

# COVER SHEET

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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

1<sup>st</sup> 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 31 March 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 ☐

May 10, 2024

**SECURITIES AND EXCHANGE COMMISSION**

7907 Makati Ave., Salcedo Village, Barangay Bel-Air  
Makati City 1209

Attention: **VICENTE GRACIANO P. FELIZMENIO, JR.**  
Head, Disclosure Department

**THE PHILIPPINE STOCK EXCHANGE, INC.**

PSE Tower, 5th Avenue corner 28th Street,  
Bonifacio Global City, Taguig City

Attention: **NORBERTO MORENO, JR.**  
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 31 March 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 March 31, 2024 with Comparative Audited Figures as at December 31, 2023
- Unaudited Interim Condensed Consolidated Statements of Income for the Three-Month Period Ended March 31, 2024 And 2023
- Unaudited Interim Condensed Consolidated Statements of Changes in Equity for the Three-Month Period Ended March 31, 2024 And 2023
- Unaudited Interim Condensed Consolidated Statements of Cash Flows For the Three-Month Period Ended March 31, 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 March 31, 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 three (3)-months ended March 31, 2024, compared to the Consolidated Statements of Comprehensive Income for the Three (3) -months ended March 31, 2023.
- Key Performance Indicators

[Please see attached]

## **PART II – OTHER INFORMATION**

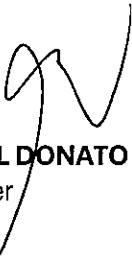
Not Applicable

### **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 be 'RD', written over the printed name and title.

**ROCHEL DONATO R. GLORIA**

Treasurer

Date

# **SP New Energy Corporation and Subsidiaries**

Unaudited Interim Condensed Consolidated  
Financial Statements  
March 31, 2024  
(With Comparative Audited Figures as of  
December 31, 2023)  
And For the Three-Month Periods Ended  
March 31, 2024 and 2023

**SP NEW ENERGY CORPORATION  
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF  
FINANCIAL POSITION**

**As at March 31, 2024**

**(With Comparative Audited Figures as at December 31, 2023)**

	<b>March 31, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 3 and 19)	<b>₱9,868,154,842</b>	₱10,040,424,627
Trade receivables (Notes 4 and 19)	<b>318,902,940</b>	286,288,062
Subscriptions receivable (Notes 13 and 19)	<b>1,319,056</b>	1,319,056
Inventories (Note 5)	<b>24,720,513</b>	24,800,913
Due from related parties (Notes 12 and 19)	<b>126,930,310</b>	126,920,310
Other current assets (Notes 6 and 29)	<b>755,371,423</b>	744,366,136
<b>Total Current Assets</b>	<b>11,095,399,084</b>	11,224,119,104
<b>Noncurrent Assets</b>		
Property, plant and equipment (Note 7)		
At cost	<b>10,146,819,787</b>	10,136,123,220
At revalued amount	<b>12,467,340,000</b>	12,467,340,000
Deposits for land acquisition (Note 8)	<b>3,586,062,313</b>	3,396,776,396
Intangible assets (Note 18)	<b>13,261,891,642</b>	13,261,891,642
Goodwill (Note 18)	<b>9,954,384</b>	9,954,384
Deferred income tax assets - net	<b>9,646,601</b>	9,646,601
Other noncurrent assets (Notes 9 and 19)	<b>724,118,902</b>	676,962,959
<b>Total Noncurrent Assets</b>	<b>40,205,833,629</b>	39,958,695,202
<b>TOTAL ASSETS</b>	<b>₱51,301,232,713</b>	₱51,182,814,306
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 10 and 19)	<b>₱567,375,233</b>	₱482,626,040
Due to related parties (Notes 12 and 19)	<b>609,944,973</b>	608,442,826
Current portion of:		
Long-term debt (Notes 11 and 19)	<b>357,765,274</b>	366,847,748
Lease liabilities (Notes 16 and 19)	<b>9,050,893</b>	8,962,861
<b>Total Current Liabilities</b>	<b>1,544,136,373</b>	1,466,879,475
<b>Noncurrent Liabilities</b>		
Noncurrent portion of:		
Long-term debt (Notes 11 and 19)	<b>2,664,228,396</b>	2,729,695,924
Lease liabilities (Notes 16 and 19)	<b>383,255,724</b>	381,109,300
Deferred tax liabilities	<b>4,086,521,200</b>	4,086,521,200
Other noncurrent liabilities (Note 25)	<b>96,185,983</b>	98,633,404
<b>Total Noncurrent Liabilities</b>	<b>7,230,191,303</b>	7,295,959,828
<b>TOTAL LIABILITIES</b>	<b>₱8,774,327,676</b>	₱8,762,839,303

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
<b>Equity Attributable to Equity Holders of the Parent Company</b>		
Common stock (Note 13)	<b>₱5,007,305,000</b>	₱3,437,305,000
Preferred stock (Note 13)	<b>194,042,026</b>	—
Additional paid-in capital (Note 13)	<b>19,794,017,012</b>	5,713,764,409
Deposit for future stock subscription (Note 13)	—	15,894,042,026
Equity reserve (Note 17)	<b>525,755,142</b>	525,755,142
Revaluation surplus	<b>8,268,091,263</b>	8,268,091,263
Retained earnings	<b>5,593,653,498</b>	5,546,151,067
	<b>39,382,863,941</b>	39,385,108,907
<b>Non-controlling Interests</b>	<b>3,144,041,096</b>	3,034,866,096
<b>TOTAL EQUITY</b>	<b>42,526,905,037</b>	42,419,975,003
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱51,301,232,713</b>	₱51,182,814,306

*See accompanying Notes to Consolidated Financial Statements.*



**SP NEW ENERGY CORPORATION  
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF  
INCOME (LOSS)  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024 AND 2023**

	2024	2023
<b>REVENUE FROM CONTRACTS WITH CUSTOMERS</b> (Note 25)	<b>P344,389,138</b>	<b>P–</b>
<b>COSTS OF SALES AND SERVICES</b> (Note 14)	<b>(120,083,103)</b>	<b>–</b>
<b>GROSS PROFIT</b>	<b>224,306,035</b>	<b>–</b>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b> (Note 15)	<b>(98,094,960)</b>	<b>(22,653,515)</b>
<b>FINANCE COSTS</b> (Notes 11 and 16)	<b>(68,174,859)</b>	<b>(2,258,295)</b>
<b>INTEREST INCOME</b> (Note 3 and 6)	<b>96,548,790</b>	<b>344,659</b>
<b>OTHER INCOME - net</b>	<b>2,092,425</b>	<b>–</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>156,677,431</b>	<b>(24,567,151)</b>
<b>PROVISION FOR INCOME TAX</b>	<b>–</b>	<b>–</b>
<b>NET INCOME (LOSS)</b>	<b>P156,677,431</b>	<b>(P24,567,151)</b>
<b>Net Income (Loss) attributable to:</b>		
Equity holders of the Parent Company	<b>P47,502,431</b>	<b>(P24,567,151)</b>
Non-controlling interests	<b>109,175,000</b>	<b>–</b>
	<b>P156,677,431</b>	<b>(P24,567,151)</b>
<b>Basic/Diluted Earnings (Loss) Per Share</b> (Note 20)	<b>P0.0009</b>	<b>(P0.0025)</b>

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

**SP NEW ENERGY CORPORATION  
AND SUBSIDIARIES**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF  
COMPREHENSIVE INCOME (LOSS)  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>NET INCOME (LOSS)</b>	<b>₱156,677,431</b>	<b>(₱24,567,151)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>—</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱156,677,431</b>	<b>(₱24,567,151)</b>
<b>Total Comprehensive Income (Loss) attributable to:</b>		
Equity holders of the Parent Company	<b>₱47,502,431</b>	<b>(₱24,567,151)</b>
Non-controlling interests	<b>109,175,000</b>	<b>—</b>
	<b>₱156,677,431</b>	<b>(₱24,567,151)</b>

*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 THREE-MONTH PERIOD ENDED MARCH 31, 2024 AND 2023**

