

COVER SHEET

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S.E.C. Registration Number

S	O	L	A	R	P	H	I	L	I	P	P	I	N	E	S	N	U	E	V	A	E	C	I	J	A
C	O	R	P	O	R	A	T	I	O	N															

(Company's Full Name)

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V	I	L	L	A	G	E	,	B	R	G	Y	.	S	A	N	L	O	R	E	N	Z	O	,		
M	A	K	A	T	I	C	I	T	Y																

(Principal Address of the Company)

Hazel Iris P. Lafuente

Contact Person

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Company Telephone Number

0	6
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Month

3	0
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Day

Fiscal Year

SEC Form 20-ISA

Form Type

1st Monday of May each year

Regular Meeting

Certificate of Permit to Offer Securities for Sale (Pursuant to SEC MSRD Order No. 87 Series of 2021)

Secondary License type, if applicable

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

Remarks = Pls. use black ink for scanning purposes.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of SOLAR PHILIPPINES NUEVA ECIJA CORPORATION will be presided over and called at the Issuer's offices on the 20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines and conducted by remote communication via <https://conveneagm.com/ph/SPNECssm7Mar22> on **7 March 2022 at 9:00 AM** with the following agenda¹:

A G E N D A

1. Call to Order
2. Certification of Notice and Quorum
3. Amendment of the Articles of Incorporation to Increase the Authorized Capital Stock of the Company and Subscription to Support such Increase
4. Waiver of Pre-emptive Rights with Respect to the Issuance of Shares for the Increase in the Authorized Capital Stock
5. Consideration of Such Other Business as May Properly Come Before the Meeting
6. Adjournment

Only stockholders of record as of **2 February 2022** are entitled to notice of, to attend, and to vote in, the meeting.

Given the current circumstances, stockholders may only attend the meeting by appointing the Chairman of the meeting as their proxy, by remote communication or by voting in absentia. Stockholders intending to participate by remote communication should notify the Corporation by registering through <https://conveneagm.com/ph/SPNECssm7Mar22> on or before 28 February 2022.

Stockholders may vote by remote communication, or *in absentia* subject to validation procedures. Upon registering and subject to validation, stockholders may vote in absentia through <https://conveneagm.com/ph/SPNECssm7Mar22>. Further details on the procedures for participating in the meeting through remote communication and for casting votes *in absentia* will be set forth in the Information Statement.²

Duly accomplished proxies³ should be submitted on or before 9:00 AM of **25 February 2022** to the Office of the Corporate Secretary at the 20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines or by email to spnec@solarphilippines.ph. Validation of proxies is set for **28 February 2022** starting at 9:00 AM.

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

Makati City, 7 February 2022.



HAZEL IRIS P. LAFUENTE
Corporate Secretary

¹ See **Explanation** for each agenda item.

² With the ongoing pandemic and quarantine restrictions, the Issuer will not provide hard copies of the Information Statement and other meeting materials.

³ This proxy form will also be digitized and accessible via <https://conveneagm.com/ph/SPNECssm7Mar22> once registration is verified.

EXPLANATIONS OF AGENDA ITEMS

Call to Order

The Chairman will formally open the meeting at approximately 9:00 o'clock in the morning.

Certification of Notice and Quorum (and Rules of Conduct and Procedures)

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

Registration and Voting Procedure

Pursuant to Sections 57 and 23 of the Revised Corporation Code which allow voting *in absentia* by the stockholders, the Corporation will set up a designated online web address which may be accessed by the stockholders to register and vote on the matters at the meeting *in absentia*⁴ (<https://conveneagm.com/ph/SPNECssm7Mar22>). A stockholder participating by remote communication or who votes *in absentia* shall be deemed present for purposes of quorum.

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

1. Stockholders may attend the meeting remotely through the online web address: <https://conveneagm.com/ph/SPNECssm7Mar22>. Questions and comments may be sent prior to or during the meeting at spnec@solarphilippines.ph or any web link that may be provided hereafter by the Issuer to the stockholders of record and shall be limited to the Items in the Agenda.
2. In the event that physical attendance will be allowed at the meeting –
 - a. Anyone who wishes to make a remark shall identify himself after being acknowledged by the Chairman and shall limit his remarks to the item in the Agenda under consideration; and
 - b. Stockholders present at the meeting may opt for manual or electronic voting. For manual voting, each stockholder will be given, upon registration, a ballot where he can write his vote on every item in the Agenda or proposed resolution. For electronic voting, there will be computer stations near the registration table where stockholders may cast their votes electronically using a digital version of the ballot.
3. Each of the proposed resolutions will be shown on the screen in the venue and during the livestreaming as the same is taken up at the meeting.
4. Stockholders must notify the Corporation on or before **28 February 2022** of their intention to participate in the Meeting by remote communication to be included in determining quorum, together with the stockholders who intends to vote *in absentia* and by proxy.
5. Voting shall only be allowed for Stockholders registered in the voting in absentia via <https://conveneagm.com/ph/SPNECssm7Mar22> or through authorizing the Chairman of the meeting as proxy.
6. Stockholders voting *in absentia*, who have registered at <https://conveneagm.com/ph/SPNECssm7Mar22> prior to the meeting, may cast their votes electronically at any time using the system prior to or during the meeting.
7. All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present at the meeting, unless the law requires otherwise.

8. The Issuer's accredited internet service provider will tabulate all votes received and the Stock Transfer Agent and Corporate Secretary will validate the results. The Corporate Secretary shall report the results of voting during the meeting.
9. The meeting proceedings shall be recorded in audio and video format.

Increase in Authorized Capital Stock

Approval by the stockholders representing **at least two-thirds (2/3) of the outstanding capital stock** will be sought to increase the authorized capital stock of the Issuer from One Billion Pesos (PhP1,000,000,000.00) in lawful money of the Philippines, divided into Ten Billion (10,000,000,000.00) with a par value of Ten Centavos (PhP0.10) per share to Five Billion Pesos (PhP5,000,000,000.00) in lawful money of the Philippines, divided into Fifty Billion (50,000,000,000.00) with a par value of Ten Centavos (PhP0.10) per share.

The proposal to increase the Issuer's authorized capital stock would enable the Issuer to acquire other solar projects and fund the expansion of its portfolio, with any such transactions subject to relevant approvals.

Waiver of Pre-emptive Rights with Respect to the Issuance of Shares for the Increase in the Authorized Capital Stock

The Issuer is seeking approval from the **majority of its minority shareholders** represented in the special stockholders' meeting as an exception to the requirement provided in Article V, Sections 9 and 5 in relation to Section 1 of the Consolidated Listing Rules of the Philippine Stock Exchange (i.e., waiver of the legal requirement of a stock rights offer in case of a subscription to Issuer's shares by a related party).

[The proxy form follows.]

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

P R O X Y⁴

I/WE hereby name and appoint the Chairman of the meeting as my/our proxy at the Special Meeting of the Stockholders of **SOLAR PHILIPPINES NUEVA ECIJA CORPORATION** (the “Company”) to be held via videoconferencing at <https://conveneagm.com/ph/SPNECssm7Mar22> on **7 March 2022, 9:00 AM**, and at any postponement or adjournment thereof for the purpose of acting on the following matters:

#	Agenda Item	Yes	No	Abstain
1	Amendment of the Seventh Article of the Company’s Articles of Incorporation increasing the Company’s authorized capital stock from ₱1,000,000,000.00 divided into 10,000,000,000 common shares with a par value of ₱0.10 per share to ₱5,000,000,000.00 divided into 50,000,000,000 common shares with a par value of ₱0.10 per share			
2	Approval by stockholders holding majority of the outstanding minority shares present or represented at the meeting of exemption from the legal requirement of a stock rights offering in case of subscription to the Company’s shares by a related party			

Place/Date : _____

Name of Shareholder : _____

Signature : _____

Number of Shares : _____

Duly accomplished proxies should be submitted **on or before 9:00 AM of 25 February 2022** to the **Office of the Corporate Secretary at the 20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines** or by e-mail to spnec@solarphilippines.ph. Validation of proxies is set for **28 February 2022 starting at 9:00 AM**. Stockholders who are natural persons must submit this proxy together with competent evidence of identity, e.g. passport, driver’s license, and other valid government-issued ID. Proxies of corporate shareholders or juridical entities must be accompanied by a duly sworn secretary’s certificate or any similar document showing his/her authority to represent the corporation/entity.

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

⁴ This proxy form will also be digitized and accessible via <https://conveneagm.com/ph/SPNECssm7Mar22> once registration is verified.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

☐ Preliminary Information Statement

☒ Definitive Information Statement

2. Name of Issuer as specified in its charter: **SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**

3. Province, country or other jurisdiction of incorporation or organization: **Metro Manila, Philippines**

4. SEC Identification Number: **CS201627300**

5. BIR Tax Identification Code: **009-468-103-000**

6. Address of principal office: **112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City, Philippines, 1229**

7. Issuer's telephone number, including area code: **(02) 8817-2585**

8. Date, time and place of the meeting of security holders: **7 March 2022, 9:00AM, to be called and presided over at the Issuer's offices on the 20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines and conducted via video conferencing: <https://conveneagm.com/ph/SPNECssm7Mar22>**

9. Approximate date on which the proxy statement is first to be sent or given to security holders: **7 February 2022**

10. In case of proxy solicitation:

Name of the person filing the statement/solicitor: **N.A.**

Mailing address and telephone no.: **N.A.**

11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code ("SRC") or Sections 4 and 8 of the Revised Securities Act ("RSA") (information on number of shares and amount of debt is applicable only to corporate issuers):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
Common	8,124,350,005 shares

12. Are there securities of the Issuer listed in a stock exchange?
Yes.

If yes, disclose the name of such stock exchange and the class of securities listed therein:

The common shares of Solar Philippines Nueva Ecija Corporation (the "Issuer") are listed with the Philippine Stock Exchange ("PSE").

A. GENERAL INFORMATION

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

The Special Meeting of the Stockholders of the Issuer will be held on **7 March 2022 at 9:00 AM, to be called and presided over at the Issuer's offices at the 20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines and conducted via video conferencing at <https://conveneagm.com/ph/SPNECsm7Mar22>.**

- a. The complete mailing address of the Issuer is **20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines.**
- b. The approximate date on which this Information Statement, form of proxy, and other materials are first to be sent or given to security holders is on **7 February 2022.**⁵

Item 2. Dissenters' Right of Appraisal

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

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

None of the matters to be acted upon at this Special Meeting of the Stockholders qualify under Section 80 of the Revised Corporation Code. As such, the right of appraisal will not be relevant to any shareholder in the said Special Meeting of the Stockholders.

In any event, a stockholder must have voted against the proposed corporate action in order for such stockholder to invoke the appraisal right provided by law.

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

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

⁵ 28 days prior to the stockholders' meeting pursuant to the Company's By-Laws.

payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer the shares to the corporation. (Revised Corporation Code, Section 81)

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

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

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

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

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

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

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

- a. Amendment of the Seventh Article of the Company's Articles of Incorporation increasing the Company's authorized capital stock from ₱1,000,000,000.00 divided into 10,000,000,000 common shares with a par value of ₱0.10 per share to ₱5,000,000,000.00 divided into 50,000,000,000 common shares with a par value of ₱0.10 per share; and
- b. Approval by stockholders holding majority of the outstanding minority shares present or represented at the meeting of exemption from the legal requirement of a stock rights offering in case of subscription to Issuer's shares by a related party.

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

There will be no election of directors in the Special Stockholders' Meeting so no information on equity interests of any nominees can be provided.

Further, no director has informed the Issuer of his/her opposition to any matter to be acted upon during the Special Meeting of the Stockholders on 7 March 2022 at 9:00 AM.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- a. The Issuer only has one (1) class of shares: common shares which are voting shares. As of the date of this Information Statement, the Issuer's issued and outstanding capital stock consists of 8,124,350,005 common shares as of 2 February 2022. Each outstanding share held as of the record date (i.e. 2 February 2022) is entitled to one (1) vote.
- b. The record date with respect to the Special Meeting of the Stockholders on **7 March 2022 at 9:00 AM** is fixed at **2 February 2022**. Only persons, natural and juridical, recorded in the books of the Issuer as stockholders as of 2 February 2022 shall be entitled to notice and shall be allowed to vote at the Special Stockholders' Meeting on 7 March 2022 at 9:00 AM or any adjournment thereof.

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

- c. Voting Procedures:

No election of directors will occur in this meeting.

However, for motions that require shareholder vote, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares standing in his/her own name in the Stock and Transfer Book of the Issuer at the time fixed in the By-Laws or where the By-Laws are silent, at the time of the meeting. Pursuant to the Revised Corporation Code, a vote comprising two-thirds (2/3) of the Issuer's outstanding capital stock shall be required to approve a motion to amend the Issuer's articles of incorporation of the Issuer.

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

As of 2 February 2022, the following persons or groups own more than five percent (5%) of the Company's voting securities:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	<i>Solar Philippines Power Project Holdings, Inc. ("SPPPHI")</i> 20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226, Philippines <i>Parent company</i>	Mr. Leandro Antonio L. Leviste ("Mr. Leviste") owns 99% of SPPPHI's outstanding capital stock.	Filipino	5,424,349,998	66.77%

Common	PCD Nominee Corporation (Filipino) 29 th Floor BDO Equitable Tower, 8751 Paseo de Roxas, Makati City, Philippines <i>Stockholder of record for shares lodged with the Philippine Depository and Trust Corporation, Inc. (“PDTC”)</i>	PCD Nominee Corporation, a wholly owned subsidiary of the PDTC, is the registered owner of the shares in the books of the Company’s stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC’s participants who hold the shares either in their own behalf or on behalf of their clients.	Filipino	2,612,435,631	32.15%
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The following table shows the ownership of the following directors and executive officers in the Issuer’s common shares as of 2 February 2022:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Percent of Class
Common	Leandro Antonio L. Leviste	Filipino	1	Direct*	70.461%
			5,724,485,998	Indirect**	
Common	Hazel Iris P. Lafuente (“ Ms. Lafuente ”)	Filipino	0	Direct	0.002%
			200,001	Indirect***	
Common	J. Carlitos G. Cruz (“ Mr. Itos Cruz ”)	Filipino	1	Direct*	0.000%
			0	Indirect	
Common	Benjamin I. Espiritu (“ Mr. Espiritu ”)	Filipino	1	Direct*	0.000%
			0	Indirect	
Common	Carlos Jose P. Gatmaitan (“ Mr. Gatmaitan ”)	Filipino	1	Direct*	0.001%
			50,000	Indirect****	
Common	Gino Antonio C. Cruz (“ Mr. Gino Cruz ”)	Filipino	1	Direct*	0.000%
			0	Indirect	
Common	Aresty M. Lapitan (“ Mr. Lapitan ”)	Filipino	1	Direct*	0.000%
			0	Indirect	
Total			5,724,736,005	-	70.464%

*The qualifying shares of Mr. Leviste, Mr. Gino Cruz, and Mr. Lapitan are held by them in trust for SPPPHI. These shares and the shares of Mr. Itos Cruz, Mr. Espiritu, and Mr. Gatmaitan are currently under lock-up pursuant to the Consolidated Listing and Disclosure Rules of the PSE.

Mr. Leviste holds 5,424,349,998 shares through SPPPHI. The remaining 300,136,000 shares are held by him through Countryside Investments Holdings Corporation (“CIHC**”), which shares are currently lodged with the PDTC under PCD Nominee Corporation.

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

****The indirect shares of Mr. Gatmaitan are currently lodged with the PDTC under PCD Nominee Corporation.

The aggregate number of common shares directly and indirectly owned by all officers and directors as a group as of 2 February 2022 is 5,724,736,005 or 70.464% of the Issuer’s outstanding capital stock.

Voting Trust Holders of 5% or More

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

Changes in Control

On 25 June 2021, SPPPHI, the parent company of the Issuer, executed a pledge over shares of the Issuer that it owns (the “**Pledged Shares**”) as security for a loan agreement entered by its affiliate, Provincia Investments Corporation (“**PIC**”), with AC Energy Corporation (“**AC Energy**”). Pursuant to this

pledge, upon the occurrence of an event of default by PIC under the loan agreement with AC Energy and its subsequent failure to pay the outstanding principal amount of the loan and all interests accrued and unpaid, if any, AC Energy, as the lender, may sell the Pledged Shares. Sale by AC Energy of the Pledged Shares will result in a change in control in the Issuer. However, any sale of the Pledged Shares pursuant to the aforementioned pledge may not be implemented for as long as the Pledged Shares, which are now listed, are subject to the lock-up requirement of the PSE. The Ninth Article of the Issuer's Amended Articles of Incorporation clearly state that the Issuer shall strictly comply with the lock-up requirements of the PSE.

