COVER SHEET

CS200909233

S.E.C. Registration Number

ALTERNERGY HOLDINGS CORPORATION

(Company's Full Name)

LEVEL 3B, 111 PASEO DE ROXAS BUILDING, PASEO DE ROXAS AVENUE CORNER LEGAZPI STREET, LEGASPI VILLAGE, MAKATI CITY

(Business Address: No./Street/City/Town/Province)

ATTY. SHERLEEN LOURDS R. MACATANGAY

Contact Person

8840-3783

Company's Telephone Number

06 30

Month *Day*

Fiscal Year

SEC FORM 17-Q

FORM TYPE

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders.

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMP

Remarks=pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1.	For the quarterly period ended	**March 31, 2023**
2.	Commission identification number	**CS200909233**
3.	BIR Tax Identification No	**007-315-916**
4.	Exact name of issuer as specified in its charter	**ALTERNERGY HOLDINGS CORPORATION**
5.	Province, country or other jurisdiction of incorporation or organization	**Metro Manila Philippines**
6.	Industry Classification Code	[ ] (SEC Use Only)
7.	Address of issuer's principal office	**Level 3B 111 Paseo de Roxas Building, Paseo de Roxas Avenue corner Legazpi Street, Legaspi Village Makati City 1229**
8.	. Issuer's telephone number, including area code	**+632 8759-4327**
9.	Former name, former address and former fiscal year, if changed since last report	**N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Number of shares of common stock outstanding	**3,933,840,480 Shares**
Amount of debt outstanding	**None registered in the Philippine SEC and listed in PDEX/others**

11. Are any or all of the securities listed on a Stock Exchange?

Yes **[X]** No [ ]

Stock Exchange	**Philippine Stock Exchange**
Class of Securities	**Common Shares**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes **[X]** No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes **[X]** No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

- Statements of Financial Position as of March 31, 2023 and June 30, 2022
- Statements of Comprehensive Income for the Nine-Month Periods and Three-Month Periods Ended March 31, 2023 and 2022
- Statements of Cash Flow for the Nine-Month Periods Ended March 31, 2023 and 2022
- Statements of Changes in Equity for the Nine-Month Periods Ended March 31, 2023 and 2022
- Notes to Financial Statements

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

PART II--OTHER INFORMATION

Not Applicable

SIGNATURES

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

ALTERNERGY HOLDINGS CORPORATION

GERRY P. MAGBANUA
President

LUISITO S. PANGILINAN
Treasurer

Alternergy Holdings Corporation
and Subsidiaries

Consolidated Financial Statements
As at March 31, 2023 and June 30, 2022
and for the Nine-Month Periods and Three-Month
Periods Ended
March 31, 2023 and 2022

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	0	9	0	9	2	3	3

C O M P A N Y   N A M E

ALTERNERGY HOLDINGS CORPORATION

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

LEVEL 3B, 111 PASEO DE ROXAS BUILDING, PASEO DE ROXAS CORNER LEGAZPI STREET, LEGASPI VILLAGE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
contact@alternergy.com	(632) 7759-4327	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
12	Last Tuesday of May	3/31

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
Gerry P. Magbanua	gerry.magbanua@alternergy.com	(632) 7759-4327	N/A

CONTACT PERSON's ADDRESS

Level 3B, 111 Paseo de Roxas Building, Paseo de Roxas corner Legazpi Street, Legazpi Village, 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.*

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 of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2023
(With Comparative Audited Figures as of June 30, 2022)

	March 31, 2023	June 30, 2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱1,450,014,962**	₱624,922,509
Short term investments	**13,938,750**	–
Trade and other receivables (Note 5)	**28,960,910**	19,254,442
Due from related parties (Note 15)	**138,197,333**	150,959,940
Prepayments and other current assets (Note 14)	**169,053,809**	18,397,936
Total Current Assets	**1,800,165,764**	813,534,827
Noncurrent Assets		
Property, plant and equipment (Note 6)	**873,953,006**	898,479,949
Contract asset (Notes 3 and 23)	**1,037,307,328**	574,883,490
Investments in and advances to associates (Note 7)	**177,118,577**	150,792,648
Intangible assets (Note 8)	**810,266,679**	747,518,082
Right-of-use asset	**51,884,489**	59,345,077
Other noncurrent assets	**16,295,691**	15,881,815
Total Noncurrent Assets	**2,966,825,770**	2,446,901,061
TOTAL ASSETS	**₱4,766,991,534**	₱3,260,435,888

	March 31, 2023	June 30, 2022
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loan (Note 12)	**₱248,705,340**	₱92,650,373
Current portions of:		
Long-term debt (Note 13)	**61,375,255**	57,810,359
Lease liability	**2,924,852**	2,883,913
Accounts payable and accrued expenses	**118,814,500**	108,261,437
Advances from a third party (Note 11)	**214,000,000**	214,000,000
Payable to a subsidiary's former shareholder (Note 9)	**–**	279,771,496
Dividend payable	**–**	18,750,000
Income tax payable	**8,809,660**	798,726
Due to related parties (Note 15)	**6,947,931**	194,495,338
Total Current Liabilities	**661,577,538**	969,421,642
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 13)	**1,467,285,753**	1,248,824,823
Lease liability - net of current portion	**49,383,709**	47,035,794
Asset retirement obligation (Note 17)	**3,851,600**	14,445,032
Deposit for future stock subscription (Note 2)	**45,091,733**	–
Deferred tax liabilities - net	**2,502,055**	2,433,560
Total Noncurrent Liabilities	**1,568,114,850**	1,312,739,209
Total Liabilities	**₱2,229,692,388**	₱2,282,160,851

(Forward)

	March 31, 2023	June 30, 2022
Equity		
Capital stock (Note 14)	**₱430,423,912**	₱36,349
Additional paid-in capital (Note 14)	**1,782,820,194**	440,865,245
Deposit for future stock subscription (Note 14)	**707,636**	297,879,779
Share in remeasurement loss on retirement benefit obligation of an associate (Note 7)	**(15,557)**	(15,557)
Cumulative translation adjustment (Note 2)	**4,529,578**	3,307,045
Equity reserve (Note 10)	**3,469,879**	13,018,406
Deficit	**(114,772,791)**	(240,277,656)
Equity Attributable to Equity Holders of the Parent Company	**2,107,162,851**	514,813,611
Non-controlling Interests	**430,136,295**	463,461,426
Total Equity	**2,537,299,146**	978,275,037
TOTAL LIABILITIES AND EQUITY	**₱4,797,113,101**	₱3,260,435,888

See accompanying Notes to Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three-Month Periods Ended March 31		Nine-Month Periods Ended March 31	
	2023	2022	**2023**	2022
REVENUE FROM SALE OF ELECTRICITY (Note 23)	**₱41,509,523**	₱–	**₱126,756,311**	₱–
COST OF SALE OF ELECTRICITY (Note 6)	**11,357,011**	–	**38,203,864**	–
GROSS PROFIT	**30,152,512**	–	**88,552,447**	–
EQUITY IN NET EARNINGS OF ASSOCIATES (Note 7)	**15,799,281**	9,646,879	**16,423,989**	24,374,355
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	**13,944,142**	26,455,260	**43,668,878**	66,093,298
OTHER INCOME (CHARGES)				
Construction revenue (Note 23)	**343,591,454**	38,935,109	**676,988,183**	574,883,490
Construction costs (Note 23)	**(343,591,454)**	(38,935,109)	**(676,988,183)**	(574,883,490)
Finance costs (Notes 12, 13, and 17)	**(23,050,021)**	(2,368,425)	**(65,502,114)**	(8,271,223)
Advisory fees (Note 15)	**3,123,953**	1,830,000	**2,280,000**	8,430,000
Interest income (Note 4)	**1,977,953**	12,171	**3,185,866**	1,234,754
Net foreign exchange gains (losses)	**108,539**	(16,836)	**1,385,345**	11,261,317
Project cost recovery (Note 23)	–	–	–	133,612,997
Day 1 gain on short-term loan	–	–	–	3,172,105
Restructuring related charges (Note 9)	–	(260,147,279)	–	(260,147,279)
Dividend income	–	–	–	16,269,500
	(17,839,576)	(260,690,369)	**(58,650,903)**	(94,437,829)
INCOME (LOSS) BEFORE INCOME TAX	**14,168,075**	(277,498,750)	**2,656,655**	(136,156,772)
BENEFIT FROM (PROVISION FOR) INCOME TAX	**(1,371,194)**	6,395,417	**(11,262,633)**	3,455,573
NET INCOME (LOSS)	**12,796,881**	(271,103,333)	**(8,605,978)**	(132,701,199)
OTHER COMPREHENSIVE INCOME				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Cumulative translation adjustment (Note 2)	**(8,708)**	(30,937)	**7,606,148**	(5,865)
TOTAL COMPREHENSIVE LOSS	**₱12,788,173**	(₱271,134,270)	**(₱999,830)**	(₱132,707,064)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company	**₱10,194,536**	(₱270,457,382)	**₱1,664,743**	(₱130,302,597)
Non-controlling interests	**2,593,637**	(676,888)	**(2,664,573)**	(2,404,467)
	₱12,788,173	(₱271,134,270)	**(₱999,830)**	(₱132,707,064)
Basic/Diluted Earnings (Loss) per Share (Note 18)	**₱0.007**	(₱1,407.364)	**₱0.001**	(₱678.048)

See accompanying Notes to Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

	Capital Stock										
	Preferred	Common	Additional Paid-in Capital	Deposit for Future Stock Subscription	Share in Re-measurement Loss on Retirement Benefit Obligation of an Associate	Cumulative Translation Adjustment	Equity Reserve	Deficit	Equity Attributable to Equity Holders of the Parent Company	Non-controlling Interests	Total
At July 1, 2022	**₱15,000**	**₱21,349**	**₱440,865,245**	**₱297,879,779**	**(₱15,557)**	**₱3,307,045**	**₱13,018,406**	**(₱240,277,656)**	**₱514,813,611**	**₱463,461,426**	**₱978,275,037**
Total comprehensive income (loss)	–	–	–	–	–	**1,222,533**	–	**442,210**	**1,664,743**	**(2,664,573)**	**(999,830)**
Issuance of new shares (Note 14)	–	**430,387,563**	**1,522,331,979**	**(297,172,143)**	–	–	–	–	**1,655,547,399**	–	**1,655,547,399**
Share-issuance costs	–	–	**(55,314,375)**	–	–	–	–	–	**(55,314,375)**	–	**(55,314,375)**
Quasi-reorganization	–	–	**(125,062,655)**	–	–	–	–	**125,062,655**	–	–	–
Dividends to non-controlling interests	–	–	–	–	–	–	–	–	–	**(5,000,000)**	**(5,000,000)**
Change in non-controlling interests:											
Issuance of new shares of a subsidiary (Note 11)	–	–	–	–	–	–	**34,451**	–	**34,451**	–	**34,451**
Purchase of non-controlling interests (Note 10)	–	–	–	–	–	–	**(9,582,978)**	–	**(9,582,978)**	**(25,660,558)**	**(35,243,536)**
At March 31, 2023	**₱15,000**	**₱430,408,912**	**₱1,782,820,194**	**₱707,636**	**(₱15,557)**	**₱4,529,578**	**₱3,469,879**	**(₱114,772,791)**	**₱2,107,162,851**	**₱430,136,295**	**₱2,537,299,146**
At July 1, 2021	₱15,000	₱19,203	₱440,865,245	₱–	(₱15,557)	(₱21,608)	₱–	(₱206,867,271)	₱233,995,012	₱50,962,020	₱284,957,032
Total comprehensive loss	–	–	–	–	–	(5,865)	–	(141,784,442)	(141,790,307)	(2,404,467)	(144,194,774)
At March 31, 2022	₱15,000	₱19,203	₱440,865,245	₱–	(₱15,557)	(₱27,473)	₱–	(₱348,651,713)	₱92,204,705	₱48,557,553	₱140,762,258

See accompanying Notes to Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

UNAUDITED CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine-Month Periods Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**₱2,656,655**	(₱136,156,772)
Adjustments for:		
Finance costs (Notes 12, 13, and 17)	**65,502,114**	1,980,671
Depreciation and amortization (Notes 6 and 16)	**28,243,669**	461,212
Net unrealized foreign exchange gains	**(666,270)**	(14,926,250)
Equity in net losses (earnings) of associates (Note 7)	**(16,423,989)**	24,374,355
Interest income (Note 4)	**(3,185,866)**	(5,880,753)
Income (loss) before working capital changes	**76,126,313**	(130,147,537)
Decrease (increase) in:		
Short-term investment	**(13,938,750)**	(13,938,750)
Trade and other receivables (Note 5)	**(9,706,468)**	7,250,639
Prepayments and other current assets	**1,052,445**	29,550,649
Other noncurrent assets	**(480,860)**	(4,395,528)
Increase (decrease) in accounts payable and accrued expenses	**10,553,063**	(7,029,057)
Cash from operations	**63,605,743**	(118,709,584)
Interest received	**3,185,866**	5,880,753
Income tax paid	**(3,253,210)**	1,430,769
Net cash flows from operating activities	**63,538,399**	(111,398,062)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Contract asset (Note 23)	**(676,988,183)**	(1,153,106,826)
Project development costs (Notes 8 and 23)	**(62,748,597)**	(129,170,098)
Property, plant and equipment (Notes 6 and 9)	**(14,482,680)**	(473,009)
Investments in and advances to associates (Note 7)	**(9,901,940)**	17,461,788
Payment to subsidiary's previous shareholder	**(279,771,496)**	−
Proceeds from government grant (Note 13)	**222,024,933**	−
Acquisition of non-controlling interests (Note 10)	**(35,243,536)**	−
Collections of amounts due from related parties (Note 16)	**11,920,889**	38,290,954
Dividend received	**−**	16,269,500
Net cash flows from (used in) investing activities	**(845,190,610)**	(1,210,727,691)

(Forward)

	Nine-Month Periods Ended March 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Issuance of shares to parent equity holder, net of transaction costs	**₱1,411,499,842**	₱–
Issuance of shares by a subsidiary to non-controlling interest	–	388,829,358
Long-term debt (Note 13)	**555,700,000**	1,166,622,591
Short-term loans (Note 12)	**250,000,000**	3,065,344
Deposit for future stock subscription (Note 14)	**45,091,733**	–
Advances from third party	–	214,000,000
Due to related parties	–	226,081,051
Payments of:		
Long-term debts (Note 13)	**(301,527,366)**	–
Amount due to related parties	**(185,885,800)**	–
Short-term loan	**(94,250,000)**	–
Interest (Notes 12 and 13)	**(45,510,645)**	(1,980,671)
Cash dividends to NCI	**(23,750,000)**	–
Deferred financing charges (Note 13)	**(2,080,627)**	–
Lease liability	**(2,388,854)**	–
Net cash flows from financing activities	**1,606,898,283**	1,996,617,673
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(153,619)**	1,100,286
NET INCREASE IN CASH AND CASH EQUIVALENTS	**825,092,453**	675,592,206
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (Note 4)	**624,922,509**	18,099,724
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱1,450,014,962**	₱693,691,930

See accompanying Notes to Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Alternergy Holdings Corporation (AHC; the Parent Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on June 18, 2009 primarily to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose real and personal property of every kind and description in particular, shares of stocks, voting trust certificate, bonds, debentures, notes, evidence of indebtedness, associations, domestic or foreign, including those of Government of the Republic of the Philippines, or any of its instrumentalities, without being a stockholder or dealer, and to issue in exchange therefore shares of the capital stock, bonds, notes or other obligations of the Group and while the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to vote any shares of stock or voting trust certificates so owned, and to do every act and thing that may generally be performed by entities known as “holding companies” except as broker and dealer of securities.