	Equity Attributable to Equity Holders of the Parent Company							Total	Non-controlling Interests	Total
	Common Stock (Note 13)	Preferred Stock (Note 13)	Additional Paid-in Capital (Note 13)	Deposit for Future Stock Subscription (Note 13)	Equity Reserve (Note 17)	Revaluation Surplus	Retained Earnings (Deficit)			
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 13)	1,570,000,000	194,042,026	14,130,000,000	(15,894,042,026)	–	–	–	–	–	–
Stock issuance cost (Note 13)	–	–	(49,747,397)	–	–	–	–	(49,747,397)	–	(49,747,397)
	1,570,000,000	194,042,026	14,080,252,603	(15,894,042,026)	–	–	–	(49,747,397)	–	(49,747,397)
Total comprehensive income for the period	–	–	–	–	–	–	47,502,431	47,502,431	109,175,000	156,677,431
<b>Balances at March 31, 2024</b>	<b>P5,007,305,000</b>	<b>P194,042,026</b>	<b>P19,794,017,012</b>	<b>P–</b>	<b>P525,755,142</b>	<b>P8,268,091,263</b>	<b>P5,593,653,498</b>	<b>P39,382,863,941</b>	<b>P3,144,041,096</b>	<b>P42,526,905,037</b>
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
Total comprehensive loss for the period	–	–	–	–	–	–	(24,567,151)	(24,567,151)	–	(24,567,151)
Balance at March 31, 2023	P1,000,000,000	P–	P4,938,722,430	P–	P–	P–	(P150,693,092)	P5,788,029,338	P–	P5,788,029,338

*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 THREE-MONTH PERIOD ENDED MARCH 31, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	<b>P156,677,431</b>	(P24,567,151)
Adjustments for:		
Interest income (Note 3)	<b>(96,548,790)</b>	(344,659)
Depreciation and amortization (Notes 7, 14 and 15)	<b>85,783,193</b>	1,292,096
Finance costs (Notes 11 and 16)	<b>68,174,859</b>	2,258,295
Retirement benefit expense	<b>57,638</b>	—
Reversal of impairment	<b>(1,786,983)</b>	—
Unrealized foreign exchange gain	<b>—</b>	(417,332)
Operating income (loss) before working capital changes	<b>212,357,348</b>	(21,778,751)
Decrease (increase) in:		
Trade receivables (Note 4)	<b>(30,827,895)</b>	—
Inventories (Note 5)	<b>80,400</b>	—
Other current assets (Note 6)	<b>(43,112,262)</b>	336,045
Increase (decrease) in trade and other payables (Note 10)	<b>99,357,667</b>	(6,620,500)
Net cash flows from (used in) operations	<b>237,855,258</b>	(28,063,206)
Interest received	<b>96,548,790</b>	344,659
Net cash flows from (used in) operating activities	<b>334,404,048</b>	(27,718,547)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Deposits for land acquisition (Note 8)	<b>(189,285,917)</b>	(147,419,378)
Property, plant and equipment (Note 7)	<b>(93,969,315)</b>	(133,621,853)
Investment properties	<b>—</b>	(4,463,919)
Increases in:		
Due from related parties (Note 12)	<b>(10,000)</b>	(80,500,000)
Other noncurrent assets (Note 9)	<b>(47,155,943)</b>	(1,067,331)
Net cash flows used in investing activities	<b>(330,421,175)</b>	(367,072,481)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Stock issuance cost (Note 13)	<b>(17,640,422)</b>	—
Payments of: (Note 23)		
Long-term debt	<b>(75,650,000)</b>	—
Interest	<b>(77,468,715)</b>	—
Lease liabilities	<b>(4,490,609)</b>	(4,538,676)
Increase (decrease) in:		
Due to related parties	<b>1,502,147</b>	—
Other noncurrent liabilities	<b>(2,505,059)</b>	—
Collection of subscriptions receivable	<b>—</b>	649,796,605
Net cash flows from (used in) financing activities	<b>(176,252,658)</b>	645,257,929
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>—</b>	417,332
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(172,269,785)</b>	250,884,233
<b>CASH AND CASH EQUIVALENTS AT JANUARY 1</b>	<b>10,040,424,627</b>	37,232,084
<b>CASH AND CASH EQUIVALENTS AT MARCH 31</b>	<b>P9,868,154,842</b>	P288,116,317

*See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.*

# **SP NEW ENERGY CORPORATION AND SUBSIDIARIES**

## **NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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### **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 May 10, 2024, the Parent Company has subsidiaries that are in commercial operations (see Note 2).

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”.

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

As of May 10, 2024, MGreen is considered as the controlling shareholder of SPNEC with a total voting interest of 53.66%.

#### **(b) Principal Office Address**

On May 10, 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.

#### **(c) Authorization for the Issuance of the Condensed Consolidated Financial Statements**

The unaudited interim condensed consolidated financial statements of the Group as of March 31, 2024 and December 31, 2023 and for the three-month period ended March 31, 2024 and 2023 were authorized for issue by the BOD on May 10, 2024.

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## 2. Basis of Preparation, and Material Accounting Policy Information

### Basis of Preparation

The unaudited interim consolidated financial statements of the Group as of March 31, 2024 and for the three-month periods ended March 31, 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.

### Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Group as of March 31, 2024 and December 31, 2023 and for the three-month period ended March 31, 2024 and 2023.

### 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") Solar Philippines Tarlac Corporation ("SP Tarlac"), Solar Philippines Rooftop Corporation ("SPRC"), and Laguna Rooftop Solar Corporation ("LRSC"), all other subsidiaries have not started operations.

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

Subsidiaries	Percentage of Ownership (%)			
	March 31, 2024		December 31, 2023	
	Direct	Indirect	Direct	Indirect
Terra Nueva, Inc. (Terra Nueva)	100	—	100	—
Solar Philippines Calatagan Corporation (SP Calatagan) <sup>1</sup>	62	—	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	—
Terra Solar Philippines, Inc. (Terra Solar)	100	—	100	—
Laguna Rooftop Solar Corporation (Laguna Rooftop)	60	—	60	—

<sup>2</sup>Economic 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 17 to the unaudited interim condensed 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 18 to the unaudited interim condensed 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”, 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 March 31, 2024, undeclared dividends on the SP Calatagan preferred shares amounted to ₱256.7 million, and accumulated interest recorded amounted to ₱18.4 million.

SP Tarlac

SP Tarlac is also registered with the BOI and is entitled to 7-year ITH 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 March 31, 2024, cumulative undeclared dividends amounted ₱649.9 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 unaudited interim condensed 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.



### NCI

The NCI in the unaudited interim condensed 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 unaudited interim condensed 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 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.

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 unaudited interim condensed consolidated financial statements as of March 31, 2024.

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### 3. Cash and Cash Equivalents

	<b>March 31, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Cash on hand and in banks	<b>₱9,661,809,900</b>	₱9,934,772,578
Short-term deposits	<b>206,344,942</b>	105,652,049
	<b>₱9,868,154,842</b>	₱10,040,424,627

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.

Cash in banks earn interest at the respective bank deposit rates. Total interest earned on cash in banks, net of final tax, amounted to ₱89.6 million and ₱0.3 million for the three-month periods ended March 31, 2024 and 2023, 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.

#### 4. Trade Receivables

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables		
Third parties	<b>P382,225,349</b>	P351,397,454
Related party	<b>4,189,066</b>	4,189,066
	<b>386,414,415</b>	355,586,520
Less allowance for doubtful accounts	<b>(67,511,475)</b>	(69,298,458)
	<b>P318,902,940</b>	P286,288,062

Movement in allowance for doubtful accounts are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	<b>P69,298,458</b>	P–
Effect of business combination under common control	–	69,645,553
Provision for impairment loss	–	75,280
Reversal	<b>(1,786,983)</b>	(422,375)
Balance at end of period	<b>P 67,511,475</b>	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. Inventories

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost		
Mounting structures	<b>P19,423,306</b>	P19,423,306
Panels and inverters	<b>12,924,499</b>	12,924,499
Cables	<b>10,297,327</b>	10,297,327
Others	<b>9,615,838</b>	9,696,238
	<b>52,341,370</b>	52,341,370
Less allowance for doubtful accounts	<b>(27,540,457)</b>	(27,540,457)
	<b>P24,720,513</b>	P24,800,913

Movement in allowance for impairment loss follows:

	<b>March 31, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Balance at beginning of period	<b>P27,540,457</b>	<b>P-</b>
Effect of business combination under common control	–	29,382,300
Reversal	–	(1,841,843)
Balance at end of period	<b>P27,540,457</b>	<b>P27,540,457</b>

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.

