COVER SHEET

for

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	7	1	8	9	6	9	2

COMPANY NAME

NEXGEN ENERGY CORP. AND SUBSIDIARIES

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

3rd Floor JTKC Centre, 2155 Don Chino Roces Ave. Makati City, Philippines

Form Type	Department Requiring the Report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
rolando.domingo@pureenergy.com.ph	(02) 8-813-8892	09178301613

No. of Stockholders	Annual Meeting (Month / Day)	Calendar Year (Month / Day)
15	June 30	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Rolando P. Domingo	rolando.domingo@pureenergy.com.ph	(02) 8-813-8892	09178301613

CONTACT PERSON'S ADDRESS

3rd Floor JTKC Centre, 2155 Don Chino Roces Ave, Makati City

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

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

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
NexGen Energy Corp. and Subsidiaries
3rd Floor JTKC Centre
2155 Don Chino Roces Ave.
Makati City, Philippines

Opinion

We have audited the consolidated financial statements of NexGen Energy Corp. (the Parent Company) and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2025, 2024 and 2023, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2025, 2024 and 2023 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

Revenue Recognition

The Group recognized sale of electricity amounting to ₱75.6 million for the year ended December 31, 2025. This matter is considered significant to our audit because the revenue recognition involves management significant judgement and accounting estimates in determining the timing and measurement of revenues. Sale of electricity are recognized based on actual delivery of power while the revenue from feed-in-tariff (FIT) rate differentials are variable considerations, granted after an extended period of time after delivery and recognized only to the extent probable. Moreover, the sale of electricity is subject to complex regulatory environment.

We performed an evaluation of the Group's revenue recognition policies and their compliance with the applicable financial reporting standards. We tested the design of the related controls and assessed the effectiveness of the related control over the revenue process. We reviewed reconciliations of sales reports to revenue accounts. We also performed analytical procedures, and tested cutoff by reviewing transactions occurring before and after yearend. We also assessed management's estimates of the variable consideration and evaluated the appropriateness of the assumptions used, including the impact of regulatory decisions. We also reviewed the adequacy of the Group's disclosures in Note 2, *Summary of Material Accounting Policy Information*, Note 3, *Significant Judgments, Accounting Estimates and Assumptions*, and Note 19, *Significant Commitments*, to the consolidated financial statements.

Accounting of Proceeds from the Initial Public Offering (IPO)

As discussed in Note 1, the shares of stock of the Parent Company were listed in the Philippine Stock Exchange (PSE) through an initial public offering on July 16, 2024. The gross proceeds from the IPO amounted to ₱504.0 million, with transaction costs incidental to the IPO amounting to ₱25.9 million (see Note 13). The accounting for the IPO proceeds and its use is considered as a key audit matter because the amount of proceeds from the IPO is substantial in relation to the consolidated financial statements. Moreover, the Parent Company is required to adhere to the approved use of the proceeds.

We performed audit procedures to validate the receipt and recording of the proceeds from the IPO. We obtained confirmation from the escrow agent for the unspent proceeds, and checked the nature and validated the underlying documents of the actual disbursements of the proceeds in 2025. We also verified if the disbursements are in line with the approved purpose and use of the proceeds and timeline to which it should be disbursed. We also checked the adequacy of the disclosures in the consolidated financial statements of the IPO-related transactions in Note 6, *Funds Held in Escrow*, and Note 13, *Capital Stock.*

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2025 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 PSA 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, these could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audits. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Dreo B. Guieb.

REYES TACANDONG & CO.

DREO B. GUIEB
Partner
CPA Certificate No. 120745
Tax Identification No. 404-428-828-000
BOA Accreditation No. 4782/P-026; Valid until June 6, 2026
SEC Accreditation No. 134498-SEC Group A
Issued December 23, 2025
Valid for Financial Period 2025 to 2029
BIR Accreditation No. 08-005144-024-2024
Valid until March 26, 2027
PTR No. 10764021
Issued January 2, 2026, Makati City

April 13, 2026
Makati City, Metro Manila

NEXGEN ENERGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 **2025**	2024
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱226,392,006**	₱9,459,822
Funds held in escrow	6	**168,763,476**	398,493,436
Trade and other receivables	7	**29,510,727**	23,083,203
Due from related parties	17	**308,929,692**	180,639,875
Other current assets	8	**13,654,769**	12,469,784
Total Current Assets		**747,250,670**	624,146,120
Noncurrent Assets			
Feed-in-tariff (FIT) rate differential receivables - net of current portion	7	**24,162,295**	23,871,669
Property, plant, and equipment	9	**678,807,973**	700,526,779
Right-of-use (ROU) assets	19	**30,693,222**	33,712,227
Advances for acquisition of investment	4	**14,000,000**	14,000,000
Goodwill	4	**51,262,928**	51,262,928
Deferred tax assets	18	**13,651,142**	9,910,333
Other noncurrent assets	8	**232,616,557**	198,657,737
Total Noncurrent Assets		**1,045,194,117**	1,031,941,673
		₱1,792,444,787	₱1,656,087,793
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**₱31,934,468**	₱33,374,309
Current portion of loans payable	11	**221,262,812**	25,974,091
Current portion of lease liabilities	19	**2,730,097**	2,579,469
Current portion of due to related parties	17	**87,126,706**	39,670,855
Income tax payable		**1,569,064**	2,687,369
Total Current Liabilities		**344,623,147**	104,286,093
Noncurrent Liabilities			
Loans payable - net of current portion	11	**–**	71,105,668
Due to related parties - net of current portion	17	**637,969,140**	627,910,932
Lease liabilities - net of current portion	19	**33,335,400**	36,065,496
Retirement liability	12	**1,455,367**	1,043,316
Deferred tax liability	18	**22,792,921**	24,375,763
Total Noncurrent Liabilities		**695,552,828**	760,501,175
Total Liabilities		**1,040,175,975**	864,787,268

(Forward)

	Note	December 31 **2025**	2024
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	13	**₱149,000,000**	₱149,000,000
Additional paid-in capital	13	**623,145,778**	623,145,778
Deficit		**(106,720,784)**	(68,190,250)
Other equity reserves		**2,450,106**	2,532,637
		667,875,100	706,488,165
Non-controlling Interest	4	**84,393,712**	84,812,360
Total Equity		**752,268,812**	791,300,525
		₱1,792,444,787	₱1,656,087,793

See accompanying Notes to Consolidated Financial Statements.

NEXGEN ENERGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2025**	2024	2023
SALE OF ELECTRICITY	19	**₱75,551,796**	₱115,657,163	₱130,183,766
COST OF SALE OF ELECTRICITY	14	**92,477,811**	92,161,471	90,388,452
GROSS INCOME (LOSS)		**(16,926,015)**	23,495,692	39,795,314
OPERATING EXPENSES	15	**(16,673,524)**	(15,956,014)	(10,500,519)
INTEREST EXPENSE	11	**(10,304,917)**	(9,804,396)	(11,753,494)
OTHER INCOME (CHARGES) - Net	16	**(290,780)**	3,683,668	(2,586,320)
INCOME (LOSS) BEFORE INCOME TAX		**(44,195,236)**	1,418,950	14,954,981
INCOME TAX EXPENSE (BENEFIT)	18			
Current		**72,294**	4,320,465	2,150,525
Deferred		**(5,318,786)**	(4,465,636)	(8,590,123)
		(5,246,492)	(145,171)	(6,439,598)
NET INCOME (LOSS)		**(38,948,744)**	1,564,121	21,394,579
OTHER COMPREHENSIVE INCOME (LOSS)				
Not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain (loss) on retirement liability - net of deferred tax	12	**(82,969)**	44,250	(226,568)
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱39,031,713)**	₱1,608,371	₱21,168,011
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱38,530,534)**	₱704,605	₱16,326,033
Non-controlling interest		**(418,210)**	859,516	5,068,546
		(₱38,948,744)	₱1,564,121	₱21,394,579
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱38,605,206)**	₱744,430	₱16,149,808
Non-controlling interest		**(426,507)**	863,941	5,018,203
		(₱39,031,713)	₱1,608,371	₱21,168,011
BASIC/DILUTED EARNINGS (LOSS) PER SHARE	22	**(₱0.026)**	₱0.001	₱0.058

See accompanying Notes to Consolidated Financial Statements.

NEXGEN ENERGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2025**	2024	2023
CAPITAL STOCK	13			
Balance at beginning of year		**₱149,000,000**	₱87,500,000	₱12,500,000
Issuances of shares		**–**	61,500,000	75,000,000
Balance at end of year		**149,000,000**	149,000,000	87,500,000
ADDITIONAL PAID IN CAPITAL	13			
Balance at beginning of year		**623,145,778**	173,159,916	–
Additions relating to issuances of shares		**–**	474,000,000	173,159,916
Stock issuance cost		**–**	(24,014,138)	–
Balance at end of year		**623,145,778**	623,145,778	173,159,916
DEFICIT				
Balance at beginning of year		**(68,190,250)**	(68,094,855)	(84,420,888)
Net income (loss)		**(38,530,534)**	704,605	16,326,033
Stock issuance cost of a subsidiary	11	**–**	(800,000)	–
Balance at end of year		**(106,720,784)**	(68,190,250)	(68,094,855)
OTHER EQUITY RESERVES				
Balance at beginning of year		**2,532,637**	(176,225)	–
Remeasurement gain (loss) on retirement liability - net of deferred tax	12	**(82,531)**	39,825	(176,225)
Change in ownership interest of non-controlling interests	4	**–**	2,669,037	–
Balance at end of year		**2,450,106**	2,532,637	(176,225)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**667,875,100**	706,488,165	192,388,836
NON-CONTROLLING INTEREST				
Balance at beginning of year		**84,812,360**	86,617,456	81,599,253
Net income (loss)		**(418,210)**	859,516	5,068,546
Other comprehensive income (loss)	12	**(438)**	4,425	(50,343)
Change in ownership interest	4	**–**	(2,669,037)	–
Balance at end of year		**84,393,712**	84,812,360	86,617,456
		₱752,268,812	₱791,300,525	₱279,006,292

See accompanying Notes to Consolidated Financial Statements.

NEXGEN ENERGY CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2025**	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱44,195,236)**	₱1,418,950	₱14,954,981
Adjustments for:				
Depreciation and amortization	9	**63,367,862**	63,135,052	63,212,516
Unrealized foreign exchange loss (gain)	16	**10,681,142**	26,342,924	(4,097,802)
Interest expense	11	**10,304,917**	9,804,396	11,753,494
Interest income	5	**(6,770,252)**	(1,450,043)	(1,105,518)
Retirement expense	12	**324,217**	234,281	606,459
Reversal of accrued expense	10	**–**	(28,576,549)	–
Provision for impairment loss on other current assets	16	**–**	–	7,789,640
Operating income before working capital changes		**33,712,650**	70,909,011	93,113,770
Decrease (increase) in:				
Trade and other receivables		**(5,573,990)**	(1,506,975)	(83,880)
Other current assets		**39,050**	(705,551)	(1,358,627)
Increase (decrease) in trade and other payables		**(1,338,079)**	(6,443,964)	571,480
Net cash generated from operations		**26,839,631**	62,252,521	92,242,743
Interest received		**5,626,092**	122,099	7,959
Income tax paid		**(1,190,599)**	(3,099,341)	(684,280)
Net cash provided by operating activities		**31,275,124**	59,275,279	91,566,422
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances made to related parties	17	**(128,289,817)**	(9,364,604)	(55,195,166)
Additions to property, plant, and equipment	9	**(38,630,051)**	(18,525,339)	(13,835)
Advances made to suppliers and contractors		**(33,958,820)**	(150,221,180)	(3,000)
Additions to security deposits		**–**	(30,004)	–
Net cash used in investing activities		**(200,878,688)**	(178,141,127)	(55,212,001)

(Forward)

	Note	Years Ended December 31 **2025**	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of loans	11	**₱150,000,000**	₱–	₱–
Advances from related parties	17	**47,455,851**	78,040,718	–
Payments of:				
Loans	11	**(25,974,091)**	(25,974,091)	(25,974,091)
Interest	11	**(8,093,044)**	(7,366,146)	(9,121,532)
Lease liabilities	19	**(4,735,959)**	(4,735,962)	(4,735,962)
Proceeds from issuance of shares, net of stock issuance cost	13	**–**	481,975,386	–
Net cash provided by (used in) financing activities		**158,652,757**	521,939,905	(39,831,585)
EFFECTS OF FOREIGN EXCHANGE CHANGES IN CASH IN BANKS		**(622,934)**	–	–
NET INCREASE (DECREASE) IN CASH		**(11,573,741)**	403,074,057	(3,477,164)
CASH AT BEGINNING OF YEAR				
Cash and cash equivalents	5	**9,459,822**	4,588,119	7,509,742
Funds held in escrow	6	**398,493,436**	–	–
Restricted cash	8	**8,747,465**	9,038,547	9,594,088
		416,700,723	13,626,666	17,103,830
CASH AT END OF YEAR				
Cash and cash equivalents	5	**226,392,006**	9,459,822	4,588,119
Funds held in escrow	6	**168,763,476**	398,493,436	–
Restricted cash	8	**9,971,500**	8,747,465	9,038,547
		₱405,126,982	₱416,700,723	₱13,626,666
NONCASH FINANCIAL INFORMATION				
Issuances of capital stock through conversion of due to related parties	13	**₱–**	₱31,500,000	₱248,159,916
Offsetting of related party balances	17	**–**	6,869,863	–

See accompanying Notes to Consolidated Financial Statements.