The Parent Company’s registered address and principal place of business is Level 3B 111 Paseo de Roxas Building, Paseo de Roxas corner Legazpi Street, Legaspi Village, Makati City.

The ultimate parent of the Parent Company is Vespers Holdings Corporation (VHC), a company incorporated in the Philippines.

On February 10, 2023 and February 14, 2023, the SEC and Philippine Stock Exchange, Inc. (PSE), respectively, approved the application of the Parent Company for the listing and trading of all its issued and outstanding common shares. On March 24, 2023, the Parent Company completed its IPO and was listed in the PSE under the stock symbol “ALTER”.

On April 26, 2022, the Parent Company’s Board of Directors (BOD) and shareholders approved the change of the Parent Company’s fiscal year from the first day of January ending on the last day of December each year to the first day of July ending on the last day of June of the following year. On May 27, 2022, the SEC approved the change in the Parent Company’s fiscal year and accounting period. On June 20, 2022, the Bureau of Internal Revenue (BIR) approved the change in the Parent Company’s accounting period from calendar year ending December 31 to fiscal year ending June 30, effective July 1, 2022.

Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements of the Group as of March 31, 2023 and June 30, 2022 and for the nine-month periods and three-month periods ended March 31, 2023 and 2022 were approved and authorized for issuance by the Parent Company’s BOD on May 10, 2023.

2. Group Information

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries (collectively referred to as "the Group"). The following are the subsidiaries as of March 31, 2023 and June 30, 2022:

		Percentage of Ownership			
		March 31, 2023		June 30, 2022	
	Nature of Business	**Direct**	**Indirect**	Direct	Indirect
Alternergy Tanay Wind Corporation (ATWC) [(A)]	Power generation	100	–	100	–
Pililla AVPC Corporation (PACO)	Investment holding	100	–	100	–
Calavite Passage Wind Power Corporation (CPWPC) [(A)]	Power generation	–	100	–	100
Tablas Strait Offshore Wind Power Corporation (TSOWPC) [(A)]	Power generation	–	61	–	100
Alternergy Hydro Partners Corporation (AHPC)	Investment holding	100	–	100	–
Alternergy Mini Hydro Holdings Corporation (AMHC)	Investment holding	–	100	–	100
Ibulao Mini Hydro Corporation (IMHC) [(A)]	Power generation	–	100	–	100
Lamut Mini Hydro Corporation (LAMHC) [(A)]	Power generation	–	100	–	100
SolarPacific Energy Corp (SPEC) [(B)]	Investment holding	60	–	51	–
Kirahon Solar Energy Corporation (KSEC)	Power generation	50	15	50	13
Solar Pacific Pristine Power Inc. (SPPP) [(A)(C)]	Power generation	9	10	9	10
Solana Solar Alpha Incorporation (SSAI) [(A)]	Power generation	–	100	–	100
Green Energy Supply Solutions Inc. (GESSI) [(A)]	Energy retail supplier	100	–	100	–

(A) *No commercial operations as of June 30, 2022 and March 31, 2023*
(B) *In 2022, NCP Advisors Philippines, Inc. (NAPI), a related party, granted a special proxy for AHC to represent and vote the preferred shares of NAPI in SPEC, thereby increasing the voting interest of AHC to 73%. In August 2022, NAPI sold all its preferred shares in SPEC to AHC.*
(C) *Voting interest of AHC is 5.6% (direct) as of March 31, 2023 and June 30, 2022, and 60% and 51% thru SPEC (indirect) as of March 31, 2023 and June 30, 2022*
(D) *KSEC became a subsidiary effective June 10, 2022 (see Note 9)*

In September 2022, TSOWPC issued new shares at ₱1.0 per share to a third party, resulting in a reduction in the ownership of AHC (thru PACO) in TSOWPC. The change in ownership did not result to a loss of control as the Group still holds majority of the BOD seats and voting rights in TSOWPC. The transaction was accounted for as an equity transaction resulting to a recognition of non-controlling interest and equity reserve as follows:

Proceeds from sale of non-controlling interests	₱16,000
Net liability attributable to non-controlling interests	18,451
Difference recognized as equity reserve	₱34,451

In September 2022, the PACO and Shell Overseas Investments B.V. (Shell) entered into a shareholder's agreement to jointly develop the Tablas Strait Offshore Wind Project of the Company. PACO received deposit for future stock subscription (DFFS) representing partial receipt of capital commitment of shareholders amounting to ₱45.09 million. The DFFS is presented as liability in the statement of financial position pending the TSOWPC's application for increase in authorized capital stock.

All of the foregoing subsidiaries are incorporated and registered with the Philippine SEC and operate in the Philippines except for SPPP that is incorporated in the Republic of Palau. SPPP's functional currency is US Dollar.

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

Basis of Preparation

The unaudited interim condensed financial statements of the Company as of March 31, 2022 and for the nine-month periods ended March 31, 2023 and 2022 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2022.

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, its subsidiaries as of March 31, 2023 and June 30, 2022 and for the nine-month periods and three-month periods ended March 31, 2023 and 2022.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

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

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using consistent accounting policies.

Transactions with Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not held by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the equity attributable to equity holders of the parent. Transactions with non-controlling interests are accounted for as equity transactions. On acquisitions of non-controlling interests, the difference between the consideration and the book value of the share of the net assets acquired is reflected as being a transaction between owners and recognized directly in equity. Gain or loss on disposals of non-controlling interest is also recognized directly in equity.

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

Summary of Significant Accounting Policies
The accounting policies adopted are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the six-month period ended June 30, 2022. In addition, the Group adopted the following policy on government grants starting July 1, 2022:

Government Grants
Government grants are recognized where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as a reduction of the carrying amount of the asset. The grant is then recognized in profit or loss over the useful life of the depreciable asset by way of a reduced depreciation charge.

4. Cash and Cash Equivalents

	March 31		June 30,
	2023	2022	2022
Cash in banks and on hand	**₱1,323,930,962**	₱693,691,930	₱548,869,291
Cash equivalents	**126,084,000**	−	76,053,218
	₱1,450,014,962	₱693,691,930	₱624,922,509

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months depending on the immediate cash requirements of the Group.

Total interest earned by the Group amounted to ₱3.19 million and ₱5.88 million for the nine-month periods ended March 31, 2023 and 2022, respectively, and ₱1.97 million and ₱0.01 million for the three-month periods ended March 31, 2023 and 2022, respectively.

5. **Trade and Other Receivables**

	March 31, 2023	June 30, 2022
Trade	**₱21,287,273**	₱16,873,057
Advances to employees	**1,142,426**	1,896,396
Advances to contractors	**2,124,301**	−
Interest receivable	−	187,950
Others	**4,406,910**	297,039
	₱28,960,910	₱19,254,442

Trade receivables represent receivables arising from sale of electricity and are within normal credit term of 30 days.

Advances to employees represents cash advances used for expenditures in relation to the project development costs of certain subsidiaries. These are subject for liquidation within 30 days.

6. Property, Plant and Equipment

	Land	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Software	Solar Power Plant	March 31, 2023 Total
Cost							
At July 1	**₱214,366,735**	**₱157,677**	**₱1,087,850**	**29,451**	**₱249,331**	**₱685,946,173**	**₱ 901,837,217**
Additions	**–**	**4,029,542**	**281,518**	**4,463**	**–**	**1,499,307**	**5,814,830**
Disposals	**–**	**–**	**–**	**(2,155)**	**–**	**–**	**(2,155)**
Adjustments	**–**	**–**	**–**	**–**	**–**	**(2,079,776)**	**(2,079,776)**
At March 31	**214,366,735**	**4,187,219**	**1,369,368**	**31,759**	**249,331**	**685,365,704**	**905,570,116**
Accumulated Depreciation							
At July 1	**–**	**157,677**	**865,681**	**29,451**	**244,717**	**2,059,742**	**3,357,268**
Depreciation (see Note 16)	**–**	**–**	**50,946**	**385**	**1,114**	**28,207,397**	**28,259,842**
At March 31	**–**	**157,677**	**916,627**	**29,836**	**245,831**	**30,267,139**	**31,617,110**
Net Book Values	**₱214,366,735**	**₱4,029,542**	**₱452,741**	**1,923**	**₱3,500**	**₱655,098,565**	**₱873,953,006**

	Land	Leasehold Improvements	Office Equipment	Furniture and Fixtures	Software	Solar Power Plant	June 30, 2022 Total
Cost							
At January 1	₱100,241,765	₱157,677	₱866,843	₱29,451	₱249,331	₱–	₱101,545,067
Step acquisition to a subsidiary (see Note 9)	122,124,970	–	–	–	–	685,946,173	808,071,143
Additions	–	–	221,007	–	–	–	221,007
Rescission of deed of sale	(8,000,000)	–	–	–	–	–	(8,000,000)
At June 30	214,366,735	157,677	1,087,850	29,451	249,331	685,946,173	901,837,217
Accumulated Depreciation							
At January 1	–	157,677	828,538	29,451	239,137	–	1,254,803
Depreciation (see Note 16)	–	–	37,143	–	5,580	2,059,742	2,102,465
At June 30	–	157,677	865,681	29,451	244,717	2,059,742	3,357,268
Net Book Values	₱214,366,735	₱–	₱222,169	₱–	₱4,614	₱683,886,431	₱898,479,949

7. Investments in and Advances to Associates

	March 31, 2023	June 30, 2022
Cost		
At beginning of period	**₱85,714,808**	₱132,197,539
Step acquisition to a subsidiary	**–**	(46,482,731)
Additions	**13,249,285**	–
At end of period	**98,964,093**	85,714,808
Accumulated Equity in Net Earnings		
At beginning of period	**25,083,656**	46,978,744
Equity in net earnings during the period	**13,076,644**	16,435,855
Dividends	**–**	(6,250,000)
Step acquisition to a subsidiary	**–**	(32,080,943)
At end of period	**38,160,300**	25,083,656
Share in remeasurement loss on retirement benefit obligation of an associate	**(15,577)**	(15,577)
	137,108,816	110,782,887
Advances to an associate	**40,009,761**	40,009,761
	₱177,118,577	₱150,792,648

The Group's associates and the corresponding equity ownership as of March 31, 2023 and June 30, 2022 are as follows:

		Percentage of Ownership	
	Nature of Business	**March 31, 2023**	June 30, 2022
KMHC	Power generation	**30.00**	30.00
SPCC	Power generation	**15.00**	12.75
AWOC	Power generation	**5.00**	5.00
ASWC	Power generation	**5.00**	5.00
DMHC	Power generation	**7.80**	4.00

The principal place of business and country of incorporation of the Group's associates are in the Philippines. Investments in associates are accounted for using the equity method.

All ownership percentages presented in the table above are indirect ownership of the Group. The direct ownership of SPEC in SPCC is 25% while, the Group's direct ownership of SPEC is 60% as of September 30, 2022 and June 30, 2022, respectively, resulting to the Group's effective ownership in SPCC of 15.00% and 12.75% as of March 31, 2023 and June 30, 2022, respectively.

<u>KMHC</u>
KMHC, incorporated on November 14, 2014, owns, will operate and manages the Kiangan Mini Hydro Project with a combined net sellable capacity of 18 megawatt (MW) located in the Municipality of Kiangan, Province of Ifugao. Construction of the project is ongoing.

In March 2022, the AMHHC made additional advances for future subscription of shares in KMHC amounting to ₱40.01 million.

SPCC

SPCC owns, operates and manages the following projects with a combined sellable capacity of 4,069.68 kilowatt (kW) direct current (DC). SPCC was incorporated on June 26, 2015.

Project	Location	Capacity	Commercial Operations Date
CM Kabankalan SPP	Kabankalan, Negros Occidental	604.80 kW DC	25-Sep-18
CM Tagum SPP	Tagum City, Davao del Norte	1,110.00 kW DC	25-Sep-18
CM Victorias SPP	Victorias City, Negros Occidental	634.88 kW DC	25-Sep-18
CM Dumaguete SPP	Dumaguete City, Negros Oriental	265.60 kW DC	25-Sep-18
CM Boracay SPP	Malay, Aklan	362.56 kW DC	25-Sep-18
CM Kalibo SPP	Kalibo, Aklan	218.84 kW DC	25-Sep-18
CM Mandalagan SPP	Bacolod City, Negros Occidental	635.00 kW DC	12-Apr-19
CM Dau SPP	Angeles City, Pampanga	238.00 kW DC	29-May-19

AWOC

AWOC owns, operates and manages the Pililla Rizal Wind Project wind power facility and related transmission line with a net sellable capacity of 54 MW located in the Municipality of Pililla, Province of Rizal. AWOC was incorporated on June 29, 2011.

The Pililla Rizal Wind Project has been commercially operating since June 9, 2015.

ASWC

ASWC owns, operates and manages the Sembrano Wind Project wind power facility and related transmission line with a net sellable capacity of 80.4 MW located in the Municipality of Pililla, Province of Rizal and Municipality of Mabitac, Province of Laguna. ASWC was incorporated on August 25, 2011.

Starting in 2018, the Parent Company discontinued the recognition of its share in the losses of ASWC. The accumulated losses in ASWC reduced the carrying value of the Parent Company's investment in ASWC to zero. Once ASWC subsequently reports profits, the Parent Company will resume recognizing its share on these profits if the Parent Company's share on the cumulative unrecognized net profits exceeded the cumulative unrecognized net losses. Net cumulative unrecognized net losses amounted to ₱1.73 million and ₱1.40 million as of March 31, 2023 and June 30, 2022, respectively.

In January 2023, PACO made additional investments in ASWC amounting to ₱4.79 million.