## 6. Other Current Assets

	<b>March 31, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Short-term investments	<b>P607,337,725</b>	<b>P575,810,259</b>
Input VAT	<b>41,549,158</b>	<b>41,086,277</b>
Bonds (Note 23)	<b>35,267,323</b>	<b>35,267,363</b>
Advances to suppliers	<b>22,190,097</b>	<b>15,330,330</b>
Creditable withholding taxes	<b>8,599,335</b>	<b>6,748,265</b>
Deferred transaction costs (Note 16)	–	32,106,975
Others (Notes 18 and 29)	<b>46,037,609</b>	<b>43,626,491</b>
	<b>760,981,247</b>	<b>749,975,960</b>
Less allowance for impairment	<b>(5,609,824)</b>	<b>(5,609,824)</b>
	<b>P755,371,423</b>	<b>P744,366,136</b>

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

	<b>March 31, 2024 (Unaudited)</b>	<b>December 31, 2023 (Audited)</b>
Balance at beginning of period	<b>P5,609,824</b>	<b>P-</b>
Effect of business combination under common control	–	5,133,866
Provision for impairment loss	–	680,892
Reversal	–	(204,934)
Balance at end of period	<b>P5,609,824</b>	<b>P5,609,824</b>

Bonds consist of:

Beneficiary	Contract	Term	Expiry Date	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
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		<b>₱20,267,363</b>	₱20,267,363
Angeles Electric Corporation ("AEC")	Power Supply Agreement for 15 MW <sub>p</sub> solar power project	Callable upon demand	August 10, 2024	<b>15,000,000</b>	15,000,000
<b>Total</b>				<b>₱35,267,363</b>	₱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 25). Total interest earned on short-term investments amounted to ₱2.0 million for the three-month period ended March 31, 2024.

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.

## 7. Property, Plant and Equipment

At cost

**March 31, 2024 (Unaudited)**

	Solar Power Plants	Land and Leasehold Improvements	Transportation Equipment	Office and Warehouse Equipment	Furniture and Fixtures	ROU Assets	Building	Construction in Progress	Total
<b>Cost</b>									
Balances at beginning of period	₱8,540,278,396	₱2,367,763	₱701,082	₱4,045,867	₱385,031	₱534,653,539	₱1,543,512	₱2,652,776,840	₱11,736,752,030
Additions	78,229,382	—	4,473,214	65,179	—	—	—	15,130,074	97,897,849
Balances at end of period	8,618,507,778	2,367,763	5,174,296	4,111,046	385,031	534,653,539	1,543,512	2,667,906,914	11,834,649,879
<b>Accumulated depreciation, amortization, and impairment losses</b>									
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 14 and 15)	81,639,065	82,276	29,164	143,849	17,901	3,855,503	15,435	—	85,783,193
Amortization capitalized to CIP	—	—	—	—	—	1,418,089	—	—	1,418,089
Balances at end of period	1,584,291,769	859,375	450,102	1,497,274	382,328	85,756,682	36,015	14,556,547	1,687,830,092
<b>Net book value</b>	<b>₱7,034,216,009</b>	<b>₱1,508,388</b>	<b>₱4,724,194</b>	<b>₱2,613,772</b>	<b>₱2,703</b>	<b>₱448,896,857</b>	<b>₱1,507,497</b>	<b>₱2,653,350,367</b>	<b>₱10,146,819,787</b>

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 (Note 17)	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 (Note 17)	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 March 31, 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 11).

*CIP*

This pertains to capitalized costs related mainly to the SPNEC’s Phase 1 and SP Tarlac’s expansion projects (see Note 24).

*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 March 31, 2024 and December 31, 2023, the Group’s total land area under lease is at 454.92 hectares.

The costs of ROU assets are amortized using the straight-line method over the lease term. As of March 31, 2024 and December 31, 2023, the remaining terms of the leases range between 20 to 30 years (including extension of five (5) years) (see Note 16).

At revalued amount

*Land*

<b>Entity</b>	<b>Land Area (in hectares)</b>	<b>Acquisition cost</b>	<b>Appraised value as of March 31, 2024 (Unaudited)</b>
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
	<b>670.43</b>	<b>₱4,411.7</b>	<b>₱12,467.3</b>

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).

The foregoing properties of SP Calatagan and SP Tarlac were used as collateral to secure their respective long-term debts (see Note 11).

The total value of the land - at cost, is ₱4,411.7 million as of March 31, 2024 and December 31, 2023.



## 8. Deposits for Land Acquisition

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

Entity	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Land Area (in hectares)	Deposit Paid	Land Area (in hectares)	Deposit Paid
Provincia Investments Corporation ("PIC")	68.62	P267,000,000	68.62	P267,000,000
Lupang Hinirang Holdings Corporation "LHHC")	56.81	270,000,000	56.81	270,000,000
Leandro L. Leviste	87.50	421,618,085	87.50	421,618,085
Various landowners	2,237.25	2,627,444,228	2,092.72	2,438,158,311
	<b>2,450.18</b>	<b>P3,586,062,313</b>	1,852.79	P3,396,776,396

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:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balances at beginning of period	P2,438,158,311	P1,489,892,396
Additions	189,285,917	723,096,532
Reclassifications from (to):		
Deposit (Note 9)	—	500,000,000
Land (Note 7)	—	(287,506,687)
Effect of business combination under common control (Note 17)	—	12,676,070
Balances at end of period	<b>P2,627,444,228</b>	<b>P2,438,158,311</b>

As of March 31, 2024 and December 31, 2023, the remaining balance amounting to P1,131.1 million and P1,111.8 million, respectively, will be payable when the conditions under the contracts to sell are satisfied.

## 9. Other Noncurrent Assets

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Long-term receivables (Note 25)	<b>₱343,394,765</b>	₱318,977,637
Input VAT	<b>139,291,516</b>	138,451,932
Project development costs	<b>95,744,235</b>	75,062,130
Deferred input VAT	<b>79,349,946</b>	78,188,325
Plant construction materials	<b>50,631,692</b>	50,624,254
Others (Note 20)	<b>15,834,916</b>	15,786,849
	<b>724,247,070</b>	677,091,127
Less allowance for impairment of input VAT	<b>(128,168)</b>	(128,168)
	<b>₱724,118,902</b>	₱676,962,959

Project development costs pertain to pre-development costs incurred by Terra Solar in relation to the construction of its solar power project (see Note 24).

## 10. Trade and Other Payables

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable		
Related parties (Note 12)	<b>₱212,701,142</b>	₱185,013,429
Third parties	<b>98,785,963</b>	49,127,667
Interest payable (Note 25)	<b>84,707,304</b>	99,315,778
Accrued expenses (Note 11)	<b>101,800,151</b>	89,591,394
Income tax payable	<b>21,707,307</b>	21,707,307
Withholding tax payable	<b>17,518,189</b>	13,793,524
Accrued purchases	<b>17,108,581</b>	10,743,183
Other payables	<b>13,046,596</b>	13,333,758
	<b>₱567,375,233</b>	₱482,626,040

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 March 31, 2024 and December 31, 2023, the total cost of replacement energy to be offset against SP Tarlac’s future billings to Meralco amounted to ₱105.0 million and ₱107.5 million, respectively (see Note 25).

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

## 11. Long-term Debt

Following are the details of the long-term debt:

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	₱1,860.1	₱40.0
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	24.0
Total				3,058.9	64.0
Less unamortized debt transaction cost				(36.9)	
				3,022.0	
Current portion				(357.8)	
Long-term debt, net of current portion				2,664.2	

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	(1,342,535)	242,537	(1,099,998)
Balance at end of period	₱30,458,840	₱6,447,490	₱36,906,330

### 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 three-month period ended March 31, 2024, total interest expense amounted to ₱40.0 million and is presented as part of “Finance costs” in the unaudited interim condensed consolidated statement of comprehensive income. As of March 31, 2024, accrued interest relating to the long-term debt amounted to ₱38.8 million (see Note 10).

As of March 31, 2024, the OLSA is secured by the following:

1. SP Tarlac’s solar power plant with net book value of ₱4,471.3 million (see Note 7)
2. Tarlac 1A Project with revalued amount of ₱1,490.0 million (see Note 7)
3. Leasehold rights over leased Tarlac 1A Project land of 61.48 hectares (see Note 16)
4. Parcels of land with land area of 87.50 hectares owned by SP Calatagan (see Note 8)
5. SP Tarlac’s common stocks

SP Calatagan

*Omnibus Loan and Security Agreement (P3,400.0 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 P3,400.0 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 three-month period ended March 31, 2024, total interest expense amounted to P24.0 million and was presented as part of “Finance costs” in the unaudited interim condensed consolidated statement of income. As of March 31, 2024, accrued interest relating to the long-term facility amounted to P46.0 million (see Note 10).