1. General Information

NexGen Energy Corp. (XG or the Parent Company)

The Parent Company was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 7, 2017. Its shares were subsequently listed on the Philippine Stock Exchange (PSE) on July 16, 2024. The Parent Company is engaged in the development and generation of renewable energy resources, including but not limited to biomass, biogas, hydropower, wind, and solar energy.

The Parent Company is a subsidiary of Pure Energy Holdings Corporation (PEHC), an investment holding company of entities primarily engaged in renewable energy generation, as well as water system management and distribution. PEHC is a 76%-owned subsidiary of DYT Equities Corporation (the Ultimate Parent Company), an investment holding company. All the aforementioned entities are incorporated in the Philippines.

Subsidiaries

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries (collectively referred to as "the Group") which are all engaged in the renewable energy generation and distribution:

	Percentage of Ownership		
Name of Subsidiaries	**2025**	2024	2023
SPARC - Solar Powered Agri-rural Communities Corporation (SPARC)	**98.89%**	98.89%	90.00%
5hour Peak Energy Corp. (5HPEC)	**100.00%**	100.00%	100.00%
Airstream Renewables Corp. (ARC)	**100.00%**	100.00%	100.00%

SPARC

SPARC was incorporated in the Philippines and is primarily engaged in the business of generating power from solar energy and other renewable sources for lighting and electricity purposes. It operates three (3) solar power plants located in Bataan, Bulacan and Zambales.

In 2024, the Parent Company subscribed to additional 80,000,000 common shares, amounting to ₱80,000,000, following the SEC's approval for the increase in SPARC's authorized capital stock. This resulted to the increase in XG's ownership in common shares to 98.89% (see Note 4).

5HPEC

5HPEC was incorporated and registered as a renewable energy developer of solar energy in the Philippines. In 2024, 5HPEC was granted two (2) solar energy operating contracts which are under the pre-development stage as at December 31, 2025.

ARC
ARC was incorporated and registered as a renewable energy developer of wind resources in the Philippines. ARC was granted three (3) and eight (8) wind energy service contracts (WESC) in 2025 and 2024, respectively. In 2024, Repower Energy Development Corporation (REDC), an entity under common control, assigned four (4) WESC to ARC. All of ARC's WESCs are in the pre-development stage as at December 31, 2025.

Registered Address
The Parent Company and its Subsidiaries' principal office address is located at 3rd Floor JTKC Centre, 2155 Don Chino Roces Ave. Makati City, Philippines.

Approval of the Consolidated Financial Statements
The consolidated financial statements of the Group as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023, were approved and authorized for issue by the Board of Directors (BOD) on April 13, 2026, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

The material accounting policies used in the preparation of the consolidated financial statements have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation and Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases
The consolidated financial statements are presented in Philippine Peso (Peso), the Group's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for feed-in-tariff (FIT) rate differential receivables which are carried at present value of the difference between the market rate and the estimated FIT rate applicable to the plant, lease liabilities which are measured at present value of future minimum lease payments, and retirement liability which is measured at present value of the defined benefit obligation. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or consideration paid in exchange for the incurrence of a liability.

Further information about the assumptions made in measuring fair values is included in Note 21.

Adoption of Amendments to PFRS Accounting Standards

The material accounting policies adopted are consistent with those of the previous financial years, except for the adoption of the amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability,* effective for annual periods beginning on or after January 1, 2025.

The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

The adoption of the amendments to PFRS Accounting Standards did not materially affect the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective or Adopted

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2025 and have not been applied in preparing the consolidated financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures Classification and Measurement of Financial Assets* – The amendment provides to clarify the requirements related to the date of recognition and derecognition of financial assets and financial liabilities, with an exception for derecognition of financial liabilities settled through cash using an electronic payment system. The amendments also clarify the requirements of assessing contractual cash flow characteristics of financial assets, with additional guidance on assessment of contingent features, and the characteristics of non-recourse loans and contractually linked instruments. The amendments also introduce additional disclosure requirements for equity instruments classified as financial asset measured at fair value through other comprehensive income (FVOCI) with contingent features. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

    - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure.

    - Amendments to PFRS 9, *Financial Instruments* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, *Financial Instruments,* the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments apply to lease liabilities that are extinguished on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

- Amendments to PFRS 10, *Consolidated Financial Statements* – The amendments clarify that when the investor considers its de facto agent's decision-making rights and its indirect exposure, or rights, to variable returns is only an example in which judgement is required to determine whether a party is acting as a de facto agent.

- Amendments to PAS 7, *Statement of Cash Flows* – The amendments clarify that when accounting for an investment in an associate, a joint venture or a subsidiary accounted for by use of the equity or at cost, an investor restricts its reporting in the statements of cash flows to the cash flows between itself and the investee, such as dividends and advances.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out requirements for the presentation and disclosure of information in general purpose financial statements. The standard introduces new categories and sub-totals in the statements of comprehensive income, additional disclosures on management-defined performance measures, and enhanced requirements for grouping information. Full retrospective application is required. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amendments to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023.

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. Control exists when the Parent Company is exposed to, or has rights to, variable returns from its investment with the investee and has the ability to influence those returns through its power over the investee.

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

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements; or
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Parent Company and continue to be consolidated until the date such control ceases. They are de-consolidated from the date that control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Changes in controlling equity ownership that do not result in a loss of control are accounted for as equity transactions.

Non-controlling interest represents the portion of net results and net assets not owned by the Parent Company. They are presented within the equity in the consolidated statements of financial position, separate from equity attributable to equity holders of the Parent Company, and are disclosed separately in the consolidated statements of comprehensive income.

Losses incurred by a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Goodwill. Goodwill is initially measured at cost, which represents the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

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

Where goodwill forms part of a cash-generating unit and a portion of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in its carrying amount when calculating the gain or loss on disposal. In such cases, the goodwill is allocated based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Classification of Assets and Liabilities between Current and Noncurrent

The Group presents current and noncurrent assets, and current and noncurrent liabilities, as separate disclosure in the notes to the consolidated financial statements.

Current Assets. The Group classifies an asset as current when:

a. it expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
b. it holds the asset primarily for the purpose of trading;
c. it expects to realize the asset within twelve months after the reporting period, or
d. the asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Otherwise, the Group will classify all other assets as noncurrent.

Current Liabilities. The Group classifies a liability as current when:

a. it expects to settle the liability in its normal operating cycle;

b. it holds the liability primarily for the purpose of trading;

c. the liability is due to be settled within twelve months after the reporting period, or

d. it does not have a right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Group will classify all other liabilities as noncurrent.

Financial Assets and Liabilities

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable is done using trade date accounting.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transactions price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" difference.

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at FVOCI. The classification of a financial asset largely depends on the Group's business model and on the purpose for which the financial instruments are acquired or incurred and whether these are quoted in an active market.

Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification of a financial instrument largely depends on the Group's business model.

As at December 31, 2025 and 2024, the Group has no financial assets and liabilities at FVPL and financial assets at FVOCI.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is 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.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL), if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2025 and 2024, the Group's cash and cash equivalents, funds held in escrow, trade receivables, FIT rate differential receivables and restricted cash (presented as part of "Other current assets" account) are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2025 and 2024, the Group's trade and other payables (excluding statutory payables), due to related parties, loans payable and lease liabilities are classified under this category.

Impairment of Financial Assets at Amortized Cost

The Group records an allowance for expected credit loss (ECL) on financial assets at amortized cost based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables and FIT rate differential receivables, the Group applies the simplified approach to calculate ECL based on the lifetime ECL. A provision matrix is used, incorporating the Group's historical credit loss experience and forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortized cost, ECL is assessed based on liquidity of counterparties, utilizing available financial information. The Group applies a 12-month ECL approach, unless there has been a significant increase in credit risk since initial recognition, in which case, the allowance will be based on lifetime ECL.

When credit risk improves and ECL decreases, the allowance is adjusted, and the reversals are recognized in profit or loss. However, the asset's value cannot exceed its amortized cost at the reversal date.

Financial assets are written off when there is no reasonable expectation of recovering it, typically when the counterparty lacks sufficient assets or income to repay the amount owed.

Derecognition of Financial Assets and Liabilities

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

- the right to receive cash flows from the asset has expired;

- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Group has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;

- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or

- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability. Otherwise, the financial instrument is classified as equity.

Input VAT
Input VAT represents the value-added tax incurred on the purchase of goods and services. Revenues, expenses and assets are recognized net of VAT, except where VAT cannot be recovered from the tax authority. Recoverable VAT is presented as part of "Other current assets" in the consolidated statements of financial position.

Advances for Acquisition of Investment
Advances for acquisition of investment represent advance payments for the acquisition of common and preferred shares, to be applied to the agreed total purchase price. These are carried in the consolidated statements of financial position at the amount of cash paid and are transferred to the corresponding asset account upon the completion and fulfillment of the terms and conditions outlined in the purchase agreement.

Property, Plant, and Equipment
Property, plant, and equipment, except for construction in progress, are carried at cost, less accumulated depreciation, amortization and any impairment losses.

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and available for operational use.

The initial cost of property, plant, and equipment includes purchase price, import duties, and other costs directly attributable to bring the asset to its working condition and location for its intended use and the estimated cost of dismantling and site restoration, if applicable.

Expenditures incurred after the property, plant, and equipment have been put into operation, such as repairs and maintenance costs are normally charged to current operations. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant, and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property, plant, and equipment.

The cost of replacing a component of an item of property, plant, and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

Depreciation and amortization are calculated on the straight-line basis over the estimated useful lives of the property, plant, and equipment as follows:

Asset Category	Number of Years
Solar equipment	20
Solar plant facilities and site equipment	3 to 20
Furniture, fixtures, and office equipment	3 to 5
Transportation equipment	5
Leasehold improvements	5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property, plant, and equipment.

Fully depreciated and amortized and amortized property, plant and equipment are retained in the account until they are no longer in use.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized to profit or loss.

Advances to Suppliers and Contractors

Advances to suppliers and contractors are amounts paid in advance for the purchase of materials, supplies and services. These are carried in the consolidated statements of financial position at the amount of cash paid and are reclassified to the appropriate asset account when the related materials and supplies are received, or services have been performed.

Impairment of Nonfinancial Assets

The carrying amounts of the Group's nonfinancial assets are reviewed at each reporting date to determine whether there are indications of impairment. If any such indications exist, the asset's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash flows largely independent from other assets of the Group.

The recoverable amount of a nonfinancial asset is the greater of its value in use or its fair value less costs to sell. Value in use refers to the present value of future cash flows expected to be derived from using an asset, while the fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties, less cost of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in profit or loss in the period incurred. Impairment losses recognized in prior periods are reviewed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized.

Capital Stock and Additional Paid-In Capital (APIC)
Capital stock is measured at par value for all issued shares. Proceeds or fair value of considerations received in excess of par value, if any, are recognized as APIC.

Incremental costs incurred directly attributable to the issuance of new shares are recognized in equity as deduction from proceeds, net of tax.

Deficit
Deficit represents the cumulative net results of operations.

Other Income
Other income is recognized when earned.

Other Equity Reserves
Other equity reserves consist of transfers from noncontrolling interest due to changes in ownership interest in a subsidiary without loss of control, as well as other comprehensive gain (loss). Other comprehensive gain (loss) comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. Other comprehensive gain (loss) specifically pertains to cumulative remeasurement losses on retirement liability, net of tax.

Basic/Diluted Earnings (Loss) Per Share
The Group presents basic and diluted earnings (loss) per share data for its common shares.

Basic earnings (loss) per share is calculated by dividing the net income (loss) attributable to common shareholders of the Parent Company by the weighted average number of common shares issued and outstanding during the year.

Diluted earnings per share amounts are computed in the same manner, adjusted for the dilutive effect of any potential common shares.

Revenue Recognition
Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group perform its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in all its revenue sources.

Variable Consideration. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for the performance obligation. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Revenue from FIT rate differential is recognized based on the difference between the market rate and the estimated FIT rate applicable to the plant.

Significant Financing Component. The Group typically receives payments for the FIT rate differential within five (5) years after the actual delivery of electricity. Considering the length of time between the customer's payment and the fulfilment of the performance obligation, the Group assessed that these transactions include a significant financing component. Consequently, the transaction price is discounted using a rate that would be applicable in a separate financing transaction between the Group and the customer at contract inception.

The following specific recognition criteria must also be met before revenue is recognized:

Sale of Electricity. Revenue from power generation is recognized based on the actual delivery of power, net of any quantity adjustments.

Interest Income. Interest income is recognized as the interest accrues, taking into account the effective yield on the asset, net of final tax.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Sale of Electricity. Cost of sale of electricity is recognized as expense as incurred.

Operating Expenses. Operating expenses constitute costs of administering the business. These are expensed as incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as Lessee

At the commencement date, the Group recognizes right-of-use (ROU) assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

ROU Assets. At commencement date, the Group measures the ROU assets at cost. The cost comprises:

- The amount of the initial measurement of lease liabilities;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs incurred by the Group; and
- An estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU assets are carried at cost less any accumulated amortization and accumulated impairment losses and adjusted for any remeasurement of the related lease liabilities.

Lease Liability. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate.

Lease liabilities are subsequently measured at amortized cost. Interest on lease liabilities and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

Employee Benefits

Short-term Benefits. The Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefit Costs. The Group has an unfunded, non-contributory defined benefit plan covering all qualified employees in compliance with Republic Act No. 7641, "Retirement Pay Law", which requires the Group to pay minimum retirement benefits to employees who retire after reaching the mandatory retirement age of 65 years old or the optional retirement age of 60 years old with at least five (5) years of service to the Group. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs and interest expense in profit or loss. Interest is calculated by applying the discount rate to the retirement liability.

Interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Interest is calculated by applying the discount rate to the retirement liability.

Remeasurements gains or losses are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of the retirement liability on which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the reporting date.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the tax authority. The tax rates used to compute these amounts are based on tax laws enacted or substantively enacted as at the reporting date.

Deferred Tax. Deferred tax is recognized for all temporary differences as of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and the carryforward benefits of unused net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income (RCIT), provided it is probable that taxable income will be available to utilize these deductible temporary differences and carryforward benefits of unused tax credits from NOLCO and excess MCIT over RCIT can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are applicable to 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 tax assets and deferred tax liabilities are offset if a legally enforceable right exists to offset current tax assets against current tax liabilities and deferred taxes relate to the same taxable entity and the same tax authority.

Foreign Currency-Denominated Transactions and Translation

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction.

Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. All differences are recognized in profit or loss.

Related Parties and Related Party Transactions

Related party transactions consist of transfers of resources, services or obligations between the Group and its related parties.

Parties are related if one party can directly or indirectly, control or exercise significant influence over the other party in making financial and operating decisions. These include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled, or under common control with the Group; (b) associates; (c) individuals owning directly or indirectly, an interest in the voting power of the Group that give them significant influence over the Group and close members of the family of any such individual; and (d) members of the key management personnel of the Group.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Segment Reporting
The Group's operating segments are organized and managed separately based on the nature of the services provided, with each segment representing a strategic business unit offering distinct services to different markets. Financial information on operating segments is presented in Note 23.

The CEO, the chief operating decision maker, reviews management reports on a regular basis. The Group's measurement policies for segment reporting under PFRS 8 align with those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

For purposes of management reporting, the Group's operating segment is related to its renewable energy generation operations.

Provisions
Provisions are recognized when the Group has a present legal or constructive obligation arising from 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. If the effect of the time value of money is material, provisions are calculated by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is applied, the increase in the provision due to the passage of time is recognized as an interest expense.

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

Events After the Reporting Period
Any events after the reporting period that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) are reflected in the consolidated financial statements. Non-adjusting events after the reporting period are disclosed in the notes to consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These judgments, accounting estimates, and assumptions are based on management's evaluation of relevant facts and circumstances as at the reporting date.

While the Group considers its assumptions to be reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions could materially impact the estimated amounts. Actual results may differ from these estimates.

The judgments, accounting estimates and underlying assumptions are reviewed on an on-going basis. Changes in accounting estimates are recognized in the period in which the estimate is revised if the change affects only that period or in the period of the change and future periods if the revision affects both current and future periods.

Judgments

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

Estimating the Variable Considerations. The Group estimates the amount of consideration for its sale of electricity. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty is subsequently resolved.

In estimating the variable consideration, the Group uses the expected value method which is calculated as the sum of probability-weighted amounts in a range of possible consideration amounts.

The estimated variable consideration is updated at the end of each reporting period to faithfully represent the circumstances present at the end of the reporting period. Any changes in transaction price arising from resolution of uncertain events or other changes in circumstances are recognized as revenue or as a reduction to revenue, in the period in which the transaction price changes.

In 2025, 2024 and 2023, the Group recognized FIT rate differential based on the approved FIT rate increment which will be generally recovered for a period of five (5) years from actual delivery of electricity.

The carrying amounts of FIT rate differential receivables and amounts of related revenues as at December 31, 2025 and 2024 are disclosed in Notes 7 and 19.

Classifying the Lease Commitments - Group as a Lessee. The Group has entered into lease agreements for its plant sites and staff houses.

The Group recognized ROU assets and lease liabilities on its lease agreements for plant sites. The Group assessed the appropriate lease term and discount rates which are significant components in the measurement of ROU assets and lease liabilities.

The carrying amounts of ROU assets and lease liabilities as at December 31, 2025 and 2024 are disclosed in Note 19.

The Group also has leases with terms of 12 months or less. The Group applied the recognition exemption for short-term leases and lease of low-value assets for these leases.

Rent expense on the lease qualifying under the short-term recognition exemption are disclosed in Note 19.

Defining the Financial Assets that are in Default and Credit-Impaired. The Group defines a financial instrument as in default or credit- impaired, when it meets one or more of the following criteria:

a. Quantitative Criteria - the borrower is more than 30 days past due on its contractual payments, which is consistent with the Group's definition of default.

b. Qualitative Criteria - The borrower is unlikely to pay, or there are indicators that the borrower is in significant financial difficulty. These are instances where:

- The borrower is insolvent;
- The borrower is in breach of financial covenants;
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

The criteria mentioned were consistently applied to all financial instruments held by the Group for internal credit risk management purposes. The default definition was applied consistently, as well, to the determination of ECL.

Accounting Estimates and Assumptions

The key assumptions about the future and other key sources of estimation uncertainty at the reporting date, which pose a significant risk of causing material adjustments to the carrying amounts of the assets and liabilities within the next financial year are discussed below.

Assessing the Impairment of Goodwill. The Group tests annually whether any impairment in goodwill should be recognized, in accordance with the related accounting policy. The recoverable amount of CGU were determined based on value in use calculations which require the use of estimates.

As at December 31, 2025 and 2024, the value in use of the CGU (including goodwill) is greater than its carrying amount.

No impairment loss was recognized in 2025, 2024 and 2023. The carrying amount of goodwill as at December 31, 2025 and 2024 is disclosed in Note 4.

Estimating the ECL on Trade Receivable and FIT Rate Differential Receivables. The Group uses a provision matrix based on historical default rates to estimate the ECL for trade receivables and FIT rate differential receivables. This matrix specifies provision rates according to the number of days these receivables are past due. If the historical credit loss experience patterns vary across customer segments, then it is based on appropriate groupings. This matrix is calibrated using historical credit loss data adjusted with forward-looking information derived from current observable data, reflecting the effects of current and forecasted economic conditions.

The Group adjusts historical default rates when forecasted economic conditions are expected to deteriorate, which may result in higher default rates within the industry. The Group regularly reviews the methodology and assumptions used to estimate ECL to minimize discrepancies between estimated and actual credit loss experiences. The relationship between historical default rates and forecasted economic conditions is a significant estimate, and thus, the provisions for ECL of these receivables are sensitive to changes in assumptions about forecasted economic conditions.

No provisions for ECL were recognized in 2025, 2024 and 2023. The carrying amounts of trade receivables and FIT rate differential receivables as at December 31, 2025 and 2024 are disclosed in Note 7.

Assessing the Impairment of Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL are provided for credit losses that result from possible default events within the next 12-months unless there has been a significant increase in credit risk since initial recognition in which case ECL are provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the borrower.

The Group's financial assets at amortized cost are considered to have low credit risk, and therefore the loss allowance is determined as 12-months ECL. The Group has assessed that the ECL for financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no impairment loss was recognized in 2025, 2024 and 2023.

The carrying amounts of other financial assets at amortized cost as at December 31, 2025 and 2024 are disclosed in Notes 5, 6, 8 and 17.

Estimating the Useful Lives of Property, Plant, and Equipment and ROU Assets. The Group reviews annually the estimated useful lives of property, plant and equipment and ROU assets based on expected asset's utilization, market demands and future technological development consistent with the Group's pursuit of constant modernization to ensure the availability, reliability and cost efficiency of these assets. Changes in factors mentioned could have an impact on the estimated useful lives of these assets. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property, plant and equipment and ROU assets.

There were no changes in the estimated useful lives of property, plant and equipment and ROU assets in 2025, 2024 and 2023. The carrying amount of property, plant, and equipment and ROU assets as at December 31, 2025 and 2024 are disclosed in Notes 9 and 19.

Assessing the Impairment of Nonfinancial Assets, Excluding Goodwill. The Group assesses the impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Key factors 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; or
- significant negative industry or economic trends.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets or, if it is not possible, for CGU to which the asset belongs.

No provision for impairment was recognized in 2025 and 2024. In 2023, the Group recognized provision for impairment on other current assets as disclosed in Note 8. The carrying amounts of other nonfinancial assets of the Group as at December 31, 2025 and 2024 are disclosed in Notes 7, 8, 9 and 19.

Recognizing and Assessing the Realizability of Deferred Tax Assets. The Group assesses whether it is probable that sufficient future taxable income will be available to utilize deferred tax assets. The assessment involves estimation uncertainty, particularly, in forecasting future taxable income and determining the impact of forward-looking factors, such as changes in market conditions or business environment. The Group regularly reviews and updates its policy when necessary.

The carrying amounts of deferred tax assets, and the unrecognized portion, as at December 31, 2025 and 2024 are disclosed in Note 18.

4. Goodwill and Material Non-Controlling Interests

Goodwill

Goodwill arising from the acquisition of SPARC amounted to ₱51.3 million as at December 31, 2025 and 2024. This represents the difference between the fair value of the assets acquired and liabilities assumed at the acquisition date and the consideration paid.

For purposes of impairment assessment, the Group determines the recoverable amount of goodwill based on value in use. The value in use is based on a discounted cash flow model using the SPARC's financial forecasts for the next five years. The Group assessed that there is no impairment in goodwill.

The following key assumptions were used in computing the value in use of the CGU:

- Pre-tax weighted average cost of capital (WACC) reflects the management's estimate of risks specific to the CGU. WACC used in discounting the future cash flows in 2025 and 2024 is 7.86% and 8.27%, respectively.
- Revenue and long-term growth rate were adjusted to reflect the inflationary increase and other macroeconomic factors, and the operational efficiency of the Group's solar power plants. The growth rate applied in 2025 and 2024 is 3.00% and 3.20%, respectively.
- Estimated operational costs are calculated based on average fixed and variable costs, adjusted for inflationary increases, without accounting for any potential future restructuring or cost saving measures.
- The growth rate applied in 2025 is 0%. This reflects the Group's management's expectations of stable performance without significant growth or decline in the operations of the Group that would affect future cash flows.

Management has assessed that any reasonably possible changes in the key assumptions on which the CGU's recoverable amount is based would not cause the carrying amount to exceed its recoverable amount. Accordingly, no impairment loss was recognized

Non-controlling Interest

In 2024, the Parent Company subscribed to an additional 80,000,000 common shares of SPARC amounting to ₱80,000,000 (see Note 1). This transaction resulted to a change in the relative ownership interest of the non-controlling interest. Accordingly, the carrying amount of non-controlling interest aggregating ₱2,669,037 was recognized as part of "Other equity reserves" account in the consolidated statements of financial position.

The breakdown of the NCI's percentage of ownership in SPARC is as follows:

	2025	2024	2023
Common shares	**1.11%**	1.11%	10.00%
Preferred shares	**34.44%**	34.44%	34.44%

The summarized financial information of the material partly owned subsidiary is presented below.

The balance and movements in NCI are as follows:

	2025	2024	2023
Balance at beginning of year	**₱84,812,360**	₱86,617,456	₱81,599,253
Net income (loss)	**(418,210)**	859,516	5,068,546
Other comprehensive income (loss)	**(438)**	4,425	(50,343)
Change in ownership interest	**–**	(2,669,037)	–
Balance at end of year	**₱84,393,712**	₱84,812,360	₱86,617,456

This information is based on the amounts before intercompany eliminations.

	2025	2024
Current assets	**₱207,970,194**	₱216,779,528
Noncurrent assets	**755,139,244**	799,609,226
Current liabilities	**58,223,774**	60,366,923
Noncurrent liabilities	**717,923,375**	736,125,412
Equity	**186,962,289**	219,896,419
Revenue	**75,551,796**	115,657,163
Net income (loss)	**(32,890,339)**	13,343,688
Total comprehensive income (loss)	**(32,934,130)**	13,387,938

Advances for Acquisition of Investment

As at December 31, 2025 and 2024, advances for acquisition of investment amounted to ₱14,000,000, which represent deposits made by the Parent Company to purchase the remaining 1.11% and 34.44% of SPARC's common and preferred shares, respectively, from its minority shareholders.

5. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand	**₱149,780**	₱119,780
Cash in banks	**15,235,598**	9,340,042
Cash equivalents	**211,006,628**	–
	₱226,392,006	₱9,459,822

Cash in banks earn interest at prevailing bank deposit rates. Cash in banks are immediately available for use in the current operations.

Cash equivalents pertain to foreign currency time deposit with maturity of three (3) months and earn interest at the respective prevailing short-term investment rates.

Interest income recognized in the consolidated statements of comprehensive income are as follows (see Note 16):

	Note	2025	2024	2023
Cash in banks and cash equivalents		**₱5,322,879**	₱3,474	₱4,249
FIT rate differential receivables	7	**1,144,160**	1,327,944	1,097,559
Fund held in escrow	6	**270,040**	93,436	–
Trade receivables	7	**28,639**	21,666	–
Restricted cash	8	**4,534**	3,523	3,710
		₱6,770,252	₱1,450,043	₱1,105,518

6. Funds Held in Escrow

The Parent Company appointed a universal bank as the custodian bank (the Custodian Bank) to manage and administer the proceeds of the IPO.

The IPO proceeds are kept separate and distinct from all other funds in custody of the Custodian Bank. The Custodian Bank maintains independent books of records of all the transactions of the escrow account and shall release the proceeds to the Parent Company, subject to the issuance of a letter of instructions, and a written certification under oath, signed by the Chief Financial Officer of the Parent Company, stating the purpose for which the Parent Company shall use the funds, and such purpose is exclusively in accordance with the approved use of proceeds.