DMHC

DMHC, incorporated on February 7, 2014, owns, will operate and manages the Dupinga Mini Hydro Project with a net sellable capacity of 4.86 MW located within Barangays Ligaya and Malanao, in the Municipality of Gabaldon, Province of Nueva Ecija. Construction of the project is ongoing.

In February 2023, AMHHC made additional investments in DMHC amounting to ₱8.46 million.

8. **Intangible Assets**

	Project Development Costs	**Goodwill**	**March 31, 2023 Total**
Cost			
At July 1	**₱266,025,988**	**₱483,655,816**	**₱749,681,804**
Additions (see Note 23)	**62,748,597**	–	**62,748,597**
At March 31	**328,774,585**	**483,655,816**	**812,430,401**
Allowance for Impairment Losses			
At July 1	**2,163,722**	–	**2,163,722**
Provision during the year	–	–	–
At March 31	**2,163,722**	–	**2,163,722**
	₱326,610,863	**₱–**	**₱810,266,679**

	Project Development Costs	Goodwill	June 30, 2022 Total
Cost			
At January 1	₱207,593,569	₱21,186,258	₱228,779,827
Additions	58,432,419	–	58,432,419
Step acquisition to a subsidiary (see Note 9)	–	462,469,558	462,469,558
At June 30	266,025,988	483,655,816	749,681,804
Allowance for Impairment Losses			
At January 1	2,163,722	–	2,163,722
Provision during the year	–	–	–
At June 30	2,163,722	–	2,163,722
	₱263,862,266	₱483,655,816	₱747,518,082

<u>Project Development Costs</u>
Project development cost pertains to the costs incurred to conduct the assessment and field verification for the financing, construction and operation of the Projects (see Note 23).

<u>Goodwill</u>
Goodwill arose from the acquisition of SSAI in 2019 which comprises the value of the opportunity to establish its presence in the Luzon grid due to its strategic location, and from the acquisition of KSEC in 2022 which is attributable to the expected synergies arising from such acquisition as part of the "triple play" renewable energy portfolio strategy (see Note 9). Goodwill acquired through business combinations have been attributed to each business considered as cash-generating unit.

<u>Impairment of Intangible Assets</u>
The recoverable amounts of the Group's intangible assets have been determined based on value-in-use calculation using cash flow projections based on financial budgets approved by management covering the expected useful lives of the related project assets

Following are the key assumptions used:

- *Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) Margin*
  The EBITDA margin represents the operating margin achieved in the period immediately before the budget period and on estimated future development in the market. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin.

- *Discount Rate*
  Discount rate reflects the current market assessment of the risk specific to each CGU. The discount rate is based on the average percentage of the Group's weighted average cost of capital. This rate is further adjusted to reflect the market assessment of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.

- *Growth Rate*
  Average growth rates in revenues are based on the Group's expectation of market developments and the changes in the environment in which it operates.

There is no recognition of provision for impairment loss on project development costs and goodwill for the nine-month periods and three-month periods ended March 31, 2023 and 2022.

9. **Group Restructuring**

Step Acquisition of KSEC
KSEC is a registered solar power generation company in Villanueva, Misamis. Prior to the acquisition, KSEC is accounted for as an investment in associate since it is 25%-owned by SPEC, the remaining shareholders being Sant Charitable Foundation (SANT) at 30%, MINERGY at 25%, Josan Farms, Inc. (Josan) at 10% and QBL at 10%.

On June 10, 2022, SANT, Josan and QBL, each as seller (collectively "the Sellers"), executed separate Share Purchase Agreements (SPA) with the Parent Company as the buyer, for the sale and purchase of the aggregated 50% direct interests of the Sellers on KSEC shares for a total consideration of ₱522.19 million. The Group acquired KSEC to be an anchor as it expands its investment portfolio in solar energy as a third leg in its "triple play" renewable energy portfolio strategy.

Effective June 10, 2022, the Parent Company now owns 62.75% (both direct and through SPEC) of KSEC. The transaction was accounted for as a business combination achieved in stages.

The accounting for business combination was determined provisionally based on the carrying amounts of the assets and liabilities as AHC is still finalizing the fair valuation of the financial assets and liabilities acquired. This will be finalized within one year from acquisition date as allowed by PFRS 3.

The assets and liabilities recognized as a result of the acquisition are as follows:

Assets:	
Cash and cash equivalents	₱122,584,450
Trade and other receivables	7,641,487
Prepayments and other current assets	5,557,917
Property, plant and equipment - net	808,071,143
Other noncurrent assets	86,100
	943,941,097
Liabilities:	
Accounts payable and accrued expenses	39,132,121
Income tax payable	356,491
Long-term debt	612,807,221
Asset retirement obligation	5,495,871
	657,791,704
Total identifiable net assets acquired	286,149,393
Non-controlling interest	(106,590,649)
Fair value of previously held equity interest	(119,841,802)
Goodwill arising from acquisition (see Note 8)	462,469,558
Purchase consideration	₱522,186,500

Net cash flow on acquisition:	
Cash and cash equivalent acquired with subsidiary	₱122,584,450
Purchase consideration transferred	–
	₱122,584,450

The acquisition resulted to a goodwill of ₱462.47 million which is attributable to the expected synergies arising from the acquisition of KSEC. None of the goodwill recognized is expected to be deductible for income tax purposes.

The gross amount of trade receivables is ₱7.64 million and it is expected that the full contractual amounts can be collected.

From the date of the acquisition, KSEC contributed ₱9.33 million to the consolidated revenue and income of ₱3.05 million to the consolidated net loss of the Group for the six-month periods ended June 30, 2022. Details are as follows:

Revenue from sale of electricity	₱9,330,967
Cost of sale of electricity	3,002,238
Gross profit	6,328,729
Expenses and taxes	3,280,983
Net income	₱3,047,746

If the combination had taken place at the beginning of 2022, consolidated revenue of the Group would have been ₱83.31 million and consolidated net loss would have been only ₱134.70 million instead of ₱158.11 million.

Payment of the acquisition of KSEC shares shall be due in nine (9) months from June 10, 2022. The purchase consideration was presented in the June 30, 2022 consolidated statements of financial position under “Payable to a subsidiary’s former shareholder” and “Due to related parties” accounts.

On December 13, 2022, the Parent Company received dividends from KSEC amounting to ₱9.99 million which was paid to the sellers and is recognized under "Finance costs" account in the consolidated statement of comprehensive income. The purchase consideration was fully paid on March 28, 2023 out of the IPO proceeds (see Note 15).

Under the SPA, capital gains tax on the sale and transfer of the shares is for the account of the Sellers but shall be advanced by the Parent Company. Capital gains tax was paid on July 11, 2022. Under the SPA, the amount advanced by the Parent Company for the payment of capital gains tax shall be non-interest bearing and will be repaid through a deduction from the total consideration payable to the Sellers.

Remeasurement of the previously held interest in KSEC as at the date of acquisition follows:

Fair value of the previously held interest	₱119,841,802
Carrying value of the previously held interest	78,563,674
Gain on the remeasurement of previously held interest	₱41,278,128

Divestment of Subsidiaries

As part of its restructuring exercise, the Parent Company divested certain subsidiaries from the Group.

a. SPEC subscribed to 487,496 common shares of stock of KTEC, with a par value of ₱1.00 per share for a total par value of ₱0.49 million, for which KTEC received the amount of ₱0.12 million as partial payment. SPEC was also the beneficial owner of 4 common shares of stock of KTEC, with a par value of ₱1.00 per share, which were registered under the name of its nominee directors. On April 19, 2022, the rights to the subscription and the four (4) common shares of KTEC were assigned to VHC.

b. SPEC subscribed to 649,995 common shares of LSEC, with a par value of ₱1.00 per share for a total par value of ₱0.65 million, for which SPEC also subscribed to 649,995 common shares of LSEC for which LSEC received the amount of ₱0.16 million as partial payment. SPEC was also the beneficial owner of 5 common shares of stock of the LSEC, with a par value of ₱1.00 per share, which were registered under the name of its nominee directors. On April 19, 2022, SPEC assigned all its rights and obligations in respect of the subscription and the five (5) common shares to VHC.

   Following the assignments, KTEC and LSEC ceased to be subsidiaries of AHC effective April 19, 2022.

c. The Parent Company was the beneficial owner of a total of 458,887 preferred shares of the capital stock of APHC. It also held 15,170,913 Common A shares of the capital stock of APIC, as did PACO, which held 15,170,913 Common A shares and 3,034 Common B Shares. On June 21, 2022, AHC assigned its shares in APHC to VHC. Contemporaneously, AHC and PACO donated their shares in APIC to VHC.

   Following the assignment and donations, APHC and APIC ceased to be subsidiaries of the Parent Company.

The disposal of the subsidiaries had the following effect on the consolidated financial statements as of June 30, 2022:

Current assets	₱726,097
Current liabilities	(48,883,503)
Net liabilities	(48,157,406)
Non-controlling interest	₱3,065,555
Resulting gain on deconsolidation	45,835,119
Cash consideration	743,268
Cash disposed of	(680,589)
Net cash inflow	₱62,679

10. **Material Partly Owned Subsidiaries**

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests as of March 31, 2023 and June 30, 2022

Company Name	Principal Place of Business	**March 31, 2023**	June 30, 2022
KSEC (see Note 7)	Minergy Business Park, PHIVIDEC Industrial Estate, Iligan-Cagayan de Oro-Butuan Road, Sitio Kirahon, Barangay San Martin, Villanueva, Misamis Oriental	**35.00%**	37.25%
SPEC	Level 3B, 111 Paseo de Roxas Bldg., Paseo de Roxas Ave. cor. Legazpi St., Legaspi Village, Makati City	**40.00%**	49.00%
SPPP	P.O. Box 1860, Idid Hamlet, Koror, Republic of Palau 96940	**82.40%**	83.54%

	March 31, 2023	June 30, 2022
Accumulated balances of material non-controlling interest:		
KSEC	**₱113,111,359**	₱107,725,934
SPEC	**64,454,436**	61,915,396
SPPP	**334,733,247**	302,218,910

	For the Nine-Month Periods Ended March 31	
	2023	2022
Total comprehensive income allocated to material non-controlling interest:		
KSEC	**₱5,385,425**	₱–
SPEC	**2,539,040**	675,510
SPPP	**153,104**	2,055

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

	As of March 31, 2023			As of June 30, 2022		
	KSEC	**SPPP**	**SPEC**	KSEC	SPPP	SPEC
Statements of Financial Position						
Current assets	**₱112,146,026**	**₱343,206,435**	**₱89,578,573**	₱144,765,416	₱252,097,162	₱44,548,057
Noncurrent assets	**777,316,101**	**1,089,194,196**	**66,272,399**	806,097,501	643,187,262	69,810,146
Current liabilities	**75,317,708**	**31,211,941**	**46,749,450**	101,306,164	8,098,926	10,106,096
Noncurrent liabilities	**497,969,902**	**1,022,551,160**	**6,822**	560,588,963	519,120,516	3,391
Total equity	**₱316,174,516**	**₱378,637,530**	**₱109,094,701**	₱288,967,790	₱368,064,982	₱104,248,716
Non-controlling interests	**₱113,111,359**	**₱334,733,247**	**₱49,879,780**	₱107,725,934	₱307,802,798	₱61,915,396

	For the Nine-Month Periods Ended March 31, 2023			For the Nine-Month Periods Ended March 31, 2022		
	KSEC	**SPPP**	**SPEC**	KSEC	SPPP	SPEC
Statements of Comprehensive Income						
Income	**₱128,734,023**	**₱1,208,463**	**₱36,298,632**	₱125,721,681	₱6,714	₱19,558,693
Costs and expenses	**77,900,378**	**7,649**	**30,200,829**	77,971,874	2,520	18,107,504
Income (loss) before income tax	**50,833,645**	**1,200,814**	**6,097,803**	47,749,807	4,194	1,451,189
Provision for income tax	**4,144,527**	**–**	**200,204**	2,855,658	–	72,597
Net income (loss)	**46,689,118**	**1,200,814**	**5,897,599**	44,894,149	4,194	1,378,592
Other comprehensive income	**–**	**–**	**–**	–	–	–
Total comprehensive income	**₱46,689,118**	**₱1,200,814**	**₱5,897,599**	₱44,894,149	₱4,194	₱1,378,592
Total comprehensive income attributable to non-controlling interests	**₱5,385,425**	**₱153,104**	**₱2,539,040**	₱–	₱2,055	₱675,510
Statements of Cash Flows						
Operating	**(₱18,807,601)**	**₱43,612,077**	**₱27,489,375**	₱118,927,467	₱362,978,526	(₱8,747,676)
Investing	**660,103**	**(446,520,003)**	**7,313,917**	(27,917,966)	(1,002,642,234)	128,702
Financing	**(20,840,362)**	**853,633,871**	**3,391**	(49,002,765)	1,135,017,992	57,250
Net increase (decrease) in cash and cash equivalents	**(₱37,846,696)**	**₱450,725,945**	**₱36,104,499**	₱41,981,815	₱495,354,284	(₱7,985,850)

There are no dividends paid to non-controlling interests in March 2023 and 2022.

Change in Non-controlling Interest in SPPP

a. In August 2022, certain shareholders sold a portion of their common shares in SPEC to the Parent Company resulting to the increase in the latter's ownership in SPEC to 60% and effective ownership in KSEC to 65% (both direct and through SPEC). The transaction was accounted for as an equity transaction resulting to a reduction in non-controlling interest as follows:

Purchase of non-controlling interests	₱35,243,536
Net assets attributable to non-controlling interests	25,660,558
Difference recognized as equity reserve	₱9,582,978

The purchase of SPEC shares by the Parent Company resulted to the decrease in the effective equity interest held by non-controlling interests in KSEC and SPPP (see Note 2).

11. Advances from a Third Party

In March 2022, Exeter Portofino (Export) Holdings Inc. (Exeter), a third party, signified its intent to invest in LAMHC's hydro project. As part of the Investment Framework Agreement entered into by AHC and AMHHC with Exeter, LAMHC received ₱214.00 million from Exeter as deposit for future subscription in LAMHC's shares for a 40% economic ownership stake. The deposit is currently lodged as "Advances from a third party" account in the 2022 consolidated statement of financial position pending LAMHC's increase in authorized capital stock and confirmation by either the Group or a third party as equity partner in LAMHC for the remaining 60% economic ownership stake.

12. Short-term Loan

a. Renova
On December 23, 2020, SSAI entered into a noninterest-bearing loan agreement with Renova Renewables Asia Pte. Ltd (Renova) amounting to ₱94.25 million. The loan was availed for the Solana Solar Project. The loan is payable in full on earlier of (1) December 31, 2021 (or maturity date), (2) the occurrence of financial close for the Solana Solar Project, (3) exercise by the borrower of its sell back option under the land options agreement, and (4) the occurrence of a borrower event of default.

