NEXGEN ENERGY

3F JTKC Building, 2155 Don Chino Roces Avenue, Makati City, Metro Manila

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS (WITH ONLINE ATTENDANCE) HELD ON 22 JANUARY 2025 AT THE PRINCIPAL OFFICE ADDRESS, MAKATI CITY, METRO MANILA AT 3:00 P.M.

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I. CALL TO ORDER

The Chairman, Mr. Renato Z. Locsin, who had to excuse himself at the start of the meeting to attend to an urgent matter was reckoned as present. Accordingly, the President, Mr. Eric Peter Y. Roxas, who was designated as chairman called the meeting to order and presided over the same.

II. CERTIFICATION OF QUORUM

The Corporate Secretary, Susan Bertulfo-Carisma, certified that six (6) members of the Board of Directors are in attendance, one of whom was by zoom, thus, a quorum exists for the transaction of business. She then proceeded to record the minutes of the meeting.

III. PRESIDENT'S OPERATIONS AND FINANCIAL REPORTS

A. Operations

The President said Ms. Angela B. Sanchez, Vice-President for Operations, will give a quick rundown on the projects, adding that currently only the subsidiary, SPARC, is operative. The following salient points came to the fore:

(i) the Company has projects for both its subsidiaries, viz., 5hour Peak Energy Corp. (solar projects) and Airstream Renewables Corp. (wind projects);
(ii) among 5hour's pipeline projects is the Palauig 2 solar farm project with expected capacity of 10MWp. The setback here, despite having gone through obtainment of certain permits, is the forthcoming elections leading to the halting of issuance by LGUs of the necessary Letters of No-Objection or LONOs. The President added that the project which is basically an expansion of an existing SPARC plant, is targeted to go online by year end to 1st quarter of 2026;
(iii) another project which has been granted a Solar Energy Operating Contract (SEOC) to date is the Valencia Solar Farm project located at Lumbayao, Bukidnon. While part of its contract area is being used as temporary facility for the Cabanglasan Hydropower Plant, as soon as the contractor shall have demobilized their facility, 5hour will install its solar panels. Mr. Roxas said that this project is also nearing completion. Ms. Sanchez added that the required land conversion has been completed and it will take 8-10 months from construction to commencement of operations;

(iv) the wind energy projects numbering 12 to date, 5 onshore and 7 offshore and with an estimated 6.6 GW capacity, are under the other subsidiary, Airstream.
(v) the Pandan Labayat wind farm project, advancing from feasibility study to construction phase, is up for the determination of the location of the met mast, along with the other projects Silang, Sambong and Dapdap. Mr. Roxas added that for the Sambong and Dapdap projects, the Company is seriously considering interested Japanese investors via a joint venture;
(vi) offshore wind which is the next big thing in the country, will require obtainment of a pre-development ECC as required under DENR DAO 2024-2;
(vii) when asked if offshore is easier, the VP for Operations said it is more tedious as there are two levels of ECC requirement. Mr. Dexter Tiu said it is easier but more costly and the concerned government agencies are not capacitated enough to deal with it;
(viii) the Real wind project is advancing to data collection and has established its interconnection route. For offshore, DENR will need at least 2 months to process the ECC and once data gathering for the met mast is done, pre-feasibility study can be conducted and determination of drilling sites done.

Independent Director Mr. Ted Armas observed that he's seeing the company Airstream for the first time. At this, Management clarified that ARC which will hold all wind projects is wholly owned by the Company.

B. FINANCIALS

The President clarified that the financial results pertain to the operations of SPARC which is the only operating subsidiary at the moment. Atty. Rolando P. Domingo, Chief Financial Officer, reported on the company's financial results as follows:

(i) based on unaudited financial statements, revenues decreased by P12.17M, from P130.18 in 2023 to P118.01M in 2024;
(ii) out of total generation of P16,982.90M, the Palauig-Zambales plant contributed 38.4593% at 6,531.50mwh (vs. 6,513.35/17,548.91 in 2023), the Bataan plant contributed 35.2759% at 5,990.87mwh (vs. 6,360.66/17,548.91) and the Bulacan plant contributed 26.2648% at 4,460.53mwh (vs. 4,674.90/17,548.91);
(iii) interest expense from the LBP loan is down from 11.75 from 2023 to 9.82 in 2024;
(iv) net income of 6.29M down from P14.95M in 2023;
(v) current assets of P752.74M up from P214.49 from 2023;
(vi) other assets of P369.18M versus P181.85 for the previous year;
(vii) shareholders' equity of P799.43 which includes the IPO proceeds of P504M went up from P279.01 in 2023, or a total of P1,816.30 in liabilities and equity.