For clarity, the Company did not undergo any change in control since the beginning of its last fiscal year and, as of the date of this Information Statement, no person has acquired any controlling securities or assumed control nor have any shares been transferred as part of any change in control of the Issuer.

Item 5. Directors and Executive Officers

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

Name	Position	Nationality	Age	Term of Office	Period Served
Leandro Antonio L. Leviste	Chairman	Filipino	28	3 years	2017 to present
J. Carlitos G. Cruz	Vice Chairman and Lead Independent Director	Filipino	61	< 1 year	2021 to present
Hazel Iris P. Lafuente	Director	Filipino	34	3 years	2017 to present
Gino Antonio C. Cruz	Director	Filipino	35	< 1 year	2021 to present
Aresty M. Lapitan	Director	Filipino	35	< 1 year	2021 to present
Carlos Jose P. Gatmaitan	Independent Director	Filipino	55	< 1 year	2021 to present
Benjamin I. Espiritu	Independent Director	Filipino	67	< 1 year	2021 to present

Leandro Antonio L. Leviste, 28, Filipino, Chairman of the Board of Directors, President, and Chief Executive Officer

Mr. Leviste founded the Solar Philippines in 2013 with a mission to accelerate the adoption of solar energy in the Philippines. Since then, Solar Philippines has completed several of the country's pioneering solar projects, by developing its pipeline of projects, introducing record-low costs and forging strategic partnerships. He has received numerous awards, including being featured in Forbes Magazine's inaugural "30 Under 30" List for Asia in 2016 and recognized by the Asian Development Bank as a "New Energy Leader" in 2018. He is currently serving as Chairman of the Board of Directors, President, and Chief Executive Officer of Solar Philippines.

J. Carlitos G. Cruz, 61, Filipino, Vice Chairman of the Board of Directors and Lead Independent Director

Mr. Itos Cruz is a former Chairman and Managing Partner at SyCip Gorres Velayo & Co. ("SGV & Co."). In his former capacity, he oversaw the firm, ascertaining that its objectives, purpose, and policies are met and are in line with SGV & Co.'s growth strategy. Prior to this role, he was a Vice Chairman, Deputy Managing Partner, and Head of Assurance. He joined SGV & Co. in 1981 and was admitted to the partnership in 1995. He led the audit of multinational and Philippine companies across various industries including power generation, energy, and manufacturing. Mr. Itos Cruz completed the

Advanced Management Program of Harvard Business School in 2007 and the Advanced International Program in Oil and Gas Management at the University of Texas in 1994. He graduated from the University of Santo Tomas with a Bachelor of Science in Commerce degree, Major in Accounting in 1981 and passed the licensure examination for Certified Public Accountants in 1982. Mr. Cruz is currently serving as Independent Director and Chairman of the Risk Oversight Committee and a Member of the Audit and Corporate Governance Committees of SM Prime Holdings, Inc.; Independent Director and Chairman of the Audit Committee of Federal Land, Inc.; Independent Director and Co-Chairman of the Risk and Compliance Committee of Transnational Diversified Group, Inc.; Independent Director and Chairman of the Audit and Risk Management Committee of MarCoPay Inc.; Independent Director, Chairman of the Risk Management Committee and Related Party Transactions Committee, and a Member of the Audit Committee and Corporate Governance Committee of Vivant Corporation; Member of the Audit and Risk Management Committee and Independent Director of Solar Philippines Project Holdings, Inc.; Independent Director, MCP Finance Inc.; Independent Director, MCP Insurance Management and Agency, Inc.; Independent Director, MCP Innovation, Inc.; Independent Director, Asialink Finance Corporation; and Independent Director, Global Dominion Financing Incorporated. He is currently a member of the Board of Trustees of the Makati Business Club. He is also a member of the Management Association of the Philippines and Philippine Institute of Certified Public Accountants.

Hazel Iris P. Lafuente, 34, Filipino, Director

Apart from being the Issuer's Chief Information Officer and Corporate Secretary, Ms. Lafuente concurrently serves as Director, and/or Treasurer of some of the Issuer's affiliates. She also heads the Land Acquisition and Permitting Business Units of Solar Philippines and its affiliates and serves as the General Manager for Community Development of CIHC. With a solid background in both the private and public sectors, Ms. Lafuente brings to the team over 14 years of experience in project management, raw land acquisition, community and stakeholder management, regulatory compliance, and permitting. Prior to joining Solar Philippines, she worked at the Philippine Senate as a member of the Legislative Staff. Ms. Lafuente graduated from the University of the Philippines with a degree in Social Sciences (Area Studies) cum laude and had taken units in Master of Public Management from the same university. She is also a certified Project Manager and a lifetime member of the Pi Gamma Mu International Honor Society in Social Sciences.

Gino Antonio C. Cruz, 35, Filipino, Director

Mr. Gino Cruz is a highly experienced finance professional with a decade of experience in investments, mergers and acquisitions, valuation, and capital raising. He is currently the Senior Manager for Corporate Finance of Solar Philippines. He was formerly a Private Equity Analyst at KGL Investment Company Asia where he worked closely with senior executives in the evaluation and execution of big-ticket transactions. Prior to this, he was a Senior Associate at SGV & Co. in Transactions Advisory and M&A consulting. He is a Certified Public Accountant and has passed the Level 1 Chartered Financial Analyst Exam. He holds a Bachelor's Degree in Accountancy from the De La Salle University.

Aresty M. Lapitan, 35, Filipino, Director

Mr. Lapitan is a highly accomplished executive in accounting, financial management, and operations management. He is a Certified Public Accountant with a proven track record in streamlining business operations for growth and profitability in the Philippines and China. He took on leading roles in finance and accounting at subsidiaries of New York-based Fownes Brothers Group of Companies. He holds a Bachelor's Degree in Accountancy and graduated cum laude from Polytechnic University of the Philippines and a Master of Business Administration from the Ateneo Graduate School of Business. He is a member of the Philippine Institute of Certified Public Accountants.

Carlos Jose P. Gatmaitan, 55, Filipino, Independent Director

Mr. Gatmaitan is the Chief Executive Officer of the Institute of Corporate Directors where he has been a Fellow since 2015. He was President and Chief Executive Officer of PNOC Renewables Corporation, a government-owned and controlled corporation, during the administration of President Benigno Aquino, Jr. Mr. Gatmaitan was also Director for the National Renewable Energy Board. He previously served as Director for Colorplus Production Group, Inc., Printing Industries Association of the Philippines, Dasmariñas Village Association, Inc., and Pacific Plaza Corporation, Inc. He is currently the Chairman of Global Power Solutions Asia, Inc. and HG Empire, Inc. He is also an Independent Director and Chairman of the Audit Committee of Life Savings Bank. An alumnus of the Ateneo de Manila University (Bachelor of Science in Business Administration) and Pepperdine University in California, USA (Master of Business Administration), Mr. Gatmaitan teaches Strategy Management at the Ateneo Graduate School of Business. Finally, he serves as a faculty member at the Jose Rizal University, University of Perpetual Help, and the Southeast Asian Interdisciplinary Development Institute.

Benjamin I. Espiritu, 67, Filipino, Independent Director

Mr. Espiritu is a Certified Public Accountant, Entrepreneur, Corporate Director, Educator, Military Officer, and Public Servant. He is currently the President of Risks Opportunities Assessment and Management (ROAM), Inc., Chairman of Banco de Mindoro, Inc., and Chairman and President of EC Ventures Corporation and several other private firms. He is an Independent Director of two publicly listed corporations (Central Azucarera de Tarlac, Inc. and Dizon Copper Silver Mines, Inc.), and of an insurance company (Intrastrata Assurance Corporation). He is also President of the Mindoro Chamber of Commerce and Industry, Inc. and Chairman of the Board of Advisers of the Philippine Marine Corps. He was Governor of Oriental Mindoro, a Brigadier-General of the Armed Forces of the Philippines (Res) and former Commander of the 7th Marine Brigade, Chairman of the Board of Regents of the Pamantasan ng Lungsod ng Maynila (University of the City of Manila), Chairman of the Board of Trustees of Ospital ng Maynila (Hospital of Manila) Medical Center, and President of Don Bosco Technical College Mandaluyong. He earned his Doctor of Philosophy, Major in Public Administration degree from the University of Santo Tomas; Master in National Security Administration from the National Defense College of the Philippines; Master of Business Administration from De La Salle University; Bachelor of Science in Commerce, Major in Accounting from De La Salle University; and completed the Naval Command and General Staff Course at the Naval Command and Staff College.

As of the date of this Information Statement, the following are the executive officers of the Company:

Name	Position	Age	Citizenship	Business Experience
Leandro Antonio L. Leviste	Chairman of the Board of Directors, President, and Chief Executive Officer	28	Filipino	Same as above
Hazel Iris P. Lafuente	Corporate Secretary, Treasurer, Chief Information Officer, and Head of Community Development	34	Filipino	Same as above
Gino Antonio C. Cruz	Head of Investor Relations	35	Filipino	Same as above
Aresty M. Lapitan	Head of Controllershship	35	Filipino	Same as above

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

There was no director elected during the Annual Stockholders' Meeting of the Issuer on 2 July 2021 who resigned or declined to stand for re-election to the Board of Directors due to a disagreement with the Issuer on any matter relating to the Issuer's operations, policies, or practices, and the required disclosures relevant to the existence thereof.

There are no matters or actions to be taken up in the meeting with respect to the election of directors.

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

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

Significant Employees

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

Family Relationships

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

Involvement in Legal Proceedings

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

- Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two (2) years prior to that time;
- Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses;
- Being subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending, or otherwise limiting his/her involvement in any type of business, securities, commodities, or banking activities; and
- Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Securities and Exchange Commission ("**SEC**") or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

Certain Relationships and Related Transactions

Please refer to Note 8 of the Audited Financial Statements for the six-month period ended 30 June 2021, a copy of which is attached hereto as **Annex “E,”** for details on related party transactions.

Item 6. Compensation of Directors and Executive Officers

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

Compensation of Directors and Executive Officers

Regular directors do not receive per diem and monthly compensation. Below are the fees received or projected to be received by the Company’s independent directors:

Table 31: Summary of Directors' Fee Table					
Name	Position	Year	Fees	Bonus	Other Compensation
Aggregate directors’ fee for the following Independent Directors					
J. Carlitos G. Cruz	Vice Chairman; Lead Independent Director; Audit and Risk Committee Chairman	Actual CY 2019	N/A	N/A	N/A
Benjamin I. Espiritu Carlos	Independent Director; Corporate Governance Committee Chairman; Related Party Transaction Committee Chairman	Actual FY June 30, 2021	N/A	N/A	N/A
Jose P. Gatmaitan	Independent Director	Projected FY June 30, 2022	Php 3.6 million	N/A	N/A

The Issuer did not employ any personnel from 31 December 2017 to 30 April 2021. During this period, the operations, business development, administrative, and finance functions of the Issuer were handled by its parent company, SPPPHI. On 30 April 2021, the Issuer entered into a Management Service Agreement with SPPPHI to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from 1 May 2021 to 30 April 2024, renewable or may be extended upon mutual agreement of the parties. The Management Service Agreement covers all necessary administrative and advisory services on management, investment, and technical matters involving the Issuer’s operations, including, but not limited to, human resources, legal, finance, and information technology. The executive compensation of the Issuer’s officers is part of the Management Service Agreement to be charged by SPPPHI as service fee for its executive and leadership support.

Employment Contracts and Other Arrangements

As of the date of this Information Statement, the Issuer has no existing arrangements with members of the Board of Directors, executive officers, and employees other than the Management Service Agreement. There are no special employment contracts between the Issuer and its executive officers.

Further, there are no special retirement plans for executives. There is also no arrangement for special compensation to be received from the Issuer.

Warrants and Options Outstanding

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

Item 7. Independent Public Accountants

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

SGV & Co. has acted as the Issuer's external auditor since its incorporation. The Audited Financial Statements of the Issuer as of 31 December 2018, 2019, and 2020 and 30 June 2021 and for the years ended 31 December 2018, 2019, and 2020, and for the six-month periods ended 30 June 2020 and 2021 have been audited by SGV & Co. The Issuer has not had any material disagreements on accounting matters or financial disclosure matters with SGV & Co. There are no plans to change independent auditors for the succeeding years.

Pursuant to SRC Rule 68(3)(b)(iv), the appointment of a signing partner of an auditing firm shall not exceed seven (7) consecutive years. Ms. Jhoanna Feliza C. Go commenced as engagement partner of the Issuer in 2017. Hence, the engagement of SGV & Co. as the Issuer's external auditor complies with the requirement on rotation of external auditors under SRC Rule 68(3)(b)(iv).

Representatives of SGV & Co. are expected to be present at the Special Stockholders' Meeting on 7 March 2022 to respond to appropriate questions and will be given the opportunity to make a statement if they desire to do so.

The meeting does not relate to the election, approval, or ratification of the Issuer's accountant.

Issuer's Audit Committee

The Issuer's Audit and Risk Management Committee shall be responsible for: (i) recommending the appointment of external auditors whose report they review, (ii) monitoring the system of internal controls and corporate compliance with laws, regulations, and code of ethics, and (iii) and serve as a direct channel of communication to the Board of Directors for the internal auditors. The Audit and Risk Management Committee also performs oversight functions over the Issuer's external auditors. It should ensure that the external auditors act independently of each other, and that it is given unrestricted access to all records, properties, and personnel to enable it to perform their respective audit functions. Further, prior to the commencement of the audit, the Audit and Risk Management Committee shall discuss with the external auditor the nature, scope, and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. Finally, it reviews the reports submitted by the internal and external auditors.

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

Chairman	- J. Carlitos G. Cruz
Member	- Leandro Antonio L. Leviste
Member	- Hazel Iris P. Lafuente
Member	- Benjamin I. Espiritu
Member	- Carlos Jose P. Gatmaitan

The Audit and Risk Management Committee plans to conduct an assessment within one (1) year from listing taking into consideration the relevant regulations and its charter.

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

As of the date of this Information Statement, there is no authorization or Issuance of securities or shares other than for the currently listed shares of the Issuer at the Philippine Stock Exchange. The increase in authorized capital stock will be likely subscribed to and paid via one or more of the traditional options: cash, property or shares of other entities, private placement or stock rights offer or even a follow-on offer. If after the date of this Information Statement any decisions are taken by the Board or the management as ratified by the Board, the Issuer shall make all necessary disclosures to the Exchange and the Securities and Exchange Commission.

Item 10. Modification or Exchange of Securities

As of the date of this Information Statement, no modification or exchange of securities or shares other than for the currently listed shares of the Issuer at the Philippine Stock Exchange has occurred. The increase in authorized capital stock will be likely subscribed to and paid via one or more of the traditional options: cash, property or shares of other entities, private placement or stock rights offer or even a follow-on offer. If after the date of this Information Statement any decisions are taken by the Board or the management as ratified by the Board, the Issuer shall make all necessary disclosures to the Exchange and the Securities and Exchange Commission.

Item 11. Financial and Other Information

Attached as **Annex “E”** is the Audited Financial Statements of the Issuer for the six-month period ended 30 June 2021.

