.26%	0.68%	0.72%
TOTAL CURRENT LIABILITIES	1,216,492,040	1,466,879,475	(250,387,435)	-17.07%	2.39%	2.87%
Lease liabilities - net of current portion	370,283,404	381,109,300	(10,825,896)	-2.84%	0.73%	0.74%
Notes payable - net of current portion	2,489,551,481	2,729,695,924	(240,144,443)	-8.80%	4.89%	5.33%
Deferred Tax Liabilities	4,086,521,200	4,086,521,200	-	0.00%	8.03%	7.98%
Other noncurrent liabilities	96,343,004	98,633,404	(2,290,400)	-2.32%	0.19%	0.19%
TOTAL NONCURRENT LIABILITIES	7,042,699,089	7,295,959,828	(253,260,739)	-3.47%	13.85%	14.25%
TOTAL LIABILITIES	8,259,191,129	8,762,839,303	(503,648,174)	-5.75%	16.24%	17.12%
Common stock	5,007,305,000	3,437,305,000	1,570,000,000	45.68%	9.85%	6.72%
Preferred stock	194,042,026	-	194,042,026	100.00%	0.38%	0.00%
Additional Paid-in Capital	19,794,017,012	5,713,764,409	14,080,252,603	246.43%	38.92%	11.16%
Deposit for future stock subscription	-	15,894,042,026	(15,894,042,026)	-100.00%		31.05%
Equity reserve	688,902,762	525,755,142	163,147,620	31.03%	1.35%	1.03%
Revaluation Surplus	8,268,091,263	8,268,091,263	-	0.00%	16.26%	16.15%
Retained Earnings	5,414,909,041	5,546,151,067	(131,242,026)	-2.37%	10.65%	10.84%
TOTAL EQUITY	39,367,267,104	39,385,108,907	(17,841,803)	-0.05%	77.40%	76.95%
Non-controlling interest	3,233,751,097	3,034,866,096	198,885,001	6.55%	6.36%	5.93%
TOTAL LIABILITIES AND EQUITY	50,860,209,330	51,182,814,306	(322,604,976)	-0.63%	100.00%	100.00%

General

Pursuant to the Option Agreement dated October 12, 2024, executed by and among SP New Energy Corporation (SPNEC or “Parent Company”), Solar Philippines Power Project Holdings, Inc. (SP Project Holdings) and MGen Renewable Energy, Inc. (MGreen) (as assignee of MERALCO PowerGen Corporation (MGen) under the Deed of Assignment and Assumption), SPNEC has the right and option to require SP Project Holdings to purchase certain assets comprising of shares in SPNEC subsidiaries, excluding Solar Philippines Calatagan Corporation (SP Calatagan), Solar Philippines Tarlac Corporation (SP Tarlac) and Terra Solar Philippines, Inc. (Terra Solar) (the “Put Option”). On August 12, 2024, the Board of Directors (BOD) of SPNEC approved the exercise of the Put Option.

Pursuant to SPNEC’s exercise of the Put Option as set out in its notice dated August 28, 2024, SPNEC and SP Project Holdings executed a Deed of Absolute Sale of Shares dated September 2, 2024, covering SPNEC’s full equity interest in the following entities (“Subject Companies”) for a total consideration of ₱80.0 million.

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

Subject Companies’ accounts have been classified in the Group’s consolidated financial statements as at September 30, 2024 as follows:

- Balance sheet accounts were deconsolidated.
- Income statement accounts for the period January 1 to September 3, 2024 are included in the unaudited interim condensed consolidated statement of income.

Assets

Cash and cash equivalents	₱9,849,636
Trade receivables	153,340,821
Inventories	23,759,443
Due from related parties	62,598,904
Other current assets	13,863,975
Property, plant and equipment	324,583,373
Deferred income tax assets	355,594
Other noncurrent assets	14,354,595
	<hr/>
	₱602,707,341

Liabilities

Trade and other payables	₱353,135,004
Due to related parties	106,685,974

Equity

Remeasurement gain on retirement benefits	1,503,064
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	461,324,042
Total Identifiable Net Assets	141,383,299
Add: Reversal of equity reserve	163,147,620
Less: Non-controlling interest	128,639,999
	175,890,920
Consideration paid	79,994,000
Loss on deconsolidation	(P95,896,920)

After the sale to SP Project Holdings, the Group has fully divested its interest in the Subject Companies which resulted in a loss amounting to P95.9 million recognized under “Other income - net” in the unaudited interim condensed consolidated statement of income.