The escrow deposit maintained under escrow account with the Custodian Bank amounted to ₱168,763,476 and ₱398,493,436 as at December 31, 2025 and 2024, respectively (see Note 13). Net withdrawals from the funds held in escrow amounted to ₱230,000,000 and ₱80,000,000 in 2025 and 2024, respectively.

Interest income earned amounted to ₱270,040 and ₱93,436 in 2025 and 2024, respectively (see Note 5).

7. Trade and Other Receivables

This account consists of:

	Note	2025	2024
Trade		**₱22,869,880**	₱17,833,419
FIT rate differential receivables	19	**32,040,944**	31,288,377
Others		**1,229,752**	300,630
		56,140,576	49,422,426
Less allowance for ECL		**2,467,554**	2,467,554
		53,673,022	46,954,872
Less noncurrent portion – FIT rate differential receivables		**24,162,295**	23,871,669
Current portion		**₱29,510,727**	₱23,083,203

Trade receivables pertain to receivable from revenue on power generation which bears interest and are generally collectible within 30 to 90 days.

The Group is entitled to collect interest on defaulted trade receivables, 30 days after the due date, based on the 91-day treasury bill rate plus 300 basis points. Interest income from trade receivables amounted to ₱28,639, ₱21,666 and nil in 2025, 2024 and 2023, respectively (see Note 5).

FIT rate differential receivables pertain to discounted retroactive FIT rate adjustments the Group is entitled to collect generally within five (5) years from actual delivery of electricity.

Balances of FIT rate differential receivables are presented as follows (see Note 19):

	2025	2024
Current	**₱7,878,649**	₱7,416,708
Noncurrent	**24,162,295**	23,871,669
	₱32,040,944	₱31,288,377

Interest income earned from discounting the FIT rate differential receivables amounting to ₱1,144,160, ₱1,327,944 and ₱1,097,559 in 2025, 2024 and 2023, respectively (see Note 5).

Other receivables include advances to employees for business-related expenses subject to liquidation, generally within the following month.

No provision for ECL on trade and other receivables were recognized in 2025, 2024 and 2023.

8. Other Assets

This account consists of:

	Note	2025	2024
Current			
Input VAT		**₱11,038,824**	₱11,038,824
Restricted cash	11	**9,971,500**	8,747,465
Prepayments		**1,270,035**	1,309,085
		22,280,359	21,095,374
Less allowance for impairment of other current assets		**8,625,590**	8,625,590
		13,654,769	12,469,784
Noncurrent			
Advances to suppliers and contractors		**232,428,279**	198,469,459
Security deposits	19	**188,278**	188,278
		232,616,557	198,657,737
		₱246,271,326	₱211,127,521

Input VAT includes VAT on imported materials for solar energy facilities covered by the import entry declaration by the Bureau of Customs.

The allowance for impairment of other current assets pertains to the input VAT which the Group may not be able to utilize and those that are beyond the two-year period for filing an administrative claim for a refund.

Restricted cash refers to funds set aside for next quarter's loan and interest payments (see Note 11). Interest income from restricted cash amounted to ₱4,534, ₱3,523 and ₱3,710 in 2025, 2024 and 2023, respectively (see Note 5).

Advances to suppliers and contractors represent down payments made for capitalizable assets intended for use in the Group's operations.

Security deposits represent deposits made under lease contracts entered by the Group. These are non-refundable and are generally applied as the final payment at the end of lease agreement.

9. Property, Plant and Equipment

The balance and movements of this account consist of:

	2025						
	Solar Equipment	Solar Plant Facilities and Site Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Cost							
Balance at beginning of year	**₱799,649,558**	**₱370,531,335**	**₱876,666**	**₱1,349,107**	**₱480,244**	**₱14,005,752**	**₱1,186,892,662**
Additions	**8,318,820**	**52,030**	**911,176**	**–**	**–**	**29,348,025**	**38,630,051**
Balance at end of year	**807,968,378**	**370,583,365**	**1,787,842**	**1,349,107**	**480,244**	**43,353,777**	**1,225,522,713**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**335,485,553**	**148,902,747**	**628,476**	**1,349,107**	**–**	**–**	**486,365,883**
Depreciation and amortization	**41,860,423**	**18,382,825**	**9,560**	**–**	**96,049**	**–**	**60,348,857**
Balance at end of year	**377,345,976**	**167,285,572**	**638,036**	**1,349,107**	**96,049**	**–**	**546,714,740**
Carrying Amount	**₱430,622,402**	**₱203,297,793**	**₱1,149,806**	**₱–**	**₱384,195**	**₱43,353,777**	**₱678,807,973**

	2024						
	Solar Equipment	Solar Plant Facilities and Site Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Cost							
Balance at beginning of year	₱798,291,058	₱368,086,239	₱640,919	₱1,349,107	₱–	₱–	₱1,168,367,323
Additions	1,358,500	2,445,096	235,747	–	480,244	14,005,752	18,525,339
Balance at end of year	799,649,558	370,531,335	876,666	1,349,107	480,244	14,005,752	1,186,892,662
Accumulated Depreciation and Amortization							
Balance at beginning of year	293,896,830	130,401,478	602,421	1,349,107	–	–	426,249,836
Depreciation and amortization	41,588,723	18,501,269	26,055	–	–	–	60,116,047
Balance at end of year	335,485,553	148,902,747	628,476	1,349,107	–	–	486,365,883
Carrying Amount	₱464,164,005	₱221,628,588	₱248,190	₱–	₱480,244	₱14,005,752	₱700,526,779

Construction in progress pertains to the development costs of the Group's wind farms and a solar plant. As at December 31, 2025, the projects under construction are as follows:

	Estimated Completion Date	Estimated Cost to Complete
Silang Wind Farm	2027	₱5,900,000,000
Asisan Wind Farm	2028	2,300,000,000
Palauig Solar Plant	2026	210,000,000
		₱8,410,000,000

The cost of fully depreciated property, plant and equipment still being used by the Group amounted to ₱4,695,134 and ₱2,894,549 as at December 31, 2025 and 2024, respectively.

Property, Plant, and Equipment as Loan Securities

The Group's solar equipment, plant facilities and site equipment were mortgaged in favor of certain creditor bank as collateral to finance their construction and acquisition (see Note 11). The carrying amounts are as follows:

	2025	2024
Solar equipment	**₱430,622,402**	₱464,164,005
Solar plant facilities and site equipment	**203,297,793**	221,628,588
	₱633,920,195	₱685,792,593

Depreciation and Amortization

Depreciation and amortization charged to operations are as follows:

	Note	**2025**	2024	2023
Property, plant and equipment		**₱60,348,857**	₱60,116,047	₱60,193,511
ROU assets	19	**3,019,005**	3,019,005	3,019,005
		₱63,367,862	₱63,135,052	₱63,212,516

Depreciation and amortization are distributed as follows:

	Note	**2025**	2024	2023
Cost of sale of electricity	14	**₱63,262,253**	₱63,090,468	₱63,037,716
Operating expenses	15	**105,609**	44,584	174,800
		₱63,367,862	₱63,135,052	₱63,212,516

10. Trade and Other Payables

This account consists of:

	Note	2025	2024
Trade		**₱4,718,113**	₱1,971,762
Accrued expenses		**26,451,157**	30,479,733
Statutory payables		**485,354**	541,208
Interest payable	11	**279,844**	381,606
		₱31,934,468	₱33,374,309

Trade payables are noninterest-bearing and are generally settled in varying periods within one (1) year depending on the arrangements with suppliers.

Accrued expenses consist primarily of accrual for ancillary services rendered by the National Grid Corporation of the Philippines (NGCP) and for financial benefits to be paid to the Department of Energy (DOE) (see Note 19) which are generally settled within one (1) year after the reporting period.

In 2024, the portion of the accrual for ancillary services amounting to ₱28,576,549, was reversed. This resulted in a gain on the reversal of accrued expenses, which was recognized as part of "Other income (charges)" account in the consolidated statements of comprehensive income (see Notes 16 and 19).

Interest payable pertains to accrued interest from loans payable to local creditor banks.

Statutory payables include taxes withheld by the Group on employees' compensation and on payments to suppliers. These are remitted to the respective regulatory agencies in the following month.

11. Loans Payable

The balance and movements in this account are as follows:

	2025	2024
Balance at beginning of year	**₱97,402,841**	₱123,376,932
Additions	**150,000,000**	–
Payments	**(25,974,091)**	(25,974,091)
Balance at end of year	**221,428,750**	97,402,841
Less unamortized debt issue costs	**165,938**	323,082
	221,262,812	97,079,759
Less current portion	**221,262,812**	25,974,091
Noncurrent portion	**₱–**	₱71,105,668

In 2025, the Parent Company entered into short-term loan agreement amounting to ₱150.0 million for working capital purposes. The loan bears an annual interest rate of 6.75%. The Parent Company's loan payable is unsecured and is not subject to any financial covenants.

On August 19, 2016, SPARC entered into a 12-year loan agreement for the construction of its 14.0-Megawatt (MW) solar power plants. The total credit facility amounted to ₱800,000,000 but shall only be allowed for drawdown when the Solar Power Plants, on a per site basis, become eligible for FIT rate of not less than ₱6.00 per kilowatt hour (kWh) as granted by the Energy Regulatory Commission (ERC).

The Group was granted the first loan and only drawdown amounting to ₱285,715,000 out of the ₱800,000,000 credit facility after the 5.0-MW plant in Palauig, Zambales became eligible for FIT rate at ₱8.70 per kWh in 2016.

The loan bears an annual interest rate of 5.5% for the first five (5) years subject to repricing starting September 2021. Starting September 9, 2021, the annual interest is at 6.5% until the loan matures on September 8, 2028. The loan is payable in 44 equal quarterly installments that started on the fifth quarter after drawdown.

The loan payable includes financial covenants such as debt-to-equity ratio, current ratio and debt service coverage ratio during the term of the loan.

On April 3, 2024, the creditor bank waived SPARC's compliance with the maximum debt-to-equity and minimum current ratio as at December 31, 2023, and the submission of certain post-release documents. In addition, the creditor bank directed SPARC to infuse additional capital of at least ₱80,000,000 and not pay its advances from shareholders/due to related parties as long as the loan remains outstanding.

On September 9, 2024, the Parent Company subscribed to additional 80,000,000 common shares of SPARC amounting to ₱80,000,000 (see Note 1). The related stock issuance cost amounting to ₱800,000 was recognized directly as part of "Deficit" in the consolidated statements of financial position.

As at December 31, 2025, the Group is noncompliant with the debt-to-equity ratio and debt service coverage ratio. As a result of the covenant breach, long-term loans amounting to ₱71.3 million were reclassified to current liabilities.

Management has implemented strategic capital expenditures and expansion initiatives that are expected to improve operating performance and cash flows. Based on projected financial results, management expects the Group to be compliant with the relevant covenants within the next reporting period. The Group has not received any notice from the creditor bank on the noncompliance of the current ratio and debt service coverage ratio and has continued to make payments based on the original terms of the loan.

The loan is secured by chattel mortgages over all the assets in the three (3) solar power plants, the value of which is higher compared with the loan granted (see Note 9), pledge over all shares of stock held by the stockholders of SPARC, assignment of rights and privileges over the Renewable Energy Payment Agreement (REPA) with National Transmission Corporation (TransCo) and real estate mortgage over leasehold rights on various lease contracts on the three (3) solar power plants (see Note 19), maintenance of all revenue account for the three (3) solar power plants with the lending bank and hold out of one (1) quarterly amortization in the debt service account maintained with the lending bank.

Restricted cash amounting to ₱9,971,500 and ₱8,747,465 as at December 31, 2025 and 2024, respectively, were set aside for the next quarterly payment of loan and interest (see Note 8).

Expected Principal Repayments

The expected loan principal repayments over the remaining term of the loan as at December 31 are as follows:

	2025	2024
Not later than one year	**₱221,428,750**	₱25,974,091
Later than one year but not later than five years	**–**	71,428,750
	₱221,428,750	₱97,402,841

Debt Issue Costs

Debt issue costs pertain to documentary stamp taxes and other transaction costs incurred in connection with the loan. Movements of unamortized debt issue costs are as follows:

	2025	2024
Balance at beginning of year	**₱323,082**	₱520,343
Amortization	**(157,144)**	(197,261)
Balance at end of year	**₱165,938**	₱323,082

Interest Expense

Interest expense charged to operations are as follows:

	Note	**2025**	2024	2023
Loans payable		**₱8,148,426**	₱7,505,588	₱9,320,221
Lease liabilities	19	**2,156,491**	2,298,808	2,433,273
		₱10,304,917	₱9,804,396	₱11,753,494

Disclosure of Changes in Liabilities Arising from Financing Activities

The changes in the Group's liabilities arising from financing activities are as follows:

	2025					
			Noncash Changes			
	Balance at Beginning of Year	**Net Financing Cash Flows**	**Interest Expense**	**Amortization of Debt Issue Costs**	**Unrealized Foreign Exchange Loss**	**Balance at End of Year**
Loans payable	**₱97,079,759**	**₱124,025,909**	**₱–**	**₱157,144**	**₱–**	**₱221,262,812**
Interest payable	**381,606**	**(8,093,044)**	**8,148,426**	**(157,144)**	**–**	**279,844**
Lease liabilities	**38,644,965**	**(4,735,959)**	**2,156,491**	**–**	**–**	**36,065,497**
Due to related parties	**667,581,787**	**47,455,851**	**–**	**–**	**10,058,208**	**725,095,846**
	₱803,688,117	**₱158,652,757**	**₱10,304,917**	**₱–**	**₱10,058,208**	**₱982,703,999**

	2024						
			Noncash Changes				
	Balance at Beginning of Year	Net Financing Cash Flows	Interest Expense	Amortization of Debt Issue Costs	Unrealized Foreign Exchange Loss	Conversion to Equity and Offsetting	Balance at End of Year
Loans payable	₱122,856,589	(₱25,974,091)	₱–	₱197,261	₱–	₱–	₱97,079,759
Interest payable	439,425	(7,366,146)	7,505,588	(197,261)	–	–	381,606
Lease liabilities	41,082,119	(4,735,962)	2,298,808	–	–	–	38,644,965
Due to related parties	601,568,008	78,040,718	–	–	26,342,924	(38,369,863)	667,581,787
	₱765,946,141	₱39,964,519	₱9,804,396	₱–	₱26,342,924	(₱38,369,863)	₱803,688,117

12. **Retirement Liability**

The Group maintains an unfunded and non-contributory defined benefit retirement plan covering all its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment, as determined by an independent actuary as at December 31, 2025.