Further, attached hereto is the Quarterly Report for the period ended 30 September 2021, which includes notes on the financial statements, marked as **Annex “F.”**

MANAGEMENT REPORT

MANAGEMENT DISCUSSION AND ANALYSIS of FINANCIAL CONDITION & RESULTS of OPERATIONS

Material Changes to the Statement of Financial Position as of September 30, 2021, compared to the Statement of Financial Position as of June 31, 2021

Horizontal and Vertical Analysis of Financial Position September 30, 2021 vs June 30, 2021						
Amounts in ₱0.00	September 30, 2021	June 30, 2021	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		Septemb er 2021	June 2021
			Amount	Percentage		
Assets						
Cash	3,467,541	351,251	3,116,290	887.20%	0.41%	0.04%

Horizontal and Vertical Analysis of Financial Position September 30, 2021 vs June 30, 2021						
Amounts in ₱0.00	September 30, 2021	June 30, 2021	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		Septemb er 2021	June 2021
			Amount	Percentage		
Other current assets	3,282,525	776,092	2,506,433	322.96%	0.39%	0.09%
TOTAL CURRENT ASSETS	6,750,066	1,127,343	5,622,723	498.76%	0.80%	0.13%
Right-of-use assets	295,041,049	297,751,234	(2,710,185)	-0.91%	35.09%	35.56%
Deposit for land acquisition	537,000,000	537,000,000	–	0.00%	63.86%	64.14%
Other noncurrent assets	2,090,284	1,370,284	720,000	52.54%	0.25%	0.16%
TOTAL NONCURRENT ASSETS	834,131,333	836,121,518	(1,990,185)	-0.24%	99.20%	99.87%
TOTAL ASSETS	840,881,399	837,248,861	3,632,538	0.43%	100%	100%
Liabilities and Equity						
Accounts payable and accrued expenses	11,608,662	6,728,056	4,880,606	72.54%	1.38%	0.80%
Due to related parties	22,792,348	22,792,348	–	0.00%	2.71%	2.72%
Current portion of lease liabilities	14,004,465	14,004,465	–	0.00%	1.67%	1.67%
TOTAL CURRENT LIABILITIES	48,405,475	43,524,869	4,880,606	11.21%	5.76%	5.20%
Lease liabilities - Net of current portion	280,092,366	275,521,361	4,571,005	1.66%	33.31%	32.91%
Deferred tax liability	94,422	904,291	(809,869)	-89.56%	0.01%	0.11%
TOTAL NONCURRENT LIABILITIES	280,186,788	276,425,652	3,761,136	1.36%	33.32%	33.02%
TOTAL LIABILITIES	328,592,263	319,950,522	8,641,741	2.70%	39.08%	38.21%
Common stock	542,435,001	542,435,000	1	0.00%	64.51%	64.79%
Additional paid-in capital	16,000,000	–	16,000,000	100.00%	1.90%	0.00%
Deficit	(46,145,865)	(25,136,660)	(21,009,205)	83.58%	-5.49%	-3.00%
TOTAL EQUITY	512,289,136	517,298,339	(5,009,203)	-0.97%	60.92%	61.79%
TOTAL LIABILITIES AND EQUITY	840,881,399	837,248,861	3,632,538	0.43%	100.00%	100.00%

Cash

On July 29, 2021 and August 12, 2021, the Company received cash of ₱2.0 million and ₱14.0 million, respectively, as infusion of additional capital from the Parent Company. This is pursuant to the Memorandum of Agreement dated July 29, 2021, where the Parent Company obligated itself to pay the Company ₱16.0 million for said infusion, and the Company agreed to record such capital infusion as the Parent Company's additional paid-in capital. Moreover, the Company paid various IPO-related expenses totaling ₱10.75 million and documentary stamp taxes amounting to ₱1.22 million. This resulted to a net increase of cash account by 887.20% from ₱0.35 million as of June 30, 2021 to ₱3.47 million as of September 30, 2021.

Other Current Assets

Other Current Assets increased by 322.96% from ₱0.78 million as of June 30, 2021 to ₱3.28 million as of September 30, 2021. This was primarily due to the deferment of IPO related costs amounting to ₱2.73 million to the said account. This amount will offset against additional paid-in capital upon completion of the Company's IPO.

Right-of-Use Assets

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

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

The Company recognized ROU assets in this regard, which decreased by 0.91% from ₱297.75 million as of June 30, 2021 to ₱295.04 million as of September 30, 2021 due to amortization during the period amounting to ₱2.71 million.

Deposit for Land Acquisition

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

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

payments made by the Company in April and May 2021 totaling to ₱270.0 million, which represents the full payment.

These advance payments for a total consideration of ₱537.00 million are presented as “Deposits for land acquisition” in the September 30, 2021 unaudited interim financial statements.

Other Noncurrent Assets

Increase in this account by 52.54% from ₱1.37 million as of fiscal year ended June 30, 2021 to ₱2.09 million as of September 30, 2021, is mainly attributed to the recording of deferred input VAT related to the management fee amounted to ₱0.72 million.

Accounts Payable and Accrued Expenses

In relation to the management contract entered in 2021, SPNEC recorded additional payable for the 3-month period covering July 1, 2021 to September 30, 2021, amounting to ₱5.8 million, net of applicable withholding tax. The Company also paid the documentary stamp tax related to lease agreements accrued as of June 30, 2021, with an amount of ₱1.21 million. These transactions contributed to the increase of this account by 72.54% from ₱6.73 million as of June 30, 2021 to ₱11.61 million as of September 30, 2021.

Due to Related Parties

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

Lease Liabilities

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 1, 2019 with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of five (5) years upon mutual agreement by parties. The total annual lease payment is ₱4.3 million, net of tax. As of September 30, 2021, the total lease liability recognized for this lease contract is ₱48.42 million.

On January 11, 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 6, 2016 Lease Agreement, among others, to the assignee, and the assignee accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. In March 2021, the Company and the lessor executed an Addendum amending Section 4.1 (Annual Rental) and Section 4.2 (Advance Rental) to the September 6, 2016 lease agreement and agreed that the lease commencement date shall be on March 31, 2021, for the parcels of land with a total area of 169.86 hectares. The total annual lease payment is ₱9.4 million, net of tax. As of September 30, 2021, the total lease liability recognized for this lease contract is ₱154.96 million.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 1, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject to renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax. As of September 30, 2021, the total lease liability recognized for this lease contract is ₱76.71 million.

Increase in non-current lease liabilities of 1.66% from ₱275.52 million as of June 30, 2021 to ₱280.09 million as of September 30, 2021, only pertained to accretion of interest expense during the period amounting to ₱4.57 million.

Deferred Tax Liability

The Company's net deferred tax liability came from recognition on right-of-use assets and lease liabilities as at September 30, 2021 and June 30, 2021.

Common Stock and Additional Paid-in Capital

As of September 30, 2021, 5,424.4 million common shares are issued and outstanding with an amount of ₱542.44 million presented as Common Stock.

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

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

Deficit

Deficit decreased by 83.58% from ₱25.14 million as of fiscal year ended June 30, 2021, to ₱46.15 million as of September 30, 2021. This is primarily due to the net losses incurred during the period amounting to ₱21.00 million which includes an IPO-related expense of ₱8.12 million.

Material Changes to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2021 compared to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2020

Horizontal and Vertical Analysis of Comprehensive Income September 30, 2021 vs September 30, 2020						
Amounts in ₱0.00	September 30, 2021	Septemb er 30, 2020	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		Septemb er 2021	Septembe r 2020
			Amount	Percentage		
Interest Income	753	55	698	1269.09%	0.00%	0.00%
Expenses						
PSE filing fees	8,124,350	—	8,124,350	100.00%	38.67%	0.00%
Management fee	6,000,000	—	6,000,000	100.00%	28.56%	0.00%
Interest expense	4,571,005	1,011,886	3,559,119	351.73%	21.76%	47.02%
Amortization	2,710,185	459,864	2,250,321	489.34%	12.90%	21.37%
Taxes and licenses	350,558	—	350,599	100.00%	1.67%	0.00%
Professional fee	—	666,667	7,207,683	-100.00%	0%	30.98%
Others	63,729	13,557	50,172	370.08%	0.30%	0.63%
Total Expenses	21,819,827	2,151,974	19,667,853	913.94%	103.86%	100.00%
LOSS BEFORE TAX	21,819,074	2,151,919	19,667,155	913.94%	103.85%	100.00%
Benefit from deferred tax	809,869	—	809,869	100.00%	3.85%	0.00%
NET LOSS AFTER TAX	21,009,205	2,151,919	18,857,286	876.30%	100.00%	100.00%

TOTAL COMPREHENSIVE LOSS	21,009,205	2,151,919	18,857,286	876.30%	100.00%	100.00%
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PSE Filing Fees

The account pertains to the payment of IPO filing fees to the PSE in August 2021. No similar expense was incurred in the same period in 2020.

Management Fee

On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI, its Parent Company, to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2024, in which the parties upon mutual agreement may renew or extend. The monthly fee for the said agreement is ₱2.00 million, exclusive of value-added tax. For the three (3) -month ended September 30, 2021 and 2020, the expense recorded related to this amounted to ₱6.00 million and nil, respectively.

Interest and Amortization Expense

Along with the new two (2) lease agreements the Company has entered during 2021, expenses related to leases including interest and amortization expenses increased as well. Interest expense amounted to ₱4.57 million and ₱1.01 million for the three months ended September 30, 2021, and 2020, respectively. In addition to this, the Company also recognized amortization expense for these agreements amounting to ₱2.71 million and ₱0.46 million for the three (3) -month ended September 30, 2021, and 2020, respectively.

Taxes and Licenses

With the additional leases in 2021, the Company paid real property taxes and other permits totaling ₱0.35 million.

Professional Fee

Professional fee is lower by 100% from ₱0.67 million for the three-month ended September 30, 2020, as compared to nil for the three-month ended September 30, 2021. No professional fees were incurred during the period.

Benefit from Deferred Tax

The Company's benefit from deferred tax came from recognition on right-of-use assets and lease liabilities as at September 30, 2021 and June 30, 2021.

Net Loss

As the Company entered into new lease agreements and management contract in 2021, the Company recognized higher net loss for the three (3) -month ended September 30, 2021 amounting to ₱21.00 million, an increase of 876.30% from the net loss of ₱2.15 million recognized in the three (3) -month ended September 30, 2020.

Aging of Receivables

Not applicable.

Key Performance Indicators

As the Company has not yet started commercial operations, its key performance indicators are limited to the following:

Financial Ratios	September 2021	June 2021
Current Ratio	13.94%	2.59%
Debt to Equity Ratio	64.14%	61.85%

Notes:

1) Current ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

2) The debt-to-equity ratio is used to evaluate Company's financial leverage and is calculated by dividing the Company's total liabilities by its shareholder's equity. It is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Balance Sheet Trends

See Management Report above.

Changes and Disagreements with Accounts on Accounting and Financial Disclosure

None.

Discussion and Analysis of Material Events and/or Uncertainties Known to Management

To be provided.

Key Performance Indicators

As the Corporation is still in its pre-operating stages, no material financial or operational Key Performance Indicators were tracked.

Audit and Non-Audit Related Fees

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

Table 1: Audit and Non-Audit Related Fees					
<i>Amounts in ₦thousands</i>	December 31, 2018	December 31, 2019	December 31, 2020	June 30, 2021	September 30, 2021
Audit and Audit-Related Fees ⁽¹⁾	35	35	25	1,500	-
Non-Audit Services ⁽²⁾	-	-	-	-	-
Total	35	35	25	1,500	-

Notes:

(1) *Audit and Audit-Related Fees.* This category includes the audit of annual and interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years. The fees presented above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.

(2) *Non-Audit Services.* There were no non-audit services rendered by SGV for the last three (3) calendar years, for the June 30, 2021 fiscal year, and for the three (3) months ended September 30, 2021.

Tax Fees

There were no fees paid for professional services rendered by the external auditor for tax accounting compliance, advice, planning, and any other form of tax services.

All Other Fees

There were no fees paid for products and services provided by the external auditor other than the fees paid as indicated in “Audit and Non-Audit Related Fees” above.

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

The Audit and Risk Management Committee’s approval of the fees to be paid to the external auditor for the fiscal year ended 30 June 2021 has been secured.

MARKET FOR ISSUER’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Securities

As of date of this Information Statement, the Issuer has an authorized capital stock of ₱1,000,000,000.00 divided into 10,000,000,000 common shares with a par value ₱0.10 per share.

The total issued and subscribed capital stock of the Company is ₱812,435,000.50, divided into 8,124,350,005 common shares with a par value of ₱0.10 per share. Of the 8,124,350,005 common shares, 2,700,000,000 shares were sold during the Initial Public Offering for ₱1.00, resulting in an Additional Paid-in Capital amounting to ₱2,432,000,000.00.

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

No debt securities are registered or contemplated to be registered.

No securities subject to redemption or call exists or are planned to be issued.

On 10 January 2022, the Board of Directors approved the increase of the Issuer’s authorized capital stock from ₱1,000,000,000.00 divided into 10,000,000,000 common shares with a par value ₱0.10 per share to ₱5,000,000,000.00 divided into 50,000,000,000 common shares with a par value ₱0.10 per share, subject to the further approval of the Issuer’s stockholders and the SEC.

Plan for the Execution of the Increase in Capital Stock and Compliance with Applicable Law

The Issuer intends to comply with Section 37 of the Revised Corporation Code which requires that, in case of an increase in authorized capital stock, at least 25% of the increase must be subscribed of which at least 25% must be paid up.

As of the date of this Information Statement, and without committing itself to the following steps or actions, the Issuer is considering a possible subscription by its parent, Solar Philippines Power Project Holdings, Inc. (SPPPHI) to the new shares of the Issuer in exchange for SPPPHI’s shares in its subsidiaries, subject to relevant approvals and an independent third-party valuation. The Issuer may also consider the issuance of new shares, whether through a private placement or a stock rights offering, to be enabled by the increase in authorized capital stock, subject to relevant approvals.

Market Information

SPNEC's shares are traded on the PSE.

Since its market debut on December 17, 2021, the high and low stock prices of SPNEC's common shares are as follows:

Period	High	Low
17 December 2021 to 31 January 2022	2.24	0.76

Market Price as of January 31, 2022

The closing price of SPNEC's common shares as of January 31, 2022 is ₱2.22 per share.

No securities have been or will be issued in connection with an acquisition, business combination, or other reorganization of the Issuer.

Holder

Based on the report of the stock transfer agent, as of 2 February 2022, the Issuer has a total of fifteen (15) stockholders of record. Said stockholders are as follows:

Stockholder's Name	No. of Shares	Percentage of Ownership
Solar Philippines Power Project Holdings, Inc.	5,424,349,998	66.77%
PCD Nominee Corporation (Filipino)	2,612,435,631	32.15%
PCD Nominee Corporation (Non-Filipino)	78,736,370	0.97%
Scott Ian Lim Yu	8,600,000	0.11%
Myra P. Villanueva	100,000	0.00%
Myrna P. Villanueva	50,000	0.00%
Milagros P. Villanueva	50,000	0.00%
Marietta V. Cabreza	25,000	0.00%
Jennifer T. Ramos	3,000	0.00%
Leandro Antonio L. Leviste	1	0.00%
J. Carlitos G. Cruz	1	0.00%
Benjamin I. Espiritu	1	0.00%
Carlos Jose P. Gatmaitan	1	0.00%
Gino Antonio C. Cruz	1	0.00%
Aresty M. Lapitan	1	0.00%
Total	8,124,350,005	100%

The public float of the Issuer as of the date of this Information Statement is 29.54%.

Note that the Agenda for the Special Stockholders' Meeting do not relate to an acquisition, business combination, or other reorganization of the Issuer. Also, no securities will be issued in connection with an acquisition, business combination, or other reorganization.

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

1. Solar Philippines Power Project Holdings, Inc.

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

SPPPHI is the parent company of the Issuer.

2. PCD Nominee Corporation

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

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

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

Dividends

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

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

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

Exempt Transactions

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

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

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

CORPORATE GOVERNANCE

Plan to Improve the Corporate Governance of the Company

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

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

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

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

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

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

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

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

Item 13. Acquisition or Disposition of Property

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

Item 14. Restatement of Accounts

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

D. OTHER MATTERS

Item 15. Action with Respect to Reports

Matters Approved by the Board of Directors and for Approval of the Stockholders	
1.	Increase of the Issuer's authorized capital stock from ₱1,000,000,000.00 divided into 10,000,000,000 common shares with a par value ₱0.10 per share to ₱5,000,000,000.00 divided into 50,000,000,000 common shares with a par value ₱0.10 per share

Item 16. Matters Not Required to be Submitted

None.

Item 17. Amendment of Charter, By-Laws, or Other Documents

Amendment of the Seventh Article of the Articles of Incorporation to effect the increase in the Issuer's authorized capital stock from ₱1,000,000,000.00 divided into 10,000,000,000 common shares with a par value ₱0.10 per share to ₱5,000,000,000.00 divided into 50,000,000,000 common shares with a par value ₱0.10 per share, subject to the approval of the SEC.

The Company would increase its authorized capital stock pursuant to its plan to develop a portfolio of 10,000 MW of solar projects.

The Issuer's move to vote on waiving the pre-emptive right would allow the Company to issue new shares in exchange for shares in its affiliates which have a portfolio of solar developments, as a means to comply with the required subscription related to the increase in authorized capital stock.

The increase in authorized capital stock would have the effect of giving the Issuer the ability to issue more shares to raise additional capital. The capital to be raised from such increase by the Issuer will allow it to pursue its solar power developments along with financing for the said projects.

Item 18. Other Proposed Action

Approval by stockholders holding majority of the outstanding minority shares present or represented at the Special Stockholders' Meeting of exemption from the legal requirement of a stock rights offering in case of subscription to the Issuer's shares by a related party.