As of March 31, 2024, 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 P2,480.5 million as of March 31, 2024 (see Note 7);
2. SP Calatagan’s Project Lands with revalued amount of P2,421.1 million as of March 31, 2024 (see Note 7); and
3. SP Calatagan’s capital stock comprising of common stock and preferred stock amounting to P1,099.5 million and P305.9 million, respectively.

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**12. 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 three-month period ended March 31, 2024 and 2023, and the related outstanding balances as of March 31, 2024 and December 31, 2023:

Transactions during the three-month periods ended March 31 (Unaudited)			Outstanding balance as of			
	2024	2023	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	Terms	Conditions
<b>Deposits for land acquisition (Note 9)</b>						
Individual					Deposits; non-interest	Unsecured;
Stockholder	P–	P–	P421,618,085	P421,618,085	bearing	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		
<b>Due from related parties</b>						
					Due and demandable; non-interest	Unsecured;
SP Project Holdings	P–	P–	P87,962,020	P87,967,930	bearing	Not impaired
SPCRPI	–	80,500,000	31,654,070	31,654,070	-do-	-do-
Individual						
Stockholder	–	–	7,293,310	7,293,310	-do-	-do-
SPCLC	15,000	–	20,000	5,000	-do-	-do-
SP Tagoloan	910	–	910	–	-do-	-do-
			P126,930,310	P126,920,310		
<b>Due to related parties</b>						
					Due and demandable; non-interest	Unsecured
SP Project Holdings	P1,411,233	P–	P538,068,008	P536,656,775	bearing	
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-
PIC	90,914	–	90,914	–	-do-	-do-
			P609,944,973	P608,442,826		
<b>Accounts payable</b>						
					Due and demandable; non-interest	Unsecured
SPCRPI	P–	P–	P85,714,453	P85,714,453	bearing	
SP Project Holdings	6,615,000	6,300,000	76,069,016	65,881,659	-do-	-do-
SMSC	12,191,155	3,668,977	50,369,717	32,869,361	-do-	-do-
SPMMC	–	–	547,956	547,956	-do-	-do-
			P212,701,142	P185,013,429		

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 16).

*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.

As of May 10, 2024, the parties have yet to extend the MSA.

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 three-month period ended March 31, 2024 and 2023 amounted to ₱6.6 million and ₱6.3 million, respectively, presented as “Management fees” under “General and administrative expenses” in the unaudited interim condensed consolidated statements of comprehensive income (see Note 15).

*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 three-month period ended March 31, 2024 and 2023 amounted to ₱9.0 million, which were capitalized as part of CIP (see Note 7).

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

On May 27, 2020, SP Calatagan entered into an administrative service contract with SPCRPI, an affiliate, to provide necessary and advisory services on management, investment and technical matters involving SP Calatagan’s operations, including but not limited to human resources, legal, finance and information technology. Under the contract, SP Calatagan 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. For the three-month period ended March 31, 2024, SP Calatagan recognized professional fees amounting to ₱3.0 million, which is presented as “Management fees” under “General and administrative expenses” in the unaudited interim condensed consolidated statements of comprehensive income (see Note 15).

*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 8).

*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’ 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.

b. LHHC

*MOA with LHHC*

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

c. PIC

*MOA with PIC*

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

d. 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 three-month period ended March 31, 2024 and 2023, amounted to ₱12.2 million and ₱3.7 million, respectively, which were capitalized in CIP.

*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, SP Calatagan 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%. For the three-month period ended March 31, 2024, SP Calatagan recognized outside services amounting to ₱5.2 million, presented as part of “Costs of sales and services” in unaudited interim condensed statements of comprehensive income (see Note 14).

*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 three-month period ended March 31, 2024, SP Tarlac recognized professional fees amounting to ₱5.8 million, which was presented as part of “Costs of sales and services” in the unaudited interim condensed consolidated statement of comprehensive income (see Note 14).

*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 three-month period ended March 31, 2024, SP Rooftop recognized “Personnel costs” which was presented as part of “Costs of sales and services” in the unaudited interim condensed of comprehensive income amounting to ₱0.1 million (see Note 14).

*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.

e. 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).



### 13. Equity

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

The details of the Parent Company's capital stock as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	
	Shares	Amount	Shares	Amount
<b>Common shares - P0.1 par value per share</b>				
Balances at beginning of period	50,000,000,000	P5,000,000,000	10,000,000,000	P1,000,000,000
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	P7,500,000,000	50,000,000,000	P5,000,000,000
<b>Issued and outstanding:</b>				
Balances at beginning of period	34,373,050,000	P3,437,305,000	10,000,000,000	P1,000,000,000
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	P5,007,305,000	34,373,050,000	P3,437,305,000
<b>Preferred shares - P0.01 par value per share</b>				
Balances at beginning of period	—	P—	—	P—
Increase in authorized capital stock	25,000,000,000	250,000,000	—	—
Balances at end of period	25,000,000,000	P250,000,000	—	P—
<b>Issued and outstanding:</b>				
Balances at beginning of period	—	P—	—	P—
Issuances of shares	19,404,202,552	194,042,026	—	—
Balances at end of period	19,404,202,552	P194,042,026	—	P—

#### *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 P2,813.5 million or at P1.50 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 P2,591.4 million, net of transaction costs of P34.5 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 March 31, 2024 and December 31, 2023, subscriptions receivable resulting from those that subscribed on installment payment amounted to P1.3 million. As of May 10, 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, gross of transaction costs 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 ₱776.9 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.

*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 March 31, 2024 and December 31, 2023, the Parent Company presented the cash subscription amounting to nil and ₱15.9 billion, respectively, as "Deposits for future stock subscription" under Equity.

In 2024, upon approval of the SEC of the Parent Company's application for increase in authorized capital stock, the Parent Company 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 has acquired an additional 2.174 billion shares or equivalent to ₱2.5 billion from SP Project Holdings, which increased MGreen's voting equity interest in SPNEC to 53.66%.

*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.

#### 14. Cost of Sales and Services

Costs of sales and services for the three-month period ended March 31, 2024 and 2023 are as follows:

	For the Three-Month Periods Ended March 31 (Unaudited)	
	2024	2023
Depreciation and amortization (Note 9)	<b>P84,202,472</b>	<b>P—</b>
Manpower services (Note 14)	<b>11,058,411</b>	—
Insurance	<b>9,518,874</b>	—
Security services	<b>5,684,877</b>	—
Salaries and wages	<b>4,248,309</b>	—
Rentals	<b>252,600</b>	—
Inventories issued (Note 6)	<b>80,400</b>	—
Others	<b>5,037,160</b>	—
	<b>P120,083,103</b>	<b>P—</b>

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

#### 15. General and Administrative Expenses

General and administrative expenses for the three-month period ended March 31, 2024 and 2023 are as follows:

	For the Three-Month Period Ended March 31(Unaudited)	
	2024	2023
Professional fees	<b>P34,860,499</b>	<b>P2,556,941</b>
Miscellaneous	<b>17,859,728</b>	—
Taxes and licenses	<b>17,134,239</b>	9,006,982
Management fee (Note 14)	<b>9,615,000</b>	6,300,000
Depreciation and amortization (Note 9)	<b>1,580,722</b>	1,292,096
Bid-related costs	<b>1,471,285</b>	1,272,790
Rentals	<b>936,075</b>	—
Others (Notes 5 and 7)	<b>14,637,412</b>	2,224,706
	<b>P98,094,960</b>	<b>P22,653,515</b>

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

## 16. Leases

Lease liabilities as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balances at beginning of period	<b>₱390,072,161</b>	₱303,138,420
Interest expense capitalized to CIP* (Note 9)	<b>2,510,445</b>	13,213,102
Interest expense (Note 26)	<b>4,214,620</b>	10,743,700
Payments	<b>(4,490,609)</b>	(18,526,228)
Additions through business combination under common control (Note 21)	–	98,120,014
Adjustments	–	(16,616,847)
Total lease liabilities	<b>392,306,617</b>	390,072,161
Current portion of lease liabilities	<b>9,050,893</b>	8,962,861
Noncurrent portion of lease liabilities	<b>₱383,255,724</b>	₱381,109,300

\*Incurred during the construction period (see Note 25)

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.