Net cash inflow on the sale is as follows:

Cash consideration	P79,994,000
Less: cash surrendered by the subsidiaries	(9,849,636)
Net cash inflow	P70,144,364

Cash

For the nine-month period ended September 30, 2024, SPNEC and its subsidiaries (“the Group”) have made collections from its customers amounting to P1,010.2 million and earned interest from its various bank accounts and time deposits totaling P299.1 million. During the same period, the Group made loan and interest payments for P364.10 million, lease payments for P26.8 million, paid for additional deposits for land acquisition amounting to P2,252.3 million, incurred project development and construction costs for P1,382.0 million, settled and provided various intercompany advances for an aggregate amount of P193.9 million, paid stock issuance cost amounting to P17.6 million, paid income tax of P3.85 million and incurred various operating expenses for P123.61 million. Further, SPCC has purchased 570 units of replacement of inverters amounting to P93.50 million to increase efficiency of the plant while TSPI has purchased various transportation and office equipment amounting to P19.7 million as it started the setting up of the offices and hiring of manpower requirements necessary to support its project development activities.

Trade Receivables

Trade receivable arises from the revenue from the sale of electricity, and sale of goods and services of the subsidiaries. These are either interest or non-interest bearing depending on the clause indicated in the contract and generally collectible within 40 to 60 days.

Outstanding receivable as of September 30, 2024, mainly pertains to receivable by SPCC from National Transmission Corporation (“Transco”) amounting to P139.8 million, receivable by SPTC from Manila Electric Company (Meralco) amounting to P36.6 million.

Subscription Receivable

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

Inventories

This account pertains to the inventory on hand of Solar Philippines Rooftop Corporation (SPRC) which were deconsolidated as of September 30, 2024.

Due from Related Parties

As of September 30, 2024, the balance of the Parent Company's advances to related parties is ₱48.8 million, while the subsidiaries' balance of advances to related parties amounted to ₱95.1 million.

Other Current Assets

This account mainly consists of deposit to the TSPI's prospective EPC local contractor amounting to ₱400.0 million which will be offset against the down payment payable upon the signing of the EPC agreement. This also includes net input VAT of ₱43.8 million, prepayments such as insurance, taxes, rent, and trust fees of ₱35.7 million, cash bond deposits of ₱20.3 million, performance bond of ₱15.0 million, and creditable withholding taxes of ₱9.5 million.

As of September 30, 2024, the short-term investments pertaining to the restricted interest-bearing accounts opened and established by SPCC and SPTC in accordance with certain loan and service agreements were reclassified to cash and cash equivalents due to the change of the maturity term of the said short term investments to less than 90 days.

Property, Plant, and Equipment

At Cost

Significant movement in this account includes the purchase of SPCC of an additional 570 units of inverters and smart loggers as replacements for old/damaged units amounting to ₱93.5 million, additional costs pertaining to the ongoing construction of the Projects of the Group amounted to ₱631.4 million and purchase of other equipment amounting to ₱19.7 million.

For the nine-month period ended September 30, 2024, the Group recognized depreciation of its various properties and amortization of Right-of-Use assets amounting to ₱301.5 million and ₱7.5 million, respectively. The net decrease in asset including the impact of the deconsolidation amounted to ₱126.0 million.

As of September 30, 2024, the Group's total land area under lease is at 454.26 hectares.

At Revalued Amount

This pertains to the parcels of land currently owned by the Group, including Terra Nueva, Inc. ("TNI"), SPCC and SPTC, which were reported at their fair market value as of December 31, 2023.

Deposits for Land Acquisition ("DFLA")

For the nine-month period ended September 30, 2024, the Group has incurred costs and made deposits for land acquisition including land-related costs to various landowners amounting to ₱2,252.3 million.