As indicated in Item 17 above, the Issuer's move to vote would allow the Company to issue new shares in exchange for shares in its affiliates which have a portfolio of solar developments, as a means to comply with the required subscription related to the increase in authorized capital stock.

Item 19. Voting Procedures

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

1. Stockholders may attend the Special Stockholders' Meeting remotely through the following videoconferencing link/URL: <https://conveneagm.com/ph/SPNECssm7Mar22>. Questions and comments may be sent prior to or during the meeting at spnec@solarphilippines.ph or any web link that may be provided hereafter by the Issuer to the stockholders of record and shall be limited to the items in the Agenda.

2. In the event that physical attendance will be allowed at the Special Stockholders' Meeting:
 - a. Anyone who wishes to make a remark shall identify himself/herself after being acknowledged by the Chairman and shall limit his/her remarks to the item in the Agenda under consideration; and
 - b. Stockholders present at the meeting may opt for manual or electronic voting. For manual voting, each stockholder will be given, upon registration, a ballot where he/she can write his/her vote on every item in the Agenda or proposed resolution. For electronic voting, there will be computer stations near the registration table where stockholders may cast their votes electronically using a digital version of the ballot.
3. Each of the proposed resolutions will be shown on the screen in the venue and during the livestreaming as the same is taken up at the Special Stockholders' Meeting.
4. Stockholders must notify the Issuer on or before **28 February 2022** of their intention to participate in the Special Stockholders' Meeting by remote communication to be included in determining quorum, together with the stockholders that intend to vote *in absentia* and by proxy.
5. Voting *in absentia* shall only be allowed for stockholders that registered via <https://conveneagm.com/ph/SPNECssm7Mar22> or authorized the Chairman of the meeting as proxy.
6. Stockholders voting *in absentia* that registered at <https://conveneagm.com/ph/SPNECssm7Mar22> prior to the Special Stockholders' Meeting may cast their votes electronically at any time using the system prior to or during the meeting.
7. All the items in the Agenda for the approval of the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock present or represented at the Special Stockholders' Meeting, unless the law or the Issuer's By-Laws require a higher voting threshold.
8. The Issuer's accredited internet service provider, Azeus, will tabulate all votes received and the Stock Transfer Agent and Corporate Secretary will validate the results. The Corporate Secretary shall report the results of the voting during the Special Stockholders' Meeting.
9. The proceedings of the Special Stockholders' Meeting shall be recorded in audio and video format.

Votes Required for Approval of Increase of Authorized Capital Stock

Approval by the stockholders representing at least two-thirds (2/3) of the outstanding capital stock will be required to increase the authorized capital stock of the Issuer from ₱1,000,000,000.00 in lawful money of the Philippines divided into 10,000,000,000 common shares with a par value of ₱0.10 per share to ₱5,000,000,000.00 in lawful money of the Philippines divided into 50,000,000,000 common shares with a par value of ₱0.10 per share.

Votes Required for Waiver of Legal Requirement of a Stock Rights Offering in Case of Subscription to the Issuer's Shares by a Related Party

Approval by stockholders holding majority of the outstanding minority shares present or represented at the Special Stockholders' Meeting is required for the approval of the waiver of the above-mentioned legal requirement.

Item 20. Participation of Stockholders by Remote Communication

As indicated in the notes on the Agenda, approval by the stockholders representing **at least two-thirds (2/3) of the outstanding capital stock** is required to approve the amendment of the Issuer's Articles of Incorporation consisting of the increase of the authorized capital stock of the Issuer.

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE ISSUER UNDERTAKES TO FURNISH SAID STOCKHOLDER WITH A PRINTED COPY OF THIS INFORMATION STATEMENT FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED HERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF THIS INFORMATION STATEMENT SHALL BE ADDRESSED TO THE ISSUER'S CORPORATE SECRETARY AND CHIEF INFORMATION OFFICER AT THE FOLLOWING ADDRESS:

**SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
20th Floor PhilamLife Tower, 8767 Paseo de Roxas
Barangay Bel-Air, Makati City 1226, Philippines**

Attention: Ms. Hazel Iris P. Lafuente

SIGNATURE

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

Makati City, Philippines, 4 February 2022.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

By: _____



HAZEL IRIS P. LAFUENTE

Corporate Secretary and
Chief Information Officer

ANNEXES

1. ANNEX A – Corporate Secretary’s Certification
2. ANNEX B – Independent Director’s Certification
3. ANNEX C - Independent Director’s Certification
4. ANNEX D - Independent Director’s Certification
5. ANNEX E - Audited Financial Statements
6. ANNEX F - Quarterly Report for the Period Ended 30 September 2021

REPUBLIC OF THE PHILIPPINES)
_____MAKATI CITY_____) S.S.

CERTIFICATION

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

1. I am the duly elected and qualified Corporate Secretary of **SOLAR PHILIPPINES NUEVA ECIJA CORPORATION** (the "**Company**"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City 1229, Philippines.

2. As Corporate Secretary, I am in possession of the corporate records of the Company.

3. Based on corporate records, I certify that none of the members of the Board of Directors, including the independent directors and officers of the Company, are appointed/employees in any government agency as of the date of this certification.

4. I am issuing this certification in compliance with the directives of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of January 2022 in Makati City, The Philippines.

Hazel Iris P. Lafuente

HAZEL IRIS P. LAFUENTE
Corporate Secretary
JAN 21 2022

SUBSCRIBED AND SWORN to before me, a Notary Public in and for the city named above, personally appeared Ms. Hazel Iris P. Lafuente with ID No. PO333462B issued on 21 January 2019 at the Department of Foreign Affairs in the City of Manila, who is personally known to me to be the same person who executed the foregoing instrument, signed the same in my presence, and who took an oath before me as to such instrument.

Doc. No. 436;
Page No. 29;
Book No. III;
Series of 2022.

MA. ESMERALDA R. CUNANAN

Notary Public

Until December 31, 2023

Appl. No. M-008-2022-2023; Attorney's Roll No. 34562

MCLE Compliance No. VII-0004035/7-19-2021

PTR No. 8852113/1-3-2022/Makati City

IBP Lifetime Member Roll No. 05413

Ground Level, Dela Rosa Carpark I

Dela Rosa St. Legaspi Village,
Makati City

REPUBLIC OF THE PHILIPPINES)
_____MAKATI CITY_____) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

Company/Organization	Position/Relationship	Period of Service
Transnational Diversified Group, Inc.	Independent Director	1 Year
Federal Land, Inc.	Independent Director	11 Months
Solar Philippines Project Holdings, Inc.	Independent Director	10 Months
MarCoPay Inc.	Independent Director	10 Months
SM Prime Holdings, Inc.	Independent Director	9 Months
Vivant Corporation	Independent Director	7 Months
MCP Finance Inc.	Independent Director	3 Months
MCP Insurance Management and Agency, Inc.	Independent Director	3 Months
MCP Innovation, Inc.	Independent Director	3 Months
Asialink Finance Corporation	Independent Director	1 Month
Global Dominion Financing Incorporated	Independent Director	1 Month
Makati Business Club	Board of Trustee	3 Years
Philippines-Thailand Business Council	Co-Chair	5 Years
Philippine Institute of Certified Public Accountants	Member	39 Years
Management Association of the Philippines	Member	21 Years
Association of CPAs in Public Practice	Member	11 Years

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

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

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

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

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other SEC issuances.

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

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of January 2022 in _____, Philippines.

J. Carlitos G. Cruz
J. CARLITOS G. CRUZ
Affiant

MAKATI CITY

JAN 21 2022 SUBSCRIBED AND SWORN TO before me in _____, Philippines this ____ day of January 2022, affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, PRC ID No. 0049053, issued by the Professional Regulation Commission, valid until 11/30/2023.

Doc. No. 135;
Page No. 88;
Book No. III;
Series of 2022.

MA. ESMERALDA R. CUNANAN
Notary Public
UNTIL December 31, 2023
Appt. No. M-002 (2022-2023) Attorney's Roll No. 34562
MCLE Compliance No. VII-0004035/7-19-2021
PTR No. 8852113/1-3-2022/Makati City
IBP Lifetime Member Roll No. 05413
Ground Level, Dela Rosa Carpark I
Dela Rosa St. Legaspi Village,
Makati City

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

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

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

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

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

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

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

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other SEC issuances.

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

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of January 2022
in _____, Philippines.


CARLOS JOSE P. GATMAITAN
Affiant

SUBSCRIBED AND SWORN TO before me in MAKATI CITY, Philippines this
JAN 25 2022 day of January 2022, affiant appeared and exhibited to me his competent evidence of
identity bearing his photograph and signature, Unified Multi-Purpose ID No. CRN-0111-
7409731-7, issued by the Social Security System in Quezon City.

Doc. No. 67;
Page No. 15;
Book No. IV;
Series of 2022.


MA ESMERALDA R. CUNANAN
Notary Public

Until December 31, 2023
Appt. No. M-002 (2022-2023) Attorney's Roll No. 34562
MCLE Compliance No. VII-0004035/7-19-2021
PTR No. 8852113/1-3 2022/Makati City
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Dela Rosa St. Legaspi Village,
Makati City

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

CERTIFICATION OF INDEPENDENT DIRECTOR

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

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

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

Company/Organization	Position/Relationship	Period of Service
Change Management International, Inc.	President & CEO	1998 to Present
Banco de Mindoro, Inc.	Chairman	2005 to Present
Risks, Opportunities, Assessment & Management (ROAM), Inc.	President	2014 to Present
Central Azucarera de Tarlac, Inc.	Independent Director	2013 to Present
Ormin Realty Corporation	Chairman & President	2000 to Present
Konstruktura Development Resources Corp.	Chairman & President	2015 to Present
Intrastrata Assurance Corporation	Director	2015 to Present
The Laudibus League Holdings, Inc.	Chairman	2014 to Present
B5 Group Corporation	Chairman & President	2006 to Present
EC Ventures Corporation	President	2006 to Present
A&A Realty Development Enterprises, Inc.	Director	2005 to Present
Gov. Arturo Arce Ignacio, Sr. Foundation, Inc.	Chairman & President	2005 to Present
Dofia Lilia San Agustin Foundation, Inc.	Chairman & President	2006 to Present
Dizon Copper Silver Mines, Inc.	Independent Director	2014 to Present
Mindoro Chamber of Commerce & Industry, Inc.	President	2018 to Present
Philippine Marine Corps Board of Advisers	Chairman	2017 to Present
National Defense College of the Philippines Alumni Association, Inc.	President	2017 to Present
Philippine Marine Corps Foundation, Inc.	Trustee	2018 to Present

NiHao Mineral Resources, International, Inc.	Independent Director	December 2019 to Present
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3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Company, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other issuances of the Securities and Exchange Commission ("SEC").

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

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

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

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other SEC issuances.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 20th day of January 2022 in _____, Philippines.



BENJAMIN I. ESPIRITU
Affiant

SUBSCRIBED AND SWORN TO before me in MAKATI CITY, Philippines this JAN 20 2022 day of January 2022, affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, Driver's License No. N07-73-011858, issued by the Land Transportation Office in Quezon City, valid until 2023/09/10.

Doc. No. 304;
Page No. 72;
Book No. II;
Series of 2022.



MA. ESMERALDA R. CUNANAN
Notary Public
Until December 31, 2023
A.P. No. M-002 (2022-2023) Attorney's Roll No. 3456
MCLE Compliance No. VII-0004035/7 19 2021
PTR No. 8852113/1-3-2022/Makati City
IBP Lifetime Member Roll No. 05413
Ground Level, Dela Rosa Carpark I
Dela Rosa St. Legaspi Village,
Makati City

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

Financial Statements
June 30, 2021 and December 31, 2020
and for the Six-Month Periods Ended
June 30, 2021 and 2020

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
Solar Philippines Nueva Ecija Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Solar Philippines Nueva Ecija Corporation (the Company, a wholly owned subsidiary of Solar Philippines Power Project Holdings, Inc.), which comprise the statements of financial position as at June 30, 2021 and December 31, 2020, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the six-month periods ended June 30, 2021 and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021 and December 31, 2020, and its financial performance and its cash flows for the six-month periods ended June 30, 2021 and 2020 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 18 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of the management of Solar Philippines Nueva Ecija Corporation. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Jhoanna Feliza C. Go

Partner

CPA Certificate No. 0114122

SEC Accreditation No. 1414-AR-2 (Group A),

October 15, 2019, valid until October 14, 2022

Tax Identification No. 219-674-288

BIR Accreditation No. 08-001998-103-2019,

November 7, 2019, valid until November 6, 2022

PTR No. 8534302, January 4, 2021, Makati City

July 14, 2021



SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
(A Wholly Owned Subsidiary of Solar Philippines Power Project Holdings, Inc.)
STATEMENTS OF FINANCIAL POSITION

	June 30, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash (Notes 4 and 13)	₱351,251	₱22,298,155
Other current assets (Note 5)	776,092	20,750
Total Current Assets	1,127,343	22,318,905
Noncurrent Assets		
Right-of-use assets (Note 11)	297,751,234	44,146,980
Deposits for land acquisition (Note 6)	537,000,000	–
Other noncurrent assets (Note 11)	1,370,284	15,885
Total Noncurrent Assets	836,121,518	44,162,865
TOTAL ASSETS	₱837,248,861	₱66,481,770
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 7 and 13)	₱6,728,056	₱578,288
Due to related parties (Notes 8 and 13)	22,792,348	17,387,923
Current portion of lease liabilities (Notes 11 and 13)	14,004,465	4,311,742
Total Current Liabilities	43,524,869	22,277,953
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 11 and 13)	275,521,361	42,988,010
Deferred income tax liability (Note 10)	904,291	–
Total Noncurrent Liabilities	276,425,652	42,988,010
Total Liabilities	319,950,521	65,265,963
Equity (Note 9)		
Capital stock	542,435,000	1,000,000
Additional paid-in capital	–	21,250,000
Deficit	(25,136,660)	(21,034,193)
Total Equity	517,298,340	1,215,807
TOTAL LIABILITIES AND EQUITY	₱837,248,861	₱66,481,770

See accompanying Notes to Financial Statements.



SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
(A Wholly Owned Subsidiary of Solar Philippines Power Project Holdings, Inc.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	2021	2020
INTEREST INCOME (Note 4)	₱6,013	₱209
EXPENSES		
Interest accretion of lease liabilities (Note 11)	5,624,883	2,023,771
Management fee (Note 8)	4,000,000	—
Amortization of right-of-use assets (Note 11)	3,118,537	919,729
Professional fee	1,958,143	220,000
Taxes and licenses	1,445,372	64,576
Penalties and surcharges	797,695	—
Others	71,076	1,150
	17,015,706	3,229,226
LOSS BEFORE INCOME TAX	17,009,693	3,229,017
PROVISION FOR DEFERRED INCOME TAX (Note 10)	904,291	—
NET LOSS	17,913,984	3,229,017
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE LOSS	₱17,913,984	₱3,229,017
Basic/Diluted Loss Per Share (Note 14)	₱0.0099	₱1.2916

See accompanying Notes to Financial Statements.



SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
(A Wholly Owned Subsidiary of Solar Philippines Power Project Holdings, Inc.)

STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	Capital Stock				
	Subscribed	Subscription Receivable	Additional Paid-in Capital	Deficit	Total
Balances at January 1, 2020	₱250,000	(₱187,500)	₱—	(₱12,145,966)	(₱12,083,466)
Total comprehensive loss for the period	—	—	—	(3,229,017)	(3,229,017)
Balances at June 30, 2020	250,000	(187,500)	—	(15,374,983)	(15,312,483)
Collection of subscription receivable (Note 9)	—	187,500	—	—	187,500
Issuance of shares of stock (Note 9)	750,000	—	21,250,000	—	22,000,000
Total comprehensive loss for the period	—	—	—	(5,659,210)	(5,659,210)
Balances at January 1, 2021	1,000,000	—	21,250,000	(21,034,193)	1,215,807
Issuance of shares of stock (Note 9)	541,435,000	—	—	—	541,435,000
Application of APIC against deficit (Note 9)	—	—	(21,034,193)	21,034,193	—
Stock issuance costs (Note 9)	—	—	(215,807)	(7,222,676)	(7,438,483)
Total comprehensive loss for the period	—	—	—	(17,913,984)	(17,913,984)
Balances at June 30, 2021	₱542,435,000	₱—	₱—	(₱25,136,660)	₱517,298,340

See accompanying Notes to Financial Statements.



SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
(A Wholly Owned Subsidiary of Solar Philippines Power Project Holdings, Inc.)
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱17,009,693)	(₱3,229,017)
Adjustments for:		
Interest accretion of lease liabilities (Note 11)	5,624,883	2,023,771
Amortization of right-of-use assets (Note 11)	3,118,537	919,729
Interest income (Note 4)	(6,013)	(209)
Operating loss before working capital changes	(8,272,286)	(285,726)
Increase in other current assets	(755,342)	—
Increase (decrease) in accounts payable and accrued expense	6,149,768	(124,913)
Cash used in operations	(2,877,860)	(410,639)
Interest received	6,013	209
Net cash flows used in operating activities	(2,871,847)	(410,430)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment of deposits for land acquisition (Note 6)	(537,000,000)	—
Additions to right-of-use assets (Note 11)	(20,121,600)	—
Additions to other noncurrent assets	(1,354,399)	(552,038)
Cash flows used in investing activities	(558,475,999)	(552,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares of stock (Note 9)	541,435,000	—
Net advances from related parties (Notes 8 and 12)	5,404,425	4,698,000
Stock issuance costs (Note 9)	(7,438,483)	—
Payment of lease liabilities (Notes 11 and 12)	—	(4,311,742)
Net cash flows from financing activities	539,400,942	386,258
NET DECREASE IN CASH	(21,946,904)	(576,210)
CASH AT JANUARY 1	22,298,155	713,743
CASH AT JUNE 30 (Notes 4 and 13)	₱351,251	₱137,533

See accompanying Notes to Financial Statements.



SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
(A Wholly Owned Subsidiary of Solar Philippines Power Project Holdings, Inc.)

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

Solar Philippines Nueva Ecija Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 23, 2016, primarily to construct, erect, assemble, commission, operate and maintain power-generating plants, installations, shops, laboratories, pipelines, repair shops, electrical works, power houses, warehouses, terminals, and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources and systems including but not limited to solar, wind, water, heat, steam, ocean, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural, fossil or non-fossil fuel based, artificial, organic or otherwise, and of energy systems that use new, renewable and any energy resources applying new and efficient energy conversion and/or utilization technologies for commercial application; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy. As of June 30, 2021, the Company has not yet started commercial operations.

The Company is a wholly owned subsidiary of Solar Philippines Power Project Holdings, Inc. (SPPPHI or Parent Company), a corporation organized in the Republic of the Philippines.

(b) The Project

On August 22, 2017, Solar Philippines Commercial Rooftop Projects, Inc. (SPCRPI), an affiliate of the Company, was awarded Solar Energy Service Contract (SESC) No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project (the Project), wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Santa Rosa, Peñaranda and San Leonardo, Nueva Ecija. On December 29, 2017, SPCRPI executed a Deed of Assignment transferring all its rights and obligations provided under the SESC No. 2017-06-404 to the Company (see Note 15). On February 23, 2018, the Department of Energy (DOE) acknowledged and approved the Deed of Assignment between SPCRPI and the Company. Further, on that same day, the DOE issued and approved a new Certificate of Registration (COR) under the name of the Company which recognizes the Company as a Renewable Energy (RE) developer.

The Project is a 500 megawatt peak (MWdc) solar power plant project located in Nueva Ecija and is divided into two (2) Phases. The first phase of the Project is a 225 MWdc solar power plant (Phase 1) in Barangay Las Piñas, Peñaranda, Nueva Ecija with sub-phases of Phase 1A at 50 MWdc and Phase 1B at 175 MWdc. The Company targets that Phase 1A shall be commissioned in the first half of 2022 while Phase 1B is planned to be commissioned in the second half of 2022. Moving forward, the Company plans to construct an additional 275 MWdc (Phase 2) after it has commissioned Phase 1.



On August 20, 2019, the Company has declared commerciality, pending the assessment of the DOE. Once confirmed, the DOE shall release a Certificate of Confirmation of Commerciality (“COCOC”) on the Project. As of July 14, 2021, the Company is awaiting for response from DOE on the assessment of commerciality and has not yet commenced commercial operations.

(c) Principal Office Address

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

(d) Change in Fiscal Year

On March 29, 2021, the Board of Directors (BODs) approved the change in the Company’s fiscal year from January 1 to December 31 each year to July 1 to June 30 each year. On April 6, 2021, the Company filed its application for the change in fiscal year with the SEC and was approved on April 14, 2021.

Moreover, the Company opted to adopt the new fiscal year for tax purposes, subject to the approval of the Bureau of Internal Revenue (BIR). The complete requirements for the change in accounting period for tax purposes were submitted to the BIR on May 20, 2021.

(e) Authorization for the Issuance of the Financial Statements

The financial statements of the Company as of June 30, 2021 and December 31, 2020 and for the six-month periods ended June 30, 2021 and 2020 were authorized for issue by the BODs on July 14, 2021.

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

Basis of Preparation

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

The accompanying financial statements as of June 30, 2021 and December 31, 2020 and for the six-month periods ended June 30, 2021 and 2020 have been prepared for filing with the BIR due to the change in accounting period, and inclusion in the prospectus in relation to the planned initial public offering (IPO) of the Company.

Statement of Compliance

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

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2021. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.



Unless otherwise indicated, adoption of these new standards did not have any impact on the financial statements of the Company.

- Amendments to PFRS 9, *Financial Instruments*, PFRS 7, *Financial Instruments: Disclosures*, PFRS 4, *Insurance Contracts* and PFRS 16, *Leases, Interest Rate Benchmark Reform - Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Company shall also disclose information about:

- the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Company is not required to restate prior periods. The amendments are not expected to have any impact on the Company's financial statements.

Summary of Significant Accounting Policies

Current versus Noncurrent Classification

The Company presents assets and liabilities in the statement of financial position based on the current/non-current classification. An asset is current when it is:

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as non-current assets and liabilities, respectively.



Cash

Cash in the statement of financial position comprise cash on hand and with banks.

Financial Instruments

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

The Company has the following financial assets and liabilities:

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent Measurement

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

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

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

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



Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include cash and cash bond deposit included under other current assets as of June 30, 2021 and December 31, 2020 (see Notes 4, 5 and 13).

The Company has no financial assets at FVOCI and FVPL.

Financial liabilities

Loans and borrowings

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

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

The Company's loans and borrowings include "Accounts payable and accrued expenses", excluding payable to employees and government agencies, "Due to related parties" and "Lease liabilities" as of June 30, 2021 and December 31, 2020 (see Notes 7, 8, 11 and 13).

As of June 30, 2021 and December 31, 2020, the Company has no financial liabilities at FVPL.

Derecognition of Financial Assets and Liabilities

Financial asset

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

- the right to receive cash flows from the asset has expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed obligation to pay them in full without material delay to a third party under a "pass-through" arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained the risks and rewards of the asset but has transferred the control of the asset.

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

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



Financial liability

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

Impairment of Financial Assets

The Company recognizes an allowance for expected credit losses (ECLs) for all financial assets except debt instruments held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

Offsetting Financial Instruments

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

Fair Value Measurement

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

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

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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



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

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

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

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

Input Value-Added Tax (VAT)

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

Right-of-use (ROU) Assets

It is the Company's policy to classify ROU assets as part of property, plant and equipment. The Company recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term. ROU assets are subject to impairment (refer to Impairment of Nonfinancial Assets policy).

Deposits for Land Acquisition

Deposits for land acquisition pertain to non-refundable deposits and payments made in relation to the acquisition of parcels of land and are stated at the amount paid less any impairment in value.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that these nonfinancial assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates these nonfinancial assets' recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the



carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the year in which it arises. In the case of input VAT, an allowance is provided for any portion of the input VAT that cannot be claimed against output VAT or recovered as tax credit against future income tax liability.

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

Common Stock

Common stock is measured at par value and is classified as equity for all stocks issued.

Additional paid-in capital (APIC)

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

Retained Earnings (Deficit)

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

Leases

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

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

Company as a Lessee

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

i) ROU assets

Refer to ROU assets policy.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed



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

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

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of vehicle (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases is recognized as expense on a straight-line basis over the lease term.

Interest Income

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

Expenses

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

Provisions

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

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

Income Taxes

Current Income Tax

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



Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the income tax returns with respect to situations in which applicable income tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

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

Deferred income tax liabilities are recognized for all taxable temporary differences.

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

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

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

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.

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

Earnings (Loss) Per Share (EPS)

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

Diluted EPS is computed in the same manner, with the net income for the year attributable to common shareholders of the Company and the weighted average number of common shares outstanding during the year, adjusted for the effect of all dilutive potential common shares. As of June 30, 2021 and December 31, 2020, the Company does not have any dilutive potential common shares. Hence, diluted EPS is the same as basic EPS.

Operating Segments

The Company's operating businesses are organized and managed separately according to the business units. The Company has no operating segments as it has not yet commenced its commercial operations as of June 30, 2021 and December 31, 2020.



Contingencies

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

Events After the Reporting Date

Post year-end events that provide additional information about the Company's position at the balance sheet date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

Future Changes in Accounting Policies

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

Effective beginning on or after July 1, 2022

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

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

The amendments are effective for annual reporting periods beginning on or after July 1, 2022 and apply prospectively.

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

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

The amendment is effective for annual reporting periods beginning on or after July 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach".



The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after July 1, 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

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

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

The amendment is effective for annual reporting periods beginning on or after July 1, 2022 with earlier adoption permitted.

- Amendments to PFRS 9, *Fees in the '10 percent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after July 1, 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

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

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after July 1, 2022 with earlier adoption permitted.



Effective beginning on or after July 1, 2023

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

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after July 1, 2023 and must be applied retrospectively.

The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- PFRS 17, *Insurance Contracts*

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

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

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

PFRS 17 is effective for reporting periods beginning on or after July 1, 2023, with comparative figures required. Early application is permitted.

Deferred effectivity

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

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or



contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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

3. Significant Accounting Estimate and Assumption

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

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

Judgment

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

Estimates

Estimating Useful Life of ROU Assets

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

The carrying amount of ROU assets amounted to ₱297.8 million and ₱44.1 million as of June 30, 2021 and December 31, 2020, respectively (see Note 11).

Estimating the incremental borrowing rate (IBR)

The Company uses its IBR to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU assets in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Company's stand-alone credit rating).

The carrying amount of lease liabilities amounted to ₱289.5 million and ₱47.3 million as of June 30, 2021 and December 31, 2020, respectively (see Note 11).



Estimating Impairment of Nonfinancial Assets

The Company assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

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

- Significant underperformance relative to expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends including impact of COVID-19.

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

The carrying value of deposits for land acquisition amounted to ₱537.0 million as of June 30, 2021 (see Note 6). There were no deposits for land acquisition in 2020. No impairment loss was recognized on deposits for land acquisition in 2021.

Estimating the Realizability of Deferred Income Tax Assets

Deferred income tax asset is recognized for all deductible temporary differences to the extent that it is probable that sufficient future taxable income will be available in the future against which the deductible temporary differences can be utilized. Significant management estimate is required to determine the amount of deferred income tax asset that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies. The Company did not recognize deferred income tax assets on the carryforward benefits of unused net operating loss carryover (NOLCO) and temporary differences on ROU assets and lease liabilities amounting to ₱19.1 million and ₱13.3 million as of June 30, 2021 and December 31, 2020, respectively, as management believes that there is no sufficient future taxable income to allow all or part of the deductible temporary difference to be utilized (see Note 10).

4. **Cash**

	June 30, 2021	December 31, 2020
Cash in banks	₱351,251	₱22,248,155
Cash on hand	—	50,000
	₱351,251	₱22,298,155

Cash in banks earns interest at the respective bank deposit rates. Total interest earned on cash in bank, net of final tax, amounted to ₱6.0 thousand and ₱0.2 thousand for the six-month periods ended June 30, 2021 and 2020, respectively.



5. Other Current Assets

	June 30, 2021	December 31, 2020
Cash bond deposit (Note 11)	₱552,038	₱—
Others	224,054	20,750
	₱776,092	₱20,750

Others include advances to employees of the Parent Company.

6. Deposits for Land Acquisition

Memorandum of Agreement (MOA) with Provincia Investments Corporation

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

MOA with Lupang Hinirang Holdings Corporation (LHHC)

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

These advance payments for a total consideration of ₱537.0 million are presented as “Deposits for land acquisition” in the statement of financial position as of June 30, 2021.

7. Accounts Payable and Accrued Expenses

	June 30, 2021	December 31, 2020
Accounts payable (Note 8)	₱3,880,000	₱144,120
Accrued expenses	2,771,054	86,074
Withholding tax payable	73,080	345,674
Other payables	3,922	2,420
	₱6,728,056	₱578,288



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

8. Related Party Transactions

Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.

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

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

- a. The Company, in the normal course of business, has cash advances transactions with its Parent Company, SPPPHI and an affiliate for administrative requirements.

	Transactions during the six-month periods ended June 30		Outstanding balance as of			
	2021	2020	June 30, 2021	December 31, 2020	Terms	Conditions
<i>Due to related parties:</i>						
Parent:						
SPPPHI						
Cash advances	₱5,405,436	₱4,945,000	₱22,792,348	₱17,386,912	Due and demandable; non-interest bearing	Unsecured
Affiliate						
Cash advances	—	—	—	1,011	Due and demandable; non-interest bearing	Unsecured
	₱5,405,436	₱4,945,000	₱22,792,348	₱17,387,923		

Accounts payable (Note 7)

SPPPHI					Due and demandable; non-interest bearing	Unsecured
Management fee	₱4,000,000	₱—	₱3,880,000	₱—		

- b. On February 20, 2021, the Company entered into a MOA with PIC, which was later amended on March 3, 2021, to secure land covering a total area of 68.621 hectares for a total amount of ₱267.0 million (see Note 6).
- c. On April 19, 2021, the 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 6).
- d. On January 11, 2021, a Deed of Assignment was entered between the Company, as the assignee, and the Parent Company, as the assignor, whereby, the Parent Company assigned to the 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 Company accepted and assumed all of the said rights and obligations thus assigned, pursuant to the said Deed of Assignment (see Note 11).

- e. On April 30, 2021 the Company entered into a Management Service Agreement (MSA) with the Parent Company to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2023, renewable upon mutual agreement of both parties, for a monthly fee of ₱2.0 million.

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

- f. The Company has no employees as of June 30, 2021 and December 31, 2020. Prior to May 2021, the administrative and finance functions of the Company were being handled by the Parent Company at no cost to the Company. Starting May 2021, the key administrative and finance functions are performed by SPPPHI through the MSA. Management fee recognized in 2021 amounted to ₱4.0 million.

9. Equity

The details of the Company's capital stock as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021		December 31, 2020	
	Shares	Amount	Shares	Amount
Common shares - ₱0.1 par value per share*				
Authorized:	10,000,000,000	₱1,000,000,000	10,000,000	₱1,000,000
Issued and outstanding:				
Balances at beginning of period	10,000,000	₱1,000,000	2,500,000	₱250,000
Issuance of shares during the period	5,414,350,000	541,435,000	7,500,000	750,000
Balances at end of period	5,424,350,000	₱542,435,000	10,000,000	₱1,000,000

*The SEC approved the decrease in par value of common stock from ₱1.0 per share to ₱0.10 per share in March 2021.

In December 2020, the Company collected the outstanding subscription receivable amounting to ₱0.2 million from the Parent Company.

On December 14, 2020, the BOD approved the issuance of 750,000 common shares for a total amount of ₱22.0 million for an issue price of ₱29.3 per share to the Parent Company. The amount in excess of the par value totaling to ₱21.3 million is presented as "Additional paid-in capital" in the statement of financial position as of December 31, 2020.

On the same day, the BOD of the Company approved the following:

- Decrease in par value of common stock from ₱1.0 per share to ₱0.10 per share without decrease in authorized common stock and without returning any portion of subscribed capital to the Company's stockholders, thereby making the authorized common stock to ₱1.0 million divided into 10.0 million shares with par value of ₱0.10 per share from ₱1.0 million divided into 1.0 million shares with par value of ₱1.0 per share.



- Increase in authorized common stock from ₱1.0 million divided into 10.0 million common shares with par value of ₱0.10 per share to ₱1,000 million divided into 10,000 million shares with par value of ₱0.10 per share.

In February and March 2021, the Company received from its Parent Company ₱268.4 million for the subscription of 2,684.4 million shares at par value of ₱0.1 per share.

On March 3, 2021, the BOD approved to apply the APIC of ₱21.3 million against the deficit as of December 31, 2020 amounting to ₱21.0 million.