The breakdown of retirement expense are as follows (see Note 15):

	2025	2024	2023
Current service cost	**₱258,141**	₱181,073	₱572,636
Interest expense	**66,076**	53,208	33,823
	₱324,217	₱234,281	₱606,459

The movements of retirement liability recognized in the consolidated statements of financial position as at December 31 are as follows:

	2025	2024
Balance at beginning of year	**₱1,043,316**	₱858,201
Current service cost	**258,141**	181,073
Interest expense	**66,076**	53,208
Remeasurement losses (gains) on:		
Experience adjustments	**147,917**	(66,431)
Change in financial assumptions	**(60,083)**	17,265
Balance at end of year	**₱1,455,367**	₱1,043,316

The cumulative remeasurement losses on retirement liability recognized in other equity reserves and its corresponding deferred tax effect are as follows:

	2025		
	Cumulative Remeasurement Losses	**Deferred Tax** (see Note 18)	**Net**
Balance at beginning of year	**₱202,576**	**(₱20,258)**	**₱182,318**
Remeasurement loss	**87,834**	**(4,865)**	**82,969**
Balance at end of year	**₱290,410**	**(₱25,123)**	**₱265,287**

	2024		
	Cumulative Remeasurement Losses	Deferred Tax (see Note 18)	Net
Balance at beginning of year	₱251,742	(₱25,174)	₱226,568
Remeasurement gain	(49,166)	4,916	(44,250)
Balance at end of year	₱202,576	(₱20,258)	₱182,318

The discount rate and salary projection rate used as principal assumptions for the purpose of actuarial valuation are as follows:

	2025	2024
Discount rate	**6.6%**	6.1%
Salary projection rate	**5.0%**	5.0%

The sensitivity analysis based on reasonable possible changes of assumptions is presented below.

		Effect on Present Value of Retirement Liability	
	Change in Assumption	Discount Rate	Salary Projection Rate
December 31, 2025	**+1%**	**(₱210,955)**	**₱253,285**
	-1%	**259,251**	**(210,144)**
December 31, 2024	+1%	(157,376)	189,076
	-1%	194,604	(156,110)

The expected future benefit payments within the following years after December 31 are as follows:

	2025	2024
Within one (1) year	**₱–**	₱–
After one (1) year but not more than 10 years	**841,465**	714,276
More than 10 years	**30,350,727**	15,333,005

The weighted average duration of the retirement benefit obligation ranged from 0.94 to 5.2 years and 5.6 years as at December 31, 2025 and 2024, respectively.

13. Capital Stock

The balance and movements of this account are as follows:

	2025		2024		2023	
	No. of Shares	**Amount**	No. of Shares	Amount	No. of Shares	Amount
Authorized Capital Stock						
Balance at beginning of year	**2,000,000,000**	**₱200,000,000**	2,000,000,000	₱200,000,000	50,000,000	₱50,000,000
Reduction in par value	**–**	**–**	–	–	450,000,000	–
Increase	**–**	**–**	–	–	1,500,000,000	150,000,000
Balance at end of year	**2,000,000,000**	**₱200,000,000**	2,000,000,000	₱200,000,000	2,000,000,000	₱200,000,000
Issued and Outstanding						
Balance at beginning of year	**1,490,000,003**	**₱149,000,000**	875,000,000	₱87,500,000	12,500,000	₱12,500,000
Issuances of shares	**–**	**–**	615,000,003	61,500,000	750,000,000	75,000,000
Reduction in par value	**–**	**–**	–	–	112,500,000	–
Balance at end of year	**1,490,000,003**	**₱149,000,000**	1,490,000,003	₱149,000,000	875,000,000	₱87,500,000

On May 31, 2023, the stockholders and the BOD of the Parent Company approved an increase in authorized capital stock and a reduction in par value from ₱50,000,000 divided into 50,000,000 shares at par value of ₱1.00 per share, to ₱200,000,000 divided into 2,000,000,000 shares with a par value of ₱0.10 per share.

On December 13, 2023, the SEC approved the increase in authorized capital stock and the reduction in par value. PEHC applied its advances amounting to ₱248,159,916 as payment for an additional subscription of common shares from the unissued portion of the authorized capital stock and a portion of the increase in authorized capital stock aggregating ₱75,000,000. The excess of the advances over the par value of the additional subscription resulted to additional paid-in capital of ₱173,159,916 (see Note 17).

On February 16, 2024, PEHC applied its advances as payment for additional common shares amounting to ₱31,500,000, divided into 315,000,003 shares at par value of ₱0.10.

On July 16, 2024, the Parent Company successfully completed its initial public offering of 300,000,000 shares at ₱1.68 per share. The net proceeds from the IPO, after stock issuance cost, amounted to ₱478,049,671. The excess of the offer price over the par value of the issued shares equivalent to ₱474,000,000 was recognized as APIC.

The unutilized proceeds from the IPO amounted to ₱259,216,651 and ₱398,493,436 as at December 31, 2025 and 2024, respectively. The unutilized proceeds from the IPO are maintained in an escrow account and foreign currency time deposit recorded under “Funds held in escrow” and “Cash and cash equivalents” account, respectively (see Notes 5 and 6).

The composition of costs directly attributable to the issuance of shares recognized as deduction from additional paid in capital in 2024 are as follows:

Professional fees for legal and counsel opinion, audit and other advice relating to prospectus	₱13,419,368
Underwriting fees	9,423,216
Documentary stamp tax	615,000
Others	556,554
	₱24,014,138

14. Cost of Sale of Electricity

This account consists of:

	Note	2025	2024	2023
Depreciation and amortization	9	**₱63,262,253**	₱63,090,468	₱63,037,716
Service fees		**9,388,556**	9,917,172	9,709,413
Personnel costs		**6,677,206**	6,391,073	7,153,491
Security services		**4,113,415**	4,016,252	3,730,319
Repairs and maintenance		**2,524,704**	993,837	1,344,213
Taxes and licenses		**1,938,089**	2,354,405	1,993,973
Insurance		**1,462,925**	1,485,044	1,482,480
Utilities		**1,358,967**	1,597,086	1,717,505
Rental	19	**223,000**	210,000	219,342
Others		**1,528,696**	2,106,134	–
		₱92,477,811	₱92,161,471	₱90,388,452

Service fees pertain to distribution wheeling charges, transmission and ancillary services related to the generation of solar energy (see Note 19).

Taxes and licenses pertain mostly to real property tax. On March 24, 2023, the Group received a certificate of tax credit from the local government of Zambales amounting to ₱7,665,785 which was applied against the Group's tax due in 2023.

15. Operating Expenses

This account consists of:

	Note	2025	2024	2023
Outside services	17	**₱5,400,000**	₱5,400,000	₱5,400,000
Personnel costs		**4,755,644**	2,035,474	1,191,422
Professional and contractors' fees		**2,441,963**	2,885,759	466,600
Rental	19	**721,627**	–	–
Taxes and licenses		**553,227**	1,584,637	2,003,309
Communication		**481,211**	–	–
Trust fees		**470,500**	–	–
Travel and accommodation		**352,958**	196,883	18,555
Escrow and other listing fees		**279,203**	1,181,806	–
Representation		**243,045**	1,143,492	70,696
Office supplies		**218,389**	–	–
Depreciation	9	**105,609**	44,584	174,800
Seminars and trainings		**23,705**	160,200	–
Research and development		**–**	336,978	–
Donation		**–**	300,000	–
Tools and supplies		**–**	–	830,679
Others		**626,443**	686,201	344,458
		₱16,673,524	₱15,956,014	₱10,500,519

Personnel costs pertain to the following:

	Note	**2025**	2024	2023
Salaries and wages		**₱11,108,633**	₱8,192,266	₱7,738,454
Retirement expense	12	**324,217**	234,281	606,459
		₱11,432,850	₱8,426,547	₱8,344,913

Personnel costs are charged to:

	Note	**2025**	2024	2023
Cost of sale of electricity	14	**₱6,677,206**	₱6,391,073	₱7,153,491
Operating expenses		**4,755,644**	2,035,474	1,191,422
		₱11,432,850	₱8,426,547	₱8,344,913

16. Other Income (Charges)

This account consists of:

	Note	**2025**	2024	2023
Unrealized foreign exchange gain (loss)		**(₱10,681,142)**	(₱26,342,924)	₱4,097,802
Interest income	5	**6,770,252**	1,450,043	1,105,518
Realized foreign exchange gain		**3,614,678**	–	–
Reversal of accrued expenses	10	**–**	28,576,549	–
Provision for impairment on other current assets	8	**–**	–	(7,789,640)
Others		**5,432**	–	–
		(₱290,780)	₱3,683,668	(₱2,586,320)

17. Related Party Transactions

The Group has transactions with its related parties in the ordinary course of business as follows:

		Amount of Transactions		Balance at End of Year	
	Nature	**2025**	2024	**2025**	2024
Due from Related Parties					
Entities Under Common Control	Advances for working capital	**₱98,289,817**	₱9,364,604	**₱304,389,692**	₱176,099,875
Stockholders	Cash advances	**–**	–	**4,540,000**	4,540,000
		₱98,289,817	₱9,364,604	**₱308,929,692**	₱180,639,875

	Nature	Amount of Transactions		Balance at End of Year	
		2025	2024	**2025**	2024
Due to Related Parties					
Stockholders	Advances for working capital	**₱10,058,208**	₱–	**₱637,969,140**	₱627,910,932
PEHC	Advances for working capital	**47,455,851**	78,040,718	**87,126,706**	39,670,855
		57,514,059	78,040,718	**725,095,846**	667,581,787
Less current portion		**47,455,851**	78,040,718	**87,126,706**	39,670,855
Noncurrent portion		**₱10,058,208**	₱–	**₱637,969,140**	₱627,910,932
Expenses					
Entity Under Common Control	Outside services (see Note 15)	**₱5,400,000**	₱5,400,000	**₱–**	**₱–**

Due from Related Parties

Due from related parties are non-interest bearing, unsecured, collectible in cash and due and demandable.

No impairment loss was recognized in 2025, 2024 and 2023.

In 2024, amounts due from PEHC amounting to ₱6,869,863 were offset against the amounts due to PEHC.

Due to Related Parties

Due to related parties are non-interest bearing, unsecured and payable in cash and due and demandable.

Due to PEHC

In 2023, PEHC applied its advances amounting to ₱248,159,916 as payment for an additional subscription of common shares from the unissued portion of the authorized capital stock and a portion of the increase in authorized capital stock aggregating ₱75,000,000. The excess of the advances over the par value of the additional subscription resulted to additional paid-in capital of ₱173,159,916 (see Note 13).

In 2024, PEHC applied its advances amounting to ₱31,500,000 as payment for additional subscription to 315,000,003 common shares (see Note 13).

Due to Stockholders

In 2016, the Group received foreign currency-denominated advances from a stockholder amounting to United States (US) Dollar $10,643,606.

On April 3, 2024, pursuant to the waiver from a creditor bank on SPARC's compliance with the financial covenants on its loans, SPARC is directed not to pay the amounts due to related parties as long as the loan remains outstanding (see Note 11). Consequently, the Group reclassified the due to related parties from current to noncurrent as at December 31, 2024.

Unrealized foreign exchange gain (loss) from these advances amounted to (₱10,058,208), (₱26,342,924) and ₱4,097,802 in 2025, 2024 and 2023, respectively.

Assignment of Wind Energy Service Contracts (WESC)
In 2024, REDC assigned its Real Offshore, Pandan Labayat, Mauban Offshore and Silang Maragandon Wind Farms to ARC (see Note 19).

Outside Services
Outside services pertain to the allocated share of SPARC of the common costs incurred by a related party which is generally payable in cash. These costs are for general administration, corporate finance and personnel and management.

Compensation of Key Management Personnel
Benefits paid to the key management personnel of the Group amounted to:

	2025	2024	2023
Short-term benefits	**₱3,459,402**	₱1,043,154	₱2,880,000
Long-term benefits	**86,075**	–	–
	₱3,545,477	₱1,043,154	₱2,880,000

Related Party Transactions Eliminated During Consolidation
Related party transactions eliminated in the consolidation pertain to due to and from related parties for working capital purposes. Total due from and to related parties which are eliminated amounted to ₱109,657,443 and ₱58,349,374, as at December 31, 2025 and 2024, respectively. The total amounts of transactions were ₱42,094,195, ₱46,145,176 and ₱1,985,188 in 2025, 2024 and 2023, respectively.