Other Noncurrent Assets

This account mainly consists long-term receivable by SPCC from Transco related to the FIT adjustments amounting to ₱384.5 million, input VAT of the Group amounting to ₱215.84 million, project related advances to contractors and development costs of Terra Solar with an aggregate amount of ₱746.2 million, construction materials of ₱50.6 million, long-term security deposits on leased properties of ₱9.9 million and Right-of-Way (“ROW”) contracts of ₱6.3 million.

Intangible Assets

The intangible assets recorded as of September 30, 2024, pertains to the fair values of the identifiable assets of TSPI, which is mainly attributable to the Power Supply Agreement of TSPI that existed at the time of the acquisition amounting to ₱13,261.9 million.

Goodwill

Goodwill arose in the acquisition of TSPI because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies and future market growth. The total goodwill recognized as of September 30, 2024, amounted to ₱9.9 million which is the difference between fair value of the identifiable net assets and the total consideration.

Deferred Tax Asset

This account pertains to the net deferred tax on the recognized ROU Assets and lease liabilities of SPNEC.

Trade and Other Payables

Trade and other payables include (i) Accounts payable are non-interest bearing and are normally settled within one year, (ii) withholding tax payable pertains to withholding taxes on income payments to various suppliers and contractors for the purchases of goods and services, (iii) retention payable pertains to the amount deducted from payment to contractors for release upon completion of the project or upon expiration of the service warranty, (iv) other liabilities mainly pertain to the current portion of the differential cost of replacement energy charged by Meralco to SPTC and the advances from the customer of SPCC for application to the receivables arising from the sales to the wholesale electricity market.

As of September 30, 2024, the trade and payables consist of accounts payable to the third-party and related party arising from the purchase of goods and services by the Group amounting to ₱206.6 million and ₱138.4 million, respectively, accrued interests for the loan facilities of SPTC and SPCC amounting to ₱82.7 million, accrued expenses and purchases with a total amount of ₱9.0 million, withholding taxes of ₱5.8 million, , retention payable of SPNEC with EPC contractors amounting to ₱13.2 million and other payables of ₱14.1 million. Other payables mainly pertain to advances from customers of ₱14.0 million and statutory and regulatory payables of ₱0.1

Due to Related Parties

As of September 30, 2024, the balance of the Parent Company’s advances from related parties is ₱22.5 million, while the subsidiaries' balance of advances from related parties amounted to ₱363.40 million.

Lease Liabilities

As of September 30, 2024, the total land area under lease of the Group, is at 454.92 hectares. The outstanding lease liabilities of the Parent Company and SPTC are ₱286.3 million and ₱97.2 million, respectively.

Notes Payable

This account pertains to the long term debt used to finance the construction of the project of SPCC and SPTC which are reported to the Group's financial statements as of September 30, 2024 amounting to a total of ₱2,837.0 million, net of deferred financing cost and ₱32.5 million.

SPCC

Omnibus Loan and Security Agreement ("OLSA") (₱3,400.0 million Loan)

On February 14, 2017, SPCC signed an OLSA with BDO, PBB and United Coconut Planters Bank (UCPB) (collectively referred to as the "SPCC Lenders") for a long-term loan facility of ₱3,400.0 million to finance the repayment of short-term loan facility, including accrued interests, and its Project advances from Solar Philippines Power Project Holdings, Inc. ("SPPPHI") and Solar Philippines Commercial Rooftop Projects, Inc. ("SPCRPI"), which were used to partially finance the construction of the Project. The long-term loan from the OLSA carries an interest rate of 6.85% per annum up to April 3, 2022, at which a fixed repricing of the rate has been made to 7.96% per annum for the remainder of the long-term loan. The principal repayment period shall be semi-annual from October 3, 2018 up to April 3, 2029.

As of September 30, 2024 the loan has an outstanding balance of ₱1,086.1 million, net of deferred financing cost of ₱3.4 million.

SPTC

Omnibus Loan and Security Agreement (₱2,225.0 million Loan)

On June 18, 2019, SP Tarlac signed an OLSA with BDO Unibank, Inc. (BDO) for a long-term loan facility of ₱2,225.0 million to solely finance the construction of the Concepcion Solar Project.

