

**MINUTES OF THE ANNUAL MEETING  
OF THE STOCKHOLDERS  
OF  
HARBOR STAR SHIPPING SERVICES, INC.**

Held on 17 July 2024  
Conducted virtually via remote communication

<b><u>PRESENT:</u></b>	<b><u>NO. OF SHARES</u></b>
<b>Total No. of Shares Represented In Person and By Proxy</b>	<b>621,317,628</b>
<b>Total Outstanding Shares</b>	<b>894,586,870</b>
<b>Attendance Percentage to Total Outstanding Shares</b>	<b>69.45%</b>

---

**I. CALL TO ORDER**

The Chairman, Mr. Geronimo P. Bella, Jr., called the meeting to order and presided over the same. The Corporate Secretary, Atty. Charlene O. Ang, recorded the minutes of the proceedings.

The Chairman informed the stockholders that the meeting is held in a remote communication format.

**II. CERTIFICATION OF NOTICE AND QUORUM**

The Corporate Secretary certified that:

(a) In accordance with the Securities and Exchange Commission's Notice dated 23 February 2024 and the provisions of the Securities Regulation Code, notice for this meeting was published in the business section of two (2) newspapers of general circulation, namely: Philippine Daily Inquirer and The Manila Standard, in print and online format, for two (2) consecutive days at least twenty-one (21) days prior to the date of this meeting. The Affidavits of Publication dated 5 July 2024 and 27 June 2024 issued by Philippine Daily Inquirer and The Manila Standard, respectively, were submitted by to the Corporate Secretary, respectively. Copies of the Affidavits of Publication issued by Philippine Daily Inquirer and The Manila Standard are attached hereto as Annexes "A" and "B", respectively;

(b) Electronic copies of the Definitive Information Statement and its attachments were also made available on the Corporation's website and the PSE Edge portal;

(c) Accordingly, stockholders of record as of 13 June 2023 were notified of this meeting. The stockholders were also notified of the internal guidelines of the

Corporation for participation in this meeting through remote communication in accordance with applicable rules; and

(c) Present in person and by proxy are **Six Hundred Twenty-One Million Three Hundred Seventeen Thousand Six Hundred Twenty-Eight (621,317,628)** shares out of the total outstanding Eight Hundred Ninety-Four Million Five Hundred Eighty-Six Thousand Eight Hundred Seventy (894,586,870) shares, or **69.45%**, of the Corporation's total outstanding capital stock, and that a quorum existed for the valid transaction of business.

### **III. RULES OF CONDUCT AND VOTING PROCEDURES**

Since the Corporation is conducting the meeting through remote communication format, the Chairman requested the Corporate Secretary to share the rules of conduct and voting procedure for this meeting.

Thereafter, the Corporate Secretary explained that "Guidelines for Participation via Remote Communication and Voting in Absentia and through Proxy" for this meeting were made available in the Corporation's website, the Definitive Information Statement and in the Explanation of Agenda items which forms part of the Notice of the Annual Stockholders' Meeting. He emphasized the following points:

1. Only stockholders whose Letter(s) of Intent or proxy forms have been validated or verified were allowed to cast their votes for this meeting through the voting portal.
2. Resolutions proposed to be approved by the stockholders under the Agenda will be shown on the screen as it is being taken up.
3. Votes cast as of 08 July 2024 for each proposed resolution have been tabulated and results will be announced during the meeting.
4. A detailed result of the tabulation of the votes cast indicating the affirmative votes, negative votes and abstentions will be reflected in the Minutes of this meeting.
5. Relevant questions which have been submitted on or before 10 July 2024 will be addressed accordingly under the Other Matters item in the Agenda. Questions and comments not taken up during the meeting shall be addressed by the Corporation directly to the stockholder via email.

### **IV. APPROVAL OF PREVIOUS MINUTES**

The Chairman stated that electronic copies of the Minutes of the Annual Stockholders' Meeting held on 12 July 2023 were made available for inspection on the Corporation's website.

The Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

*“RESOLVED, that the Minutes of the Annual Stockholders’ Meeting held on 12 July 2023 as appearing in the Minutes Book of the Corporation be approved.”*

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	613,460,628		7,857,000
% of Shares of Shareholders Present	98.74%		1.26%

**V. MANAGEMENT REPORT**

The Chairman and President rendered the Management Report for the period ending 31 December 2023. The Treasurer, Mr. Dany Cleo B. Uson, also presented the 1st quarter updates for the year 2024. Copies of the Management Report and 1st quarter updates for the year 2024 are attached as Annexes “C” and “D”.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

*“RESOLVED, that the Management Report for 2023 be noted and approved.”*

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	613,460,628		7,857,000
% of Shares of Shareholders Present	98.74%		1.26%

**VI. APPROVAL OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 2023**

The Chairman presented for approval the Audited Consolidated Financial Statements for the period ending 31 December 2023 as discussed in the Management Report.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

*"RESOLVED, that the Audited Consolidated Financial Statements of the Corporation as of 31 December 2023 be noted and approved."*

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	613,460,628		7,857,000
% of Shares of Shareholders Present	98.74%		1.26%

**VII. APPROVAL, CONFIRMATION AND RATIFICATION OF ALL ACTS, PROCEEDINGS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND MANAGEMENT**

The Chairman stated that a summary of the acts, proceedings, and resolutions to be ratified by the stockholders have been included in Item 16 of the Definitive Information Statement which were made available on the Corporation's website and the PSE Edge portal.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

*"RESOLVED, that all legal acts, proceedings and resolutions of the Board of Directors and of the Management of the Corporation since the Annual Stockholders' Meeting held on 12 July 2023 up to 17 July 2024, be, as they are hereby, approved, confirmed and ratified."*

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	613,460,628		7,857,000
% of Shares of Shareholders Present	98.74%		1.26%

**VIII. ELECTION OF DIRECTORS**

The Corporate Secretary stated that the Articles of Incorporation of the Corporation provides for seven (7) directors, two (2) of whom are required to be independent directors.

Under the Corporation's By-Laws and Manual on Corporate Governance, the nomination of the Corporation's directors shall be conducted by the Corporate Governance Committee prior to the annual stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the

Corporate Governance Committee and the Corporate Secretary at least forty-five (45) days before the date of the actual meeting.

The Corporate Governance Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors.

The Final List of Candidates for directors as determined by the Corporation's Corporate Governance Committee and as disclosed in the Corporation's Information Statement are:

1. Geronimo P. Bella, Jr.
2. Ricardo Rodrigo P. Bella
3. Ceasar Daniel T. Castro
4. Ramon C. Liwag
5. Ryota Nagata

For Independent Directors:

6. Gene S. De Guzman; and
7. Gemma V. Sadiua.

Thereafter, the Corporate Secretary, reported that, after tabulating the votes cast, the votes garnered by the nominees mentioned in the Final List of Candidates are as follows:

<i>Nominee</i>	<i>Votes</i>
<i>Geronimo P. Bella, Jr.</i>	<i>613,460,628</i>
<i>Ricardo Rodrigo P. Bella</i>	<i>613,460,628</i>
<i>Ceasar Daniel T. Castro</i>	<i>613,460,628</i>
<i>Ryota Nagata</i>	<i>613,460,628</i>
<i>Ramon C. Liwag</i>	<i>613,460,628</i>
<i>Gene S. De Guzman (Independent Director)</i>	<i>613,460,628</i>
<i>Gemma V. Sadiua (Independent Director)</i>	<i>613,460,628</i>

The Corporate Secretary certified that the seven (7) nominees mentioned in the Final List of Candidates for directors prepared by the Corporation's Corporate Governance Committee have received sufficient votes for election to the Board of Directors and they shall serve as such for the ensuing year until the election and qualification of their successors.

**X. APPOINTMENT OF EXTERNAL AUDITOR**

The Chairman stated that the present external auditor of the Corporation is auditing firm of Isla Lipana & Co.. The handling partner of Isla Lipana & Co. is rotated at least once every 5 years, in compliance with the 5-year limit under the rules of the Securities Regulation Code.