On December 31, 2021, SSAI extended the term of the loan for six (6) months. Upon maturity on June 30, 2022, the loan was again extended for three months until September 30, 2022. In both cases, the same terms and conditions of the original loan agreement apply.

On September 29, 2022, SSAI extended the term of the loan for three (3) months until December 31, 2022. On December 22, 2022, SSAI further extended the term of the loan for three (3) months until March 31, 2023. The same terms and conditions of the original loan agreement apply except for the repayment schedule which states that SSAI shall pay Renova, simultaneous with the repayment of the loan, an amount equal to fixed annual interest rate based on the full amount of the loan accruing from October 1, 2022 until repayment date. The loan was fully paid on March 31, 2023.

The fair value of the loan was obtained by discounting the future cash flows using the applicable rates of similar type of instruments.

	March 31, 2023	June 30, 2022
At beginning of period	**₱92,650,373**	₱91,077,895
Interest expense accretion	**1,599,627**	3,172,105
Loan payment	**(94,250,000)**	–
Difference between the face amount and fair value	–	(1,599,627)
At end of period	**₱–**	₱92,650,373

The difference between the carrying amount of the loan payable and its fair value (present value using current market rates for similar instruments) is recognized as "Day 1 gain on short-term loan" in the consolidated statements of comprehensive income.

Movements of the Day 1 difference are as follows:

	March 31, 2023	June 30, 2022
At beginning of period	**₱1,599,627**	₱3,172,105
Interest expense accretion	**(1,599,627)**	(3,172,105)
Difference between the face amount and fair value	–	1,599,627
At end of period	**₱–**	₱1,599,627

b. RCBC
On December 8, 2022, AHC signed a one-year promissory note with RCBC amounting to ₱250.0 million for bridge financing and general working capital requirements. The loan is unsecured and payable in full at the end of the term.

Interest is payable quarterly at a simple interest rate per annum, fixed until the maturity of the loan. As of March 31, 2023, the interest payable amounted to ₱1.11 million and unamortized portion of the debt transaction costs amounted ₱1.29 million.

c. Interest expense on short-term loans amounted to ₱8.21 million and ₱1.98 million for the nine-month periods ended March 31, 2023 and 2022, respectively and ₱5.76 million and nil for the three-month periods ended March 31, 2023 and 2022, respectively

13. **Long-term Debts**

Long-term debts of the Group consist of the following:

	March 31, 2023	June 30, 2022
Rizal Commercial Banking Corporation (RCBC)	**₱562,067,460**	₱621,025,585
Export Finance Australia (EFA)	**1,003,590,000**	494,775,000
China Bank Corporation (CBC)	–	150,000,000
Oversea-Chinese Banking Corporation (OCBC)	–	82,462,500
	1,565,657,460	1,348,263,085
Less deferred financing charges	**36,996,452**	41,627,903
	1,528,661,008	1,306,635,182
Less current portion	**61,375,255**	57,810,359
	₱1,467,285,753	₱1,248,824,823

a. RCBC
On February 27, 2015, KSEC signed an Omnibus Agreement with RCBC for a project finance facility of up to ₱786.11 million to finance all project costs incurred in connection with the construction of the Project in the Municipality of Villanueva, Province of Misamis Oriental with gross installed capacity of up to 12.5 MWp.

On March 12, 2015 and August 26, 2015, KSEC received the first and second drawdown, respectively, of the loan facility amounting to ₱493.42 million and ₱265.68 million, respectively. On November 16, 2016, KSEC received the third drawdown of the loan facility amounting to ₱27.00 million. As of this date, the project loan facility has been fully drawn by KSEC. The interest rates on the drawdowns are fixed but are subject to repricing on March 12, 2022 and fixed for the period from the repricing date until maturity date. On March 11, 2022, KSEC and RCBC signed the Second Amendment to the Omnibus Agreement fixing the interest rate for the period from March 12, 2022 until the second interest repricing date on March 12, 2026. The repayment period of the loan shall be every six months starting September 12, 2017 until March 12, 2030.

The loan is secured by the capital stock of KSEC amounting to ₱286.8 million as of March 31, 2023 and June 30, 2022 and property, plant and equipment amounting to ₱777.23 million and ₱806.01 million as of March 31, 2023 and June 30, 2022, respectively (see Note 6). KSEC is obligated to comply with certain covenants with respect to maintaining at least 72:28 debt-to-equity and 1.05:1.00 minimum debt service coverage ratios, as set forth in its agreements with creditors. As of March 31, 2023 and June 30, 2022, KSEC is compliant with the financial loan covenants of the project finance facility.

b. EFA

On January 31, 2022, SPPP entered into a Project Facility Agreement (PFA) wherein EFA, the Export Credit Agency of the Government of the Commonwealth of Australia, represented by the Department of Foreign Affairs and Trade (DFAT), agreed to provide funding to the Palau Project in the amount up to $18.00 million.

The first and second drawdowns amounting to $9.00 million each were made on April 14 and July 11, 2022. The loan will mature on October 14, 2038 with first installment payment due in April 2024. The loan is payable semi-annually.

Interest is payable semi-annually at the sum of the Margin (as defined under the PFA) plus LIBOR for the relevant interest period every 14th day of April and October of each year until maturity.

The loan is secured by the equity capital of SPPP amounting to $6.77 million, which is fully represented by the shares issued in respect of it. In addition, it is also secured by SPPP's major contracts, mortgage on assets owned at the time of execution of the agreement and thereafter, assignment of receivables and land lease as well as, security on SPPP's waterfall accounts. As of March 31, 2023, total assets of SPPP amounted to ₱1,432.40 million (see Note 23).

Debt Covenants

Among others, SPPP is required to comply with the following financial covenants:

- the ratio of cash available for debt services plus unrestricted cash balance to financing cost payable for the period should not be less than 1.2x.
- Gearing ratio should not exceed 75%

As of March 31, 2023 and June 30, 2022, SPPP is compliant with the covenants of the PFA.

c. CBC

On April 6, 2021, the Parent Company entered into a 5-year loan from CBC amounting to ₱150.00 million with principal to be paid at the end of the term. Interest is payable quarterly in arrears at a simple interest rate per annum, inclusive of gross receipt tax, fixed until the maturity of the loan. If the Parent Company shall fail to pay in full upon maturity, the Parent Company shall pay a default interest beginning from the due date until the payment at the rate of 2.00% per annum plus the applicable interest rate. Loan drawdown for the whole amount was made on July 30, 2021.

As collateral security for the payment and discharge of the obligations, the Parent Company pledged all of its rights, titles and interests in all of its shares in PACO and SPEC. Also, the Parent Company assigned all of its rights, title, and interest in the dividends to the bank, free from all claims, liens, and encumbrances for the purpose of and only the extent necessary to effect payment of the obligations of the Parent Company.

Furthermore, the loan agreement does not permit the Parent Company to reduce SPEC's percentage of ownership in KSEC to below 25%, in SPCC to below 25% and in SPPP to below 12.70%. Also, Parent Company shall not permit PACO nor enter into any transaction which shall reduce its percentage of ownership in AWOC.

The loan was fully paid on December 29, 2022.

d. <u>OCBC</u>
On June 28, 2022, AHC entered into a Treasury Advances Agreement (TAA) with OCBC to issue advances to be used for the Company's working capital, investments and general corporate funding purposes, including refinancing of existing debts. The availability period is two (2) years from the date of the agreement and that the amount outstanding at any time shall not exceed \$3.00 million. The loan is unsecured.

The first drawdown amounting to \$1.50 million was made on June 29, 2022. The second drawdown amounting to \$0.50 million was made on July 12, 2022. The loan will mature on June 28, 2024. Interest is payable at a fixed rate per annum based on the principal amount of the loan. Interest is payable semi-annually.

Debt Covenants
In accordance with the TAA, among others, AHC should always ensure that the ratio of assets to liabilities equal or exceed to 1 and ensure that its paid-up capital shall, at all times, not be less than ₱400.00 million.

All calculations made for the purpose of the covenants set in the TAA shall be made on a consolidated basis and by the reference to the financial statements of the Parent Company

The loan was fully paid on March 31, 2023.

e. The rollforward analysis of the deferred financing charges is as follows:

	March 31, 2023	June 30, 2022
At beginning of period	**₱41,627,903**	₱1,397,530
Additions	**–**	40,886,679
Amortization during the period	**(6,144,863)**	(634,997)
Translation adjustment	**1,513,412**	(21,309)
At end of period	**₱36,996,452**	₱41,627,903

f. Total interest expense amounting to ₱43.95 million and ₱6.29 million for the nine-month periods ended March 31, 2023 and 2022, respectively and ₱16.94 million and ₱2.37 million for the three-month periods ended March 31, 2023 and 2022, respectively and is recognized under "Finance costs" account in the consolidated statement of comprehensive income.

   Interest payable arising from these loans amounted to ₱30.32 million and ₱17.46 million as of March 31, 2023 and June 30, 2022, respectively is presented under accrued expenses.

   Borrowing costs amounting to ₱31.45 million and ₱5.23 million as of March 31, 2023 and June 30, 2022, respectively, are capitalized as part of "Contract asset" account in the consolidated statements of financial position (see Note 21).

14. **Equity**

Capital Stock and Additional Paid-in Capital

Details on the movement of the Group's capital stock as of March 31, 2023 and June 30, 2022, are as follows:

	Number of Shares		Amount	
	March 31, 2023 (Unaudited)	June 30, 2022 (Audited)	**March 31, 2023 (Unaudited)**	June 30, 2022 (Audited)
Common stock - ₱0.10 par value per share				
Authorized	**10,406,291,160**	400,000	**₱1,040,629,116**	₱40,000
Issued and outstanding	**3,933,840,480**	213,490	**393,384,048**	21,349
Preferred stock*				
Authorized	**1,481,594,548**	60,000	**₱148,159,455**	₱60,000
Issued and outstanding	**370,398,637**	150,000	**37,039,864**	15,000

** Par value per share amounted to ₱0.10 and ₱1.00 as of March 31, 2023 and June 30, 2022, respectively.*

All common and preferred shares of AHC shall have full voting rights, with the holder of such shares being entitled to one vote per share on all matters upon which shareholders are entitled to vote.

The dividend rate for preferred shares shall be cumulative from year to year as determined by the members of the BOD, and subject to the existence of retained earnings, which shall in no case be less than the minimum rate of eight percent (8%) of the par value of the preferred share. Preferred shares are nonparticipating in any residual dividends after the declaration of dividends to common shares.

In June 2009, the Parent Company issued 10,000 common shares and 15,000 preferred shares both with a par value of ₱1.00 for a total consideration of ₱25,000.

In June 2018, the Parent Company issued 9,203 common shares with a par value of 1.00 for a total consideration of ₱440,874,448. The excess in par value of the shares issued was recognized as additional paid in capital amounting to ₱440,865,245.

In March 2022, the Parent Company issued 2,146 common shares with a par value of ₱1.00 for a total consideration of ₱2,146.

On April 26, 2022, the Parent Company's BOD and shareholders approved the decrease in the par value of the Parent Company's common shares from ₱1.00 per share to ₱0.10 per share, thereby increasing the authorized capital stock of the Parent Company from 100,000 shares divided into 40,000 common shares and 60,000 preferred shares to 460,000 shares divided into 400,000 common shares and 60,000 preferred shares.

The SEC approved the decrease in par value of common shares on June 21, 2022.

On August 26, 2022, the Parent Company issued 2 common shares with a par value of ₱0.10 for a total consideration of ₱2.00. The excess in par value of shares issued was recognized as additional paid-in capital.

On March 24, 2023, the Parent Company completed its IPO and was listed in the PSE. In connection with its IPO, the Parent Company issued 1,265,000,000 common shares with a par value of ₱0.10 per share for a total consideration of ₱1,619.00 million. This resulted to additional paid-in capital amounting to ₱1,442.00 million. As of March 31, 2023, in relation to its IPO, the Parent Company's receivable from its stabilizing agent amounted to ₱147.20 million presented as part of "Prepayments and other current assets" account in the 2023 consolidated statement of financial position.

Conversion of Debt to Equity
On April 26, 2022, the Parent Company's BOD and shareholders approved the conversion of the Parent Company's outstanding debt from its shareholders amounting to ₱260.15 million into equity equivalent to 2,601,472,790 shares subject to SEC's approval of the increase in authorized common stock for the issuance of the said shares.

The SEC received the Parent Company's application for increase in authorized common stock on June 29, 2022. Accordingly, as of June 30, 2022, the advances from shareholders have been recognized as deposit for future stock subscription under equity in the consolidated statement of financial position. On November 16, 2022, the SEC approved the application for increase in authorized common stock.

Decrease in Par Value of Preferred Stock
On June 10, 2022, the BOD and shareholders approved the amendment to the Articles of Incorporation of the Company to reflect the decrease in the par value of its preferred shares from ₱1.00 per share to ₱0.10 per share thereby increasing the authorized preferred shares of AHC from 60,000 to 600,000 preferred shares.

On November 16, 2022, the SEC approved the decrease in par value of AHC's preferred shares.

Increase in Authorized Capital Stock
On June 10, 2022, the Parent Company's BOD and shareholders approved the increase in the Parent Company's authorized capital stock from ₱100,000 divided into 400,000 common shares with a par value of ₱0.10 per share and 600,000 preferred shares with a par value of ₱0.10 per share to 1,188,788,570.80, divided into 10,406,291,160 common shares with a par value of ₱0.10 per share and 1,481,594,548 preferred shares with a par value of ₱0.10 per share.

Of the 1,040,589,116 increase in authorized common shares, 260,147,279 have been actually subscribed and paid by way of conversion of outstanding debt to equity in June 2022. Of the 148,099,455 increase in authorized preferred shares, 37,024,864 have been actually subscribed and paid in cash by VHC in June 2022. The debt for conversion to equity and deposits received for the increase in authorized capital stock are recognized as deposit for future stock subscription in the consolidated statement of financial position.

The SEC received the Company's application for the proposed increase in authorized capital stock on June 29, 2022.

On November 16, 2022, the SEC approved AHC's increase in authorized capital stock. On November 18, 2023, the Parent Company issued shares amounting to ₱303.89 million and recognized additional paid-in capital amounting to ₱29.63 million.

Equity Restructuring

On June 10, 2022, the Parent Company's BOD approved the equity restructuring of the Parent Company by wiping out and eliminating its deficit amounting of ₱125,062,665 as of December 31, 2021 by applying/reclassifying/offsetting the same against the Parent Company's additional paid-in capital of ₱440,865,245. The SEC approved the Parent Company's equity restructuring on August 26, 2022.