The proceeds of the loan amounting ₱2,002.5 million and ₱222.5 million were received on July 3, 2019 and July 25, 2019, respectively. The principal repayment period shall be semi-annual beginning on January 3, 2021 up to July 25, 2031.

As of September 30, 2024, the loan has an outstanding balance of ₱1,750.9 million, net of deferred financing cost of ₱29.1million.

Deferred Tax Liabilities

This pertains to the net tax effect of the recognition of ROU Assets and lease liabilities of SPTC, and fair value measurement of the land of SPTC and SPCC.

Other Noncurrent Liabilities

This account mainly pertains to the non-current portion of the replacement energy costs payable by SPTC to Meralco of ₱92.3 million. The current portion of this replacement energy amounting to ₱5.5 million was presented as part of the trade and other payables. This also includes accrual of the retirement benefit obligations for the regular employees of SPCC and SPTC amounting to ₱2.0 million and ₱1.3 million, respectively.

Capital Stock

On January 17, 2024, the Securities and Exchange Commission ("SEC") approved the Parent Company's application to increase its Authorized Capital Stock from 50 billion common shares to 75

billion common shares and 25 billion preferred shares. Subsequently, the Parent Company reclassified its deposit for future stock subscription to capital stock amounting to ₱1,764.0 million.

Additional Paid-in Capital

Upon approval of the increase in authorized capital stock, the Parent Company recognized additional paid-in capital amounting to ₱14,080.3 million, net of stock issuance costs of ₱49.7 million from the reclassification of the deposit for future stock subscription.

Equity Reserves

This represents the impact of the common control business combination in 2023, as a result of the Parent Company's modified acquisition of 100% of the outstanding shares of SPPPHI in various entities (i.e., Solar Philippines Assets.) combined with the impact of the deconsolidation of the balances of the subsidiaries subjected to the exercise of the put option.

Non- Controlling Interest ("NCI")

For the nine-month period ended September 30, 2024, the NCI share in net income recognized in SPCC - KEPCO Philippines Holdings, Inc. ("KEPCO") and SPTC - Prime Metro Holdings Corporation ("Prime Metro") amounted to ₱192.5 million and ₱135.0 million, respectively.

Retained Earnings

The Group has gained a net income of ₱196.3 million for the nine-month period ending September 30, 2024.

Material Changes to the Consolidated Statements of Comprehensive Income for the Nine (9) - months ended September 30, 2024, compared to the Consolidated Statements of Comprehensive Income for the Nine (9) -months ended September 30, 2023.

As of September 30, 2024, the Parent Company has subsidiaries that are in commercial operations.

Horizontal and Vertical Analysis of Comprehensive Income September 30, 2024 vs September 30, 2023						
Amounts in ₱0.00	September 30, 2024 (9 months) (Unaudited)	September 30, 2023 (9 months) (Unaudited)	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		September 2024	September 2023
			Amount	Percentage		
Revenue	985,690,500	333,666,169	652,024,331	195.41%	502.18%	21.29%
Cost of Sales	(395,452,268)	(160,543,158)	(234,909,110)	146.32%	-201.47%	-10.25%
GROSS PROFIT	590,238,232	173,123,011	417,115,221	240.94%	300.71%	11.05%
General and Administrative Expenses	(361,271,309)	(96,804,726)	(264,466,583)	273.20%	-184.06%	-6.18%
Other Income (Expense)	(99,680,221)	23,866,887	(123,547,108)	-517.65%	-50.78%	1.52%
Finance Costs	(203,382,192)	(94,400,746)	(108,981,446)	115.45%	-103.62%	-6.02%
Interest Income	299,064,632	18,907,175	280,157,457	1481.75%	152.36%	1.21%
INCOME BEFORE TAX	224,969,142	24,691,601	200,277,541	811.12%	114.61%	1.58%
Provisions for Income Tax	(28,686,168)	-	(28,686,168)	100.00%	-14.61%	0.00%
NET INCOME AFTER TAX	196,282,974	24,691,601	171,591,373	694.94%	100.00%	1.58%
Other Comprehensive Income	-	1,542,255,053	(1,542,255,053)	-100.00%	0.00%	98.42%
TOTAL COMPREHENSIVE INCOME	196,282,974	1,566,946,654	(1,370,663,680)	-87.47%	100.00%	100.00%