Thereafter, the Corporate Secretary presented the resolution proposed by management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

*“RESOLVED, That the auditing firm of Isla Lipana & Co. be, as it is hereby appointed to be the Corporation’s external auditor for the calendar year 2024.”*

As tabulated, the votes for the adoption of foregoing resolution providing for the approval of the minutes of the previous meeting are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	613,460,628		7,857,000
% of Shares of Shareholders Present	98.74%		1.26%

## XI. OTHER MATTERS

After confirming with the Corporate Secretary that there were no other matters that require consideration by the stockholders, the Chairman requested the Host, to read aloud the questions and comments together with the names of the stockholders who sent them.

The first question read by the Host was from Mr. Ariel S. Ignacio who asked “Can you explain the recent decline in stock prices?”

The Chairman referred the question to the Treasurer, Mr. Dany B. Uson who answered by stating that Harbor Star’s stocks fell due to volatile fuel prices, geopolitical or trade disputes, industry-specific issues, rising interest rates or inflation, and unprecedented market fluctuation; but despite external challenges, the Company had a strong 2023 operating profit of PHP342-million. Further, Harbor Star’s financial positions allows the Company to overcome unexpected challenges and invest in future growth, reducing risks, and the stock price doesn’t reflect its performance, as it strives to build long-term company value.

The second question read by the Host, a follow-up from Mr. Ignacio who asked “How is the Company managing its debt level?”

The Treasurer answered by stating the Company’s equity ratio has improved significantly, indicating a decrease in debt financing compared to shareholders’ equity. The Company manages its debt level by: (1) Always budgeting for debt repayment to avoid late fees and ensure timely payments; (2) Better manage debt with a steady cash flows which is achieved through sales growth and cost-cutting; (3) Strive to renegotiate for lower rates and/or longer repayment terms with lenders; (4) Consistent sales growth to generate more revenue for debt repayment. The decrease in the ratio from 2.64:1 to 2.47:1 indicates a higher level of financial stability for the Company.

Thereafter, the Host relayed to the Chairman that there are no other questions.

**XII. ADJOURNMENT**

There being no further business to transact, and upon motion duly made and seconded, the meeting was adjourned.

(original signed)  
**CHARLENE O. ANG**  
*Corporate Secretary*

**Confirmed and Approved:**

(original signed)  
**GERONIMO P. BELLA, JR.**  
*Chairman of the Board*

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

**AFFIDAVIT OF PUBLICATION**

I, ADELA GERSALIA MENDOZA, of legal age, Filipino, married and a resident of 14 Registration St. SSS Homes North, Quezon City Philippines after having duly sworn to in accordance with law, hereby declare and testify.

1. That I am the Sales Director – Classified Advertising of the PHILIPPINE DAILY INQUIRER, INC., publisher of the Philippine Daily Inquirer which is being published daily in English, of general circulation with editorial and business address at Chino Roces St. cor. Yague and Mascardo Sts., Makati.

2. That at the order of  
**HARBOR STAR SHIPPING SERVICES INC.**

RE: NOTICE OF ANNUAL STOCKHOLDERS' MEETING

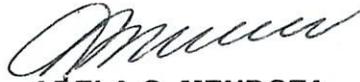
Text of which would be described as follows:

**AS PER ATTACHED**

Has been published in the Philippine Daily Inquirer in its issue/issues of:

June 26 and 27, 2024

Affiant Further Sayeth  
Naught, Makati Philippines \_\_\_\_\_

  
**ADELA G. MENDOZA**

Affiant

SUBSCRIBED AND SWORN to before me this  
JUL 03 2024 day of \_\_\_\_\_

PHILIPPINES, affiant exhibited to me her Driver's License No. N02-01-455507 issued at Quezon City valid until October 25, 2033 and her SSS No. 03-9451924-9, bearing her photograph and signature.