Set out below are the amounts recognized in the unaudited interim condensed of comprehensive income:

	For the Three-Month Period Ended March 31 (Unaudited)	
	2024	2023
Interest accretion of lease liabilities	<b>₱4,214,620</b>	₱2,258,295
Amortization of ROU assets	<b>3,855,503</b>	1,292,096
Expenses relating to leases of low-value assets (included in costs of sales and services, Note 14)	<b>252,600</b>	—
Expenses relating to leases of low-value assets (included in general and administrative expenses, Note 15)	<b>936,075</b>	—
Total amounts recognized in the unaudited interim condensed consolidated statement of comprehensive income	<b>₱9,258,798</b>	₱3,550,391

#### 17. 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 13).

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 SP Calatagan 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 SP Calatagan 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	Country side 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 in 2023 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
	<b>14,331,171,733</b>

#### 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>
<b>Total Identifiable Net Assets</b>	<b>₱8,722,694,508</b>
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	<u>3,175,788,740</u>
<b>Equity reserve</b>	<b><u>₱525,755,142</u></b>

## 18. 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 March 31, 2024, 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.

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:

<b>Assets</b>	
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
	<u>13,345,756,639</u>
<b>Liabilities</b>	
Trade and other payables	5,487,317
Deferred tax liability	1,326,189,164
Due to related parties	33,988,926
	<u>1,365,665,407</u>
<b>Total Identifiable Net Assets</b>	<b>11,980,091,232</b>
Consideration	<u>11,990,045,616</u>
<b>Goodwill</b>	<b><u>₱9,954,384</u></b>

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

Cash paid to Prime Infra	₱6,000,000,000
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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.

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## 19. 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 ₱11,300.1 million and ₱11,385.5 million as of March 31, 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 March 31, 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 March 31, 2024 and December 31, 2023, the aging analysis per class of financial assets that were past due is as follows:

**March 31, 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*	P9,867,750	P–	P–	P–	P–	P9,867,750
Trade receivables	318,903	–	–	–	67,511	386,414
Subscriptions receivable	1,319	–	–	–	–	1,319
Short term investments	607,338	–	–	–	–	607,338
Bonds	35,830	–	–	–	–	35,830
Due from related parties	126,930	–	–	–	–	126,930
Long-term receivables	343,395	–	–	–	–	343,395
	P11,301,465	P–	P–	P–	P67,511	P11,368,976

\*Excludes cash on hand

December 31, 2023 (Audited)

	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

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 summarizes the maturity profile as of March 31, 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:

	March 31, 2024 (Unaudited)				
	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*	P9,867,750	P–	P–	P–	P9,867,750
Trade receivables	191,893	127,010	–	–	318,903
Subscriptions receivable	1,319	–	–	–	1,319
Short-term investments	607,338	–	–	–	607,338
Due from related parties	126,930	–	–	–	126,930
Bonds	35,830	–	–	–	35,830
Long-term receivables	–	–	343,395	–	343,395
	P10,831,060	P127,010	P343,395	P–	P11,301,465
Financial liabilities at amortized cost:					
Trade and other payables**	P–	P413,287	P–	P–	P413,287
Due to related parties	609,945	–	–	–	609,945
Lease liabilities***	–	19,036	128,834	677,113	824,983
Long-term debt***	–	221,031	1,554,450	1,205,950	2,981,431
	P609,945	P653,354	P1,683,284	P1,883,063	P4,829,646

\*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
	(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

### 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*

The fair value of long-term receivables was computed by discounting the expected cash flows using the applicable rate of 5.58%. As of March 31, 2024 and December 31, 2023, the fair value and carrying value of the long-term receivables amounted to P380.3 million and P353.3 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 to compute the fair value ranges from 6.50% to 8.87%. As of March 31, 2024 and December 31, 2023, the fair value and carrying value of the long-term debt amounted to P3,066.0 million and P3,141.7 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% as at March 31, 2024 and December 31, 2023, respectively. The fair value of the lease liabilities amounted to P370.81 million and P368.7 million as of March 31, 2024 and

December 31, 2023 respectively, while the carrying value of the lease liabilities amounted to ₱392.3 million and ₱390.1 million as of March 31, 2024 and December 31, 2023, respectively.

As of March 31, 2024 and December 31, 2023, the fair value of lease liabilities are measured using Level 3 valuation technique. For the years ended March 31, 2024 and December 31, 2023, 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 three-month period ended March 31, 2024 and 2023.

The Group considers the following as its core capital:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Common stock	<b>₱5,007,305,000</b>	₱3,437,305,000
Preferred stock	<b>194,042,026</b>	—
Additional paid-in capital	<b>19,794,017,012</b>	5,713,764,409
Deposit for future stock subscription	—	15,894,042,026
Equity reserve	<b>525,755,142</b>	525,755,142
Revaluation surplus	<b>8,268,091,263</b>	8,268,091,263
Retained earnings	<b>5,593,653,498</b>	5,546,151,067
	<b>₱39,382,863,941</b>	₱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 March 31, 2024.

#### **20. Basic/Diluted Earnings (Loss) Per Share**

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

	For the Three-Month Period Ended March 31 (Unaudited)	
	2024	2023
(a) Net income (loss) attributable to equity holders of the Parent Company	<b>₱47,502,431</b>	(₱24,567,151)
(b) Weighted average number of common shares outstanding	<b>50,073,050,000</b>	10,000,000,000
Basic/diluted earnings (loss) per share (a/b)	<b>₱0.0009</b>	(₱0.0025)

The Group does not have any dilutive potential common shares as at March 31, 2024 and December 31, 2023.

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## 21. 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:

- a) accelerate the exploration and development of renewable energy resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country’s dependence on fossil fuels and thereby minimize the country’s exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;
- b) increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;
- c) encourage the development and utilization of renewable energy resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and environment; and
- d) establish the necessary infrastructure and mechanism to carry out mandates specified in the Act and other laws.

As provided in the Act, 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.

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## **22. 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:

<b>March 31, 2024 (Three Months) (Unaudited)</b>							
	<b>SPNEC</b>	<b>SP Calatagan</b>	<b>SP Rooftop</b>	<b>SP Tarlac</b>	<b>Others</b>	<b>Eliminating entries*</b>	<b>Total</b>
<b>Segment revenue</b>	<b>P–</b>	<b>P225,528,063</b>	<b>P433,637</b>	<b>P115,955,222</b>	<b>P2,551,406</b>	<b>(P79,190)</b>	<b>P344,389,138</b>
<b>Segment expenses</b>	<b>(49,225,469)</b>	<b>(31,447,569)</b>	<b>(1,241,414)</b>	<b>(22,726,837)</b>	<b>(27,753,580)</b>	<b>–</b>	<b>(132,394,869)</b>
<b>Segment results</b>	<b>(49,225,469)</b>	<b>194,080,494</b>	<b>(807,777)</b>	<b>93,228,385</b>	<b>(25,202,174)</b>	<b>(79,190)</b>	<b>211,994,269</b>
<b>Interest income</b>	<b>88,040,310</b>	<b>5,576,262</b>	<b>120,072</b>	<b>2,767,253</b>	<b>44,892</b>	<b>–</b>	<b>96,548,789</b>
<b>Interest expense</b>	<b>(2,324,994)</b>	<b>(24,001,130)</b>	<b>–</b>	<b>(41,848,735)</b>	<b>–</b>	<b>–</b>	<b>(68,174,859)</b>
<b>Depreciation and amortization</b>	<b>(1,302,476)</b>	<b>(38,478,659)</b>	<b>(249,660)</b>	<b>(44,899,308)</b>	<b>(853,090)</b>	<b>–</b>	<b>(85,783,193)</b>
<b>Other income (expense)</b>	<b>302,007</b>	<b>–</b>	<b>1,787,703</b>	<b>1,110</b>	<b>1,605</b>	<b>–</b>	<b>2,092,425</b>
<b>Net income (loss)</b>	<b>P35,489,378</b>	<b>P137,176,967</b>	<b>P850,338</b>	<b>P9,248,705</b>	<b>(P26,008,767)</b>	<b>(P79,190)</b>	<b>P156,677,431</b>

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

March 31, 2024 (Unaudited)