Revenues

For the nine months period ending September 30, 2024, the Group has recorded a total of ₱985.7 million revenue, mainly contributed by SPCC and SPTC from the sale of electricity. SPRC and Laguna Rooftop Solar Corporation (LRSC) has also contributed to the sale prior to its deconsolidation amounting to ₱8.1 million.

Cost of Sales

Horizontal and Vertical Analysis of Comprehensive Income September 30, 2024 vs September 30, 2023						
Amounts in ₱0.00	September 30, 2024	September 30, 2023	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		September 2024	September 2023
			Amount	Percentage		
Revenue	985,690,500	333,666,169	652,024,331	195.41%	502.18%	21.29%
Depreciation and amortization	288,124,278	96,191,508	191,932,770	199.53%	146.79%	6.14%
Consumables, parts and repairs	38,812,940	2,765,776	36,047,164	1303.33%	19.77%	0.18%
Insurance	32,315,364	17,114,021	15,201,343	88.82%	16.46%	1.09%
Contracted Services	19,213,669	22,524,979	(3,311,310)	-14.70%	9.79%	1.44%
Rentals	786,750	3,839,974	(3,053,224)	-79.51%	0.40%	0.25%
Others	16,199,267	18,106,900	(1,907,633)	-10.54%	8.25%	1.16%
Cost of Sales	395,452,268	160,543,158	234,909,110	146.32%	201.47%	10.25%

Costs of sale of electricity include expenses incurred that are directly attributable to the generation of revenues from solar energy. For the nine month period ending September 30, 2024, the Group has recorded a total cost of sales of ₱395.5 million. This account mainly consists of depreciation and insurance directly related to the power plant assets, consumables and repairs directly related to the operations and the contracted services for the maintenance of the plant, the aggregate amount of which accounted for 96% of the total Cost of Sales. Other components are salaries and wages, utilities, and others. Significant increase in depreciation was mainly due to the accelerated depreciation pertaining to the replacement of SPCC inverters amounting to ₱66.0.

General and Administrative Expenses

Horizontal and Vertical Analysis of Comprehensive Income September 30, 2024 vs September 30, 2023						
Amounts in ₱0.00	September 30, 2024	September 30, 2023	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		September 2024	September 2023
			Amount	Percentage		
Contracted Services	83,722,288	22,425,000	61,297,288	273.34%	42.65%	1.43%
Miscellaneous Expense	34,941,274	10,793,958	24,147,316	223.71%	17.80%	0.69%
Taxes and licenses	52,532,656	25,638,579	26,894,077	104.90%	26.76%	1.64%
Professional fees	101,212,518	11,728,677	89,483,841	762.95%	51.56%	0.75%
Salaries and wages	19,219,537	544,848	18,674,689	3427.50%	9.79%	0.03%
Depreciation and amortization	13,411,825	4,052,604	9,359,221	230.94%	6.83%	0.26%
Transportation and Travel	6,415,009	799,981	5,615,028	701.90%	3.27%	0.05%
Utilities	3,859,320	-	3,859,320	100.00%	1.97%	0.00%
Insurance	5,810,259	5,699,507	110,752	1.94%	2.96%	0.36%
Materials	2,057,641	353,633	1,704,008	481.86%	1.05%	0.02%
Employee Benefits'	1,358,701	-	1,358,701	100.00%	0.69%	0.00%
Rentals	346,380	3,348,486	(3,002,106)	-89.66%	0.18%	0.21%
Others	36,383,901	11,419,453	24,964,448	218.61%	18.54%	0.73%
General and Administrative Expenses	361,271,309	96,804,726	264,466,583	273.20%	184.06%	6.18%