  
**ATTY. JOSHUA P. LAPUZ**

Notary Public Makati City  
Until Dec. 31, 2025

Appointment No. M-016-(2024-2025)  
PTR No. 19673919 Jan. 7, 2024/ Makati

IBP Lifetime No. 04697 Roll No. 46790

MCLE Compliance No. VII-0016370  
Valid until April 14, 2025

G/F Fedman Bldg., 199 Salcedo St.  
Legaspi Village, Makati City



**NOTICE OF ANNUAL STOCKHOLDERS' MEETING**

Pursuant to Harbor Star Shipping Services, Inc.'s ("HSSSI") By-Laws, HSSSI's Annual Stockholders' Meeting is scheduled on the third Wednesday of May of each year. Due to time constraints in complying with all the reportorial requirements to hold the annual stockholders' meeting on 15 May 2024, the 2024 Annual Meeting of the Stockholders of HSSSI will be held and conducted virtually via the Zoom online meeting platform on Wednesday, 17 July 2024, 9:30 a.m. for the following purposes:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 12 July 2023
4. Management Report
5. Approval of Audited Consolidated Financial Statements of HSSSI and its subsidiaries as of 31 December 2023
6. Ratification of all acts, resolutions and proceedings of the Board of Directors and of Management, done in ordinary course of business since the 12 July 2023 Annual Stockholders' Meeting up to 17 July 2024
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The Board of Directors has fixed 13 June 2024 as the record date for the determination of stockholders entitled to be notified, participate, and vote at the Annual Stockholders' Meeting ("Stockholders of Record").

Stockholders of Record may only attend/participate via proxy, remote communication or vote *in absentia*, subject to validation procedures.<sup>1</sup> Only validated stockholders will be provided access to the Zoom meeting platform and can cast their votes *in absentia* on or before 08 July 2024 via the Corporation's secure online voting facility.

Stockholders who wish to participate in the meeting via the Zoom online meeting platform and to vote *in absentia* should notify the Office of the Corporate Secretary through a Letter of Intent to be sent via e-mail to [asm-2024@harborstar.com.ph](mailto:asm-2024@harborstar.com.ph) or fill up the registration form at [www.harborstar.com.ph/asm2024registrationform](http://www.harborstar.com.ph/asm2024registrationform) on or before 01 July 2024.

HSSSI is not soliciting proxies. Stockholders who are unable to join the meeting but wish to vote on items in the agenda by proxy must submit their duly accomplished proxy forms via e-mail to [asm-2024@harborstar.com.ph](mailto:asm-2024@harborstar.com.ph) on or before 01 July 2024.

Stockholders may send their queries and comments to the Management Report and other items in the Agenda to [asm-2024@harborstar.com.ph](mailto:asm-2024@harborstar.com.ph) on or before 10 July 2024.

The Definitive Information Statement containing the attendance, voting, and election procedures, along with the Notice, Agenda, Proxy, Management Report, SEC Form 17-A, SEC Form 17-Q and other information related to the Annual Stockholders' Meeting can be accessed at [http://www.harborstar.com.ph/investors/pse\\_disclosures](http://www.harborstar.com.ph/investors/pse_disclosures).

Very truly yours,

(SGD.)  
**CHARLENE O. ANG**  
Corporate Secretary

<sup>1</sup>For the detailed registration and voting procedures, please visit <http://www.harborstar.com.ph/> and refer to the "Guidelines for Participation via Remote Communication and Voting *in Absentia* and through Proxy".

(PDI-June 26 & 27, 2024)

Doc. No. 90 ;  
Page No. 19 ;  
Book No. 134 ;  
Series of 2024.

# Manila Standard

PHILIPPINE MANILA STANDARD PUBLISHING, INC.

## AFFIDAVIT OF PUBLICATION

I, Mario R. Policarpio Jr., Chief Accountant of Manila Standard, with office address at 6<sup>th</sup> Floor Universal Re Building, 106 Paseo de Roxas, Makati City, hereby depose and state that:

**Manila Standard** is a newspaper of general circulation and is distributed nationwide;

**Manila Standard** at the same time, publishes its online version through its website <https://manilastandard.net>;

**Manila Standard** is qualified to publish all kinds of judicial notices.

**Manila Standard** published on

JUNE 26 & 27, 2024

a Notice:

HARBOR STAR SHIPPING SERVICES INC.