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

- Decrease in par value of common stock from ₱1.0 per share to ₱0.10 per share;
- Increase authorized common stock from ₱1.0 million to ₱1,000 million; and
- Application of APIC to deficit amounting to ₱21.0 million.

In May 2021, the Company received the SEC's approval of the above applications.

In April and May 2021, the Company received additional subscription from its Parent Company totaling to ₱273.0 million for 2,730.0 million shares at par value of ₱0.10 per share.

As of the June 30, 2021, the Company's authorized capital stock is ₱1,000.0 million, consisting of 10,000.0 million common shares with a par value of ₱0.10 per share, of which 5,424.4 million common shares are issued and outstanding. Total share issuance cost incurred amounted to ₱7.4 million of which ₱0.2 million was applied against the remaining balance of APIC while the remaining ₱7.2 million was charged against deficit.

On June 25, 2021, the Parent Company executed a pledge over all the Company's shares of stock that it holds to secure a loan by its affiliate, PIC from AC Energy Corporation (the lender). The stock certificates of the Company's shares pledged were delivered to and is in the custody of the lender. The lender agreed to return the stock certificates to the Parent Company to enable to the Parent Company and the Company to comply with the lock-up rules of the Philippine Stock Exchange.

10. Income Taxes

The Company has no provision for current income tax in 2021 and 2020 since it is in gross loss and net tax loss positions.

The Company became subject to minimum corporate income tax for the taxable year 2021, which is the fourth taxable year immediately following the year of the Company's registration with the BIR as provided under the law. The Company was registered with the BIR on April 6, 2017.



The reconciliation of the statutory income tax to the effective income tax in 2021 and 2020 are as follows:

	For the Six-Month Periods Ended June 30	
	2021	2020
Income tax benefit at statutory income tax rates	(P1,700,969)	(P322,902)
Adjustments for:		
Movement in unrecognized deferred income tax assets	3,283,818	322,923
Transaction costs charged to APIC and retained earnings	(743,848)	—
Nondeductible expenses	65,891	—
Interest income subject to final tax	(601)	(21)
Provision for deferred income tax	P904,291	P—

The Company recognized provision for deferred tax amounting to P0.9 million for the six-month period ended June 30, 2021 and deferred tax liability of P0.9 million as of June 30, 2021 arising from the difference between ROU assets and lease liabilities.

As of June 30, 2021, the Company has carryover NOLCO for which no deferred income tax assets have been recognized as follows:

Year Incurred	Date of Expiration	Amount
2021	June 30, 2026	P6,762,211
2020	December 31, 2025	7,162,169
2019	December 31, 2022	4,464,964
2018	December 31, 2021	689,230
		P19,078,574

The movements in NOLCO are as follows:

	For the six-month period ended	For the year ended
Balances at beginning of period	P12,316,363	P5,922,061
Additions	6,762,211	7,162,169
Expirations	—	(767,867)
Balances at end of period	P19,078,574	P12,316,363

No deferred tax asset was recognized on the carryforward benefits of NOLCO as of June 30, 2021 amounting to P28.0 million and the carryforward benefits of NOLCO and the deductible temporary difference in ROU assets and lease liabilities as of December 31, 2020 totaling to P13.3 million, as management believes that there is no sufficient future taxable income to allow all or part of the deductible temporary difference to be utilized.

Bayanihan to Recover as One Act (Bayanihan 2)

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



Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act

President Rodrigo Duterte signed into law on March 26, 2021 the CREATE Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. The CREATE Act took effect on April 11, 2021 which is 15 days after its publication in a newspaper of general circulation on March 27, 2021.

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

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic corporations. For domestic corporations with net taxable income not exceeding ₱5 million and with total assets not exceeding ₱100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.
- MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

As of June 30, 2021, the CREATE Act is considered substantively enacted applying PAS 12, *Income Taxes*. Accordingly, the Company is subject to a lower corporate income tax rate of 25% effective July 1, 2020 to operations not covered by the RE Law. For activities covered by the RE Law, the 10% statutory rate applies.

11. Leases

- a. In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on 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 parties. The land lease agreement has an annual rent of ₱45,000 per hectare, net of tax, and is subject to an increase of 5% in rental payments after every five (5) years.
- b. On January 11, 2021, a Deed of Assignment was entered between the Company, as the assignee, and the Parent Company, as the assignor, whereby, the Parent Company assigned all of its rights and obligations under the September 6, 2016 lease agreement for certain parcels of land with a total area 179.6 hectares in Peñaranda, Nueva Ecija. The Company accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. The annual rental increased from ₱50,000 per hectare per year, net of tax, to ₱55,000 per hectare per year, net of tax, which shall be subject to an escalation of 10.0% every five (5) years from the start date. Further, as agreed by the parties, the lease of the updated total land area of 169.9 hectares commenced in March 2021.
- c. In May 2021, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 81.75 hectares. The land was made available for use on the execution date of the contract with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by parties. The land lease agreement has an annual rent of ₱55,000 per hectare, net of tax, and is subject to an increase of 8% in rental payments after every three (3) years.

The Company also paid a gratuity fee of ₱0.9 million, included under other noncurrent assets, which shall be deducted against advance rental in the event that the due diligence of the Company



is not satisfactory and/or project permits or approvals are denied by the relevant government agencies. As of July 14, 2021, the Company has yet to complete its due diligence.

- d. ROU assets as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Balances at beginning of period	₱44,146,980	₱45,986,437
Additions	256,722,791	—
Amortization	(3,118,537)	(1,839,457)
Balances at end of period	₱297,751,234	₱44,146,980

- e. Lease liabilities as of June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021	December 31, 2020
Balances at beginning of period	₱47,299,752	₱47,563,954
Additions	236,601,191	—
Interest expense	5,624,883	4,047,540
Payments	—	(4,311,742)
Total lease liabilities	289,525,826	47,299,752
Current portion of lease liabilities	(14,004,465)	(4,311,742)
Noncurrent portion of lease liabilities	₱275,521,361	₱42,988,010

- f. The following are the amounts recognized for the six-month periods ended June 30, 2021 and 2020 in the statements of comprehensive income:

	For the Six-Month Periods Ended June 30	
	2021	2020
Interest expense	₱5,624,883	₱2,023,771
Amortization of ROU assets	3,118,537	919,729
Total amount recognized in the statements of comprehensive income	₱8,743,420	₱2,943,500

- g. As of June 30, 2021 and December 31, 2020, cash bond deposit amounting to ₱0.6 million and nil, respectively, pertain to cash bond deposits paid to Department of Agrarian Reform (DAR) for the conversion of leased land from agricultural to industrial land. On April 30, 2021, the Company received the DAR order for the conversion of 169.9 hectares of leased land.



12. Notes to Statements of Cash Flows

2021

	December 31, 2020	Cash flows	Others	June 30, 2021
Due to related parties	₱17,387,923	₱5,404,425	₱–	₱22,792,348
Lease liabilities	47,299,752	–	242,226,074	289,525,826
Total liabilities from financing activities	₱64,687,675	₱5,404,425	₱242,226,074	₱312,318,174

2020

	December 31, 2019	Cash flows	Others	June 30, 2020
Due to related parties	₱10,668,623	₱4,698,000	₱–	₱15,366,623
Lease liabilities	47,563,954	(4,311,742)	2,023,771	45,275,983
Total liabilities from financing activities	₱58,232,577	₱386,258	₱2,023,771	₱60,642,606

In 2021 and 2020, the “Others” refer to the additions and accretion of interest related to the lease liabilities and reclassification of related parties.

13. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

The Company’s principal financial instruments comprise of cash in bank, accounts payable and accrued expenses and due to related parties. The main purpose of these financial instruments is to finance the Company’s operations.

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

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

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

With respect to the credit risk arising from other financial assets of the Company, which comprise cash (excluding cash on hand), the Company exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Company’s cash in banks amounted to ₱0.4 million and ₱22.2 million as of June 30, 2021 and December 31, 2020, 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 the due date. The Company considers cash in banks as high grade.

Liquidity risk

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

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

The tables below show the maturity profile as of June 30, 2021 and December 31, 2020 of the Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	June 30, 2021				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Amortized cost:					
Cash in banks	₱351	₱–	₱–	₱–	₱351
Cash bond deposit	552	–	–	–	552
	₱903	₱–	₱–	₱–	₱903
Liabilities at amortized cost:					
Accounts payable	₱3,880	₱–	₱–	₱–	₱3,880
Accrued expenses	2,771	–	–	–	2,771
Due to related parties	22,792	–	–	–	22,792
Lease liabilities	13,187	–	79,983	599,162	692,332
	₱42,630	₱–	₱79,983	₱599,162	₱721,775
	</				

Fair Value and Category of Financial Instruments

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

Cash in banks, cash bond deposit, accounts payable and accrued expenses and due to related parties
The carrying amounts of these financial instruments approximate their fair values due to their short-term maturities.



Lease liabilities

The fair values for the Company's lease liabilities are estimated using the discounted cash flow methodology adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used are 5.96% and 5.37% in 2021 and 2020, respectively. The fair value of the lease liabilities amounted to ₱299.2 million and ₱58.1 million as of June 30, 2021 and December 31, 2020, respectively, while the carrying value of the lease liabilities amounted to ₱288.7 million and ₱47.3 million as of June 30, 2021 and December 31, 2020, respectively.

As of June 30, 2021 and December 31, 2020, the fair value of lease liabilities are measured using Level 3 valuation technique. For the six-month period ended June 30, 2021 and for the year ended December 31, 2020, there were no transfers into and out of Level 3 fair value measurements.

Capital Management

As the Company has not started commercial operations, it ensures that the minimum capital infused by the shareholders is properly managed. The Company manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions.

No changes were made in the objectives, policies or processes for the six-month period ended June 30, 2021 and for the year ended December 31, 2020.

The Company considers the following as its core capital:

	June 30, 2021	December 31, 2020
Due to related parties	₱22,792,348	₱17,387,923
Capital stock	542,435,000	1,000,000
Additional paid-in capital	—	21,250,000
Deficit	(25,136,660)	(21,034,193)
	₱540,090,688	₱18,603,730

14. Basic/Diluted Loss Per Share

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

	June 30, 2021	June 30, 2020
(a) Net loss attributable to equity holders of the Company	₱17,913,984	₱3,229,017
(b) Weighted average number of common shares outstanding	1,811,450,000	2,500,000
Basic/diluted loss per share (a/b)	₱0.0099	₱1.2916

The Company does not have any dilutive potential common shares as at June 30, 2021 and 2020.

The weighted average number of common shares outstanding for the six-month periods ended June 30, 2021 and 2020 consider the effect of the decrease in par value approved by the SEC in May 2021 (see Note 9).



15. Solar Energy Service Contract (SESC)

On August 22, 2017, SPCRPI, an affiliate of the Company, entered into a Solar Energy Service Contract (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 648 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 years period, the Company may submit to the DOE an extension of the SESC for another 25 years under the same terms and conditions so long as the Company is not in default of any material obligations under the SESC.

On December 29, 2017, SPCRPI executed a Deed of Assignment transferring all its rights and obligations under the SESC No. 2017-06-404, including all of its annexes to the Company which has been approved. On February 23, 2018, the DOE acknowledged and approved the Deed of Assignment between SPCRPI and the Company. On that same day, the DOE issued a Certificate of Registration (COR) in favor of the Company as an RE Developer of Solar Energy Resources in Sta. Rosa, Peñaranda and San Leonardo, Nueva Ecija which covers SESC No. 2017-06-404.

On August 20, 2019, the Company has declared commerciality, pending the assessment of the DOE. Once confirmed, the DOE shall release a Certificate of Confirmation of Commerciality (“COCOC”) on the Project. As of July 14, 2021, the Company is awaiting for response from DOE on the assessment of commerciality and has not yet commenced commercial operations.

16. 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 Board of Investments (BOI), shall be entitled to the following incentives, among others:

- i. Income Tax Holiday (ITH) - For the first seven (7) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the National Government;
- ii. Duty-free Importation of RE Machinery, Equipment and Materials - Within the first ten (10) years upon issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties;
- iii. Special Realty Tax Rates on Equipment and Machinery - Any law to the contrary notwithstanding, realty and other taxes on civil works, equipment, machinery, and other improvements of a registered RE developer actually and exclusively used for RE facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value;
- iv. NOLCO - the NOLCO of the RE developer during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss;
- v. Corporate Tax Rate - After seven (7) years of ITH, all RE developers shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337;
- vi. Accelerated Depreciation - If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on such;
- vii. Zero Percent VAT Rate - The sale of fuel or power generated from renewable sources of energy, the purchase of local goods, properties and services needed for the development, construction and installation of the plant facilities, as well as the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent (0%) VAT;
- viii. Cash Incentive of RE Developers for Missionary Electrification - An RE developer, established after the effectivity of the Act, shall be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge for power needed to service missionary areas where it operates the same;
- ix. Tax Exemption of Carbon Credits - All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes; and
- x. Tax Credit on Domestic Capital Equipment and Services - A tax credit equivalent to one hundred percent (100%) of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in the Act. RE developers and local manufacturers, fabricators and suppliers of locally produced RE equipment shall register with the DOE, through the Renewable Energy Management Bureau (REMB). Upon registration, a certification shall be issued to each RE developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to the incentives provided for in the Act. All certifications required to qualify RE developers to avail of the incentives provided for under the Act shall be issued by the DOE through the REMB.

17. Other Matters

COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a



period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, as subsequently extended to April 30, 2020. This was further extended to May 15, 2020 in selected areas including the NCR. The community quarantine has been extended on a more relaxed form (general community quarantine) after the May 15, 2020 extension until March 28, 2021. On March 29, 2021, the government reinstated the ECQ until April 11, 2021 in selected areas including the NCR. Starting April 12, 2021, NCR was placed under the modified ECQ until May 15, 2021, and was subsequently shifted to general community quarantine with some restrictions until July 15, 2021. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Company was not materially affected by the COVID-19 outbreak as it has not yet started commercial operations. Considering the evolving nature of this outbreak, the Company will continue to monitor the situation in subsequent periods.

Pledge of Company's Shares owned by the Parent Company

On June 25, 2021, the Parent Company executed a pledge over all the Company's shares it holds to secure a loan by its affiliate, PIC from AC Energy Corporation. The stock certificates of the Company's shares pledged were delivered to and is in the custody of the lender. The lender agreed to return the stock certificates to the Parent Company to enable to the Parent Company and Company to comply with the lock up rules of the Philippine Stock Exchange.

18. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

The Company reported and accrued/paid the following types of taxes in 2021:

VAT

The Company's sales are subject to output VAT while its purchases of goods and services from other VAT-registered individuals or corporations are subject to input VAT. The VAT rate is 12%.

- a. The Company has no declared and paid output VAT in 2021.
- b. The amount of input VAT claimed is broken down as follows:

Balance at January 1	₱128,168
Domestic purchase of goods other than capital goods	161
Domestic purchase of services	29,597
Balance at June 30	₱157,926

Taxes and Licenses

Details of taxes and licenses are as follows:

Real property tax	₱157,503
Mayor's permit and other fees	137,865
BIR annual registration fee	500
Total	₱295,868

Withholding Taxes

The Company reported a total expanded withholding tax on professional fees, rental and purchase of goods amounting to ₱1.7 million.



Documentary Stamp Tax

Issuance of shares	₱5,414,440
Lease agreements	1,149,504
Total	₱6,563,944

Documentary stamp taxes paid pertaining to lease agreements amounting to ₱1.1 million were presented as part of “Taxes and licenses” in the statement of comprehensive income while documentary stamp taxes paid pertaining to issuance of shares amounting to ₱5.4 million were offset against APIC and retained earnings.

Tax Contingencies

The Company did not receive any final tax assessments in 2021, nor did it have tax cases under preliminary investigation, litigation and/or prosecution in courts or bodies outside the administration of the BIR.





13 January 2022

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention: **Market and Securities Regulation Department**

Re: **Quarterly Report (SEC Form 17-Q) for the quarter ending September 30, 2021**

Good day!

Solar Philippines Nueva Ecija Corporation is hereby filing the Company's Quarterly Report (SEC Form 17-Q) for the quarter ending September 30, 2021.

Very truly yours,

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

By: _____

HAZEL IRIS P. LAFUENTE

Corporate Secretary and Chief Information Officer

COVER SHEET

C	S	2	0	1	6	2	7	3	0	0
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S.E.C. Registration Number

S	O	L	A	R		P	H	I	L	I	P	P	I	N	E	S		N	U	E	V	A		E	C	I	J	A	
C	O	R	P	O	R	A	T	I	O	N																			

(Company's Full Name)

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

(Principal Address of the Company)

Hazel Iris P. Lafuente

Contact Person

0	2	8	8	1	7	-	2	5	8	5
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Company Telephone Number

0	6
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Month

3	0
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Day

Fiscal Year

SEC Form 17-Q

Form Type

1 st 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.