Contracted Services

Contracted services pertain to the fees charged by the shareholder and its affiliate for the support and management services rendered to the subsidiaries' back office operations and project development. For the nine-month period ended September 30, 2024 and 2023, the Group has reported contracted services amounting to ₱83.8 (net of capitalized amount of ₱61.9 million) million and ₱22.4 million, respectively. The increase in the contracted services mainly pertains to the charges from MGreen and Global Business Power Corporation (GBP) for the support services related to the project development of Terra Solar for an aggregate amount of ₱55.9 (net of capitalized amount of ₱61.9 million)

Miscellaneous Expenses

This account comprised of the bank fees and charges mainly related to the cost of the Stand-by Letter of Credit (SBLC) paid in relation to Terra Solar project.

Taxes and Licenses

This account consists of the Group's payments for corporate business permit renewal, insurance-related taxes, land related real property taxes, CTC of titles, tax declarations, DAR filing fees, etc. This also includes PSE listing maintenance fees and regulatory fees such as government share and benefits of host communities. The increase mainly pertains to the real property taxes paid for the lots acquired for the Terra Solar project and the payment of government share arrears to Department of Energy (DOE) including penalties.

Professional Fees

These are audit fees, appraisal fees on properties of the Group, directors' fees, legal, and other professional and consultancy services incurred by the Group. Significant increase mainly pertains to the accrual of fees payable to Latham and Wtakins LLP for the professional services rendered in SPNEC.

Salaries and Wages

This mainly pertains to all salaries and benefits paid to the employees of TSPI, SPTC and SPCC.

Depreciation and Amortization

It includes the depreciation of the ROU assets and other non-plant related assets such as but not limited to transportation equipment, office and computer equipment, furniture and fixtures. For the nine-month period ended September 30, 2024, the Group recognized expense related to the depreciation of ROU assets amounting to ₱11.6 million while the balance pertains to the depreciation of other non-plant related assets.

Transportation and Travel

This mainly pertains to expenses incurred by the employees for site and location visits related to TSPI project. Major components include fare and accommodation for local and foreign travels as well as car rentals.

Utilities

This mainly pertains to expenses related to communications such as leased lines, telephone and postage. This also includes water and power bills for administrative use.

Others

This account consists of other operating and administrative expenses incurred for the Group such as representation, employer share of government contributions, staff accommodation among others.

Finance Costs

This account includes interest on bank loans of SPTC and SPCC and interest accretion related to lease liabilities of SPNEC and SPTC.

Interest Income

Pertains to the interest income from banks arising mainly from temporary placements of SPNEC and subsidiaries.

Other Income (Expense)

This account includes other income and expense not directly attributable to operations such as sale of scrap and foreign exchange gains or losses. For the nine-month period ended September 30, 2024, the expense mainly pertains to losses on deconsolidation of ₱96.9 million, Realized Forex Loss amounting to ₱4.4 million offset by the proceeds from sale of scrap amounting to ₱0.5 million.

Income Tax Expense

Pertains to the current income tax provision of SPCC. SPCC's income tax holiday has ended in 2023.

Net Income

For the nine-month period ended September 30, 2024, the Group has derived a net income of ₱196.3 million.

Key Performance Indicators

Ratio	Formula	June 2024	December 2023
Current ratio	Dividing total current assets over total current liabilities	6.40	7.65
Acid test ratio	Dividing total current assets less inventory over total current liabilities	6.40	7.63
Solvency ratio	Dividing net income excluding depreciation and non-cash provisions over total debt obligations	0.06	0.70
Debt-to-equity ratio	Dividing total liabilities over stockholders' equity	0.19	0.21
Asset-to-equity ratio	Dividing total assets over total stockholders' equity	1.19	1.21
Interest rate coverage ratio	Dividing earnings before interest and taxes of one period over interest expense of the same period	2.11	36.70
Net debt-to-equity Ratio	Dividing total interest-bearing debts less cash and cash equivalents over total stockholders' equity	-0.10	-0.16
Return on equity (%)	Dividing the net income (annual basis) by total stockholders' equity (average)	0.46%	14.02%
Return on assets (%)	Dividing the net income (annual basis) by the total assets (average)	0.39%	11.62%