RE: NOTICE OF ANNUAL STOCKHOLDERS' MEETING

IN WITNESS WHEREOF, I hereby affix my signature this 27TH day of JUNE 2024 in Makati City.

**MARIO R. POLICARPIO JR.**  
Authorized Signatory

SUBSCRIBED AND SWORN to before me this 27TH day of JUNE, 2024 in Makati City, affiant exhibiting to me his SSS No. 33-0476897-7.

**ATTY. SHERLOCK JUN C. VILLEGAS**

Notary Public for Makati City

Appt. No. M-274 until Dec. 31, 2024

Unit 3C LTA Building, 118 Perea St.

Legaspi Village, Makati City

Roll No. 70942

IBP No. 323640/11-30-2023/ Pasig City

PTR No. 10074513/ 1-2-2024/ Makati City

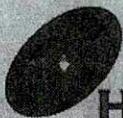
MCLE Compliance No. VII-0020869/April 14, 2025

Doc. No.: 120

Page No.: 25

Book No.: 33

Series of 2024.



**HARBOR STAR**  
SHIPPING SERVICES, INC.

### NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Pursuant to Harbor Star Shipping Services, Inc.'s ("HSSSI") By-Laws, HSSSI's Annual Stockholders' Meeting is scheduled on the third Wednesday of May of each year. Due to time constraints in complying with all the reportorial requirements to hold the annual stockholders' meeting on 15 May 2024, the **2024 Annual Meeting of the Stockholders of HSSSI** will be held and conducted virtually via the Zoom online meeting platform on **Wednesday, 17 July 2024, 9:30 a.m.** for the following purposes:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the Annual Stockholders' Meeting held on 12 July 2023
4. Management Report
5. Approval of Audited Consolidated Financial Statements of HSSSI and its subsidiaries as of 31 December 2023
6. Ratification of all acts, resolutions and proceedings of the Board of Directors and of Management, done in ordinary course of business since the 12 July 2023 Annual Stockholders' Meeting up to 17 July 2024
7. Election of Directors
8. Appointment of External Auditor
9. Other Matters
10. Adjournment

The Board of Directors has fixed 13 June 2024 as the record date for the determination of stockholders entitled to be notified, participate, and vote at the Annual Stockholders' Meeting ("Stockholders of Record").

Stockholders of Record may only attend/participate via proxy, remote communication or vote in absentia, subject to validation procedures.<sup>1</sup> Only validated stockholders will be provided access to the Zoom meeting platform and can cast their votes in absentia on or before 08 July 2024 via the Corporation's secure online voting facility.

Stockholders who wish to participate in the meeting via the Zoom online meeting platform and to vote in absentia should notify the Office of the Corporate Secretary through a Letter of Intent to be sent via e-mail to [asm-2024@harborstar.com.ph](mailto:asm-2024@harborstar.com.ph) or fill up the registration form at [www.harborstar.com.ph/asm2024registrationform](http://www.harborstar.com.ph/asm2024registrationform) on or before 01 July 2024.

HSSSI is not soliciting proxies. Stockholders who are unable to join the meeting but wish to vote on items in the agenda by proxy must submit their duly accomplished proxy forms via email to [asm-2024@harborstar.com.ph](mailto:asm-2024@harborstar.com.ph) on or before 01 July 2024.

Stockholders may send their queries and comments to the Management Report and other items in the Agenda to [asm-2024@harborstar.com.ph](mailto:asm-2024@harborstar.com.ph) on or before 10 July 2024.

The Definitive Information Statement containing the attendance, voting, and election procedures, along with the Notice, Agenda, Proxy, Management Report, SEC Form 17-A, SEC Form 17-Q and other information related to the Annual Stockholders' Meeting can be accessed at [http://www.harborstar.com.ph/investors/pse\\_disclosures](http://www.harborstar.com.ph/investors/pse_disclosures).

Very truly yours,  
(SGD)  
**CHARLENE O. ANG**  
Corporate Secretary

For the detailed registration and voting procedures, please visit <http://www.harborstar.com.ph> and refer to the "Guidelines for Participation via Remote Communication and Voting in Absentia and through Proxy".