	SPNEC	SP Calatagan	SP Tarlac	SP Rooftop	Others	Eliminating entries*	Total
Current assets	P12,165,116,645	P866,890,051	P437,095,726	P260,932,667	P563,707,292	(P3,198,343,296)	P11,095,399,085
Noncurrent assets	3,967,936,412	5,672,205,628	6,717,307,990	93,225,034	2,591,310,221	21,163,848,344	40,205,833,629
<b>Total</b>	<b>P16,133,053,057</b>	<b>P6,539,095,679</b>	<b>P7,154,403,716</b>	<b>P354,157,701</b>	<b>P3,155,017,513</b>	<b>P17,965,505,048</b>	<b>P51,301,232,714</b>
Current liabilities	P254,752,577	P318,239,984	P554,175,590	P351,671,371	P3,263,770,146	(P3,198,473,296)	P1,544,136,372
Noncurrent liabilities	287,895,775	1,403,366,474	2,232,761,412	–	–	3,306,167,642	7,230,191,303
<b>Total</b>	<b>P542,648,352</b>	<b>P1,721,606,458</b>	<b>P2,786,937,002</b>	<b>P351,671,371</b>	<b>P3,263,770,146</b>	<b>P107,694,346</b>	<b>P8,774,327,675</b>

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

December 31, 2023 (Audited)

	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
<b>Total</b>	<b>P25,254,749,590</b>	<b>P6,372,212,674</b>	<b>P7,249,370,463</b>	<b>P350,601,787</b>	<b>P10,525,155,066</b>	<b>P1,430,724,725</b>	<b>P51,182,814,306</b>
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
<b>Total</b>	<b>P471,241,708</b>	<b>P1,691,900,421</b>	<b>P2,891,152,457</b>	<b>P348,965,791</b>	<b>P4,667,833,501</b>	<b>(P1,308,254,575)</b>	<b>P8,762,839,303</b>

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

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**23. Changes in Liabilities Arising From Financing Activities****March 31, 2024 (Unaudited)**

	December 31, 2023	Cash flows	Others	March 31, 2024
Due to related parties	₱608,442,826	1,502,147	–	609,944,973
Long-term debt	3,096,543,672	(75,650,000)	1,099,998	3,021,993,670
Accrued interest	99,315,778	(77,468,715)	62,860,241	84,707,304
Lease liabilities	390,072,161	(4,490,609)	6,725,065	392,306,617
<b>Total liabilities from financing activities</b>	<b>₱4,194,374,437</b>	<b>(156,107,177)</b>	<b>70,685,304</b>	<b>4,108,952,564</b>

**March 31, 2023 (Unaudited)**

	December 31, 2022	Cash flows	Others	March 31, 2023
Due to a related party	22,770,229	–	–	22,770,229
Lease liabilities	303,138,420	(4,538,676)	4,621,733	303,221,477
<b>Total liabilities from financing activities</b>	<b>325,908,649</b>	<b>(4,538,676)</b>	<b>4,621,733</b>	<b>325,991,706</b>

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**24. 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<sub>p</sub> (“MW<sub>dc</sub>”) 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<sub>dc</sub> solar power plant (“Phase 1”) in Barangay Las Piñas, Peñaranda, Nueva Ecija with sub-phases of Phase 1A at 50 MW<sub>dc</sub> and Phase 1B at 175 MW<sub>dc</sub>. 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<sub>dc</sub> solar power plant (“Phase 2”).

The Parent Company began construction of Phase 1A on December 27, 2021 and is 89.89% 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<sub>dc</sub> 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 March 31, 2024 and December 31, 2023, respectively (see Note 7).

#### SP Calatagan

SP Calatagan owns and operates a 63.4 MW<sub>ac</sub> 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 May 10, 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 May 10, 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 May 10, 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 May 10, 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 May 10, 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.

<b>SESC No.</b>	<b>Award Date</b>	<b>Project Name</b>
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 May 10, 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.

#### Terra Solar

The following SESCOs were awarded to SPCRPI, an affiliate of Terra Solar.

<b>SESC No.</b>	<b>Award Date</b>	<b>Project Name</b>
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 Terra Solar. On March 27, 2023, Terra Solar applied with the DOE for the approval of the assignment of the SESCOs. As of May 10, 2024, Terra Solar awaits the approval of DOE.

#### Laguna Rooftop

The following SEOCs were awarded to Laguna Rooftop. Each SEOC has a contract period of 25 years and will expire on 2047.

<b>SEOC No.</b>	<b>Award Date</b>	<b>Project Name</b>	<b>Capacity (MW<sub>p</sub>)</b>
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:

<b>Award Date</b>	<b>Project Name</b>	<b>Capacity (MW<sub>p</sub>)</b>
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 May 10, 2024, Laguna Rooftop is still in the process of securing the related COC from the ERC for the MMPC solar power projects.

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## **25. Contracts and Commitments**

### SPNEC

*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<sub>ac</sub> 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<sub>ac</sub>, 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<sub>ac</sub>, 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 May 10, 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 March 31, 2024 and December 31, 2023, performance bond amounting to ₱15.0 million was presented as part of "Bonds" under "Other current assets" in the unaudited interim condensed consolidated statement 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 May 10, 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 March 31, 2024 and December 31, 2023, the long-term receivable from TransCo amounted to ₱343.4 million and ₱319.0 million, respectively (see Note 9). The current portion of the long-term receivables amounted to ₱57.3 million is presented as part of “Trade receivables” in the unaudited interim condensed consolidated statement of financial position as of March 31, 2024 and December 31, 2023, respectively (see Note 4). For the three-month period ended March 31, 2024, interest accretion on receivables from TransCo amounted to ₱1.0 million which was presented under “Interest income” in the unaudited interim condensed consolidated 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<sub>p</sub> 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<sub>p</sub> 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 March 31, 2024 and 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, respectively, and the noncurrent replacement energy cost payable presented as "Other noncurrent liabilities" amounted to ₱92.9 million and ₱95.4 million, respectively.

##### *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 11<sup>th</sup> contract year. In March 2019, SP Tarlac and Meralco then jointly requested for the approval with the ERC. As of May 10, 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 three-month period ended March 31, 2024, benefits to host communities amounted to ₱0.3 million which is presented under “General and administrative expenses” in the unaudited interim condensed consolidated statement of income (see Note 15).

#### 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 4).

##### *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 March 31, 2024, the outstanding receivable from sale of electricity amounted to ₱0.9 million (see Note 4).

#### *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<sub>p</sub>. 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 March 31, 2024, 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 May 10, 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:

<b>Project Name</b>	<b>Location</b>	<b>Contract Price</b>
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
		<b>₱226,628,394</b>

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 20<sup>th</sup> 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.

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## **26. Other Matters**

### *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 March 31, 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.

## 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 31 March 2024 (with Comparative Audited Figures as of 31 December 2023) and for the Three-Month Periods Ended 31 March 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 March 31, 2024, compared to the Consolidated Statements of Financial Position as of December 31, 2023

Horizontal and Vertical Analysis of Financial Position March 31, 2024 vs December 31, 2023						
Amounts in ₱0.00	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		March 2024	December 2023
			Amount	Percentage		
<b>Assets</b>						
Cash and cash equivalents	9,868,154,842	10,040,424,627	(172,269,785)	-1.72%	19.24%	19.62%
Trade receivables	318,902,940	286,288,062	32,614,878	11.39%	0.62%	0.56%
Subscription Receivable	1,319,056	1,319,056	-	0.00%	0.00%	0.00%
Inventories	24,720,513	24,800,913	(80,400)	-0.32%	0.05%	0.05%
Due from related parties	126,930,310	126,920,310	10,000	0.01%	0.25%	0.25%
Other current assets	755,371,423	744,366,136	11,005,287	1.48%	1.47%	1.45%
<b>TOTAL CURRENT ASSETS</b>	<b>11,095,399,084</b>	<b>11,224,119,104</b>	<b>(128,720,020)</b>	<b>-1.15%</b>	<b>21.63%</b>	<b>21.93%</b>
Property, plant and equipment						
At Cost	10,146,819,787	10,136,123,220	10,696,567	0.11%	19.78%	19.80%
At Revalued Amount	12,467,340,000	12,467,340,000	-	0.00%	24.30%	24.36%
Deposits for land acquisition	3,586,062,313	3,396,776,396	189,285,917	5.57%	6.99%	6.64%
Intangible assets	13,261,891,642	13,261,891,642	-	0.00%	25.85%	25.91%
Goodwill	9,954,384	9,954,384	-	0.00%	0.02%	0.02%
Deferred Tax Asset	9,646,601	9,646,601	-	0.00%	0.02%	0.02%
Other noncurrent assets	724,118,902	676,962,959	47,155,943	6.97%	1.41%	1.32%
<b>TOTAL NONCURRENT ASSETS</b>	<b>40,205,833,629</b>	<b>39,958,695,202</b>	<b>247,138,427</b>	<b>0.62%</b>	<b>78.37%</b>	<b>78.07%</b>
<b>TOTAL ASSETS</b>	<b>51,301,232,713</b>	<b>51,182,814,306</b>	<b>118,418,407</b>	<b>0.23%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Liabilities and Equity</b>						
Trade and other payables	567,375,233	482,626,040	84,749,193	17.56%	1.11%	0.94%
Due to related parties	609,944,973	608,442,826	1,502,147	0.25%	1.19%	1.19%
Current portion of lease liabilities	9,050,893	8,962,861	88,032	0.98%	0.02%	0.02%
Current portion of notes payable	357,765,274	366,847,748	(9,082,474)	-2.48%	0.70%	0.72%
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,544,136,373</b>	<b>1,466,879,475</b>	<b>77,256,898</b>	<b>5.27%</b>	<b>3.01%</b>	<b>2.87%</b>
Lease liabilities - net of current portion	383,255,724	381,109,300	2,146,424	0.56%	0.75%	0.74%
Notes payable - net of current portion	2,664,228,396	2,729,695,924	(65,467,528)	-2.40%	5.19%	5.33%
Deferred tax liabilities	4,086,521,200	4,086,521,200	-	0.00%	7.97%	7.98%



