

COVER SHEET

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S.E.C. Registration Number

A	L	T	E	R	N	E	R	G	Y		H	O	L	D	I	N	G	S											
C	O	R	P	O	R	A	T	I	O	N																			

(Company's Full Name)

L	E	V	E	L		3	B	,		1	1	1		P	A	S	E	O		D	E		R	O	X	A	S		
B	U	I	L	D	I	N	G	,		P	A	S	E	O		D	E		R	O	X	A	S						
A	V	E	N	U	E		C	O	R	N	E	R		L	E	G	A	Z	P	I		S	T	R	E	E	T	,	
L	E	G	A	S	P	I		V	I	L	L	A	G	E	,		M	A	K	A	T	I		C	I	T	Y		

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

MARIA CARMEN G. DIAZ

Contact Person

(+632) 8813 4678

Company's Telephone Number

0 6

Month

3 0

Day

Fiscal Year

1 7 - Q

Form Type

1 2

Month

1 3

Day

Annual Meeting

Not applicable

(Secondary License Type, If Applicable)

MSRD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

2,560

Total No. of Stockholders

Total Amount of Borrowings

x

Domestic

x

Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document I.D.

Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended September 30, 2023
2. SEC 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. Metro Manila, Philippines 6. (SEC Use Only)
Province, Country or other jurisdiction of Industry Classification Code:
incorporation or organization
7. Level 3B 111 Paseo de Roxas Building, Paseo de Roxas
Avenue corner Legazpi Street, Legaspi Village Makati City1229
Address of principal office Postal Code
8. +632 8813-4678
Issuer's telephone number, including area code
9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Common Shares	Number of Shares of Common Stock 3,933,840,480 Shares
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Outstanding and Amount of Debt Outstanding
None registered in the Philippine SEC and
listed in PDEX/others

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

Yes [X] No []

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange – Common Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that the registrant was required to file such reports);

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to “Annex A” attached.

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

Please refer to “Annex B” attached.

PART II – OTHER INFORMATION

Please refer to “Annex C” attached.

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.

ALTERENERGY HOLDINGS CORPORATION



GERRY P. MAGBANUA
President



MARIA CARMEN G. DIAZ
Chief Financial Officer and Chief Sustainability Officer

Date: 7 November 2023

ANNEX A

Alternergy Holdings Corporation and Subsidiaries

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

COVER SHEET

for
SEC FORM 17-Q

SEC Registration Number

C	S	2	0	0	9	0	9	2	3	3
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COMPANY NAME

A	L	T	E	R	N	E	R	G	Y		H	O	L	D	I	N	G	S		C	O	R	P	O	R	A	T	I	O
N																													

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

L	E	V	E	L		3	B	,		1	1	1		P	A	S	E	O		D	E		R	O	X	A	S		B
U	I	L	D	I	N	G	,		P	A	S	E	O		D	E		R	O	X	A	S		C	O	R	N	E	R
	L	E	G	A	Z	P	I		S	T	R	E	E	T	,		L	E	G	A	S	P	I		V	I	L	L	A
G	E	,		M	A	K	A	T	I		C	I	T	Y															

Form Type

1	7	-	Q
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
contact@alternenergy.com	(632) 8813-4678	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
2,560	Second Wednesday of December	9/30

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
Maria Carmen G. Diaz	carmen.diaz@alternenergy.com	(632) 8813-4678	N/A

CONTACT PERSON'S ADDRESS

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

ALTERENERGY HOLDINGS CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****As of September 30, 2023****(With Comparative Audited Figures as of June 30, 2023)**

	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱1,124,441,202	₱1,238,986,852
Trade and other receivables (Note 5)	161,240,821	82,975,571
Due from related parties (Note 15)	139,945,893	129,588,414
Prepayments and other current assets	81,325,326	117,433,640
Total Current Assets	1,506,953,242	1,568,984,477
Noncurrent Assets		
Property, plant and equipment (Note 6)	1,014,831,630	1,021,115,316
Contract asset (Note 23)	1,201,593,335	1,165,145,627
Investments in and advances to associates and joint ventures (Note 7)	141,990,063	182,263,093
Intangible assets (Note 8)	1,003,595,933	854,678,971
Right-of-use asset	52,106,410	51,338,446
Other noncurrent assets	39,452,724	30,712,866
Total Noncurrent Assets	3,453,570,095	3,305,254,319
TOTAL ASSETS	₱4,960,523,337	₱4,874,238,786
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loan (Note 12)	₱249,645,510	₱249,172,856
Current portions of:		
Long-term debt (Note 13)	83,094,182	82,566,864
Lease liability	3,513,864	3,428,463
Accounts payable and accrued expenses	77,251,546	73,163,810
Advances from a third party (Note 11)	214,000,000	214,000,000
Dividend payable	–	3,750,000
Due to related parties (Note 15)	3,265,242	3,249,042
Income tax payable	296,094	5,415,453
Total Current Liabilities	631,066,438	634,746,488
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 13)	1,432,258,188	1,438,732,743
Lease liability - net of current portion (Note 23)	48,961,818	46,935,956
Asset retirement obligation (Note 17)	5,168,191	5,101,699
Deferred tax liabilities - net	23,763,318	23,732,208
Retirement benefit obligation	815,171	815,171
Total Noncurrent Liabilities	1,510,966,686	1,515,317,777
Total Liabilities	₱2,142,033,124	₱2,150,064,265