Mr. Armas queried on the reason for the drop in revenues in 2024, from 2023. The Deputy CFO, Mr. Glenn Yap, pointed out that the 3% decline is due to generation volume. Overall, there was a 11% decline attributing 8% thereof to IEMOP/WESM rates, and 3% to generation volume, he continued.

Further explaining that generation is lower during the rainy season, the COO, Mr. Johnson A. Sanhi, said that more care is given to the Zambales plant operations as it is able to earn relatively the same peso equivalent compared to the other two plants due to the fixed rate from FIT. Mr. Roxas quickly added that in Zambales, there is better irradiation.

IV. APPROVAL OF RESOLUTIONS

a. Allocation of IPO Proceeds to the Pandan Labayat Project

The President pointed out that under the submitted Prospectus, Palauig 2 was allocated from the IPO proceeds 55M, Silang P90M, and the Asisan wind project P80M or a total of P225M for partial equity funding, while P150M was allocated for development and/or acquisition of RE projects, P89M for operating and working capital requirements and P14M for the climate controlled indoor farm project.

Mr. Roxas proposed to add the Pandan Labayat project in the P90M equity funding for the Silang Maragondon project, subject to the Board's approval. When asked by Mr. Armas as to the amount needed, the President said it has yet to be determined. Mr. Armas reminded that the amendment in the allocation will require disclosure to the PSE.

Mr. Tiu further explained that at the time of the Company's listing with the Exchange, the Pandan Labayat wind farm project was still in the name of affiliate, Repower Energy Development Corporation, and thus, the same could not have been named at the time as an allocatee of IPO proceeds. He assured that there will be no change in the amounts in the allocations for the other specific purposes but, rather, only the P90M allocation for Silang will be shared with Pandan. At this juncture, Director Kho signified his assent.

Thereupon, Mr. Roxas proposed that a portion of the proceeds for the Silang Maragondon project be allocated to Pandan Labayat, the amount of which is yet to be determined. Director Kho then sought clarification of the item in the agenda which stated "re-allocation of IPO proceeds". The Board agreed that contextually, not the entire IPO proceeds for Silang but only a portion of it will be "allocated" to Pandan Labayat.

At this, Mr. Tiu reiterated that no proceeds will be re-allocated, but more accurately, just adding the Pandan project to the Silang allocation. Mr. Armas asked the pleasure of the other members.

After due deliberations after the agreement of Messrs. Roxas, Cañete, Javellana, Armas and Kho, and upon motion duly made and seconded, the following resolution was adopted and approved, thus:

RESOLUTION

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In re Allocation of IPO Proceeds to the Pandan Labayat

"WHEREAS, as set forth in the planned use of proceeds in the IPO Prospectus submitted to "the Philippine Stock Exchange", a portion of the proceeds of the Initial Public Offering ("IPO") in the amount of PESOS: NINETY MILLION (P90,000,000.00) was allocated for the Silang Maragondon Wind Farm Project ("Silang Maragondon Project");

WHEREAS, another project, namely, the Pandan Labayat Wind Farm Project ("Pandan Labayat Project") which has been transferred from an affiliate of the Corporation to another subsidiary of the latter, the Airstream Renewables Corp., is in the offing and may already commence construction, thus, immediate capital raising is needed;

RESOLVED, THEREFORE, that the realignment of the IPO proceeds in the amount of PESOS: **NINETY** MILLION and the allocation of a portion, of an amount yet to be determined, for the Pandan Labayat Project, be, as it is hereby APPROVED, RATIFIED and CONFIRMED;

RESOLVED, FURTHER, that the necessary amendment/s or revision/s in the use of proceeds schedule presented in the IPO Prospectus, and the concomitant disclosures and compliances with concerned regulatory bodies be, as they are hereby APPROVED, RATIFIED and CONFIRMED."

b. Re-classification of Shares

The President then proceeded to discuss that the super-majority stockholder, through Mr. Tiu, has been scouting for other projects both here and abroad zeroing in on potential Japanese partners. He said several projects have been, so far, offered to the Company for possible acquisition. He proposed that in the event that any of these projects become more definite, all the other IPO proceeds will be channeled to acquisition of projects. He clarified that the Company is only looking at projects of 2MW capacity and higher.

Mr. Armas asked how would such affect ongoing developments, specifically, if these activities will have to be stopped. Mr. Roxas said existing projects will be continued, but that other ways of raising capital will be explored. Mr. Tiu clarified that a second capital-raising round will be needed albeit not in the immediate future.

Mr. Tiu said the Company is reviewing the offers from Japanese firms for built, operating and income-generating companies and that as soon as a particular project has been chosen, Management will go back to the Board for approval of the re-allocation of the remaining proceeds. In recapitulation, Mr. Armas said that when the acceptable project shall have been chosen, the funds will be allocated, and that other sources will be tapped as well.