15. Related Party Transactions

The Group, in its regular conduct of business, has entered into transactions with related parties. Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.

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

The outstanding accounts with related parties shall be generally settled in cash. The transactions are made at terms and prices agreed upon by the parties.

The transactions of the Group with related parties are as follows:

	Transactions During the Year		Outstanding Balance as of			
	March 31, 2023	June 30, 2022	**March 31, 2023**	June 30, 2022	Terms	Conditions
Due from Related Parties						
Parent:						
VHC						
Cash advances	**₱–**	₱–	**₱3,328,000**	₱3,328,000	On demand; noninterest-bearing	Unimpaired; Unsecured
Assignment of APHC shares (see Note 10)	–	458,887	–	458,887	On demand; noninterest-bearing	Unimpaired; Unsecured
Entities under common ownership:						
ASWC						
Receivable for development costs	–	50	**72,660,165**	72,928,670	On demand; noninterest-bearing	Unimpaired; Unsecured
DMHC						
Cash advances for construction costs	–	–	–	18,000,000	On demand; noninterest-bearing	Unimpaired; Unsecured

(Forward)

	Transactions During the Year		Outstanding Balance as of			
	March 31, 2023	June 30, 2022	**March 31, 2023**	June 30, 2022	Terms	Conditions
QBL						
Cash advances	**₱–**	₱–	**₱–**	₱3,549,762	On demand; noninterest-bearing	Unimpaired; Unsecured
NCP Advisors Philippines Inc. (NAPI)						
Management services	**2,539,520**	2,626,260	**2,539,520**	2,704,225	On demand; noninterest-bearing	Unimpaired; Unsecured
Cash advances	**991,582**	–	**991,582**	109,950		
KSEC						
Advisory services	**–**	1,946,667	**–**	–	On demand; noninterest-bearing	Unimpaired; Unsecured
SPCC						
Advisory services	**–**	1,470,000	**–**	–	On demand; noninterest-bearing	Unimpaired; Unsecured
Cash advances	**–**	–	**1,227,239**	1,227,238		
KMHC						
Cash advances for development costs	**–**	–	**–**	144,309	On demand; noninterest-bearing	Unimpaired; Unsecured
APIC						
Cash advances	**–**	13,865,000	**13,985,000**	13,865,000	On demand; noninterest-bearing	Unimpaired; Unsecured
Assigned receivables	**–**	28,269,080	**28,269,080**	28,269,080		
APHC						
Cash advances	**–**	469,000	**490,940**	490,940	On demand; noninterest-bearing	Unimpaired; Unsecured
KTEC						
Cash advances	**–**	101,068	**2,178,326**	2,179,394	On demand; noninterest-bearing	Unimpaired; Unsecured
LSEC						
Cash advances	**100,000**	100,000	**3,804,485**	3,704,485	On demand; noninterest-bearing	Unimpaired; Unsecured
Siena Solar Power Corporation						
Cash advances	**11,434**	–	**11,434**	–	On demand; noninterest-bearing	Unimpaired; Unsecured
Olympia Solar Power Corporation						
Cash advances	**11,424**	–	**11,424**	–	On demand; noninterest-bearing	Unimpaired; Unsecured
Shell						
Cash advances	**8,362,152**	–	**8,362,152**	–	On demand; noninterest-bearing	Unimpaired; Unsecured
Shareholders						
Cash advances	**337,986**	–	**337,986**	–	On demand; noninterest-bearing	Unimpaired; Unsecured
			₱138,197,333	₱150,959,940		

	Transactions During the Year		Outstanding Balance as of			
	March 31, 2023	June 30, 2022	**March 31, 2023**	June 30, 2022	Terms	Conditions
Due to Related Parties						
Parent:						
VHC						
Cash advances	**₱–**	₱–	**₱–**	₱–	On demand; noninterest-bearing	Unsecured
Entities under common ownership:						
NAPI						
Cash advances	–	–	**4,406,525**	4,406,525	On demand; noninterest-bearing	Unsecured
QBL						
Purchase of shares in KSEC (see Note 10)	–	93,817,948	–	93,817,948	On demand; noninterest-bearing	Unsecured
APHC						
Cash advances	**88,489**	2,452,917	**2,541,406**	2,452,917	On demand; noninterest-bearing	Unsecured
Shareholder:						
Josan						
Purchase of shares in KSEC (see Note 10)	–	93,817,948	–	93,817,948	On demand; noninterest-bearing	Unsecured
			₱6,947,931	₱194,495,338		

- SPEC entered into an advisory agreement with KSEC and SPCC. The advisory services, consist of administrative and support services, rendered by SPEC for SPCC for the nine-month period ended March 31, 2023 and SPCC and KSEC for the nine-month period ended March 31, 2022 amounting to ₱2.28 million and ₱5.13 million, respectively, and for SPCC for the three-month period ended March 31, 2023 and SPCC and KSEC for the three-month period ended March 31, 2022 amounting ₱0.81 million and ₱1.65 million, respectively.

- The Group entered into a one-year lease agreements with NAPI for the office spaces of certain subsidiaries until December 31, 2023.

- In April 2022, APHC assigned its receivable from APIC to PACO amounting to ₱28.22 million.

- The Group did not employ personnel for the nine-month periods ended March 31, 2023 and 2022. In accordance with their respective service agreements, NAPI performs management, project development, technical, administrative and finance functions on behalf of the Group. NAPI performs day-to-day management services under the supervision and direction of the subsidiaries' BOD. Administrative and finance functions include, but are not limited to, treasury and cash management, accounting and bookkeeping and administrative services.

16. General and Administrative Expenses

	For the Three-Month Periods Ended March 31		For the Nine-Month Periods Ended March 31	
	2023	2022	**2023**	2022
Professional fees	**₱1,130,678**	₱2,716,760	**₱10,624,531**	₱3,319,427
Outside services	**5,223,115**	4,703,797	**3,269,773**	22,193,424
Impairment loss	**2,442,272**	1,200	**6,072,636**	2,856,072
Salaries and wages	**1,634,100**	1,529,571	**8,868,236**	8,684,581
Advertising and promotions	**539,748**	–	**2,269,909**	–
Rental (see Note 23)	**517,428**	632,597	**2,011,197**	2,472,009
Travel and transportation	**205,289**	75,129	**1,369,401**	336,272
Taxes and licenses	**205,975**	16,320,047	**3,892,421**	22,754,640
Insurance	**166,806**	99,761	**1,458,212**	783,338
Office supplies	**156,609**	57,258	**640,487**	253,884
Communications	**111,742**	96,011	**586,028**	659,009
Representation	**115,756**	1,040	**475,779**	1,040
Trainings and seminars	**109,968**	2,016	**162,885**	2,016
Depreciation and amortization (see Notes 6 and 23)	**49,087**	22,389	**176,883**	238,788
Others	**1,335,569**	197,684	**1,790,500**	1,538,798
	₱13,944,142	₱26,455,260	**₱43,668,878**	₱66,093,298

Professional fees include legal, audit, consultancy, and stock agent fees.

Other general and administrative expenses include expenses for staff meetings and bank charges.

17. Asset Retirement Obligation

	March 31, 2023	June 30, 2022
At beginning of period	**₱14,445,032**	₱–
Step acquisition to a subsidiary (see Note 9)	–	5,495,871
Addition	–	8,763,034
Accretion expense	**349,405**	148,528
Adjustments (see Note 2)	**(10,942,837)**	37,599
At end of period	**₱3,851,600**	₱14,445,032

Under the ECC and SESC, KSEC has a legal obligation to dismantle the solar power plant at the end of its contract period. KSEC established the provision to recognize its estimated liability for the dismantling of the solar power plant. The established provision was estimated and recognized at the time the solar power plant became available for use. The liability recognized is equal to the expected cost of retirement at current price levels as at March 31, 2023 and June 30, 2022 projected using an inflation rate of 3.07% and 3.30%, respectively, and discounted using a risk-free rate of 6,81% and 5.34% for a 17 and 18-year period, respectively.

Adjustments pertain to changes in cost estimates resulting from the continuous evaluation of the Group’s provision requirements, including, but not limited to, expected costs to dismantle and remove the asset from the site and the expected timing of these costs.

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the decommissioning liability as of March 31, 2023 and June 30, 2022, assuming all other assumptions were held constant:

		Increase (decrease) in decommissioning liability	
	Increase (decrease)	**2023**	2022
Discount rates	+1.00%	**(₱662,925)**	(₱982,422)
	-1.00%	**788,930**	897,307
Inflation rates	+1.00%	**883,239**	₱950,601
	-1.00%	**(750,634)**	(1,035,093)

18. **Earnings (Loss) per Share**

Earnings (Loss) per common share amounts were computed as follows:

	Three-Month Periods Ended March 31		**Nine-Month Periods Ended March 31**	
	2023	2022	**2023**	2022
a. Net income (loss) attributable to equity holders of the parent	**₱10,194,536**	(₱270,457,382)	**₱1,664,743**	(₱130,302,597)
b. Weighted average number of common shares issued and outstanding	**1,404,804,763**	192,173	**1,404,804,763**	192,173
Earnings (loss) per common share (a/b)	**₱0.007**	(₱1,407.364)	**₱0.001**	(₱678.048)

There are no dilutive potential common shares for the nine-month periods ended March 31, 2023 and 2022.

The weighted average number of shares in 2022 includes the impact of the stock split approved by the SEC on June 21, 2022 (see Note 18).

19. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the BOD, which is the Group, are as follows:

Segment	Nature of transactions
Wind Energy	Generation and supply of wind power to various customers under power supply contracts
Hydro Energy	Generation and supply of hydro power to various customers under power supply contracts
Solar Energy	Generation and supply of solar power to various customers under power supply contracts
Retail Energy Supplier (RES)	Marketing and retail of electricity to various customers under power supply contracts

Financial information on the operations of the various business segments are summarized as follows:

March 31, 2023 (3 months)

	Parent	Wind	Hydro	Solar	RES	Total	Adjustments	Consolidated
Income/(Expenses)								
Revenue from sale of electricity	₱–	₱–	₱–	₱41,509,523	₱–	₱41,509,523	₱–	₱41,509,523
Cost of sale of electricity	–	–	–	(11,357,011)	–	(11,357,011)	–	(11,357,011)
Equity in net earnings of associates	–	–	–	–	–	–	15,799,282	15,799,281
General and administrative expenses	(4,104,946)	(567,835)	(708,914)	(8,529,779)	(32,668)	(13,944,142)	–	(13,944,142)
Construction revenue	–	–	–	343,591,454	–	343,591,454	–	343,591,454
Construction costs	–	–	–	(343,591,454)	–	(343,591,454)	–	(343,591,454)
Project cost recovery	–	–	–	–	–	–	–	–
Finance costs	(7,541,288)	–	–	(15,508,733)	–	(23,050,021)	–	(23,050,021)
Net foreign exchange gain (loss)	(882,439)	(733,686)	1,880,238	(155,574)	–	108,539	–	108,539
Advisory fees	–	–	–	3,123,953	–	3,123,953	–	3,123,953
Day 1 gain on short-term loan	–	–	–	–	–	–	–	–
Interest income	63,500	1,443	53	1,912,946	11	1,977,953	–	1,977,953
Restructuring related charges - net	–	–	–	–	–	–	–	–
Dividend income	–	–	–	–	–	–	–	–
Segment income (loss)	(12,465,173)	(1,300,078)	1,171,377	10,995,324	(32,657)	(1,631,207)	15,799,282	14,168,074
Benefit from (provision for) income tax	–	–	–	(1,371,194)	–	(1,371,194)	–	(1,371,194)
Net income (loss)	(₱12,465,173)	(₱1,300,078)	₱1,171,377	₱9,624,130	(₱32,657)	(₱3,002,402)	₱15,799,282	₱12,796,881
Other information								
Investment in and advances to associates	₱–	₱77,931,259	₱50,093,571	₱11,465,088	₱–	₱139,489,918	37,628,659	₱177,118,577
Property, plant and equipment	₱–	₱–	₱1,923	₱873,951,083	₱–	₱873,953,006	₱–	₱873,953,006
Segment assets	₱2,370,266,344	₱395,201,743	₱445,479,788	₱2,644,430,905	₱1,456,503	₱5,856,835,283	(₱1,089,843,749)	₱4,766,991,534
Segment liabilities	(₱316,687,205)	(₱260,114,811)	(₱491,672,739)	(₱1,859,467,615)	(₱26,669)	(₱2,927,969,039)	₱698,276,651	(₱2,229,692,388)
Depreciation and amortization	₱-	₱-	₱387	₱28,243,282	₱-	₱28,243,669	₱-	₱28,243,669

March 31, 2023 (9 months)

	Parent	Wind	Hydro	Solar	RES	Total	Adjustments	Consolidated
Income/(Expenses)								
Revenue from sale of electricity	₱–	₱–	₱–	₱126,756,311	₱–	₱126,756,311	₱–	₱126,756,311
Cost of sale of electricity	–	–	–	(38,203,864)	–	(38,203,864)	–	(38,203,864)
Equity in net earnings of associates	–	–	–	–	–	–	16,423,989	16,423,989
General and administrative expenses	(36,811,445)	(4,328,370)	(5,745,056)	(36,486,496)	(152,841)	(83,524,208)	39,855,330	(43,668,878)
Construction revenue	–	–	–	676,988,183	–	676,988,183	–	676,988,183
Construction costs	–	–	–	(676,988,183)	–	(676,988,183)	–	(676,988,183)
Project cost recovery	–	–	–	–	–	–	–	–
Finance costs	(30,512,707)	–	–	(34,989,407)	–	(65,502,114)	–	(65,502,114)
Net foreign exchange gain (loss)	815,777	4,231,557	(4,080,986)	418,997	–	1,385,345	–	1,385,345
Advisory fees	-	-	-	18,482,453	–	18,482,453	(16,202,453)	2,280,000
Day 1 gain on short-term loan	–	–	–	–	–	–	–	–
Interest income	108,343	5,859	60,370	3,011,259	35	3,185,866	–	3,185,866
Restructuring related charges - net	–	–	–	–	–	–	–	–
Dividend income	9,994,000	–	–	13,763,500	–	23,757,500	(23,757,500)	–
Segment income (loss)	(56,406,032)	(90,954)	(9,765,672)	52,752,753	(152,806)	(13,662,711)	16,319,366	(2,656,655)
Benefit from (provision for) income tax	–	–	(6,917,902)	(4,344,731)	–	(11,262,633)	–	(11,262,633)
Net income (loss)	(₱56,406,032)	(₱90,954)	(₱16,683,574)	₱48,408,022	(₱152,806)	(₱24,925,344)	₱16,319,366	(₱8,605,978)
Other information								
Investment in and advances to associates	₱–	₱77,931,259	₱50,093,571	₱11,465,088	₱–	₱139,489,918	37,628,659	₱177,118,577
Property, plant and equipment	₱–	₱–	₱1,923	₱873,951,083	₱–	₱873,953,006	₱–	₱873,953,006
Segment assets	₱2,370,266,344	₱395,201,743	₱445,479,788	₱2,644,430,905	₱1,456,503	₱5,856,835,283	(₱1,089,843,749)	₱4,766,991,534
Segment liabilities	(₱316,687,205)	(₱260,114,811)	(₱491,672,739)	(₱1,859,467,615)	(₱26,669)	(₱2,927,969,039)	₱698,276,651	(₱2,229,692,388)
Depreciation and amortization	₱-	₱-	₱387	₱28,243,282	₱-	₱28,243,669	₱-	₱28,243,669