Horizontal and Vertical Analysis of Financial Position March 31, 2024 vs December 31, 2023						
Amounts in ₱0.00	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		March 2024	December 2023
			Amount	Percentage		
Other noncurrent liabilities	96,185,983	98,633,404	(2,447,421)	-2.48%	0.19%	0.19%
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>7,230,191,303</b>	<b>7,295,959,828</b>	<b>(65,768,525)</b>	<b>-0.90%</b>	<b>14.09%</b>	<b>14.25%</b>
<b>TOTAL LIABILITIES</b>	<b>8,774,327,676</b>	<b>8,762,839,303</b>	<b>11,488,373</b>	<b>0.13%</b>	<b>17.10%</b>	<b>17.12%</b>
Common Stock	5,007,305,000	3,437,305,000	1,570,000,000	45.68%	9.76%	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%	38.58%	11.16%
Deposit for future stock subscription	-	15,894,042,026	(15,894,042,026)	-100.00%	0.00%	31.05%
Equity reserve	525,755,142	525,755,142	-	0.00%	1.02%	1.03%
Revaluation Surplus	8,268,091,263	8,268,091,263	-	0.00%	16.12%	16.15%
Retained earnings	5,593,653,498	5,546,151,067	47,502,431	0.86%	10.90%	10.84%
<b>EQUITY ATTRIBUTABLE TO PARENT</b>	<b>39,382,863,941</b>	<b>39,385,108,907</b>	<b>(2,244,966)</b>	<b>-0.01%</b>	<b>76.77%</b>	<b>76.95%</b>
Non Controlling Interest	3,144,041,096	3,034,866,096	109,175,000	3.60%	6.13%	5.93%
<b>TOTAL EQUITY</b>	<b>42,526,905,037</b>	<b>42,419,975,003</b>	<b>106,930,034</b>	<b>0.25%</b>	<b>82.90%</b>	<b>82.88%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>51,301,232,713</b>	<b>51,182,814,306</b>	<b>118,418,407</b>	<b>0.23%</b>	<b>100.00%</b>	<b>100.00%</b>

### Cash

As of March 31, 2024, SP New Energy Corporation (“SPNEC or Parent Company”) and its subsidiaries (“the Group”) have made collections from its customers amounting to ₱207.4 million and earned interest from its various bank accounts and time deposits totaling ₱96.6 million. During the same period, the Group made loan and interest payments for ₱153.1 million, lease payments for ₱4.5 million, paid for additional deposits for land acquisition amounting to ₱189.3 million, incurred construction costs for ₱15.1 million and operating expenses for ₱104.3 million. Further, Solar Philippines Calatagan Corporation (“SPCC”) purchased an additional 50 units of inverters amounting to ₱10.0 million to increase the generation of the plant.

### 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 March 31, 2024, pertains to receivable by SPCC from National Transmission Corporation (“Transco”) amounting to ₱202.0 million, receivable by Solar Philippines Tarlac Corporation (“SPTC”) from Meralco amounting to ₱87.4 million and the balance is Solar Philippines Rooftop Corporation’s (“SPRC”) transactions from its Power Purchase Agreement (PPA) and Engineering, Procurement, Construction (EPC) services.

### 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 SPRC which are to be used for the construction of its contracted Projects amounting to ₱24.7 million.

### Due from Related Parties

As of March 31, 2024, the balance of the Parent Company's advances to related parties is ₱29.9 million, while the subsidiaries' balance of advances to related parties amounted to ₱97.0 million.

### Other Current Assets

This account mainly consists of short-term investments amounting to ₱607.3 million that are restricted interest-bearing accounts opened and established by SPCC and SPTC in accordance with certain loan and service agreements that will serve as a cash reserve or deposit for the principal and/or interest payments due on the loans. This also includes input VAT of ₱41.5 million prepayments such as insurance, taxes, rent, and trust fees of ₱25.2 million, cash bond deposits of ₱20.3 million, advance payment to suppliers of ₱22.2 million, performance bond of ₱15.6 million, creditable withholding taxes of ₱8.6 million and other non-trade receivables of ₱10.2 million.

### Property, Plant, and Equipment

#### *At Cost*

Significant movement in this account includes the purchase of SPCC of an additional 50 units of inverters and smart loggers as replacements for old/damaged units amounting to ₱10.0 million and the additional costs incurred on the ongoing construction of the Projects of the Group amounted to ₱83.5 million

For the three-month period ended March 31, 2024, the Group recognized depreciation of its various properties and amortization of Right-of-Use assets amounting to ₱81.9 million and ₱5.3 million, respectively. This resulted in a net increase of ₱10.7 million.

As of March 31, 2024, the Group's total land area under lease is 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 three-month period ended March 31, 2024, the Group made deposits for land acquisition including land-related costs to various landowners amounting to ₱189.3 million.

### Other Noncurrent Assets

This account mainly consists long-term receivable by SPCC from Transco related to the FIT adjustments amounting to ₱343.4 million, input VAT of ₱139.3 million of SPNEC, TNI, and SPTC, Terra Solar Philippines Inc. ("TSPI") project development cost of ₱95.7 million, construction materials of ₱50.6 million, long-term security deposits on leased properties of ₱9.4 million and Right-of-Way ("ROW") contracts of ₱6.3 million.

### Intangible Assets

The intangible assets recorded as of March 31, 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 March 31, 2024, amounted to ₱9.9 million which is the difference between fair value of the identifiable net assets and the total consideration.

### 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 professional fees and various payments to contractors for services rendered (iii) accrued expenses consist mainly of accrual for benefits to host communities, light and water, professional fees, and (iv) differential cost of replacement energy charged by Manila Electric Company (“Meralco”) to SPTC.

The third-party payables for the purchase of goods and services by the Group totaling ₱95.1 million, accrued interests for the loan facilities of SPTC and SPCC amounting to ₱84.7 million, related party payables amounting to ₱212.7 million, accrued expenses totaling ₱118.9 million, income tax payable of ₱21.7 million, withholding taxes of ₱17.5 million, deferred output VAT of ₱9.0 million, statutory payables of ₱0.3 million and other non-trade payables of ₱6.5 million.

### Due to Related Parties

As of March 31, 2024, the balance of the Parent Company’s advances from related parties is ₱129.9 million, while the subsidiaries' balance of advances from related parties amounted to ₱480.0 million.

### Lease Liabilities

As of March 31, 2024, the total land area under lease of the Group is 454.92 hectares. The outstanding lease liabilities of the Parent Company and SPTC are ₱291.4 million and ₱101.0 million, respectively.

### Notes Payable

This account pertains to the loans payable of SPTC and SPCC which was recorded in the Group’s financial statements as of March 31, 2024, totaling ₱3,022.0 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. An increase in the Gross Receipts Tax (GRT) rate is expected on April 3, 2024. The principal repayment period shall be semi-annual from October 3, 2018 up to April 3, 2029.

As of March 31, 2024 the loan has an outstanding balance of ₱1,192.4 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 March 31, 2024, the loan has an outstanding balance of ₱1,829.6 million.

#### Deferred Tax Liabilities

This account arises from the recognition of ROU Assets, lease liabilities, and fair value measurement of the Group's land.