All related party transactions comply with the related party transactions policy of the Group including the adherence to the required approval process. This encompasses a thorough review by the related party committee and the approval of BOD for all transactions.

18. Income Taxes

The Group's current income tax expense pertains to the 10% preferential income tax amounting to ₱72,294, ₱4,320,465, and ₱2,150,525 in 2025, 2024 and 2023, respectively.

SPARC is entitled to tax incentives under its registration with the Board of Investments (BOI) for the operation of its Solar Power Plants. One of the incentives is a seven-year income tax holiday (ITH) from March 2016, the date of actual commercial operations. The ITH is only applicable to revenues generated from the sale of electricity of the Solar Power Plants (the Registered Activity). SPARC's ITH expired in March 2023. After the expiration of the ITH, SPARC is entitled to a 10% preferential tax on net taxable income.

As at December 31, 2025 and 2024, the Group recognized deferred tax assets in anticipation of future taxable income from its operations. Details are as follows:

	2025	2024
Unrealized foreign exchange loss	**₱9,776,280**	₱8,770,459
NOLCO	**2,515,761**	–
Excess of lease liabilities over ROU assets	**537,228**	493,274
Discount on FIT rate differential receivables	**442,107**	295,513
Allowance for impairment of trade receivables	**246,755**	246,755
Retirement liability	**133,011**	104,332
	₱13,651,142	₱9,910,333

The Group recognized deferred tax benefit (expense) in other comprehensive gain (loss) amounting to ₱4,865 and (₱4,916) in 2025 and 2024, respectively, which pertains to the cumulative remeasurement gains (losses) on retirement liability (see Note 12).

Deferred tax liability presented in the consolidated statements of financial position amounting to ₱22,792,921 and ₱24,375,763 as at December 31, 2025 and 2024, respectively, pertains to excess of fair value over the carrying amount of property, plant and equipment from business combination.

The Group did not recognize deferred tax assets since the management assessed that it may not be probable that sufficient taxable income will be available against which the benefits of these assets can be utilized. The components of the unrecognized deferred tax assets are as follows:

	2025	2024
NOLCO	**₱3,259,708**	₱1,900,800
Unrealized foreign exchange loss	**155,734**	–
Excess MCIT over RCIT	**72,294**	–
Retirement liability	**21,519**	–
	₱3,509,255	₱1,900,800

Details of the Group's NOLCO are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Expired	Balance at End of Year	Expiration Year
2025	₱–	₱5,750,987	₱–	₱5,750,987	2028
2024	5,757,901	–	–	5,757,901	2027
2023	1,416,207	–	–	1,416,207	2026
2022	153,815	–	153,815	–	2025
2021	113,738	–	–	113,738	2026
2020	161,540	–	161,540	–	2025
	₱7,603,201	₱5,750,987	₱315,355	₱13,038,833	

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act" and as implemented under Revenue Regulations No. 25-2020, the net operating loss of a business enterprise incurred for the taxable years 2021 and 2020 can be carried over as a deduction from taxable income for the next five (5) consecutive taxable years following the year of such loss.

In 2025, the Group incurred excess MCIT over RCIT amounting to ₱72,294 which can be applied against income taxes due until 2028.

The reconciliation of income tax computed at the statutory tax rate to income tax benefit as shown in the consolidated statements of comprehensive income is summarized as follows:

	2025	2024	2023
Income tax expense (benefit) computed at 25% statutory income tax rate	**(₱11,048,809)**	₱354,738	₱3,738,745
Difference in tax rates:			
Income subjected to 10% preferential tax rate	**5,493,943**	(2,217,204)	(3,405,376)
Income subject to ITH	**–**	–	(673,901)
Changes in unrecognized deferred tax assets	**1,608,455**	1,439,475	(6,802,107)
Add (deduct) tax effects of:			
Interest income subjected to final tax	**(1,398,553)**	(24,580)	(803)
Nondeductible expenses	**108,123**	412,349	813,600
Interest income on FIT rate differential receivables	**(88,490)**	(109,949)	(109,756)
Expired NOLCO	**78,839**	–	–
Income tax benefit at effective tax rate	**(₱5,246,492)**	(₱145,171)	(₱6,439,598)

19. Significant Commitments

Renewable Energy Generation

Solar Energy Service Contracts (SESC)
The Government, through the DOE, awarded SESC to the Group that grant exclusive right to explore, develop and utilize solar energy resources within specified contract areas. The contract period is 25 years and is divided into two (2) stages: the pre-development stage and the development or commercial stage.

The pre-development stage refers to preliminary assessment and feasibility study activities and shall be for a period of five (5) years from the effective date with an extendible period of one (1) year. The development or commercial stage commences from the confirmation of commerciality by the DOE and refers to the construction and installation of facilities up to the operation phase.

As at December 31, 2025, the status of the Group's projects are as follows:

Project	Subsidiary	Location	Status of Project
Morong Solar Power Project	SPARC	Morong, Bataan	Commercial Stage
San Rafael Solar Power Project	SPARC	San Rafael, Bulacan	Commercial Stage
Palauig Solar Power Project	SPARC	Palaguig, Zambales	Commercial Stage
Palauig 2 Solar Power Plant	5HPEC	Palaguig, Zambales	Pre-development Stage
Valencia Solar Power Plant	5HPEC	Valencia, Bukidnon	Pre-development Stage

Disaggregation of Revenue from Solar Energy Generation

The Group's revenue from contracts with customers is as follows:

	2025	2024	2023
Feed-in-Tariff (FIT)	**₱53,017,573**	₱64,076,671	₱61,840,977
Wholesale Electricity Spot Market (WESM)	**22,534,223**	51,580,492	68,342,789
	₱75,551,796	₱115,657,163	₱130,183,766

Certificate of Compliance for Feed-In-Tariff System (COC-FIT)

On February 6, 2017, the ERC issued a COC-FIT for the Palauig Solar Power Project in Zambales. The Palauig Solar Power Project is entitled to the FIT rate, as approved by the ERC for a period of 20 years from March 16, 2016 to March 12, 2036. The term of COC-FIT is until December 7, 2021.

On February 4, 2022, SPARC was granted a Provisional Authority to Operate under FIT system (PAO- FIT) for a period of another year until December 7, 2022 which was subsequently renewed for another year. As at report date, SPARC is operating under PAO-FIT and still in the process of applying for the renewal of the COC-FIT.

On February 10, 2026, SPARC was granted a Provisional Authority to Operate under FIT system (PAO- FIT) for a period of another year until January 28, 2027.

Renewable Energy Payment Agreement (REPA) with National Transmission Corporation (TransCo.)

On July 5, 2016, the Group entered into an agreement with TransCo. to set-out rights and obligations relating to the payment of actual FIT revenue to the Group for electricity generated in the 5.0-MW plant in Palauig, Zambales.

In 2025, the ERC approved FIT adjustments covering calendar years 2021 to 2025. The Group reversed FIT differential amounting to ₱3,086,136, representing the cumulative effect of the change in transaction price arising from the approved FIT adjustments. The adjusted FIT rates will be implemented and recovered over a five-year period beginning 2026.

Revenue from the FIT rate differential adjustments amounted to ₱7,878,646, ₱5,508,357 and ₱5,129,244 in 2025, 2024 and 2023, respectively. The carrying amount of FIT rate differential receivables amounted to ₱32,040,944 and ₱31,288,377 as at December 31, 2025 and 2024, respectively (see Note 7).

Market Participation Agreement (MPA)

The Group entered an MPA to be a WESM Participant with IEMOP as its Market Operator to sell bulk energy generated from its solar power plants subject to WESM rules and manuals.

Wind Energy Service Contract (WESC)

The Government, through the DOE, awarded wind energy service contracts to the Group that grant exclusive right to explore and develop wind energy within a specified contract area. The contract period is 25 years, which is divided into two (2) stages: the pre-development stage and the development stage or commercial stage.

The pre-development stage refers to preliminary assessment and feasibility study activities and shall be for a period of five (5) years from the effective date with an extendible period of one (1) year. The development or commercial stage commences from the confirmation of commerciality by the DOE and refers to the construction and installation of facilities up to the operation phase.

As at December 31, 2025, the Group has the following WESCs:

Project	Subsidiary	Location	Status of Project
Asisan Wind Farm	ARC	Tagaytay City, Mendez and Alfonso, Cavite	Pre-development Stage
Capalonga Offshore Wind Farm	ARC	Capalonga, Camarines Norte	Pre-development Stage
Dapdap East Wind Farm	ARC	Talisay, Batangas	Pre-development Stage
Dumaguete Offshore Wind Farm	ARC	Dumaguete, Negros Oriental	Pre-development Stage
Mariveles Offshore Wind Farm	ARC	Mariveles, Bataan	Pre-development Stage
Mercedes Offshore Wind Farm	ARC	Mercedes, Camarines Norte	Pre-development Stage
Sambong Onshore Wind Farm	ARC	Laurel and Nasugbu, Batangas	Pre-development Stage
Sebaste Offshore Wind Farm	ARC	Sebaste, Antique	Pre-development Stage
Mauban Offshore Wind Farm	ARC	Mauban, Quezon Province	Pre-development Stage
Real Offshore Wind Farm	ARC	Real, Quezon Province	Pre-development Stage
Pandan Labayat Wind Farm	ARC	Pandan, Quezon Province	Pre-development Stage
Silang Maragondon Wind Farm	ARC	Silang, Quezon Province	Pre-development Stage
Pangasinan Onshore Wind Power Project	ARC	Labrador, Mabini, Infanta, and Bugallon, Pangasinan and Santa Cruz, Zambales	Pre-development Stage
Samar Onshore Wind Power Project	ARC	Rosario, Lavezares, Allen, Victoria, and San Isidro, Northern Samar, and Calbayog City, Samar	Pre-development Stage
Nueva Ecija Onshore Wind Power Project	ARC	Pantabangan, Rizal, and Bongabon, Nueva Ecija; Alfonso Castaneda, Nueva Vizcaya; Maria Aurora, Aurora	Pre-development Stage

In 2024, REDC assigned its Real Offshore, Pandan Labayat, Mauban Offshore and Silang Maragondon Wind Farms to ARC (see Note 17).

Memorandum of Agreement (MOA) with the DOE

On April 11, 2016, the Group entered into an agreement with the DOE to grant financial benefits and/or energy resources to its host communities pursuant to Energy Regulations (E.R.) No. 1-94 implementing Section 5 (i) of R.A. No. 7638, otherwise known as the "Department of Energy Act of 1992". The agreement covers the solar power plants of the Group in Bataan, Bulacan and Zambales.

The accrued financial benefits amounted to ₱1,400,740 and ₱1,579,571 as at December 31, 2025, and 2024, respectively. These are recorded as part of "Accrued expenses" under "Trade and other payables" in the consolidated statements of financial position.

Metering and Transmission Service Agreement with NGCP

On June 26, 2016, the Group entered into an agreement with NGCP to construct concrete foundations and grounding connections, security fence, land line and telephone connection for the Group's power plants and pay the metering and transmission service charge to NGCP in accordance with prescribed rates.

Metering and transmission costs charged to operations amounted to ₱9,290,562, ₱9,771,072 and ₱9,634,648 in 2025, 2024 and 2023, respectively. These are recorded as part of "Service fees" under "Cost of services" in the consolidated statements of comprehensive income.

In 2021, NGCP implemented the recovery of ancillary services from its load customers pursuant to the ERC's directive dated July 22, 2021. Starting September 1, 2021, NGCP ceased the inclusion of ancillary services charges to SPARC. In 2024, SPARC reversed a portion of previously accrued services amounting to ₱28,576,549 in accordance with NGCP's statement of account as at December 31, 2024 (see Note 16).

Accrued ancillary service costs amounted to ₱25,338,899 as at December 31, 2025, and 2024. These are recorded as part of "Accrued expenses" under "Trade and other payables" in the consolidated statements of financial position.

The Group as a Lessee

The Group entered into lease agreements for a period of 20 years for the lease of land where the solar power plants are situated. The lease contracts have renewal provisions of 10 years subject to mutual agreement by the Group and the lessors.

Leasehold rights on various contracts of lease are covered by real estate mortgage as security to the Group's loan with a local bank (see Note 11).

Balance of security deposits made on the lease agreements which will be applied at end of lease term amounted to ₱188,278 as at December 31, 2025, and 2024 (see Note 8).

The balances and movements in ROU assets are as follows:

	Note	**2025**	2024
Cost			
Balance at beginning and end of year		**₱51,826,259**	₱51,826,259
Accumulated Amortization			
Balance at beginning of year		**18,114,032**	15,095,027
Amortization	9	**3,019,005**	3,019,005
Balance at end of year		**21,133,037**	18,114,032
Carrying Amount		**₱30,693,222**	₱33,712,227

The balance and movements in lease liabilities are as follows:

	Note	**2025**	2024
Balance at beginning of year		**₱38,644,965**	₱41,082,119
Interest expense	11	**2,156,491**	2,298,808
Payments		**(4,735,959)**	(4,735,962)
Balance at end of year		**36,065,497**	38,644,965
Less current portion		**2,730,097**	2,579,469
Noncurrent portion		**₱33,335,400**	₱36,065,496

Future minimum lease payables under the non-cancellable lease agreement as at December 31 are as follows:

	2025		2024	
	Minimum Lease Payments	**Present Value**	Minimum Lease Payments	Present Value
Within one year	**₱4,735,962**	**₱2,889,521**	₱4,735,962	₱2,730,097
More than one year up to five years	**18,943,848**	**13,346,852**	18,943,848	16,236,373
More than five years	**23,694,664**	**17,099,027**	28,430,624	17,099,026
	₱47,374,474	**₱33,335,400**	₱52,110,434	₱36,065,496

The consolidated statements of comprehensive income show the following amounts relating to leases for the years ended December 31 as follows:

	Note	**2025**	2024	2023
Amortization of ROU assets	9	**₱3,019,005**	₱3,019,005	₱3,019,005
Interest expense	11	**2,156,491**	2,298,808	2,433,273
Rental expense relating to short-term leases	14,15	**944,627**	210,000	219,242
		₱6,120,123	₱5,527,813	₱5,671,520

The Group has certain leases for staff house with a lease term of 12 months or less. The Group applies the "short-term lease" recognition exemption for these leases.