March 31, 2022 (3 months)

	Parent	Wind	Hydro	Solar	RES	Total	Adjustments	Consolidated
Income/(Expenses)								
Revenue from sale of electricity	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Cost of sale of electricity	–	–	–	–	–	–	–	–
Equity in net earnings of associates	–	–	–	–	–	–	9,646,879	9,646,879
General and administrative expenses	(9,782,837)	(9,034,897)	(2,548,796)	(5,040,258)	(48,472)	(26,455,260)	–	(26,455,260)
Construction revenue	–	–	–	–	–	–	38,935,109	38,935,109
Construction costs	–	–	–	–	–	–	(38,935,109)	(38,935,109)
Project cost recovery	–	–	–	–	–	–	–	–
Finance costs	–	–	–	(2,368,425)	–	(2,368,425)	–	(2,368,425)
Net foreign exchange gain (loss)	(1,245,637)	1,227,234	(430)	1,997	-	(16,836)	–	(16,836)
Advisory fees	–	–	-	1,830,000	-	1,830,000	–	1,830,000
Day 1 gain on short-term loan	–	–	–	–	–	–	–	–
Interest income	5,329	135	1,949	4,736	22	12,171	–	12,171
Restructuring related charges - net	–	(260,147,279)	–	–	–	(260,147,279)	–	(260,147,279)
Dividend income	–	–	–	–	–	–	–	–
Segment income (loss)	(11,023,145)	(267,954,807)	(2,547,277)	(5,571,950)	(48,450)	(287,145,629)	9,646,879	(277,498,750)
Benefit from (provision for) income tax	–	6,395,417	–	–	–	6,395,417	–	6,395,417
Net income (loss)	(₱11,023,145)	(₱261,559,390)	(₱2,547,277)	(₱5,571,950)	(₱48,450)	(₱280,750,212)	₱9,646,879	(₱271,103,333)
Other information								
Investment in and advances to associates	₱–	₱73,138,548	₱41,120,933	₱38,721,389	₱–	₱152,980,870	₱28,568,283	₱181,549,153
Property, plant and equipment	₱–	₱–	₱89,675	₱100,263,067	₱–	₱100,352,742	₱–	₱100,352,742
Segment assets	₱808,026,903	₱485,656,620	₱401,103,542	₱331,555,102	₱1,624,652	₱2,027,966,819	(₱1,058,164,845)	₱969,801,974
Segment liabilities	(₱503,211,119)	(₱190,775,074)	(₱247,387,100)	(₱138,479,330)	(₱29,304)	(₱1,079,881,927)	₱272,931,134	(₱806,950,793)
Depreciation and amortization	₱–	₱–	₱–	₱22,389	₱–	₱22,389	₱–	₱22,389

March 31, 2022 (9 months)

	Parent	Wind	Hydro	Solar	RES	Total	Adjustments	Consolidated
Income/(Expenses)								
Revenue from sale of electricity	₱–	₱–	₱–	₱–	₱–	₱–	₱–	₱–
Cost of sale of electricity	–	–	–	–	–	–	–	–
Equity in net earnings of associates	–	–	–	–	–	–	24,374,355	24,374,355
General and administrative expenses	(16,283,168)	(13,917,670)	(16,431,115)	(19,310,263)	(151,082)	(66,093,298)	–	(66,093,298)
Construction revenue	–	–	–	574,883,490	–	574,883,490	–	574,883,490
Construction costs	–	–	–	(574,883,490)	–	(574,883,490)	–	(574,883,490)
Project cost recovery	–	–	133,612,997	-	–	133,612,997	–	133,612,997
Finance costs	–	–	(2,031,818)	(6,239,405)	–	(8,271,223)	–	(8,271,223)
Net foreign exchange gain (loss)	(4,678,564)	17,901,752	(2,669,818)	707,947	–	11,261,317	–	11,261,317
Advisory fees	–	–	–	8,430,000	–	8,430,000	–	8,430,000
Day 1 gain on short-term loan	–	–	–	3,172,105	–	3,172,105	–	3,172,105
Interest income	32,098	1,161,308	7,032	33,823	493	1,234,754	–	1,234,754
Restructuring related charges - net	–	(260,147,279)	–	–	–	(260,147,279)	–	(260,147,279)
Dividend income	–	–	–	16,269,500	–	16,269,500	–	16,269,500
Segment income (loss)	(20,929,634)	(255,001,889)	112,487,278	3,063,707	(150,589)	(160,531,127)	24,374,355	(136,156,772)
Benefit from (provision for) income tax	(669)	2,281,068	(623,464)	1,798,638	-	3,455,573	–	3,455,573
Net income (loss)	(₱20,930,303)	(₱252,720,821)	₱111,863,814	₱4,862,345	(₱150,589)	(₱157,075,554)	₱24,374,355	(₱132,701,199)
Other information								
Investment in and advances to associates	₱–	₱73,138,548	₱41,120,933	₱38,721,389	₱–	₱152,980,870	₱28,568,283	₱181,549,153
Property, plant and equipment	₱–	₱–	₱89,675	₱100,263,067	₱–	₱100,352,742	₱–	₱100,352,742
Segment assets	₱808,026,903	₱485,656,620	₱401,103,542	₱331,555,102	₱1,624,652	₱2,027,966,819	(₱1,058,164,845)	₱969,801,974
Segment liabilities	(₱503,211,119)	(₱190,775,074)	(₱247,387,100)	(₱138,479,330)	(₱29,304)	(₱1,079,881,927)	₱272,931,134	(₱806,950,793)
Depreciation and amortization	₱–	₱–	(₱20,190)	₱258,978	₱–	₱238,788	₱–	₱238,788

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statements of comprehensive income. Interest expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.

20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, trade and other receivables, due from related parties, accounts payable and accrued expenses, due to related parties, short-term loan and long-term debt. The main purpose of these financial instruments is to finance the Group's operations.

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

The Group has exposure to liquidity risk, credit risk and foreign currency risk from the use of its financial instruments.

The BOD reviews and approves the policies for managing each of these risks and they are summarized below.

Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility. The Group maintains a level of cash deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. The table below summarizes the maturity profile of the Group's financial assets and liabilities based on remaining undiscounted contractual obligations:

	March 31, 2023			
	On demand	**Within one year**	**More than 1 year but less than 5 years**	**Total**
Financial Assets				
Cash and cash equivalents*	**₱1,449,014,457**	**₱–**	**₱–**	**₱1,449,014,457**
Trade and other receivables	**–**	**28,960,910**	**–**	**28,960,910**
Time deposits	**–**	**–**	**–**	**–**
Due from related parties	**138,197,333**	**–**	**–**	**138,197,333**
	₱1,587,211,790	**₱28,960,910**	**₱–**	**₱1,616,172,700**
Financial Liabilities				
Accounts payable and accrued expenses**	**₱–**	**(₱117,324,505)**	**₱–**	**(₱117,324,505)**
Payable to a subsidiary's former shareholder	**–**	**–**	**–**	**–**
Advances from a third party	**–**	**(214,000,000)**	**–**	**(214,000,000)**
Dividend payable	**–**	**–**	**–**	**–**
Due to related parties	**(6,947,931)**	**–**	**–**	**(6,947,931)**
Short-term loans	**–**	**(248,705,340)**	**–**	**(248,705,340)**
Lease liability	**–**	**(2,924,852)**	**(49,383,709)**	**(52,308,561)**
Long-term debt***	**–**	**(146,741,626)**	**(1,949,996,315)**	**(2,096,737,941)**
	(₱6,947,931)	**(₱729,696,323)**	**(₱1,999,380,024)**	**(₱2,736,024,278)**

** Excluding cash on hand*
*** Excluding statutory liabilities*
****Includes future interest*

	June 30, 2022			
	On demand	Within one year	More than 1 year but less than 5 years	Total
Financial Assets				
Cash and cash equivalents*	₱624,765,004	₱–	₱–	₱624,765,004
Trade and other receivables	–	19,254,442	–	19,254,442
Time deposits	–	13,862,866	–	13,862,866
Due from related parties	150,959,940	–	–	150,959,940
	₱775,724,944	₱33,117,308	₱–	₱808,842,252
Financial Liabilities				
Accounts payable and accrued expenses**	₱–	₱49,319,358	₱–	₱49,319,358
Payable to a subsidiary's former shareholder	–	279,771,496	–	279,771,496
Advances from a third party	–	214,000,000	–	214,000,000
Dividend payable	–	18,750,000	–	18,750,000
Due to related parties	194,495,338	–	–	194,495,338

	June 30, 2022			
	On demand	Within one year	More than 1 year but less than 5 years	Total
Short-term loans	–	92,650,373	–	92,650,373
Lease liability	–	3,078,600	176,106,635	179,185,235
Long-term debt***	–	58,958,126	2,026,293,593	2,085,251,719
	₱194,495,338	₱718,127,580	₱2,202,400,228	₱3,115,023,146

** Excluding cash on hand*
*** Excluding statutory liabilities*
****Includes future interest*

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities. The Group's maximum credit risk is equal to the carrying amount of the Group's financial assets such as cash in bank, cash equivalents, short-term investment and trade and other receivables.

The table below show the credit quality by class of financial assets based on the Company's rating system as at March 31, 2023 and June 30, 2022:

	Neither Past Due nor Impaired		**Past Due**		**March 31, 2023**
	High Grade	**Standard Grade**	**Unimpaired**	**Impaired**	**Total**
Cash and cash equivalents*	**₱1,449,014,457**	**₱–**	**₱–**	**₱–**	**₱1,449,014,457**
Time deposit	–	–	–	–	–
Trade and other receivables	–	**28,960,910**	–	–	**₱28,960,910**
Total	**₱1,449,014,457**	**₱28,960,910**	**₱–**	**₱–**	**₱1,477,975,367**

**Excluding cash on hand*

	Neither Past Due nor Impaired		Past Due		June 30, 2022
	High Grade	Standard Grade	Unimpaired	Impaired	Total
Cash and cash equivalents*	₱624,765,004	–	–	–	₱624,765,004
Time deposit	13,862,866	–	–	–	13,862,866
Trade and other receivables	–	19,254,442	–	–	19,254,442
Total	₱638,627,870	₱19,254,442	₱–	₱–	₱657,882,312

**Excluding cash on hand*

High Grade. This pertains to counterparty who is not expected by the Group to default in settling its obligation, thus, credit risk exposure is minimal. This normally includes large prime financial institutions. Credit quality was determined based on the credit standing of the counterparty.

Standard Grade. This pertains to accounts of debtors who have historically paid their accounts on time and who have the financial capacity to pay.

Aging analysis per class of financial assets that are past due but not impaired as of March 31, 2023 and June 30, 2022, are as follows:

	2023				
	Neither Past Due nor Impaired		**Past Due**		
	High Grade	**Standard Grade**	**Unimpaired**	**Impaired**	**Total**
Cash and cash equivalents*	**₱1,449,014,457**	**₱–**	**₱–**	**₱–**	**₱1,449,014,457**
Trade and other receivables	–	**28,960,910**	–	–	**28,960,910**
Time deposits	–	–	–	–	
Due from related parties	–	**138,197,333**	–	–	**138,197,333**
Total	**₱1,449,014,457**	**₱167,158,243**	**₱**	**₱**	**₱1,616,172,700**

** Excluding cash on hand*

	2022				
	Neither Past Due nor Impaired		Past Due		
	High Grade	Standard Grade	Unimpaired	Impaired	Total
Cash and cash equivalents*	₱624,765,004	₱–	₱–	₱–	₱624,765,004
Trade and other receivables	–	19,254,442	–	–	19,254,442
Time deposits	13,862,866	–	–	–	13,862,866
Due from related parties	–	150,959,940	–	–	150,959,940
Total	₱638,627,870	₱170,214,382	₱–	₱–	₱808,842,252

** Excluding cash on hand*

Simplified Approach

- *Trade receivables*
  The Company applied the simplified approach under PFRS 9, using a 'provision matrix', in measuring expected credit losses which uses a lifetime expected loss allowance for receivables. The expected loss rates are based on the payment profiles of revenues/sales over a period of at least 24 months before the relevant reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of its sole customer to settle the receivables. The Company has identified the core inflation rate to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

  Set out below is the information about the credit risk exposure of the Company's trade receivables using a provision matrix:

	March 31, 2023					
		Past Due				
	Current	**0-30 days**	**31-60 days**	**61-90 days**	**Over 90 days**	**Total**
Expected loss rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	
Estimated total gross carrying amount at default	**₱21,318,523**	**₱–**	**₱–**	**₱–**	**₱–**	**₱21,318,523**
Expected credit loss	–	–	–	–	–	–

	June 30, 2022					
		Past Due				
	Current	0-30 days	31-60 days	61-90 days	Over 90 days	Total
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default	₱16,873,057	₱–	₱–	₱–	₱–	₱16,873,057
Expected credit loss	–	–	–	–	–	–

The Group has the following financial assets that are subject to the expected credit loss model under the general approach:

- *Cash and cash equivalents and time deposits*. As of March 31, 2023 and June 30, 2022, the ECL relating to the cash and cash equivalents, and time deposit of the Group is minimal as these are deposited in reputable entities which have good bank standing and are considered to have a low credit risk.

- *Due from related parties*. The Group did not recognize any allowance related to due from related parties as there was no history of default payments. This assessment is undertaken each financial year through examination of the financial position of the related party and the markets in which the related party operates.