Management informed the Board that as soon as an offer crystallizes, it will go back to the body for appropriate action.

Still in line with funding of future projects, the President said that other modes of raising funds will be tapped. Thus, he proposed that one such mode is the creation of preferred shares to be converted from common shares of the existing authorized capital stock. He said that for the offshore wind alone, US$1M is needed for 1MW and about 3K MW offshore is in the pipeline, thus, the proposed reclassification. Mr. Kho asked whose idea was this, and Mr. Tiu affirmed that it is Management's. He then asked for comments. Mr. Kho asked if this is the best way to address the capital requirement and Mr. Tiu confirmed it to be so. Mr. Tiu said as soon as an acquisition transaction appears to be definite, Management will go back to the Board for approval, and the necessary stockholders' approval accordingly obtained in a meeting to be scheduled as needed.

RESOLUTION

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In re Reclassification of Shares

"RESOLVED, that subject to the approval of the stockholders of the Corporation comprising at least 2/3 of the capital stock thereof,

in order to meet capital requirements of the Corporation and fund other legitimate business purposes, the reclassification of the capital stock of the Corporation by converting 100,000,000 common shares with a par value of P0.10 per share out of the unissued capital stock, to 100,000,000 preferred shares with a par value of P0.10 per share, be, as it is hereby APPROVED, RATIFIED and CONFIRMED;

RESOLVED, FURTHER, that the following features of the preferred shares created, thus, (1) redeemable at the option of the corporation; (2) non-voting except in the cases provided by law; (3) cumulative; (4) non-convertible; (5) non-participating; (6) with no preemptive rights, be, as they are hereby APPROVED, RATIFIED and CONFIRMED;

RESOLVED, FURTHERMORE, that the corresponding amendment of the Articles of Incorporation, particularly Article SEVENTH thereof, to read thus:

> "*SEVENTH: That the authorized capital stock of the corporation is TWO HUNDRED MILLION (P 200,000,000.00) Pesos in lawful money of the Philippines, divided into ONE BILLION NINE HUNDRED MILLION (1,900,000,000) common shares of stock with a par value of TEN CENTAVOS (P0.10) each and ONE HUNDRED MILLION (100,000,000) preferred shares with a par value of TEN CENTAVOS (P0.10) each.*
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> *The Preferred shares will be redeemable at the option of the Corporation, non-voting except in the cases provided by law, cumulative, non-convertible, non-participating and with no pre-emptive rights, with such other terms and conditions to be determined by the Board of Directors before their issuance, such as, without limitation to, issue value, dividend rate.*
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> *x x x*"

be, as it is hereby APPROVED, RATIFIED and CONFIRMED;

RESOLVED, FURTHERMORE, that the appropriate amendments in the Corporate Charters including but not limited to the Articles of Incorporation and By-Laws, to introduce the convertibility of common shares to preferred shares, as well as the proper compliances and timely disclosures with concerned regulatory bodies be, as they are hereby APPROVED, RATIFIED and CONFIRMED."

V. OTHER MATTERS THAT MAY ARISE DURING THE MEETING

The President refreshed the Board's memory as to the agri-tech project, specifically, the cultivation of strawberries from Japan using technical knowhow from Brunei. He said it is targeted to go online during the current month.

Mr. Roxas clarified that although the project will not add anything to the bottomline, it will achieve marketing mileage. Mr. Kho asked as to how this project will impact the

RE projects. Mr. Tiu asserted that the European, MiddleEast even Japan are gungho in investing in the country, and then there's the Paris Climate Summit. Director Javellana asked about the possible JV with the Japanese investor. Mr. Tiu said that Renova who was keen on investing on another hydropower project that fell through, will now invest on a wind project of ARC. He conveyed to the Board that the firm wants to have majority of the project but he said ARC wants to retain 51% and Renova is okay with it. When asked as to how big this project is, Mr. Tiu confirmed the same to be 100MW. He further informed the Board that the strategy is to give the partner one project initially, then subsequently another, and give a project also to the Chinese group. In conclusion, Mr. Tiu said the Company has acceded to the offer with respect to the 2KMW offshore projects as it is the most difficult to build.

VI. ADJOURNMENT

There being no other matters left for discussion, and upon motion duly made and seconded, the Chairman declared the meeting adjourned at 4:32 P.M..

CERTIFIED CORRECT:

ERIC PETER Y. ROXAS
Chairman of the Meeting

SUSAN BERTULFO-CARISMA
Corporate Secretary

ATTEST:

MARK C. CAÑETE
Director

YSMAEL T. JAVELLANA
Director

ARISTIDES S. ARMAS
Independent Director

RENATO Z. LOCSIN
Director

RICHARD ALEX D. KHO
Independent Director