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Amended Articles Number/Section

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Total No. of Stockholders

Total amount of Borrowings

Domestic

Foreign

To be Accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

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
September 30, 2021
2. SEC Identification Number
CS201627300
3. BIR Tax Identification No.
009-468-103
4. Exact name of issuer as specified in its charter
SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of office
112 Legaspi Street, Legaspi Village, Barangay San Lorenzo, Makati City, Philippines

Postal Code
1229
8. Issuer's telephone number, including area code
(+632) 8817-2585
9. Former name or former address, if changed since last report N/A
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 Shares	8,124,350,005

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 / 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 ☐

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

- Financial Position as of September 2021 and June 30, 2021
- Comprehensive Income for the three (3) -month periods ended September 30, 2021 and 2020
- Cash Flow for the three (3) -month periods ended September 30, 2021 and 2020
- Changes in Equity for the three (3) -month periods ended September 30, 2021 and 2020
- Notes to Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

- Material Changes to the Statement of Financial Position as of September 30, 2021, compared to the Statement of Financial Position as of June 31, 2021
- Material Changes to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2021 compared to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2020
- Key Performance Indicators

PART II - OTHER INFORMATION

Not applicable

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

Unaudited Interim Condensed
Financial Statements
September 30, 2021
(With Comparative Audited Figures as of
June 30, 2021)
and For the Three-Month Periods Ended
September 30, 2021 and 2020

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION****As of September 30, 2021****(With Comparative Audited Figures as of June 30, 2021)**

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
ASSETS		
Current Assets		
Cash in banks	₱3,467,541	₱351,251
Other current assets (Note 5)	3,282,525	776,092
Total Current Assets	6,750,066	1,127,343
Noncurrent Assets		
Right-of-use assets (Note 10)	295,041,049	297,751,234
Deposits for land acquisition (Note 6)	537,000,000	537,000,000
Other noncurrent assets (Note 10)	2,090,284	1,370,284
Total Noncurrent Assets	834,131,333	836,121,518
TOTAL ASSETS	₱840,881,399	₱837,248,861
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 7 and 11)	₱11,608,662	₱6,728,056
Due to related parties (Notes 8 and 11)	22,792,348	22,792,348
Current portion of lease liabilities (Notes 10 and 11)	14,004,465	14,004,465
Total Current Liabilities	48,405,475	43,524,869
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 10 and 11)	280,092,366	275,521,361
Deferred income tax liability	94,422	904,291
Total Noncurrent Liabilities	280,186,788	276,425,652
Total Liabilities	328,592,263	319,950,521
Equity (Note 9)		
Capital stock	542,435,001	542,435,000
Additional paid-in capital	16,000,000	—
Deficit	(46,145,865)	(25,136,660)
Total Equity	512,289,136	517,298,340
TOTAL LIABILITIES AND EQUITY	₱840,881,399	₱837,248,861

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
INTEREST INCOME (Note 4)	₱753	₱54
EXPENSES		
Philippine Stock Exchange filing fees	8,124,350	—
Management fee (Note 8)	6,000,000	—
Interest accretion of lease liabilities (Note 10)	4,571,005	1,011,886
Amortization of right-of-use assets (Note 10)	2,710,185	459,864
Taxes and licenses	350,558	—
Professional fees	—	666,667
Others	63,729	13,557
	21,819,827	2,151,974
LOSS BEFORE INCOME TAX	21,819,074	2,151,920
BENEFIT FROM DEFERRED INCOME TAX	809,869	—
NET LOSS	21,009,205	2,151,920
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE LOSS	₱21,009,205	₱2,151,920
Basic/Diluted Loss Per Share (Note 12)	₱0.0039	₱3.4431

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY****FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

	Capital Stock		Additional Paid-in Capital	Deficit	Total
	Subscribed	Subscription Receivable			
Balances at July 1, 2021	₱542,435,000	₱–	₱–	(₱25,136,660)	₱517,298,340
Total comprehensive loss for the period	–	–	–	(21,009,205)	(21,009,205)
Issuance of shares of stock (Note 9)	1	–	–	–	1
Additional paid-in capital (Note 9)	–	–	16,000,000	–	16,000,000
Balances at September 30, 2021	₱542,435,001	₱–	₱16,000,000	(₱46,145,865)	₱512,289,136
Balances at July 1, 2020	₱250,000	(₱187,500)	₱–	(₱15,374,983)	(₱15,312,483)
Total comprehensive loss for the period	–	–	–	(2,151,920)	(2,151,920)
Balances at September 30, 2020	₱250,000	(₱187,500)	₱–	(₱17,526,903)	(₱17,464,403)

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENTS OF CASH FLOWS****FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(₱21,819,074)	(₱2,151,920)
Adjustments for:		
Interest accretion of lease liabilities (Note 10)	4,571,005	1,011,886
Amortization of right-of-use assets (Note 10)	2,710,185	459,864
Interest income (Note 4)	(753)	(54)
Operating loss before working capital changes	(14,538,637)	(680,224)
Increase in other current assets	(2,506,433)	(1,109)
Increase in accounts payable and accrued expense	4,880,606	66,666
Cash used in operations	(12,164,464)	(614,667)
Interest received	753	54
Net cash flows used in operating activities	(12,163,711)	(614,613)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to other noncurrent assets	(720,000)	(552,038)
CASH FLOWS FROM FINANCING ACTIVITIES		
Additional paid-in capital (Note 9)	16,000,000	—
Proceeds from issuance of shares of stock (Note 9)	1	—
Net advances from related parties (Notes 8 and 12)	—	610,000
Cash flows from financing activities	16,000,001	610,000
NET INCREASE (DECREASE) IN CASH	3,116,290	(4,613)
CASH AT JULY 1	351,251	137,533
CASH AT SEPTEMBER 30 (Notes 4 and 13)	₱3,467,541	₱132,920

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

Solar Philippines Nueva Ecija Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 23, 2016, primarily to construct, erect, assemble, commission, operate and maintain power-generating plants, installations, shops, laboratories, pipelines, repair shops, electrical works, power houses, warehouses, terminals, and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources and systems including but not limited to solar, wind, water, heat, steam, ocean, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural, fossil or non-fossil fuel based, artificial, organic or otherwise, and of energy systems that use new, renewable and any energy resources applying new and efficient energy conversion and/or utilization technologies for commercial application; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy. As of January 11, 2022, the Company has not yet started commercial operations.

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

(b) Initial Public Offering (IPO)

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

On November 29, 2021, the SEC and the PSE approved the application of the Company for the listing of its 2,700,000,000 common shares on the Main Board of the PSE.

The Company completed its IPO and was listed in the PSE under the stock symbol “SPNEC” on December 17, 2021.

(c) The Project

On August 22, 2017, Solar Philippines Commercial Rooftop Projects, Inc. (SPCRPI), an affiliate of the Company, was awarded Solar Energy Service Contract (SESC) No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project (the Project), wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Santa Rosa, Peñaranda and San Leonardo, Nueva Ecija. On December 29, 2017, SPCRPI executed a Deed of Assignment transferring all its rights and obligations provided under the SESC No. 2017-06-404 to the Company (see Note 15). On February 23, 2018, the Department of Energy (DOE) acknowledged and approved the Deed of Assignment between SPCRPI and the Company. Further, on that same day, the DOE issued

and approved a new Certificate of Registration (COR) under the name of the Company which recognizes the Company as a Renewable Energy (RE) developer.

The Project is a 500 megawatt peak (MWdc) solar power plant project located in Nueva Ecija and is divided into two (2) Phases. The first phase of the Project is a 225 MWdc solar power plant (Phase 1) in Barangay Las Piñas, Peñaranda, Nueva Ecija with sub-phases of Phase 1A at 50 MWdc and Phase 1B at 175 MWdc. The Company targets that Phase 1A shall be commissioned by the end of 2022 while Phase 1B is planned to be commissioned by early 2023 or within nine months of closing financing for Phase 1B. Moving forward, the Company plans to construct an additional 275 MWdc (Phase 2) after it has commissioned Phase 1.

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

(d) Principal Office Address

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

(e) Authorization for the Issuance of the Financial Statements

The financial statements of the Company as of September 30, 2021 and for the three-month periods ended September 30, 2021 and 2020 were authorized for issue by the Board of Directors (BODs) on January 11, 2022.

2. Basis of Preparation and Changes to the Company's Accounting Policies

Basis of Preparation

The unaudited interim condensed financial statements of the Company as of September 30, 2021 and for the three-month periods ended September 30, 2021 and 2020 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2021.

The unaudited interim financial statements of the Company have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is also the Company's functional currency. All amounts are rounded to the nearest ₱, unless otherwise indicated.

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2021.

4. Cash in banks

Cash in banks earns interest at the respective bank deposit rates. Total interest earned on cash in bank, net of final tax, amounted to ₱753 and ₱54 for the three-month periods ended September 30, 2021 and 2020, respectively.

5. Other Current Assets

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Cash bond deposit (Note 10)	₱552,038	₱552,038
Others	2,730,487	224,054
	₱3,282,525	₱776,092

Others include advances to employees of the Parent Company and IPO-related fees.

6. Deposits for Land Acquisition

Memorandum of Agreement (MOA) with Provincia Investments Corporation

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

MOA with Lupang Hinirang Holdings Corporation (LHHC)

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

These advance payments for a total consideration of ₱537.0 million are presented as “Deposits for land acquisition” in the unaudited interim statement of financial position as of September 30, 2021.

7. Accounts Payable and Accrued Expenses

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Accounts payable (Note 8)	₱9,700,000	₱3,880,000
Accrued expenses	1,558,559	2,771,054
Withholding tax payable	343,026	73,080
Other payables	7,077	3,922
	₱11,608,662	₱6,728,056

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

8. Related Party Transactions

Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.

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

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

- a. The Company, in the normal course of business, has cash advances transactions with its Parent Company, SPPPHI and an affiliate for administrative requirements.

Transactions during the three-month periods ended		Outstanding balance as of		Terms	Conditions
September 30 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)		
2021	2020				
<i>Due to related parties:</i>					
<i>Parent:</i>					
SPPPHI					
Cash advances	₱-	₱610,000	₱22,792,348	₱22,792,348	Due and demandable; non-interest bearing Unsecured
<i>Accounts payable</i>					
<i>(Note 7)</i>					
SPPPHI					
Management fee	₱10,000,000	₱-	₱9,700,000	₱-	Due and demandable; non-interest bearing Unsecured

- b. On February 20, 2021, the Company entered into a MOA with PIC, which was later amended on March 3, 2021, to secure land covering a total area of 68.621 hectares for a total amount of ₱267.0 million (see Note 6).

- c. On April 19, 2021, the 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 6).
- d. On January 11, 2021, a Deed of Assignment was entered between the Company, as the assignee, and the Parent Company, as the assignor, whereby, the Parent Company assigned to the 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 Company accepted and assumed all of the said rights and obligations thus assigned, pursuant to the said Deed of Assignment (see Note 10).
- e. On April 30, 2021 the Company entered into a Management Service Agreement (MSA) with the Parent Company to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2023, renewable upon mutual agreement of both parties, for a monthly fee of ₱2.0 million.

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

- f. The Company has no employees as of September 30, 2021 and June 30, 2021. Prior to May 2021, the administrative and finance functions of the Company were being handled by the Parent Company at no cost to the Company. Starting May 2021, the key administrative and finance functions are performed by SPPPHI through the MSA. Management fee recognized for the three-month periods ended September 30, 2021 amounted to ₱6.0 million.

9. Equity

The details of the Company's capital stock as of September 30, 2021 and June 30, 2021 are as follows:

	September 30, 2021 (Unaudited)		June 30, 2021 (Audited)	
	Shares	Amount	Shares	Amount
Common shares - ₱0.1 par value				
per share				
Authorized:	10,000,000,000	₱1,000,000,000	10,000,000,000	₱1,000,000,000
Issued and outstanding:				
Balances at beginning of period	5,414,350,000	₱541,435,000	10,000,000	₱1,000,000
Issuance of shares during the period	5	1	5,414,350,000	541,435,000
Balances at end of period	5,424,350,005	₱542,435,001	5,424,350,000	₱542,435,000

In July 2021, the Company issued five (5) shares to the new directors. In the same month, the Company entered into a Memorandum of Agreement with its Parent Company, whereby the Parent Company provided ₱16.0 million representing additional payment for shares previously issued. This was recognized as additional paid-in capital under equity.

As of September 30, 2021, the Company's authorized capital stock is ₱1,000.0 million, consisting of 10,000.0 million common shares with a par value of ₱0.10 per share, of which 5,424.4 million common shares are issued and outstanding.

On June 25, 2021, the Parent Company executed a pledge over all the Company's shares of stock that it holds to secure a loan by its affiliate, PIC from AC Energy Corporation (the lender). The stock certificates of the Company's shares pledged were delivered to and is in the custody of the lender. The lender agreed to return the stock certificates to the Parent Company to enable to the Parent Company and the Company to comply with the lock-up rules of the Philippine Stock Exchange.

10. Leases

- a. In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on 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 parties. The land lease agreement has an annual rent of ₱45,000 per hectare, net of tax, and is subject to an increase of 5% in rental payments after every five (5) years.
- b. On January 11, 2021, a Deed of Assignment was entered between the Company, as the assignee, and the Parent Company, as the assignor, whereby, the Parent Company assigned all of its rights and obligations under the September 6, 2016 lease agreement for certain parcels of land with a total area 179.6 hectares in Peñaranda, Nueva Ecija. The Company accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. The annual rental increased from ₱50,000 per hectare per year, net of tax, to ₱55,000 per hectare per year, net of tax, which shall be subject to an escalation of 10.0% every five (5) years from the start date. Further, as agreed by the parties, the lease of the updated total land area of 169.9 hectares commenced in March 2021.
- c. In May 2021, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 81.75 hectares. The land was made available for use on the execution date of the contract with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by parties. The land lease agreement has an annual rent of ₱55,000 per hectare, net of tax, and is subject to an increase of 8% in rental payments after every three (3) years.

The Company also paid a gratuity fee of ₱0.9 million, included under other noncurrent assets, which shall be deducted against advance rental in the event that the due diligence of the Company is not satisfactory and/or project permits or approvals are denied by the relevant government agencies. As of January 10, 2022, the Company is ongoing completion of due diligence on relevant assets.

- d. ROU assets as of September 30, 2021 and June 30, 2021 are as follows:

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Balances at beginning of period	₱297,751,234	₱44,146,980
Additions	—	256,722,791
Amortization	(2,710,185)	(3,118,537)
Balances at end of period	₱295,041,049	₱297,751,234

- e. Lease liabilities as of September 30, 2021 and June 30, 2021 are as follows:

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Balances at beginning of period	₱289,525,826	₱47,299,752
Additions	–	236,601,191
Interest expense	4,571,005	5,624,883
Payments	–	–
Total lease liabilities	294,096,831	289,525,826
Current portion of lease liabilities	(14,004,465)	(14,004,465)
Noncurrent portion of lease liabilities	₱280,092,366	₱275,521,361

- f. The following are the amounts recognized for the three-month periods ended September 30, 2021 and 2020 in the statements of comprehensive income:

	For the Three-Month Periods Ended September 30 (Unaudited)	
	2021	2020
Interest expense	₱4,571,005	₱1,011,886
Amortization of ROU assets	2,710,185	459,864
Total amount recognized in the statements of comprehensive income	₱7,281,190	₱1,471,750

- g. As of September 30, 2021 and June 30, 2021, cash bond deposit amounting to ₱0.6 million, pertain to cash bond deposits paid to Department of Agrarian Reform (DAR) for the conversion of leased land from agricultural to industrial land. On April 30, 2021, the Company received the DAR order for the conversion of 169.9 hectares of leased land. On October 11, 2021, the DAR issued the Certificate of Finality to the Company to effectively cause the conversion of said land from agricultural to industrial classification.

11. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash in bank, accounts payable and accrued expenses and due to related parties. The main purpose of these financial instruments is to finance the Company's operations.

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

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

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

With respect to the credit risk arising from other financial assets of the Company, which comprise cash (excluding cash on hand), the Company exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Company's cash in banks amounted to ₱3.5 million and ₱0.4 million as of September 30, 2021 and June 30, 2021, 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 the due date. The Company considers cash in banks as high grade.