Total amount of cash outflows related to payments of lease liability and short-term lease amounted to ₱5,680,586, ₱4,945,962 and ₱4,955,204 in 2025, 2024 and 2023, respectively.

Legal Proceedings
The Group is involved in certain legal proceedings. Management believes that the ultimate liability, if any, with respect to such disputes will not materially affect the financial position of the Group.

20. Financial Risk Management Objectives and Policies and Capital Management

The Group's principal financial instruments consist mainly of financial assets and financial liabilities directly related to operations specifically cash and cash equivalent, funds held in escrow, trade receivables, FIT rate differential receivables, due from related parties, restricted cash (presented as "Other current assets"), trade and other payables (excluding statutory payables), loans payable, lease liabilities and due to related parties.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and spot market risk. The BOD reviews and agrees on policies for managing each of these risks.

Credit Risk
Credit risk is the risk that a counterparty may fail to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting loans and receivables to customers including related parties, placing deposits with banks and investing in short-term placements.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

Generally, receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity, and a failure to make contractual payments for a period greater than one (1) year.

The carrying amount of financial assets recorded in the consolidated financial statements, which is net of impairment losses, representing the Group's maximum exposure to credit risk without considering the value of any collateral obtained is summarized below:

	2025	2024
Cash in banks	**₱15,235,598**	₱9,340,042
Cash equivalents	**211,006,628**	–
Funds held in escrow	**168,763,476**	398,493,436
Trade receivables and FIT rate differential receivables	**52,443,270**	46,654,242
Due from related parties	**308,929,692**	180,639,875
Restricted cash*	**9,971,500**	8,747,465
	₱766,350,164	₱643,875,060

**Presented as part of "Other current assets" account.*

An impairment analysis on trade receivables is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for customers with similar loss patterns. The Group does not hold collateral as security.

The Group's trade receivables and FIT rate differential receivable are collectible from TransCo., a government-owned and controlled corporation, and Independent Electricity Market Operator of the Philippines, an autonomous group market operator.

The credit quality of financial assets is managed by the Group using internal credit quality ratings. The table below shows the credit risk exposure of the Group's financial assets at amortized cost via provision matrix and the corresponding ECL recognized for each age category.

	2025						
			Past Due				
	High Grade	Standard Grade	1 - 30 Days	31 - 90 Days	More than 90 Days	Total	Expected Credit Loss
Lifetime ECL:							
Trade receivables	₱–	₱4,642,335	₱2,663,119	₱2,704,998	₱12,859,428	₱22,869,880	₱2,467,554
FIT rate differential receivables	–	32,040,944	–	–	–	32,040,944	–
	–	36,683,279	2,663,119	2,704,998	12,859,428	54,910,824	2,467,554
12-month ECL:							
Cash in banks	15,235,598	–	–	–	–	15,235,598	–
Cash equivalents	211,006,628	–	–	–	–	211,006,628	–
Funds held in escrow	168,763,476	–	–	–	–	168,763,476	–
Restricted cash*	–	9,971,500	–	–	–	9,971,500	–
Due from related parties	–	308,929,692	–	–	–	308,929,692	–
	395,005,702	318,901,192	–	–	–	713,906,894	–
	₱395,005,702	₱355,584,471	₱2,663,119	₱2,704,998	₱12,859,428	₱768,817,718	₱2,467,554

**Presented as part of "Other current assets" account.*

	2024						
			Past Due				
	High Grade	Standard Grade	1 - 30 Days	31 - 90 Days	More than 90 Days	Total	Expected Credit Loss
Lifetime ECL:							
Trade receivables	₱–	₱10,908,697	₱296,707	₱65,454	₱6,562,561	₱17,833,419	₱2,467,554
FIT rate differential receivables	–	31,288,377	–	–	–	31,288,377	–
	–	42,197,074	296,707	65,454	6,562,561	49,121,796	2,467,554
12-month ECL:							
Cash in banks	9,340,042	–	–	–	–	9,340,042	–
Funds held in escrow	398,493,436	–	–	–	–	398,493,436	–
Restricted cash	–	8,747,465	–	–	–	8,747,465	–
Due from related parties	–	180,639,875	–	–	–	180,639,875	–
	407,833,478	189,387,340	–	–	–	597,220,818	–
	₱407,833,478	₱231,584,414	₱296,707	₱65,454	₱6,562,561	₱646,342,614	₱2,467,554

**Presented as part of "Other current assets" account.*

The Group's financial assets are categorized based on the Group's collection experience with the counterparties as follows:

a. High Grade - settlements are obtained from a counterparty following the terms of the contracts without much collection effort.

b. Standard Grade - some reminder follow-ups are performed to obtain settlement from the counterparty.

c. Past Due - items with a history of frequent defaults but nevertheless the amount of due are still collectible.

The Group's cash in bank, restricted cash and funds held in escrow are classified as high grade since these are deposited in highly reputable and pre-approved financial institutions with good credit rating in the local banking industry.

The risk of default for related parties is low since the Group transacts with related parties that have capacities to meet their contractual cash flow obligation in the near term. The Group assessed that the ECL from these financial assets are not significant.

Liquidity Risk

Liquidity risk arises from the Group's inability to raise sufficient funds at the least possible cost to meet its financial commitments. The Group's objectives in liquidity management are: (a) to ensure that adequate funds are available to meet expiring obligations; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access additional funding when needed at the least possible cost.

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted cash flows:

	2025						
	Due and Demandable	**Within 6 months**	**6 to 12 months**	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Trade and other payables*	**₱–**	**₱31,449,114**	**₱–**	**–**	**–**	**₱–**	**₱31,449,114**
Loans payable**	**78,391,318**	**150,000,000**	**–**	**–**	**–**	**–**	**228,391,318**
Lease liabilities**	**–**	**2,367,981**	**2,367,981**	**4,735,962**	**4,735,962**	**33,166,588**	**47,374,474**
Due to related parties	**87,126,706**	**–**	**–**	**–**	**–**	**637,969,140**	**725,095,846**
	₱165,518,024	**₱183,817,095**	**₱2,367,981**	**₱4,735,962**	**₱4,735,962**	**₱671,135,728**	**₱1,032,310,752**

**Excluding statutory payables amounting to ₱485,354 as at December 31, 2025.*
***Including future interests.*

	2024						
	Due and Demandable	Within 6 months	6 to 12 months	1 to 2 years	2 to 3 years	More than 3 years	Total
Trade and other payables*	₱–	₱32,833,101	₱–	–	–	₱–	₱32,833,101
Loans payable**	–	16,038,734	15,632,845	29,982,107	28,293,791	20,115,420	110,062,897
Lease liabilities**	–	2,367,981	2,367,981	4,735,962	4,735,962	37,902,548	52,110,434
Due to related parties	39,670,855	–	–	–	–	627,910,932	667,581,787
	₱39,670,855	₱51,239,816	₱18,000,826	₱34,718,069	₱33,029,753	₱685,928,900	₱862,588,219

**Excluding statutory payables amounting to ₱541,208 as at December 31, 2024.*
***Including future interests.*

The Group monitors its risk to a shortage of funds through analyzing the maturity of its financial assets and cash flows from operations. The Group monitors its cash position by a system of cash forecasting. All expected collections and disbursements are determined daily to arrive at the projected cash position to cover its obligations.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

The Group's market risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and liabilities. Any gap between the maturities of fixed and variable rate instruments is effectively managed by the Group. The future interest rates changes are not expected to significantly affect the Group's income before income tax.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with other variables held constant to the Group's 2025 and 2024 income (loss) before income tax:

	Increase (decrease) in basis point	Increase (decrease) to net income
December 31, 2025	**100**	**(₱2,341,713)**
	(100)	**2,341,713**
December 31, 2024	100	(₱971,494)
	(100)	971,494

For sensitivity analysis, interest repricing was used as the basis for estimating the possible impact of interest rate changes to income before income tax.

Foreign Currency Risk

The Group's cash equivalents and due to stockholders is denominated in US Dollar. Consequently, exposures to exchange rate fluctuations arise. The Group's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines.

The dollar equivalent of the foreign currency-denominated cash and cash equivalents and due to related parties as at December 31 are as follows:

	2025		2024	
	In USD	**Peso Equivalent**	In USD	Peso Equivalent
Cash and cash equivalents	**US $3,079,872**	**₱181,065,690**	US $–	₱–
Due to related parties	**10,851,661**	**625,737,597**	10,643,606	615,679,388

The exchange rates per peso applied for purposes of restating the outstanding balance are ₱58.79 and ₱57.85 as at December 31, 2025 and 2024, respectively.

Sensitivity Analysis. The following table demonstrates the sensitivity to a reasonable possible change in foreign exchange rates, with all other variables held constant, of the Group's 2025 and 2024 income (loss) before income tax:

	Reasonable possible change	Increase (decrease) to net income
December 31, 2025	**(1.8%)**	**₱14,871,912**
	1.3%	**(10,204,848)**
December 31, 2024	(2.1%)	₱12,394,479
	1.9%	(11,229,004)

The percentage change is based on historical volatility and management's expectation of future changes in foreign exchange rates.

Spot Market Risk

Currently, a portion of the Group's portfolio is exposed to the volatility of WESM rates because of supply and demand changes, which are mostly driven by factors that are outside of the Group's control. These factors include, but are not limited to, unexpected outages, transmission constraints, and performance of renewable energy resources in the country. These have caused and are expected to cause instability in the Group's operating results.

The Group plans to mitigate these risks by having a balanced portfolio of contracted and spot capacities. The following table demonstrates the sensitivity of the 2025 and 2024 income (loss) before income tax for the years ended December 31 due to a reasonable possible change in the WESM rates:

	Reasonable possible change	Increase (decrease) to net income
December 31, 2025	**35%**	**(₱2,538,257)**
	(30%)	**2,161,584**
December 31, 2024	67%	₱6,968,137
	(37%)	(3,850,904)

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong and healthy financial position to support its current business operations and drive its expansion and growth in the future.

The Group regularly monitors its capital position and assesses business conditions to ensure early detection and determination of risks and its consequent adverse impact. The Group adopts measures, as deemed necessary and appropriate, to mitigate risks.

In determining reasonable leverage, the Group evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Group considers its equity as capital.

SPARC is required to maintain debt-to-equity ratios in accordance with its loan agreements (see Note 11).

No changes were made in the objectives, policies, and process in 2025 and 2024.

21. Fair Value Measurement

The following table presents the carrying amounts and fair values of the Group's assets and liabilities measured at fair value and for which fair values are disclosed, and the corresponding fair value hierarchy as at December 31:

	2025		2024	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Asset				
Cash and cash equivalents	**₱226,242,226**	**₱226,242,226**	₱9,340,042	₱9,340,042
Funds held in escrow	**168,763,476**	**168,763,476**	398,493,436	398,493,436
Trade and other receivables	**21,632,078**	**21,632,078**	15,666,495	15,666,495
FIT rate differential receivables	**32,040,944**	**32,040,944**	31,288,377	31,288,377
Due from related parties	**308,929,692**	**308,929,692**	180,639,875	180,639,875
Restricted cash	**9,971,500**	**9,971,500**	8,747,465	8,747,465
	₱767,579,916	**₱767,579,916**	₱644,175,690	₱644,175,690

	2025		2024	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Trade and other payables*	**₱31,449,114**	**₱31,449,114**	₱32,833,101	₱32,833,101
Loans payable	**221,262,812**	**221,262,812**	97,079,759	108,896,364
Due to related parties	**725,095,846**	**725,095,846**	667,581,787	667,581,787
	₱977,807,772	**₱977,807,772**	₱797,494,647	₱809,311,252

**Excluding statutory payables.*

The following methods and assumptions were used in estimating the fair value of the Group's financial assets and liabilities:

Cash and Cash Equivalents, Funds Held in Escrow, Trade and Other Receivables, Due from Related Parties, Restricted Cash, Trade and Other Payables (Excluding Statutory Payable) and Loans Payable as at December 31, 2025. Due to the short-term nature and demand feature of transactions, the carrying amount of these instruments approximate the fair values as at reporting dates.

FIT Rate Differential Receivables and Due to Related Parties. The impact of discounting using the prevailing market rates indicates that the carrying amount approximates the fair values of these accounts. Accordingly, management believes that the difference between fair values and carrying amounts are not significant.

Loans Payable as at December 31, 2024. The fair value of loans payable is the present value of all future cash flows discounted using applicable rates for similar types of loans. The fair value of the loans payable is classified under level 2 (significant observable inputs) of the fair value hierarchy. The discount rate used is 6.07% in 2024.

Transfers between Fair Value Hierarchy

There were no transfers among levels in the fair value hierarchy for the years ended December 31, 2025, 2024 and 2023.