(MS-JUNE 26/27, 2024)



## **MESSAGE TO OUR STOCKHOLDERS**

*Annual Stockholders' Meeting 2024*

Fellow Shareholders,

I am pleased to report on the strong operational results of Harbor Star Shipping Services, Inc. for the year 2023. Despite persistent global market challenges, Harbor Star's unwavering dedication to excellence has sustained its industry leadership and fortified its competitive advantages, demonstrating our resilience and stability in the face of adversity. This steadfastness should reassure our shareholders of our ability to weather any storm.

In 2023, the Company celebrated its 25th anniversary, a significant milestone that marked a quarter-century of our unwavering commitment to excellence and innovation. It also marked our tenth year as a publicly traded company on the Philippine Stock Exchange, a testament to our sustained growth and the trust of our shareholders. Despite industry challenges, we have emerged as a symbol of innovation and dependability, a fact that should make you, our shareholders, proud.

The Company was able to increase the number of ships served to 8,123 in 2023, successfully integrate new technology into its operations, and provide even more efficient tugboat services in the intervening year. The Company achieved an Operating Profit of PHP342 million. Harbor Star's profitability was substantially enhanced by its oil spill response revenues, which increased from PHP134 million in 2022 to PHP488 million in 2023. In 2023, harbor assistance net revenues increased from PHP1,537.0 million in the previous year to PHP1,783.6 million.

Harbor Star cemented its leadership in Philippine tugboat services throughout 2023, boasting a commanding 51% market share and contributing a substantial 83% to the company's revenue. We strategically positioned a fleet of 48 tugboats in the Philippines and 5 in Malaysia, ensuring efficient service and rapid emergency response. This strategic positioning, along with our diverse fleet and extensive network, should instill confidence in our ability to handle diverse marine service needs and deliver a swift response for our clients.

Harbor Star's dedication to quality, environmental sustainability, and occupational health and safety is evidenced by its triple ISO certification. It has initiated numerous transformative projects that contribute to the Company's overarching objective of redefining maritime solutions standards, building on these milestones and accomplishments. Harbor Star's strategic initiatives have diversified its fleet and equipment, expanded its presence in key maritime hubs, and positioned the Company for sustained growth in the future. This includes the acquisition of an additional tugboat by Peak-Flag Malaysia and the expansion of hub ports in Zamboanga.



Technological integration has been at the forefront of Harbor Star's endeavors, with the adoption of System Application & Product (SAP) and System Simulators revolutionizing operational efficiency and service delivery. By harnessing the power of cutting-edge technology, the Company has optimized resource utilization, enhanced the customer experience, and set new benchmarks of excellence in the industry.

The implementation of simulators for crew training has furthermore resulted in several efficiency gains, potentially decreasing crew operational errors and resulting in shorter turnaround times and financial savings for the organization. Moreover, utilizing a data processing system like SAP has enabled the Company to better manage processes for various aspects of its operations, ensuring seamless coordination and enhanced decision-making capabilities.

Harbor Star's dedication to digital transformation, which encompasses the implementation of an online booking platform for tugboat services, looking forward favorable outcome in our ongoing efforts. This initiative has streamlined the booking process and enabled the real-time monitoring and allocation of resources, thereby guaranteeing the prompt and efficient delivery of services to its esteemed clients.

Industry challenges will persist, including fluctuating fuel prices, increasing market competition, and geopolitical disputes. Harbor Star has demonstrated a proactive approach to risk mitigation, adaptability, and resilience in all of these endeavors.

The Company has been able to mitigate the effects of high fuel prices and improve its competitive position in the market by implementing cost-reduction strategies, including the optimization of operations and the procurement of fuel in bulk.

Harbor Star has been further established as a reliable partner in resolving critical maritime emergencies and challenges due to strategic investments in salvage operations, oil spill response, and port services. Innovation remains at the heart of the Company's strategy as it looks toward the future. Harbor Star will continue to be the industry leader in maritime solutions in the Philippines by prioritizing talent development, cultivating strategic partnerships, adopting digitalization and sustainability to deal with challenges, and making business practices better so that the company can grow in a way that benefits everyone, which in the end helps the country's progress and development.