The table below summarizes the credit risk exposure to the Group's financial assets comprised of cash, cash equivalents, time deposits and due from related parties:

	March 31, 2023			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
High grade*	**₱1,450,014,962**	**₱–**	**₱–**	**₱1,450,014,962**
Standard grade	–	**28,960,910**	–	**28,960,910**
Default	–	–	–	–
Gross carrying amount	**1,450,014,962**	**28,960,910**		**1,478,975,872**
Loss allowance	–	–	–	–
Carrying amount	**₱1,450,014,962**	**28,960,910**	**₱–**	**₱1,478,975,872**

**Excluding cash on hand*

	June 30, 2022			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade*	₱638,627,870	₱–	₱–	₱638,627,870
Standard grade	–	150,959,940	–	150,959,940
Default	–	–	–	–
Gross carrying amount	638,627,870	150,959,940	–	789,587,810
Loss allowance	–	–	–	–
Carrying amount	₱638,627,870	₱150,959,940	₱–	₱789,587,810

** Excluding cash on hand*

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligation with floating interest rate. Management believes that cash generated from operations is sufficient to pay its obligations under the loan agreements as they fall due

The following tables set out the carrying amount as of March 31, 2023 and June 30, 2022 by maturity, of the Group's long-term debt that is exposed to interest rate risk:

Floating Rate		**Within 1 Year**	**1-2 Years**	**2-5 Years**	**Over 5 Years**	**Total**
Long-term borrowings	**March 31, 2023**	**₱–**	**₱22,058,884**	**₱164,704,965**	**₱786,220,878**	**₱972,984,727**
	June 30, 2022	₱–	₱8,923,601	₱78,320,935	₱375,891,025	₱463,135,561

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are noninterest-bearing and are therefore not subject to interest rate risk.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rate borrowings):

		Increase/Decrease in Basis Points	Effect on Income Before Tax
Long-term borrowings	**March 31, 2023**	**+36**	**(₱3,661,812)**
		-36	**3,661,812**
	June 30, 2022	+60	(₱16,742,351)
		-60	16,742,351

There is no other impact on the Group's equity other than those already affecting the consolidated statement of comprehensive income.

Foreign Currency Risk
The Group uses the Philippine Peso (₱) as its functional currency and is therefore exposed to foreign exchange movements, primarily in US dollar ($) currencies. The Group follows a policy to manage its currency risk by closely monitoring its cash flow position and by providing forecasts on all other exposures in currencies other than the Philippine Peso.

The table below summarizes the Group's exposure to foreign currency risk. Included in the table are the Group's foreign currency-denominated financial assets and liabilities as of March 31, 2023 and June 30, 2022:

	March 31, 2023		June 30, 2022	
	Original Currency	**Peso Equivalent**	Original Currency	Peso Equivalent
Financial Assets				
Cash and cash equivalents	**$624,395**	**₱33,942,112**	$1,484,866	₱81,630,524
Financial Liabilities				
Long-term debts	**18,000,000**	**978,480,000**	10,500,000	577,185,000
Lease liability	**957,669**	**52,058,887**	908,044	49,919,707
	18,957,669	**1,030,538,887**	11,408,044	627,104,707
Net Exposure	**($18,333,274)**	**(₱996,596,775)**	($9,923,178)	(₱545,474,183)

As of March 31, 2023 and June 30, 2022, the exchange rates used were ₱54.36 and ₱54.97, per $1, respectively.

The following table demonstrates the sensitivity to a reasonable possible change in US Dollar exchange rate, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities). There is no other impact on the Group's equity other than those already affecting profit or loss.

	Change in ₱/$ exchange rate	
	5% appreciation of $ against ₱	5% depreciation of $ against ₱
Increase (decrease) in income before income tax		
March 31, 2023	**(₱49,829,839)**	**₱49,829,839**
June 30, 2022	(₱27,276,334)	₱27,276,334

21. **Fair Value Measurement**

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

Cash and Cash Equivalents, Due from/to Related Parties, Accounts Payable and Accrued Expenses, and Short-term Loan
The carrying amounts of these financial instruments approximate their fair values due to their short-term maturity. The fair value hierarchy as required by the amendments to PFRS 7 is not applicable since these financial instruments are carried at amortized cost.

Long-term Debts
The fair values of long-term debts were calculated based on the discounted value of future cash flows using the applicable risk-free rates for similar types of loans adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used for long-term debts ranges from 6.09 to 8.31% and 4.4% to 8.05% on March 31, 2023 and June 30, 2022, respectively.

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Those inputs for the asset or liability that are not based on observable market data (unobservable inputs)

As of March 31, 2023 and June 30, 2022, the fair values of long-term debts fall under level 3 of the fair value hierarchy:

	Carrying Value		Fair Value	
	March 31, 2023	June 30, 2022	**March 31, 2023**	June 30, 2022
Long-term debt	**₱1,528,661,008**	₱1,306,635,182	**₱1,509,531,557**	₱1,074,319,175

There were no transfers between Level 1 and Level 2 fair value measurement, and there were no transfers into and out of Level 3 fair value measurement.

Valuation Techniques Used to Derive Level 3 Fair Values
The table below presents the following for each class of the Group's long-term debts and lease liability:

- The fair value measurements at the end of the reporting period;
- The level of the fair value hierarchy (e.g., Level 2 or Level 3) within which the fair value measurements are categorized in their entirety;
- A description of the valuation techniques applied;
- The inputs used in the fair value measurement; and

- For Level 3 fair value measurements, quantitative information about the significant unobservable inputs used in the fair value measurement.

	March 31, 2023			
	Fair Value as at March 31, 2023	**Valuation Technique**	**Key Unobservable Inputs**	**Range (Weighted Average)**
Long-term loans payable	**₱1,509,531,557**	**Market comparable approach**	**Interest rate**	**6.09% to 8.31%**
	June 30, 2022			
	Fair Value as at June 30, 2022	Valuation Technique	Key Unobservable Inputs	Range (Weighted Average)
Long-term loans payable	1,074,319,175	Market comparable approach	Interest rate	4.4% to 8.05%

22. Capital Management

The Group ensures that the minimum capital infused by the shareholders is properly managed. The Group manages its capital structure and makes adjustments to it in the light of changes in business and economic conditions.

As of March 31, 2023 and June 30, 2022, the Group's total equity amounted to ₱2.54 billion and ₱978.28 million, respectively. In order to sustain its operations, the Group may obtain additional advances and/or capital infusion from its shareholders. Certain companies in the Group are required to maintain certain level of equity as required by their loan agreements (see Note 13).

The Group considers the following as its core capital:

	March 31, 2023	June 30, 2022
Short-term loan	**₱248,705,340**	₱92,650,373
Long-term debts	**1,528,661,008**	1,306,635,182
Due to related parties	**6,947,931**	194,495,338
Capital stock	**430,423,912**	36,349
Additional paid-in capital	**1,782,820,194**	440,865,245
Deficit	**(114,772,791)**	(240,277,656)
	₱3,882,785,594	₱1,794,404,831

23. Significant Contracts, Agreements and Commitments

Solar Energy

SSAI

- *Service Contract of Hermosa Solar Power Project.* On December 23, 2015, SSAI was awarded SESC No. 2015-10-260 for the exclusive right to explore and develop the Hermosa Solar Power Project (the Project), wherein SSAI shall undertake exploration, assessment, harnessing, piloting, and other studies of the solar energy resources in Hermosa, Bataan.

The SESC is a two-year non-extendible pre-development stage contract from the effective date of the contract to conduct preliminary solar energy resources data gathering activities, and if warranted by the results, conduct of a full solar energy resources assessment. The SESC further

provides that if SSAI failed to accomplish the first six (6) months milestones indicated in the Work Program submitted to the Department of Energy (DOE), the contract term shall be considered expired. However, the submission of SSAI of a Declaration of Commerciality (DOC) at any time during the pre-development stage and confirmation thereof by the DOE shall supersede the first six (6) months milestone requirement of the DOE.

- *Declaration and Confirmation of Commerciality*. On November 7, 2017, SSAI submitted to DOE a request to confirm DOC attaching the required documents. After a series of consultation with DOE, SSAI has been granted its Certificate of Confirmation of Commerciality (COCOC) on September 30, 2019.

  On February 13, 2020, SSAI submitted to the DOE a request for amendment of the contract area to reflect the change in the technical design and a Revised 5-Year Work Plan to implement the proposed project. On April 8, 2021, DOE has approved the contract area, revised 5-Year Work Plan, Solar Energy Operating Contract, and an amended certificate of registration.

  SSAI has recognized project development costs amounting to ₱18.69 million and ₱13.54 million, as of March 31, 2023 and June 30, 2022, respectively.

KSEC

- *Service Contract of Kirahon Solar Power Project*. On May 3, 2012, the DOE awarded SESC No. 2012-003-004 to CEPALCO for the exclusive right to explore and develop the Kirahon Solar Power Project located in the Municipalities of Villanueva and Tagaloan, Misamis Oriental for a period of 25 years.

  On December 2, 2013, the SESC was assigned to KSEC and approved by the DOE on May 28, 2014, correspondingly the DOE Certificate of Registration as an RE Developer was issued, thereby KSEC is already the holder of the SESC of the Kirahon Solar Power Project and all materials, equipment, plant and other installations erected or placed on the contract area by KSEC shall remain the property of KSEC throughout the term of the contract and after its termination.

  The SESC has a contract period of 25 years and will expire in 2037. Under the SESC, the DOE shall approve the extension of the SESC for another 25 years under the same terms and conditions, provided that KSEC is not in default in any material obligations under the contract and has submitted a written notice to the DOE for the extension of the contract not later than one (1) year prior to the expiration of the 25-year period.

- *Power Supply Agreement (PSA).* On November 21, 2013, KSEC entered into a PSA with CEPALCO where the former shall supply the electric power requirements of the latter with a gross installed capacity of 12.5 MWp and a net installed capacity of 10 MW AC for a cooperation period of twenty-five (25) years beginning the date of commercial operations.

  On October 22, 2014, the Energy Regulatory Commission (ERC) approved the PSA between KSEC and CEPALCO through ERC Case No. 2014-020 with modification on the generation rate to be used. Subsequently on January 21, 2015, CEPALCO filed a "Motion for Partial Reconsideration with Urgent Request for Recalculation" with the ERC for the adjustment on the generation rate to be used by the Company. On May 4, 2015, the ERC granted the "Motion for

Partial Reconsideration with Urgent Request for Recalculation" and approved the applicable generation rate, which shall be adjusted based on Feed-in Tariff Rules.

Starting October 25, 2020, the applicable generation rate was based on the final ERC PSA approval which provided adjustments in accordance with the ERC Resolution No. 16 Series of 2010, Resolution Adopting the Feed-in Tariff Rules.

All of KSEC's revenue from contracts with customers, which is presented as "Revenue from sale of electricity" in the 2023 consolidated statement of comprehensive income, pertain to sale of electricity to CEPALCO under the PSA. Total PSA revenue recognized by the Group for the nine-month periods ending March 31, 2023 amounted to ₱126.76 million.

SPPP

- *Power Purchase Agreement (PPA).* On April 14, 2021, SPEC, the immediate parent company of SPPP, signed a PPA with PPUC for the offtake of all electrical energy to be produced from the solar photovoltaic electric energy generating and battery storage facility with a solar PV total AC output capacity of 13.2 MW, a battery energy storage system total output capacity of 10.2 MWAC, and a BESS total energy storage capacity of 12.9 MWh. The tariff is fixed for a period of 20 years.

  On April 8, 2022, SPEC, SPPP and PPUC entered into a Novation Agreement whereby SPPP substituted for SPEC under the PPA and other related agreements ("Project Agreements") and SPEC ceased to be entitled to and bound by its rights and obligations under the Project Agreements. However, SPEC shall remain responsible to PPUC in respect of any claims, cost and/or liabilities under the Project Agreements during the period up to the financial close of the PFA whether or not such claims or liabilities are known at that date.

  The project will be located in Ngatpang State, Babeldaob Island, Palau. As of March 31, 2023, the project has not started commercial operations.

  Contract asset arising from the PPA amounting to ₱1.04 billion had been mortgaged as security for SPPP's loan (see Note 13).

- *Funding Agreement.* On January 31, 2022, SPPP entered into a Funding Agreement ("Funding Agreement") with Commonwealth of Australia represented by DFAT in relation to funding under the Australian Infrastructure Financing Facility for the Pacific (AIFFP) to grant an amount of $4.00 million for the purpose of funding of eligible project costs. On October 10, 2022, SPPP received $3.50 million from its drawdown to the funding agreement.

  The DFAT agreement requires SPPP not to use the funds to acquire any assets other than for the project without the prior approval of DFAT.

SPEC

- *Standby Letter of Credit (SBLC).* In June 2022, SPEC applied for and was granted a credit line or accommodation in the form of a SBL with RCBC in the amount of $1.00 million to be issued by RCBC as security for SPEC's obligations under the PPA that was executed between SPEC and PPUC for the Palau Project.

  RCBC agreed to issue the SBLC on the condition that SPPP, a subsidiary of SPEC, shall assign in favor of SPEC all the rights, title, participation, interests and claims over the assigned receivables.

The SBLC is secured by a $250,000 hold-out deposit and SPPP's rights, title, participation on the sums of money, receivables or proceeds now and/or hereafter due and receivable on the liquidated damages not exceeding $750,000 under its Installation, Commissioning and Construction Services Agreement with a third-party contractor.

Hydropower Energy

AMHHC

- *Assignment of Project Assets to AMHHC.* On November 7, 2013, AMHHC entered into a Deed of Assignment of Project Assets with Moorland Investment Philippines, Inc. (MPII) whereby MPII absolutely and unconditionally assign, transfer and convey unto AMHHC any and all of its rights, interests and obligations in and under the following contracts which MPII obtained from Enerhighlands Corporation (ELC) by virtue of a "Deed of Assignment of Contracts" dated October 10, 2013.

Contract Number	Project	Resource Area
HSC 2013-06-258	Kiangan Mini Hydro Project	Asin, Kiangan Ifugao
HSC 2013-06-261	Kiangan Mini Hydro Project	Ibulao I, Kiangan, Ifugao
HSC 2013-06-262	Ibulao Mini Hydro Project	Ibulao II, Kiangan, Ifugao
HSC 2013-06-263	Kiangan Mini Hydro Project	Hungduan, Kiangan, Ifugao
HSC 2013-06-264	Lamut-Asipulo Mini Hydro Project	Lamut, Kiangan, Ifugao

- *Project Development Agreement (PDA) with ELC.* On November 26, 2013, AMHHC entered into a PDA with ELC whereby AMHHC and ELC agreed to work together for the further exploration, development and/or commercialization for an exclusive contract aimed at further development and commercialization of the seven (7) hydropower projects located in areas of Kiangan and Lamut, Province of Ifugao and in San Mariano, Isabela Province.

  Included also in the PDA is the setting up of special purpose companies for the Projects, which shall possess all authority, rights and obligations for the development construction, financing and operations of relevant project assigned to it.