22. Basic/Diluted Earnings (Loss) Per Share

The following table presents information necessary to calculate earnings (loss) per share:

	2025	2024	2023
Net income (loss) attributable to the equity holders of the Parent Company	**(₱38,530,534)**	₱704,605	₱16,326,033
Weighted average number of common shares	**1,490,000,003**	1,288,383,564	281,250,000
	(₱0.026)	₱0.001	₱0.058

Earnings (loss) per share is calculated using the net income (loss) divided by the weighted average number of common shares. The Group has assessed that there were no dilutive common shares as at December 31, 2025, 2024 and 2023.

In 2023, the number of common shares and earnings (loss) per share information have been retroactively adjusted to reflect the reduction in par value of shares (see Note 13).

23. Segment Reporting

For management reporting purposes, the Group is organized based on its activities and has one operating segment which is the renewable energy generation segment. This segment undertakes the generation of electricity through solar power plants and wind farms which are within the Group's country of domicile.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Accreditation No. 4782-SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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8741 Paseo de Roxas
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Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
NexGen Energy Corp. and Subsidiaries
3rd Floor JTKC Centre
2155 Chino Roces Ave.
Makati City, Philippines

We have audited in accordance with Philippines Standards on Auditing (PSA), the consolidated financial statements of NexGen Energy Corp. and Subsidiaries (the Group) as at December 31, 2025 and 2024 and for the years ended December 31, 2025, 2024 and 2023 have issued our report thereon dated April 13, 2026. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2025 and 2024 are the responsibility of the Group's management. These supplementary schedules include the following:

- Financial Soundness Indicators
- Conglomerate Map
- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code Rule 68
- Supplementary Schedule on Parent Company's Retained Earnings Available for Dividend Declaration

These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respect in relation to the consolidated financial statements taken as a whole.

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Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The Schedule of Financial Soundness Indicators, including definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2025 and 2024.

REYES TACANDONG & CO.

DREO B. GUIEB
Partner
CPA Certificate No. 134498
Tax Identification No. 404-428-828-000
BOA Accreditation No. 4782/P-026; Valid until June 6, 2026
SEC Accreditation No. 134498-SEC Group A
Issued December 23, 2025
Valid for Financial Period 2025 to 2029
BIR Accreditation No. 08-005144-024-2024
Valid until March 26, 2027
PTR No. 10764021
Issued January 2, 2026, Makati City

April 13, 2026
Makati City, Metro Manila

NEXGEN ENERGY CORP. AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

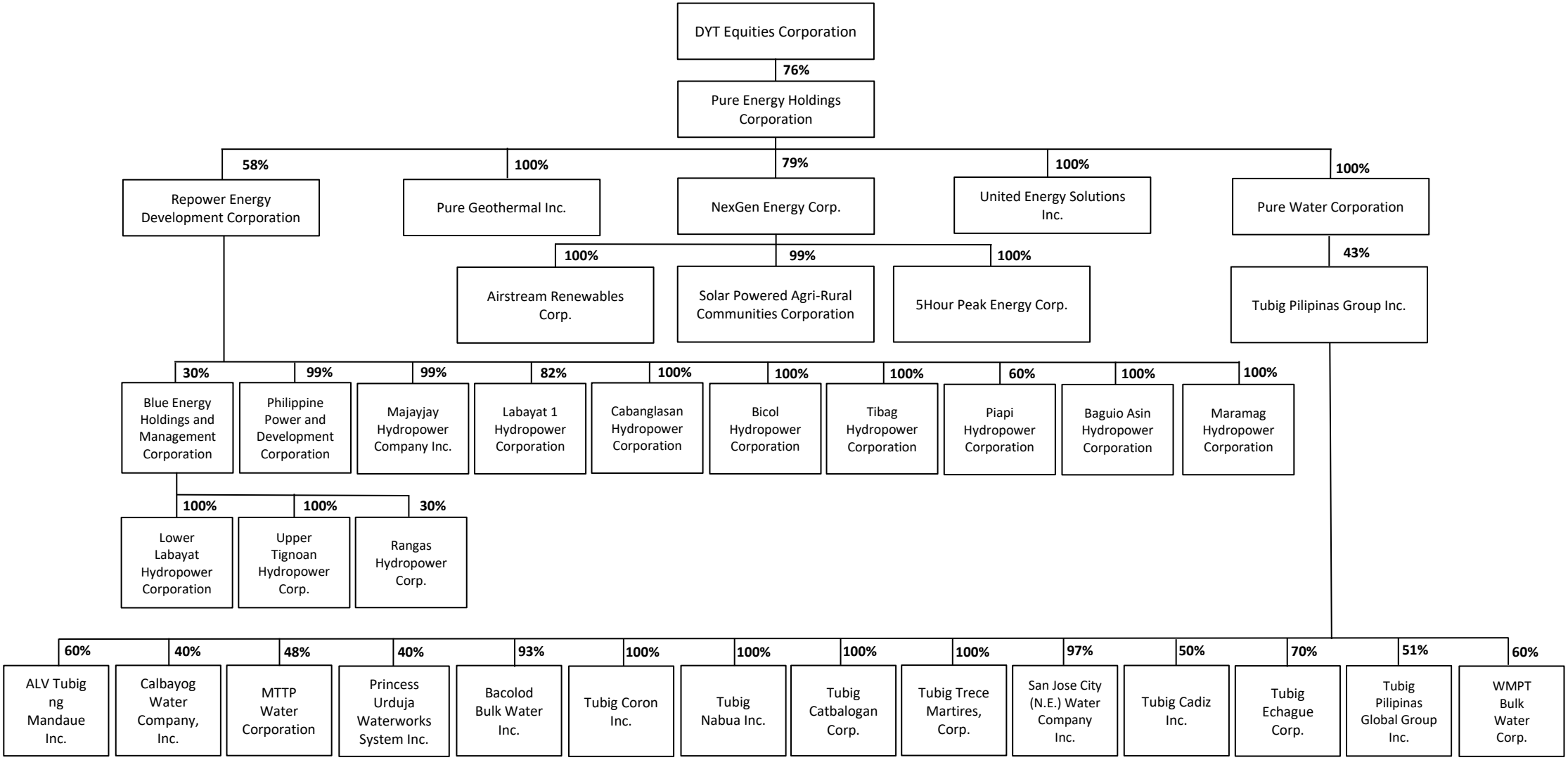
Below is a schedule showing financial soundness indicators of the Group as at and for the years ended December 31, 2025 and 2024.

Ratio	Formula	**2025**	2024
Current ratio	Current assets/current liabilities	**2.17**	5.98
Acid test ratio	Quick assets/current liabilities	**1.64**	2.04
Solvency ratios	Net income before amortization and depreciation/total liabilities	**0.02**	0.07
Debt-to-equity ratio	Total liabilities/total equity	**1.38**	1.09
Asset-to-equity ratio	Total assets/total equity	**2.38**	2.09
Interest service coverage ratio	Income before interest expense, depreciation and amortization, and income tax/interest expense	**2.861**	7.58
Return on equity	Net income/total equity	**(0.052)**	0.002
Return on assets	Net income/total assets	**(0.023)**	0.001
Net profit margin	Revenue less cost/revenue	**(0.224)**	0.20

NEXGEN ENERGY CORP. AND SUBSIDIARIES

CONGLOMERATE MAP

DECEMBER 31, 2025



NEXGEN ENERGY CORP. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II OF THE REVISED SRC RULE NO. 68
DECEMBER 31, 2025

Table of Contents

Schedule	*Description*	*Page*
A	Financial Assets	N/A
B	Amounts Receivable from Director, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements	2
D	Long-Term Debt	3
E	Indebtedness to Related Parties (Long-term loans from Related Parties)	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	4

Notes:

Schedule A - The Group is not required to prepare the schedule because the information requirements are not applicable to the Group.

Schedule B - The Group has no receivable from directors, officers, employees, related parties and principal stockholders (other than related parties) of more than ₱1.0 million or 1% of the total assets as at December 31, 2025.

Schedule D - The Group has no long-term loans from related parties as at December 31, 2025.

Schedule F - The Group did not guarantee any securities of other issuers as at December 31, 2025.

NEXGEN ENERGY CORP. SUBSIDIARIES

SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

Name and designation of debtor	Balance at beginnning of year	Additions	Deductions		Ending Balance		Balance at end of year
			Amounts collected	Amounts written off	Current	Noncurrent	
Solar Powered Agri-rural Communities Corporation (SPARC)	₱14,286,331	₱–	(₱14,286,331)	₱–	₱–	₱–	₱–
Airstream Renewables Corp.	39,667,838	12,689,400	–	–	52,357,238	–	52,357,238
5hour Peak Energy Corp.	4,395,205	53,105,000	(200,000)	–	57,300,205	–	57,300,205
	₱58,349,374	₱65,794,400	(₱14,486,331)	₱–	₱109,657,443	₱–	₱109,657,443

NEXGEN ENERGY CORP. AND SUBSIDIARIES

SCHEDULE D – LONG TERM DEBT

DECEMBER 31, 2025

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount Shown Under Caption "Current portion of Loans payable" in Related Consolidated Statements of Financial Positoin	Amount Shown Under Caption "Loan payable - net of Current Portion " in Related Consolidated Statements of Financial Position			
			Carrying Amount	Interest Rate	Payment Term	Maturity Date
Loans payable -						
Landbank of the Philippines	₱800,000,000	₱71,262,812	₱–	6.50%	44 quarterly payments of principal and interest	September 9, 2028

NEXGEN ENERGY CORP. AND SUBSIDIARIES

SCHEDULE G – CAPITAL STOCK

DECEMBER 31, 2025

Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related consolidated statement of financial position caption*	*Number of shares reserved for options,warrants, conversion and other rights*	*Number of shares held by*		
				Related parties	*Directors, officers and employees*	*Others*
Common stock - ₱0.10 par value	2,000,000,000	1,490,000,003	–	1,174,999,930	63	315,000,010

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

NexGen Energy Corp.

3rd Floor JTKC Centre, 2155 Don Chino Roces Ave., Makati City, Philippines

	Amount
Deficit, beginning of reporting period	(₱14,885,173)
Add: Net loss for the current year	(1,205,048)
Deficit, end of the reporting period available for dividend	(₱16,090,221)

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

NexGen Energy Corp.

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

	As disclosed in the final prospectus	Balance as at December 31, 2024	Receipts during the period	Disbursements during the period	Balance as at December 31, 2025
Gross proceeds	₱504,000,000	₱504,000,000	₱–	₱–	₱504,000,000
IPO expenses	(25,600,000)	(25,950,329)	–	–	(25,950,329)
Net proceeds	478,400,000	478,049,671	–	–	478,049,671
Use of Proceeds:					
Partially fund the equity portion of:					
Palauig 2 Zambales Solar Project	(55,000,000)	(15,000,000)	–	(3,000,000)	(18,000,000)
Silang Maragondon Wind Project	(90,000,000)	(30,000,000)	–	(46,000,000)	(76,000,000)
Asisan Wind Project	(80,000,000)	(25,000,000)	–	(6,904,784)	(31,904,784)
Fund the development and/or acquisition of renewable energy projects	(150,000,000)	–	–	(61,757,595)	(61,757,595)
Fund operating and working capital requirements	(89,400,000)	(10,000,000)	–	(11,592,621)	(21,592,621)
Fund the development of the power facilities for a climate controlled indoor farm	(14,000,000)	–	–	(14,000,000)	(14,000,000)
	(478,400,000)	(80,000,000)	–	(143,255,000)	(223,255,000)
Net realized foreign exchange gain	–	–	1,807,339	–	1,807,339
Interest income:					
Foreign currency time deposit	–	–	2,251,165	–	2,251,165
Escrow account	–	93,436	270,040	–	363,476
		(79,906,564)	4,328,544	(143,255,000)	(218,833,020)
Total	₱–	₱398,143,107	₱4,328,544	(₱143,255,000)	₱259,216,651

NEXGEN ENERGY CORP.

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025

	2025	2024
Total Audit Fees	**₱795,000**	₱795,000
Non-audit service fees:		
Agreed-upon procedures for use of proceeds from the initial public offering	**300,000**	150,000
Issuance of comfort letter	**–**	1,000,000
Total Non-Audit Fees	**300,000**	1,150,000
Total Audit Fees	**₱1,095,000**	₱1,945,000

NEXGEN ENERGY

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

The Management of **NEXGEN ENERGY CORP. AND A SUBSIDIARY** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2025 and 2024, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2025 and 2024, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: Renato Z. Locsin
Chairman of the Board

Signature: Eric Peter Y. Roxas
President

Signature: Suzanne S. Cañete
Treasurer

Signed this APR 13 2026 day of SUBSCRIBED AND SWORN TO BEFORE ME, this APR 13 2026 at Makati City, affiant exhibited to me his competent evidence of identity as _____ issued at CITY OF MUNTINLUPA on _____.

SHERLOCK JUN C. VILLEGAS
NOTARY PUBLIC
ROLL NO. 70042
MAKATI CITY, PHILIPPINES

SHERLOCK JUN C. VILLEGAS
Notary Public for Makati City
Appt. No. M-110 until Dec. 31, 2026
Unit 1501-1A Building, 115 Perea St.
Legazpi Village, Makati City
Roll No. 70042
IBP No. 535253 / 12-19-2025 / Pasig City
PTR No. 10744057 / 01-02-2026 / Makati City
MCLE Compliance No. VIII-0024929/April 14, 2028

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