Liquidity risk

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

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

The tables below show the maturity profile as of September 30, 2021 and June 30, 2021 of the Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	September 30, 2021 (Unaudited)				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Amortized cost:					
Cash in banks	₱3,467	₱–	₱–	₱–	₱3,467
Cash bond deposit	552	–	–	–	552
	₱4,019	₱–	₱–	₱–	₱4,019
Liabilities at amortized cost:					
Accounts payable	₱9,700	₱–	₱–	₱–	₱9,700
Accrued expenses	1,559	–	–	–	1,559
Due to related parties	22,792	–	–	–	22,792
Lease liabilities	13,187	–	79,983	599,162	692,332
	₱47,238	₱–	₱79,983	₱599,162	₱726,683
	June 30, 2021 (Audited)				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Amortized cost:					
Cash in banks	₱351	₱–	₱–	₱–	₱351
Cash bond deposit	552	–	–	–	552
	₱903	₱–	₱–	₱–	₱903

	June 30, 2021 (Audited)				Total
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	
Liabilities at amortized cost:					
Accounts payable	P3,880	P—	P—	P—	P3,880
Accrued expenses	2,771	—	—	—	2,771
Due to related parties	22,792	—	—	—	22,792
Lease liabilities	13,187	—	79,983	599,162	692,332
	P42,630	P—	P79,983	P599,162	P721,775

Fair Value and Category of Financial Instruments

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

Cash in banks, cash bond deposit, accounts payable and accrued expenses and due to related parties

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

Lease liabilities

The fair values for the Company's lease liabilities are estimated using the discounted cash flow methodology adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used are 6.42% and 5.96% as at September 30, 2021 and June 30, 2021, respectively. The fair value of the lease liabilities amounted to P290.6 million and P299.2 million as of September 30, 2021 and June 30, 2021, respectively, while the carrying value of the lease liabilities amounted to P294.1 million and P289.5 million as of September 30, 2021 and June 30, 2021, respectively.

As of September 30, 2021 and June 30, 2021, the fair value of lease liabilities are measured using Level 3 valuation technique. For the three-month period ended September 30, 2021 and for the year ended June 30, 2021, there were no transfers into and out of Level 3 fair value measurements.

Capital Management

As the Company has not started commercial operations, it ensures that the minimum capital infused by the shareholders is properly managed. The Company manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions.

No changes were made in the objectives, policies or processes for the three-month period ended September 30, 2021 and for the year ended June 30, 2021.

The Company considers the following as its core capital:

	September 30, 2021 (Unaudited)	June 30, 2021 (Audited)
Due to related parties	P22,792,348	P22,792,348
Capital stock	542,435,001	542,435,000
Additional paid-in capital	16,000,000	—
Deficit	(46,145,865)	(25,136,660)
	P535,081,484	P540,090,688

12. Basic/Diluted Loss Per Share

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

	September 30, 2021 (Unaudited)	September 30, 2020 (Unaudited)
(a) Net loss attributable to equity holders of the Company	₱21,009,205	₱2,151,920
(b) Weighted average number of common shares outstanding	5,424,350,005	625,000
Basic/diluted loss per share (a/b)	₱0.0039	₱3.4431

The Company does not have any dilutive potential common shares as at September 30, 2021 and 2020.

13. Events After the Reporting Period

On January 10, 2022, the BOD of the Company approved amendments in the Company's Articles of Incorporation to increase the authorized capital stock from ₱1.0 billion divided into 10.0 billion common shares at ₱0.1 per share, to ₱5.0 billion divided into 50.0 billion common shares at ₱0.1 per share.

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

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

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

On November 15, 2021, the DOE released of the Certificate of Confirmation of Commerciality ("COCOC") of the Project.

On October 11, 2021, the DAR issued the Certificate of Finality to the Company to effectively cause the conversion of the 169.86 hectares of land from agricultural to industrial classification.

14. Other Matters

Continuing Impact of COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region (NCR) effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine (ECQ) throughout the island of Luzon until April 12, 2020, as subsequently extended to April 30, 2020. This was further extended to May 15, 2020 in selected areas including the NCR. The community quarantine has been extended on a more relaxed form (general community quarantine) after the May 15, 2020 extension until March 28, 2021. On March 29, 2021, the government reinstated the ECQ until April 11, 2021 in selected areas including the NCR. Starting April 12, 2021, NCR was placed under the modified ECQ until May 15, 2021, and was subsequently shifted to general community quarantine with some restrictions until July 15, 2021. In September 2021, the government shifted to a multi-tier alert level system for applying COVID-19 restrictions in selected areas with NCR currently under alert level 3 from January 3 to 15, 2022.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Company was not materially affected by the COVID-19 outbreak as it has not yet started commercial operations. Considering the evolving nature of this outbreak, the Company will continue to monitor the situation in subsequent periods.

Pledge of Company's Shares owned by the Parent Company

On June 25, 2021, the Parent Company executed a pledge over all the Company's shares it holds to secure a loan by its affiliate, PIC from AC Energy Corporation. The stock certificates of the Company's shares pledged were delivered to and is in the custody of the lender. The lender agreed to return the stock certificates to the Parent Company to enable to the Parent Company and Company to comply with the lock up rules of the Philippine Stock Exchange.

Operating Segment

The Company's operating segments are organized and managed separately according to the business units. The Company has no operating segments as it has not yet commenced its operations as of September 30, 2021.

Seasonality of Operations

The Company has not started commercial operations as of September 30, 2021. As such, there were no operations subject to seasonality and cyclicity.

Repurchases, and Repayments of Debt and Equity Securities

There are no repurchases and repayments of debt and equity securities during the current period.

Changes in Estimates and Amounts Reported in Prior Financial Years

The key assumptions concerning the future and other key sources of estimation uncertainty used in preparation of the unaudited interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements as of and for the year ended June 30, 2021.

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 Company During the Interim Period

There were no material changes in the composition of the Company during the period.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Material Changes to the Statement of Financial Position as of September 30, 2021, compared to the Statement of Financial Position as of June 31, 2021

Horizontal and Vertical Analysis of Financial Position September 30, 2021 vs June 30, 2021						
Amounts in ₱0.00	September 30, 2021	June 30, 2021	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		September 2021	June 2021
			Amount	Percentage		
Assets						
Cash	3,467,541	351,251	3,116,290	887.20%	0.41%	0.04%
Other current assets	3,282,525	776,092	2,506,433	322.96%	0.39%	0.09%
TOTAL CURRENT ASSETS	6,750,066	1,127,343	5,622,723	498.76%	0.80%	0.13%
Right-of-use assets	295,041,049	297,751,234	(2,710,185)	-0.91%	35.09%	35.56%
Deposit for land acquisition	537,000,000	537,000,000	—	0.00%	63.86%	64.14%
Other noncurrent assets	2,090,284	1,370,284	720,000	52.54%	0.25%	0.16%
TOTAL NONCURRENT ASSETS	834,131,333	836,121,518	(1,990,185)	-0.24%	99.20%	99.87%
TOTAL ASSETS	840,881,399	837,248,861	3,632,538	0.43%	100%	100%
Liabilities and Equity						
Accounts payable and accrued expenses	11,608,662	6,728,056	4,880,606	72.54%	1.38%	0.80%
Due to related parties	22,792,348	22,792,348	—	0.00%	2.71%	2.72%
Current portion of lease liabilities	14,004,465	14,004,465	—	0.00%	1.67%	1.67%
TOTAL CURRENT LIABILITIES	48,405,475	43,524,869	4,880,606	11.21%	5.76%	5.20%
Lease liabilities - Net of current portion	280,092,366	275,521,361	4,571,005	1.66%	33.31%	32.91%
Deferred tax liability	94,422	904,291	(809,869)	-89.56%	0.01%	0.11%
TOTAL NONCURRENT LIABILITIES	280,186,788	276,425,652	3,761,136	1.36%	33.32%	33.02%
TOTAL LIABILITIES	328,592,263	319,950,522	8,641,741	2.70%	39.08%	38.21%
Common stock	542,435,001	542,435,000	1	0.00%	64.51%	64.79%
Additional paid-in capital	16,000,000	—	16,000,000	100.00%	1.90%	0.00%
Deficit	(46,145,865)	(25,136,660)	(21,009,205)	83.58%	-5.49%	-3.00%
TOTAL EQUITY	512,289,136	517,298,339	(5,009,203)	-0.97%	60.92%	61.79%
TOTAL LIABILITIES AND EQUITY	840,881,399	837,248,861	3,632,538	0.43%	100.00%	100.00%

Cash

On July 29, 2021 and August 12, 2021, the Company received cash of ₱2.0 million and ₱14.0 million, respectively, as infusion of additional capital from the Parent Company. This is pursuant to the Memorandum of Agreement dated July 29, 2021, where the Parent Company obligated itself to pay the Company ₱16.0 million for said infusion, and the Company agreed to record such capital infusion as the Parent Company's additional paid-in capital. Moreover, the Company paid various IPO-related expenses totaling ₱10.75 million and documentary stamp taxes amounting to ₱1.22 million. This resulted to a net increase of cash account by 887.20% from ₱0.35 million as of June 30, 2021 to ₱3.47 million as of September 30, 2021.

Other Current Assets

Other Current Assets increased by 322.96% from ₱0.78 million as of June 30, 2021 to ₱3.28 million as of September 30, 2021. This was primarily due to the deferment of IPO related costs amounting to ₱2.73 million to the said account. This amount will offset against additional paid-in capital upon completion of the Company's IPO.

Right-of-Use Assets

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

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

The Company recognized ROU assets in this regard, which decreased by 0.91% from ₱297.75 million as of June 30, 2021 to ₱295.04 million as of September 30, 2021 due to amortization during the period amounting to ₱2.71 million.

Deposit for Land Acquisition

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

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

These advance payments for a total consideration of ₱537.00 million are presented as “Deposits for land acquisition” in the September 30, 2021 unaudited interim financial statements.

Other Noncurrent Assets

Increase in this account by 52.54% from ₱1.37 million as of fiscal year ended June 30, 2021 to ₱2.09 million as of September 30, 2021, is mainly attributed to the recording of deferred input VAT related to the management fee amounted to ₱0.72 million.

Accounts Payable and Accrued Expenses

In relation to the management contract entered in 2021, SPNEC recorded additional payable for the 3-month period covering July 1, 2021 to September 30, 2021, amounting to ₱5.8 million, net of applicable withholding tax. The Company also paid the documentary stamp tax related to lease agreements accrued as of June 30, 2021, with an amount of ₱1.21 million. These transactions contributed to the increase of this account by 72.54% from ₱6.73 million as of June 30, 2021 to ₱11.61 million as of September 30, 2021.

Due to Related Parties

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

Lease Liabilities

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 1, 2019 with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of five (5) years upon mutual agreement by parties. The total annual lease payment is ₱4.3 million, net of tax. As of September 30, 2021, the total lease liability recognized for this lease contract is ₱48.42 million.

On January 11, 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 6, 2016 Lease Agreement, among others, to the assignee, and the assignee accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. In March 2021, the Company and the lessor executed an Addendum amending Section 4.1 (Annual Rental) and Section 4.2 (Advance Rental) to the September 6, 2016 lease agreement and agreed that the lease commencement date shall be on March 31, 2021, for the parcels of land

with a total area of 169.86 hectares. The total annual lease payment is ₱9.4 million, net of tax. As of September 30, 2021, the total lease liability recognized for this lease contract is ₱154.96 million.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 1, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject to renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax. As of September 30, 2021, the total lease liability recognized for this lease contract is ₱76.71 million.

Increase in non-current lease liabilities of 1.66% from ₱275.52 million as of June 30, 2021 to ₱280.09 million as of September 30, 2021, only pertained to accretion of interest expense during the period amounting to ₱4.57 million.

Deferred Tax Liability

The Company's net deferred tax liability came from recognition on right-of-use assets and lease liabilities as at September 30, 2021 and June 30, 2021.

Common Stock and Additional Paid-in Capital

As of September 30, 2021, 5,424.4 million common shares are issued and outstanding with an amount of ₱542.44 million presented as Common Stock.

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

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

Deficit

Deficit deteriorated by 83.58% from ₱25.14 million as of fiscal year ended June 30, 2021, to ₱46.15 million as of September 30, 2021. This is primarily due to the net losses incurred during the period amounting to ₱21.00 million which includes an IPO-related expense of ₱8.12 million.

Material Changes to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2021 compared to the Statement of Comprehensive Income for the Three (3) -months ended September 30, 2020

Horizontal and Vertical Analysis of Comprehensive Income September 30, 2021 vs September 30, 2020						
Amounts in ₱0.00	September 30, 2021	September 30, 2020	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		September 2021	September 2020
			<i>Amount</i>	<i>Percentage</i>		
Interest Income	753	55	698	1269.09%	0.00%	0.00%
Expenses						
PSE filing fees	8,124,350	–	8,124,350	100.00%	38.67%	0.00%
Management fee	6,000,000	–	6,000,000	100.00%	28.56%	0.00%
Interest expense	4,571,005	1,011,886	3,559,119	351.73%	21.76%	47.02%
Amortization	2,710,185	459,864	2,250,321	489.34%	12.90%	21.37%
Taxes and licenses	350,558	–	350,599	100.00%	1.67%	0.00%
Professional fee	–	666,667	7,207,683	-100.00%	0%	30.98%
Others	63,729	13,557	50,172	370.08%	0.30%	0.63%
Total Expenses	21,819,827	2,151,974	19,667,853	913.94%	103.86%	100.00%
LOSS BEFORE TAX	21,819,074	2,151,919	19,667,155	913.94%	103.85%	100.00%
Benefit from deferred tax	809,869	–	809,869	100.00%	3.85%	0.00%
NET LOSS AFTER TAX	21,009,205	2,151,919	18,857,286	876.30%	100.00%	100.00%
TOTAL COMPREHENSIVE LOSS	21,009,205	2,151,919	18,857,286	876.30%	100.00%	100.00%

Interest Income

As the Company is still in the pre-operational stage, the Company's cash is parked in banks from which it earns interest. As cash balances were mostly higher for the three months ended September 30, 2021 than in 2020, considering the infusion of additional capital from the Parent Company, interest income increased by 1,269.09%.

PSE Filing Fees

The account pertains to the payment of IPO filing fees to the PSE in August 2021. No similar expense was incurred in the same period in 2020.

Management Fee

On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI, its Parent Company, to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2024, in which the parties upon mutual agreement may renew or extend. The monthly fee for the said agreement is ₱2.00 million, exclusive of value-added tax. For the three (3) -month ended September 30, 2021 and 2020, the expense recorded related to this amounted to ₱6.00 million and nil, respectively.

Interest and Amortization Expense

Along with the new two (2) lease agreements the Company has entered during 2021, expenses related to leases including interest and amortization expenses increased as well. Interest expense amounted to ₱4.57 million and ₱1.01 million for the three months ended September 30, 2021, and 2020, respectively. In addition to this, the Company also recognized amortization expense for these agreements amounting to ₱2.71 million and ₱0.46 million for the three (3) -month ended September 30, 2021, and 2020, respectively.

Taxes and Licenses

With the additional leases in 2021, the Company paid real property taxes and other permits totaling ₱0.35 million.

Professional Fee

Professional fee is lower by 100% from ₱0.67 million for the three-month ended September 30, 2020, as compared to nil for the three-month ended September 30, 2021. No professional fees were incurred during the period.

Benefit from Deferred Tax

The Company's benefit from deferred tax came from recognition on right-of-use assets and lease liabilities as at September 30, 2021 and June 30, 2021.

Net Loss

As the Company entered into new lease agreements and management contract in 2021, the Company booked higher net loss for the three (3) -month ended September 30, 2021 amounting to ₱21.00 million, a deterioration of 876.30% from the net loss of ₱2.15 million booked in the three (3) -month ended September 30, 2020.

Aging of Receivables

Not applicable.

Key Performance Indicators

As the Company has not yet started commercial operations, its key performance indicators are limited to the following:

Financial Ratios	September 2021	June 2021
Current Ratio	13.94%	2.59%
Debt to Equity Ratio	64.14%	61.85%

Notes:

1) Current ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

2) The debt-to-equity ratio is used to evaluate Company's financial leverage and is calculated by dividing the Company's total liabilities by its shareholder's equity. It is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

Issuer

By:

A handwritten signature in black ink, appearing to read 'H. Lafuente', with a horizontal line above the 'e'.

HAZEL IRIS P. LAFUENTE

Treasurer

Date: January 13, 2022