Under the Hydropower Service Contract (HSC), AMHHC is given a two-year non-extendible pre-development stage from the effective date of the contract to conduct preliminary hydropower resources data gathering activities, and if warranted by the results, conduct of a full hydropower resources assessment. The HSC further provides that if AMHHC failed to accomplish the first six months milestones indicated in the Work Program submitted to the DOE, the contract term shall be considered expired. However, the submission of AMHHC of a Declaration of Commerciality at any time during the pre-development stage and confirmation thereof by the DOE shall supersede the first six months milestone requirement of the DOE.

Upon submission of the Declaration of Commerciality by AMHHC and confirmation by the DOE through issuance of COCOC shall remain in force for a period of 25 years from the effective date of contract. One year before the expiration of the initial 25-year period, AMHHC may submit to the DOE an extension of the HSC for another 25 years under the same terms and conditions so long as AMHHC is not in default of any material obligations under the HSC.

- *Project Costs Recovery.* On April 23, 2021, AMHHC, Renova and Sta. Clara International Corporation signed an investment framework agreement in KMHC. A portion of the proceeds from the investment of the parties involved shall be used to reimburse all the costs incurred by

AMHHC in developing Kiangan Mini Hydro Project up to its financial close. In 2021, AMHHC received a total of ₱133.61 million as reimbursement. Consequently, the Group recognized the reimbursement as “Project costs recovery” in the consolidated statement of comprehensive income for the nine-month period ended March 31, 2022.

On March 15, 2022, AHC, AMHHC and Exeter Portofino Holdings, Inc. signed an investment framework agreement in LAMHC. A portion of the proceeds from such investment shall be used to reimburse all the costs incurred by AMHHC in developing Lamut Mini Hydro Project up to its financial close. In 2022, AMHHC received a total of ₱36.59 million as reimbursement. Consequently, the Group recognized the reimbursement as “Project costs recovery” in the consolidated statement of comprehensive income for the nine-month period ended March 31, 2022.

IMHC
In accordance with the PDA between AMHHC and ELC, IMHC was established on April 19, 2016 to further develop and operate the Ibulao Mini Hydro Project under HSC 2013-06-262.

- *Assignment of Projects to IMHC.* On November 26, 2013, AMHHC entered into a Deed of Assignment of Project Assets with ELC whereby ELC transfers, conveys and assigns all its assets and liabilities in relation HSC 2013-06-262. ELC shall ensure that all rights and benefits under existing contract in respect of the HSC shall redound to the benefit of the special purpose company to which the contract shall be designated.

  On November 16, 2016, the DOE approved the assignment and issued certificate of registration to IMHC for HSC 2013-06-262 pursuant to the Deed of Assignment mentioned above.

- *Declaration and Confirmation of Commerciality.* On December 7, 2015, AMHHC and ELC declared the commerciality of HSC 2013-06-262 which was confirmed by the DOE on May 27, 2016 under the name of ELC.

IMHC has not commenced the construction of the Project and has not started commercial operations as of March 31, 2023.

IMHC has recognized project development costs amounting to ₱31.32 million and ₱20.97 million, as of March 31, 2023 and June 30, 2022, respectively.

LAMHC
In accordance with the PDA between AMHHC and ELC, LAMHC was established on December 12, 2016 to further develop and operate the Lamut-Asipulo Mini Hydro Project.

- *Assignment of Projects to LAMHC.* On November 26, 2013, AMHHC entered into a Deed of Assignment of Project Assets with ELC whereby ELC transfers, conveys and assigns all its assigns all its assets and liabilities in relation to certain HSCs. ELC shall ensure that all rights and benefits under existing contracts in respect of the HSC shall redound to the benefit of the special purpose company to which the contract shall be designated to.

- *Assignment of Project to LAMHC.* On June 28, 2017, AMHHC, ELC and LAMHC executed the Supplement to Deed of Assignment of Project Assets whereby LAMHC assumes all the rights and obligations, risks, liabilities, benefits, and interests of KMHC including all of the rights and obligations of AMHHC in respect to Lamut-Asipulo Mini Hydro Project under HSC 2013-06-264.

On August 8, 2017, LAMHC filed the request for the assignment of HSC 2013-06-264 with the DOE. On October 19, 2018, the DOE approved the assignment for HSC 2013-6-264, pursuant to the Deed of Assignment to LAMHC.

LAMHC has recognized project development costs amounting to ₱79.15 million and ₱76.82 million as of March 31, 2023 and June 30, 2022, respectively.

Wind Energy

ATWC
The Wind Energy Service Contract (WESC) is a two-year exclusive contract renewed for a period of one (1) year, to conduct preliminary wind energy resources data gathering activities, and if warranted by the results, conduct of a full wind energy resources assessment. The WESC provides that if ATWC failed to accomplish the first annual milestones indicated in the Work Program submitted to the DOE, the contract term shall be considered expired. However, the submission of ATWC of a Declaration of Commerciality at any time during the pre-development stage and confirmation thereof by the DOE shall supersede the first annual milestone requirement of the DOE.

- *Declaration and Confirmation of Commerciality*. Upon submission of the Declaration of Commerciality and confirmation by the DOE through issuance of COCOC, the WESC shall remain in force for the balance of 25 years from the effective date of contract. One (1) year before the expiration of the initial 25-year period, ATWC may submit to the DOE an extension of the WESC for another 25 years under the same terms and conditions so long as ATWC is not in default of any material obligations under the WESC.

ATWC has the following WESCs as follows:

Contract Number	Resource Area	Status
WESC 2009-10-020	Abra de Ilog, Occidental Mindoro	Under moratorium due to unavailable market
WESC 2017-01-017	Tanay, Rizal	Under pre-development stage

On October 23, 2009, the DOE awarded the WESC 2009-10-020 to APHC, ATWC's affiliate, wherein, APHC shall provide the necessary technology for the wind energy exploration and conduct assessment, field verification, harnessing and feasibility studies for the financing, construction and operation of an appropriate wind power plant.

In June 2011, APHC assigned the rights, title, interest, benefits and obligations of the WESC 2009-10-020 to ATWC. APHC guarantees the performance by ATWC of the obligation under the said WESC.

On August 28, 2012, the DOE granted the request to temporarily suspend the development activities due to the pending completion of grid interconnection facilities linking Mindoro and Batangas. The development costs related to this WESC were impaired in 2016 since the grid interconnection facilities have not yet been established.

On January 17, 2017, the DOE awarded the WESC 2017-01-017 to ATWC, wherein ATWC shall provide the necessary technology for the wind energy exploration and conduct assessment, field verification, harnessing and feasibility studies for the financing, construction and operation of an appropriate wind power plant.

ATWC submitted to DOE a Declaration of Commerciality in March 2020, prior to the onset of the national health emergency. On February 11, 2022, ATWC filed a request with the DOE for the extension of the period for pre-development to be able to secure the remaining requirement of possessory rights over the Project site. ATWC, in the meantime, is currently in continuous and on-going discussions with the Project site's registered owner to obtain possessory rights over the Project site.

24. **Renewable Energy Act of 2008**

On January 30, 2009, Republic Act No. 9513, An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes, otherwise known as the "Renewable Energy Act of 2008" (the "Act"), became effective. The Act aims to:

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

As provided in the Act, Renewable Energy (RE) developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the Board of Investments (BOI), shall be entitled to the following incentives, among others:

i. Income Tax Holiday (ITH) - For the first seven (7) years of its commercial operations, the duly registered RE developer shall be exempt from income taxes levied by the National Government;
ii. Duty-free Importation of RE Machinery, Equipment and Materials - Within the first ten (10) years upon issuance of a certification of an RE developer, the importation of machinery and equipment, and materials and parts thereof, including control and communication equipment, shall not be subject to tariff duties;
iii. Special Realty Tax Rates on Equipment and Machinery - Any law to the contrary notwithstanding, realty and other taxes on civil works, equipment, machinery, and other improvements of a registered RE developer actually and exclusively used for RE facilities shall not exceed one and a half percent (1.5%) of their original cost less accumulated normal depreciation or net book value;
iv. NOLCO - the NOLCO of the RE developer during the first three (3) years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of such loss;
v. Corporate Tax Rate - After seven (7) years of ITH, all RE developers shall pay a corporate tax of ten percent (10%) on its net taxable income as defined in the National Internal Revenue Code of 1997, as amended by Republic Act No. 9337;

vi. Accelerated Depreciation - If, and only if, an RE project fails to receive an ITH before full operation, it may apply for accelerated depreciation in its tax books and be taxed based on such;
vii. Zero Percent VAT Rate - The sale of fuel or power generated from renewable sources of energy, the purchase of local goods, properties and services needed for the development, construction and installation of the plant facilities, as well as the whole process of exploration and development of RE sources up to its conversion into power shall be subject to zero percent (0%) VAT;
viii. Cash Incentive of RE Developers for Missionary Electrification - An RE developer, established after the effectivity of the Act, shall be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent to fifty percent (50%) of the universal charge for power needed to service missionary areas where it operates the same;
ix. Tax Exemption of Carbon Credits - All proceeds from the sale of carbon emission credits shall be exempt from any and all taxes; and
x. Tax Credit on Domestic Capital Equipment and Services - A tax credit equivalent to one hundred percent (100%) of the value of the VAT and custom duties that would have been paid on the RE machinery, equipment, materials and parts had these items been imported shall be given to an RE operating contract holder who purchases machinery, equipment, materials, and parts from a domestic manufacturer for purposes set forth in the Act. RE developers and local manufacturers, fabricators and suppliers of locally-produced RE equipment shall register with the DOE, through the Renewable Energy Management Bureau (REMB). Upon registration, a certification shall be issued to each RE developer and local manufacturer, fabricator and supplier of locally-produced renewable energy equipment to serve as the basis of their entitlement to the incentives provided for in the Act. All certifications required to qualify RE developers to avail of the incentives provided for under the Act shall be issued by the DOE through the REMB.

25. **Other Matters**

Seasonality of Operations
There are no seasonal aspects that had a material effect on the financial condition or result of operation of the Group.

Repurchases, and Repayments of Debt and Equity Securities
There are no repurchases and repayments of debt and equity securities during the current period.

Changes in Estimates and Amounts Reported in Prior Financial Years
The key assumptions concerning the future and other key sources of estimation uncertainty used in preparation of the unaudited interim condensed financial statements are consistent with those followed in the preparation of the annual consolidated financial statements as of and for the six-month period ended June 30, 2022.

Changes in Contingent Liabilities or Contingent Assets Since the Last Annual Reporting Date
There are no material changes in the contingent liabilities or contingent assets since the last annual reporting date.

Changes in the Composition of the Group During the Interim Period
There were no material changes in the composition of the Group during the period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2023

Alternergy Holdings Corporation and Subsidiaries (or "Group") posted a consolidated net income of ₱12.8 million for the third quarter 2023, reversing its net loss of ₱271 million recorded in the same period in 2022. This was largely due to an increase of ₱41 million as a result of consolidation activities brought about by the acquisition of Kirahon Solar Energy Corporation (KSEC) in June of 2022.

The Group's cash ballooned by 132% to ₱1.45 billion as of March 2023, boosted by the net Initial Public Offering (IPO) proceeds of ₱1.62 billion. From the IPO proceeds, ₱720 million was allocated to the pre-development of six renewable projects totaling 183MW under the Group's Triple Play pipeline of wind, solar, and hydro projects.

An additional ₱522 million was allocated to settle liabilities from the purchase of majority control of the 12.5MWac KSEC's Kirahon Solar Farm operating since 2015, and ₱157 million was set aside for general working capital requirements.

Liabilities declined due to repayment of KSEC liabilities, repayment of a bank working capital facility, and a loan mortgaged against the Solana Solar Alpha Inc. (SSAI) property.

As a result, consolidated assets of the Group surged by 47% to ₱4.8 billion in March 2023 from ₱3.2 billion June 2022, as continued investments were injected into the Group's three projects under construction totaling 35MW. These projects were the solar farm and battery project in Palau and two run of river hydro projects in Nueva Ecija and Ifugao.

Key Performance Indicators

With total equity expanded by 160% to ₱2.5 billion after the IPO, the Group's consolidated Debt to Equity ratio for the quarter improved to 0.62:1 from 1.38:1 in same period last year.

The Group's EBITDA for the quarter ended March 31 2023 was positive at ₱47 million from a negative EBITDA of ₱277 million in the same period the previous year. EBITDA for the first nine months was positive as well at ₱96 million, a reversal of its negative EBITDA of ₱134 million in 2022.

One of the Group's solar power projects is near the end of construction. The 13.2MWac Palau solar farm and battery project is on schedule for mechanical completion at the end of May 2023.

KEY VARIABLE AND OTHER QUALITATIVE OR QUANTITATIVE FACTORS

a) Trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's liquidity.

On March 24, 2023, the Group listed 1.265 million common shares in the Philippine Stock Market at ₱1.28/share. The Group was able to raise ₱1.62 billion from its initial public offering. By end of March 2023, the public ownership of AHC stood at 33%.

b) Events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration or an obligation.

As of March 31, 2023, there were no events which may trigger a direct or contingent financial obligation that is material to the Group.

c) Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

There were no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created as of March 31, 2023.

d) Material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures

For the period January 1, 2023 to March 31, 2023, there were no commitments for capital expenditures.

e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on.

As of March 31, 2023, there were no known trends, demands, commitments, events or uncertainties that will have a material impact on the issuer's net sales/revenues/income from continuing operations.

f) Any significant elements of income or loss that did arise from the issuer's continuing operations.

As of March 31, 2023, there were no significant elements of income or loss that did arise from the issuer's continuing operations.

g) Causes for material changes in the Financial Statements

<u>Statements of Financial Position [March 31, 2023 (Unaudited) vs. June 30, 2022 (Audited)]</u>

- Current assets increased by ₱987 million from ₱813 million as of June 30, 2022 to ₱1.8 billion as of March 31, 2023, mainly attributable to ₱1.62 billion gross proceeds from the recently concluded IPO listing. The increase was partially offset by payment of accrued liabilities on the acquired KSEC shares, investments in SSAI, and repayment of working capital loan.

- Recognized additional contract assets amounting ₱462 million representing the costs incurred in the on-going construction activities of the Palau solar farm and battery project.

- Current liabilities decreased by ₱308 million from ₱969 million as of June 30, 2022 to ₱662 million as of March 31, 2023. This was due to the payment of the accrued liabilities on the acquired KSEC shares and repayment of short-term loan.

h) Seasonal aspects that had a material effect on the financial condition or results of operations. As of March 31, 2023, there were no seasonal aspects that had a material effect on the financial condition or results of operations.