I am grateful to all of our stakeholders for their unwavering trust and support as we continue to enhance our capabilities and establish a more dynamic organization that not only supports the maritime industry but also contributes to the development of nations.

Thank you for very much!



## **2024 1st Quarter Updates** *Annual Stockholders' Meeting 2024*

Good morning, ladies and gentlemen.

2024 has presented a challenging landscape for the shipping industry. While our first-quarter performance met expectations, it fell short of exceeding our projections by the margin we'd hoped for. However, despite a highly dynamic and demanding business environment, we remain firmly convinced that the advantages of partnering with a reliable and comprehensive maritime services organization, with nearly 25 years of industry expertise, are more attractive than ever. Our solid client satisfaction rates, ongoing new construction projects, moderate sales achievements, and strong customer retention contribute to these modest results.

In the first quarter of 2024, Harbor Star's net service income amounted to PHP548 million, showing a 13% decline compared to the previous year's figure of PHP631 million for the same period. The Company's harbor assistance services continued to be the main source of revenue, generating PHP392 million. This represents a 4% decrease compared to the first quarter of the previous year, which had generated PHP407 million

The revenue experienced a significant increase towards the contributions from construction projects, marine services, and other underwater services. These factors combined to boost the revenues by PHP46 million, PHP18.5 million, and PHP8.9 million, respectively, compared to the same period in 2023.

Harbor Star has seen a fair share of industry difficulties, which have had an effect on a few of our main services and, in turn, have negatively influenced our first-quarter 2024 revenue projections.

Our towing services brought in a total of PHP10.08 million in revenue, while our underwater services generated PHP724 thousand. Additionally, our lighterage services contributed 9.3 million to our overall revenue. Lastly, our Oil Response services generated PHP19.9 million in revenue. In the first quarter of 2024, ASTRONERGY Development Gensan, Inc., our 25 MW solar power plant company, contributed PHP42.2 million to the total revenue down by 27% from PHP57.9 million in 2023.

Harbor Star grappled with a net loss of PHP21.88 million in Q1 2024. However, there are bright spots. The company's cost-reduction efforts are showing promise, but overall service income dipped 13.1%. Despite the first-quarter loss, Harbor Star remains optimistic, confident it will surpass projections in the coming quarters, even amidst challenging 2024 economic conditions.

While overall service income dipped, Harbor Star managed to keep cost increases in check. The cost of services edged up a modest 2.11% to PHP410.6 million, compared to PHP402.2 million. This rise can be attributed to several factors, including higher fuel prices, direct labor expenses, depreciation, and increased costs associated with outsourced services, insurance, and travel/transportation.



On the bright side, the Company's cost-cutting measures delivered significant results. General and administrative (G&A) expenses dropped a noteworthy 9.4% year-over-year, falling from PHP102 million to PHP92.5 million. Additionally, other charges saw a commendable 12.6% decrease, totaling PHP9.4 million

Harbor Star's balance sheet showed a modest decline in total assets at the end of Q1 2024. Assets dipped by 0.54%, settling at PHP7.0 billion, compared to PHP7.1 billion at the beginning of the quarter. This was partially offset by a small decrease in total liabilities (down 0.43%). However, stockholders' equity still declined, due to a decrease in retained earnings.

**Financial Strength Signals Improvement:** Harbor Star's key ratios for Q1 2024 paints a positive picture. These metrics suggest the company is utilizing its resources and assets more effectively.

**Improved Liquidity:** Both the current ratio (up from 1.55 to 1.57) and quick ratio (up from 1.20 to 1.26) have increased. This indicates Harbor Star has a better ability to meet its short-term obligations (within a year) with its current assets.

**Reduced Leverage:** The debt-to-equity ratio has improved significantly, dropping from 2.64:1 to 2.47:1. This signifies a decrease in the company's reliance on debt financing compared to its shareholder equity.

Overall, these improvements in financial ratios suggest Harbor Star is on a healthier financial track. We are managing our short-term obligations better and reducing our dependence on debt.

Thank you and keep safe.