(Forward)

	September 30, 2023 (Unaudited)	June 30, 2023 (Audited)
Equity		
Capital stock (Note 14)	₱430,423,912	₱430,423,912
Additional paid-in capital (Note 14)	1,643,742,189	1,643,742,189
Share in remeasurement loss on retirement benefit obligation of an associate	(15,557)	(15,557)
Cumulative translation adjustment (Note 2)	5,801,934	3,843,510
Equity reserve	3,435,427	3,435,427
Retained earnings (Deficit)	19,741,808	(568,660)
Equity Attributable to Equity Holders of the Parent Company	2,103,129,713	2,081,127,824
Non-controlling Interests	715,360,500	643,046,707
Total Equity	2,818,490,213	2,724,174,531
TOTAL LIABILITIES AND EQUITY	₱4,960,523,337	₱4,874,238,796

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ALTERENERGY HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three-Month Periods Ended September 30	
	2023	2022
REVENUE FROM SALE OF ELECTRICITY (Note 23)	₱43,308,386	₱43,587,095
COST OF SALE OF ELECTRICITY (Note 6)	10,968,487	12,777,560
GROSS PROFIT	32,339,899	30,809,535
EQUITY IN NET LOSSES OF ASSOCIATES (Note 7)	(272,422)	(3,347,345)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	18,122,737	10,554,389
OTHER INCOME (CHARGES)		
Project cost recovery (Note 23)	86,255,857	–
Construction revenue (Note 23)	36,447,708	333,714,340
Construction costs (Note 23)	(36,447,708)	(333,714,340)
Finance costs (Notes 12, 13, and 17)	(15,269,553)	(16,769,186)
Interest income (Note 4)	7,126,708	1,265,424
Net foreign exchange gains (losses)	4,923,094	(574,490)
Advisory fees (Note 15)	810,000	735,000
	83,846,106	(15,343,252)
INCOME BEFORE INCOME TAX	97,790,846	1,564,549
BENEFIT FROM (PROVISION FOR) INCOME TAX	814,220	(95,176)
NET INCOME	96,976,626	1,659,725
OTHER COMPREHENSIVE INCOME		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Cumulative translation adjustment (Note 2)	11,898,084	27,159,322
TOTAL COMPREHENSIVE INCOME	₱108,874,710	₱28,819,047
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	₱22,001,899	₱3,951,945
Non-controlling interests	86,872,811	25,867,102
	₱108,874,710	₱28,819,047
Basic/Diluted Earnings per Share (Note 18)	₱0.01	₱19.5

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022**

	Capital Stock		Additional	Deposit for	Share in Re-measurement	Cumulative	Equity		Equity	Non-	Total
	Preferred	Common	Paid-in Capital	Future Stock	Loss on Retirement Benefit Obligation of an Associate	Translation Adjustment	Reserve	Deficit	Attributable to Equity Holders of the Parent Company	controlling Interests	
At July 1, 2023	₱37,039,864	₱393,384,048	₱1,643,742,189	₱–	(₱15,557)	₱4,110,513	₱3,435,427	(₱568,660)	₱2,081,127,824	₱643,046,707	₱2,724,174,531
Total comprehensive income	–	–	–	–	–	1,691,421	–	20,310,468	22,001,889	86,872,811	108,874,700
Change in non-controlling interests	–	–	–	–	–	–	–	–	–	(14,559,018)	(14,559,018)
At September 30, 2023	₱37,039,864	₱393,384,048	₱1,643,742,189	₱–	(₱15,557)	₱5,801,934	₱3,435,427	₱19,741,808	₱2,103,129,713	₱715,360,500	₱2,818,490,213
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)	–	–	–	–	–	4,991,621	–	(1,039,676)	3,951,945	24,867,102	28,819,047
Issuance of shares	–	–	2	–	–	–	–	–	2	–	2
Deposit for future stock subscription	–	–	–	31,839,079	–	–	–	–	31,839,079	–	31,839,079
Quasi-reorganization	–	–	(125,062,655)	–	–	–	–	125,062,655	–	–	–
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 September 30, 2022	₱15,000	₱21,349	₱315,802,592	₱329,718,858	(₱15,557)	₱8,298,666	₱3,469,879	(₱116,254,677)	₱541,056,109	₱462,667,970	₱1,003,724,079