#### Other Noncurrent Liabilities

This account consists of the noncurrent portion of replacement energy costs payable by SPTC to Meralco of ₱95.4 million. The current portion of this replacement energy amounting to ₱12.1 million was presented as part of the trade and other payables.

#### 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 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.)

#### Non Controlling Interest ("NCI")

For the three-month period ended March 31, 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 ₱64.2 million and ₱45.0 million, respectively.

#### Retained Earnings

The Group has registered a net income of ₱156.7 million for the three-month period ending March 31, 2024.

**Material Changes to the Consolidated Statements of Comprehensive Income for the Three (3) - months ended March 31, 2024, compared to the Consolidated Statements of Comprehensive Income for the Three (3) -months ended March 31, 2023.**

As of March 31, 2024, the Parent Company has subsidiaries that are in commercial operations.

Horizontal and Vertical Analysis of Comprehensive Income March 31, 2024 vs. March 31, 2023						
Amounts in ₱0.00	March 31, 2024 (3 months) (Unaudited)	March 31, 2023 (3 months) (Unaudited)	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		March 2024	March 2023
			Amount	Percentage		
Revenue	344,389,138	-	344,389,138	100.00%	219.81%	0.00%
Cost of Sales	(120,083,103)	-	(120,083,103)	100.00%	-76.64%	0.00%
<b>GROSS PROFIT</b>	<b>224,306,035</b>	<b>-</b>	<b>224,306,035</b>	<b>100.00%</b>	<b>143.16%</b>	<b>0.00%</b>
General and Administrative Expenses	(98,094,960)	(22,653,515)	(75,441,445)	333.02%	-62.61%	92.21%
Other Income (Expense)	2,092,425	-	2,092,425	100.00%	1.34%	0.00%
Finance Costs	(68,174,859)	(2,258,295)	(65,916,564)	2918.86%	-43.51%	9.19%
Interest Income	96,548,790	344,659	96,204,131	27912.84%	61.62%	-1.40%
<b>INCOME (LOSS) BEFORE TAX</b>	<b>156,677,431</b>	<b>(24,567,151)</b>	<b>181,244,582</b>	<b>-737.75%</b>	<b>100.00%</b>	<b>100.00%</b>
Provision for income tax	-	-	-	100.00%	0.00%	0.00%
<b>NET INCOME (LOSS) AFTER TAX</b>	<b>156,677,431</b>	<b>(24,567,151)</b>	<b>181,244,582</b>	<b>-737.75%</b>	<b>100.00%</b>	<b>100.00%</b>
Other Comprehensive Income	-	-	-	100.00%	0.00%	0.00%
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>156,677,431</b>	<b>(24,567,151)</b>	<b>181,244,582</b>	<b>-737.75%</b>	<b>100.00%</b>	<b>100.00%</b>

Revenue

For the three month period ending March 31, 2024, the Group has recorded a total of ₱344.4 million revenue, mainly contributed by SPCC, SPRC, SPTC and Laguna Rooftop Solar Corporation (“LRSC”) from the sale of electricity.

Cost of Sales

Horizontal and Vertical Analysis of Comprehensive Income March 31, 2024 vs. March 31, 2023						
Amounts in ₱0.00	March 31, 2024 (3 months) (Unaudited)	March 31, 2023 (3 months) (Unaudited)	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		March 2024	March 2023
			Amount	Percentage		
Depreciation and amortization	84,202,472	-	84,202,472	100.00%	53.74%	0.00%
Insurance	9,518,874	-	9,518,874	100.00%	6.08%	0.00%
Manpower services	11,058,411	-	11,058,411	100.00%	7.06%	0.00%
Security services	5,684,877	-	5,684,877	100.00%	3.63%	0.00%
Salaries and wages	4,248,309	-	4,248,309	100.00%	2.71%	0.00%
Inventories issued	80,400	-	80,400	100.00%	0.05%	0.00%
Rentals	252,600	-	252,600	100.00%	0.16%	0.00%
Others	5,037,160	-	5,037,160	100.00%	3.21%	0.00%
<b>Cost of Sales</b>	<b>120,083,103</b>	<b>-</b>	<b>120,083,103</b>	<b>100.00%</b>	<b>76.64%</b>	<b>0.00%</b>

Costs of sale of electricity include expenses incurred by those directly attributable to the generation of revenues from solar energy. For the three month period ending March 31, 2024, the Group has recorded a total cost of sales of ₱120.1 million This account mainly comprised of depreciation of the solar power plant and amortization of ROU Assets which accounted for 70% of the total Cost of Sales. Other components are plant insurance, plant maintenance, power plant preventive maintenance schedule, salaries and wages, utilities, and others.

#### General and Administrative Expenses

Horizontal and Vertical Analysis of Comprehensive Income March 31, 2024 vs. March 31, 2023						
Amounts in ₱0.00	March 31, 2024 (3 months) (Unaudited)	March 31, 2023 (3 months) (Unaudited)	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		March 2024	March 2023
			Amount	Percentage		
Professional fees	21,394,272	2,556,941	18,837,331	736.71%	13.65%	-10.41%
Taxes and licenses	17,134,239	9,006,982	8,127,257	90.23%	10.94%	-36.66%
Management fee	9,615,000	6,300,000	3,315,000	52.62%	6.14%	-25.64%
Depreciation and amortization	1,580,722	1,292,096	288,626	22.34%	1.01%	-5.26%
Bid related cost	1,471,285	1,272,790	198,495	15.60%	0.94%	-5.18%
Rental	936,075	-	936,075	100.00%	0.60%	0.00%
Penalties and surcharges	61,045	-	61,045	100.00%	0.04%	0.00%
Insurance	11,223	-	11,223	100.00%	0.01%	0.00%
Others	45,891,099	2,224,706	43,666,393	1962.79%	29.29%	-9.06%
<b>General and Administrative Expenses</b>	<b>98,094,960</b>	<b>22,653,515</b>	<b>75,441,445</b>	<b>333.02%</b>	<b>62.61%</b>	<b>-92.21%</b>

#### Professional Fees

These are audit fees, appraisal fees on properties of the Group, directors' fees, legal, and other consultancy services incurred by the Group. The significant increase to this account pertains to the legal fees related to the TSPI project.

#### Taxes and Licenses

This account consists of the Group's payments for corporate business permit renewal, insurance-related taxes, land-related payments such as real property taxes, CTC of titles, tax declarations, DAR filing fees, etc. This also includes PSE listing maintenance fees.

#### Management Fee

For the three-month period ended March 31, 2024, and 2022, the management fees recorded amounted to ₱9.6 million and ₱6.3 million, respectively. The increase pertains to the recorded management fee for SPCC.

#### Depreciation and Amortization

For the three-month period ended March 31, 2024, the Group recognized amortization of ROU assets amounting to ₱1.3 million and the balance for the depreciation of other fixed assets.

#### Bid Related Costs / Insurance

This account pertains to the amortization of performance/surety bond fees of the Group's various projects.

#### Rental

These are mostly vehicle rentals that the Group incurred in relation to the land acquisition for project development.

#### Penalties and Surcharges

This pertains to the Group's payments for amendments of 2023 BIR returns and PSE penalties for late disclosures.

#### Others

This account consists of trust fees, benefits to host communities, supplies, utilities, accommodations, repairs and maintenance, couriers and postages, and other operating expenses for plant operations of the Group.

#### Finance Costs

This account includes interest accretion on lease liabilities, accruals of interest on loan facilities of the Group, and others.

#### Net Income

For the three-month period ended March 31, 2024, the Group has gained a net income of ₱156.7 million.

### Key Performance Indicators

Ratio	Formula	March 2024 (Unaudited)	December 2023
Current ratio	Dividing total current assets over total current liabilities	7.19	7.65
Acid test ratio	Dividing total current assets less inventory over total current liabilities	7.17	7.63
Solvency ratio	Dividing net income excluding depreciation and non-cash provisions over total debt obligations	0.03	0.70
Debt-to-equity ratio	Dividing total liabilities over stockholders' equity	0.21	0.21
Asset-to-equity ratio	Dividing total assets over total stockholders' equity	1.21	1.21
Interest rate coverage ratio	Dividing earnings before interest and taxes of one period over interest expense of the same period	1.88	36.70
Net debt-to-equity Ratio	Dividing total interest-bearing debts less cash and cash equivalents over total stockholders' equity	-0.16	-0.16
Return on equity (%)	Dividing the net income (annual basis) by total stockholders' equity (average)	37%	14.02%
Return on assets (%)	Dividing the net income (annual basis) by the total assets (average)	31%	11.62%