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three-Month Periods Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱97,790,846	₱1,564,548
Adjustments for:		
Finance costs (Notes 12, 13, and 17)	15,269,553	16,769,187
Depreciation and amortization (Notes 6 and 16)	7,405,587	9,453,016
Interest income (Note 4)	(7,126,708)	(1,265,424)
Net unrealized foreign exchange losses (gains)	2,382,579	(4,929,429)
Equity in net losses (earnings) of associates (Note 7)	272,422	3,347,345
Income before working capital changes	115,994,279	24,939,243
Decrease (increase) in:		
Trade and other receivables (Note 5)	(78,265,250)	(2,081,488)
Prepayments and other current assets	36,108,314	(577,010)
Other noncurrent assets	(8,739,858)	(2,193,529)
Increase (decrease) in accounts payable and accrued expenses	4,087,735	(63,147,978)
Net change in accounts with related parties	(10,341,279)	–
Cash from (used in) operations	58,843,941	(43,060,762)
Interest received	7,126,708	1,265,424
Income tax paid	(6,056,776)	(277,640)
Net cash flows from (used in) operating activities	59,913,873	(42,072,978)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Project development costs (Notes 8 and 23)	(148,916,962)	(13,125,722)
Contract asset (Note 23)	(36,447,708)	(265,348,435)
Property, plant and equipment (Note 6)	(1,823,373)	(1,813,990)
Cash dividends received	40,000,603	–
Acquisition of non-controlling interests (Note 10)	(2,506,632)	(35,243,536)
Collections of amounts due from related parties (Note 15)	–	17,003,433
Net cash flows used in investing activities	(149,694,072)	(298,528,250)

(Forward)

	Three-Month Periods Ended September 30	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interest (Notes 12 and 13)	(P21,744,108)	(P22,457,601)
Dividends	(3,750,000)	(18,750,000)
Lease liability	2,111,263	–
Deferred financing charges (Note 13)	999,973	(210,563)
Long-term debts (Note 13)	–	(29,479,063)
Payment to a subsidiary's former shareholder	–	(8,092)
Proceeds from:		
Long-term debt (Note 13)	–	555,700,000
Deposit for future stock subscription (Note 14)	–	31,839,079
Amount due to related parties	–	1,088,489
Issuance of shares to parent equity holder	–	2
Net cash flows from (used in) financing activities	(22,382,872)	517,722,251
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(2,382,579)	1,629,054
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(114,545,650)	178,750,077
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD (Note 4)	1,238,986,852	624,922,509
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	P1,124,441,202	P803,672,586

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ALTERNERGY HOLDINGS CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM 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 Legaspi Street, Legaspi Village, Makati City.

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

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. Accordingly, the Group prepared the consolidated financial statements as at June 30, 2022 and for the six-month period ended June 30, 2022 (see Note 3).

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 initial public offering (“IPO”) and was listed in the PSE under the stock symbol “ALTER”.

The unaudited interim consolidated financial statements as at September 30, 2023 and June 30, 2023 and for the three-month periods ended September 30, 2023 and 2022 were approved and authorized for issuance by the BOD on November 7, 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 September 30, 2023 and June 30, 2023:

	Nature of Business	Percentage of Ownership			
		September 30, 2023		June 30, 2023	
		Direct	Indirect	Direct	Indirect
Alternergy Tanay Wind Corporation (“ATWC”) ^(A)	Power generation	100	–	100	–
Pililla AVPC Corporation (“PACO”)	Investment holding	100	–	100	–
Abra De Ilog Wind Power Corporation (“ADIWPC”) ^(A)	Power generation	–	100	–	100
Alabat Wind Power Corporation (“AWPC”) ^(A)	Power generation	–	100	–	100
Liberty Solar Energy Corporation (“LSEC”) ^{(A)/(B)}	Power generation	60	–	60	–
Alternergy Hydro Partners Corporation (“AHPC”)	Investment holding	100	–	100	–
Alternergy Mini Hydro Holdings Corporation (“AMHHC”)	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”) ^(C)	Investment holding	60	–	60	–
Kirahon Solar Energy Corporation (“KSEC”) ^(B)	Power generation	50	15	50	15
Liwanag Renewable Energy Corporation (“LREC”) ^(A)	Power generation	–	60	–	60
Sienna Solar Power Corporation (“SSPC”) ^(A)	Power generation	–	45	–	45
Solar Pacific Pristine Power Inc. (“SPPP”) ^{(A)/(D)}	Power generation	10	8	10	8
Solana Solar Alpha Incorporation (“SSAI”) ^(A)	Power generation	–	60	–	60
Green Energy Supply Solutions Inc. (“GESSI”) ^(A)	Energy retail supplier	100	–	100	–

(A) No commercial operations as of September 30, 2023

(B) LSEC and KSEC became subsidiaries of AHC effective June 23, 2023 and June 10, 2022, respectively (see Note 10)

(C) 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. (see Note 14)

(D) Voting interest of AHC is 5.6% (direct) as of September 30, 2023 and June 30, 2023, and 60% thru SPEC (indirect) as of September 30, 2023 and June 30, 2023

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 consolidated financial statements of the Company as of September 30, 2023 and for the three-month periods ended September, 2023 and 2022 have been prepared in accordance with Philippine Accounting Standard (“PAS”) 34, *Interim Financial Reporting*. The unaudited interim consolidated 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, 2023.

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 interim consolidated financial statements comprise the financial statements of the Parent Company, its subsidiaries as of September 30, 2023 and June 30, 2023 and for three-month periods ended September 30, 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 interim 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 unaudited interim 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 year ended June 30, 2023.

4. Cash and Cash Equivalents

	September 30, 2023	June 30, 2023
Cash in banks and on hand	₱386,682,282	₱498,545,891
Cash equivalents	737,758,920	740,440,961
	₱1,124,441,202	₱1,238,986,852

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.

5. Trade and Other Receivables

	September 30, 2023	June 30, 2023
Trade	₱147,984,095	₱17,347,134
Non-trade receivables from third parties	8,362,152	58,245,388
Advances to employees	3,098,394	2,638,027
Dividend receivable	–	1,250,000
Others	1,796,180	3,495,022
	₱161,240,821	₱82,975,571

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

Non-trade receivables from third parties pertain to advances by PACO to its joint venture partner.

6. Property, Plant and Equipment

	Land	Solar Power Plant	Office Equipment	Furniture and Fixtures	Computer software	September 30, 2023 Total
Cost						
At July 1	₱512,241,765	₱539,223,088	₱1,671,063	₱31,759	₱249,331	₱1,053,417,006
Additions	–	–	56,657	–	13,614	70,721
At September 30	512,241,765	539,223,088	1,727,720	31,759	262,945	1,053,487,277
Accumulated Depreciation						
At July 1	–	30,967,429	1,058,207	30,221	245,833	32,201,690
Depreciation (see Note 16)	–	6,288,079	65,685	192	–	6,353,956
At September 30	–	37,255,508	1,123,893	30,413	245,833	38,655,647
Net Book Values	₱512,241,765	₱501,967,580	603,827	₱1,346	₱17,112	₱1,014,831,630

	Land	Solar Power Plant	Office Equipment	Furniture and Fixtures	Computer software	June 30, 2023 Total
Cost						
At July 1	₱512,241,765	₱538,613,485	₱1,087,850	₱29,451	₱249,331	₱1,052,221,882
Additions	–	1,419,673	583,213	2,308	–	2,005,194
Rescission of deed of sale	–	(810,070)	–	–	–	(810,070)
At June 30	512,241,765	539,223,088	1,671,063	31,759	249,331	1,053,417,006
Accumulated Depreciation						
At July 1	–	1,602,168	865,681	29,451	244,717	2,742,017
Depreciation (see Note 16)	–	29,365,261	192,526	770	1,116	29,559,673
At June 30	–	30,967,429	1,058,207	30,221	245,833	32,301,690
Net Book Values	₱512,241,765	₱508,255,659	₱612,856	₱1,538	₱ 3,498	₱1,021,115,316

7. Investments in and Advances to Associates and Joint Ventures

	September 30, 2023	June 30, 2023
Cost		
At beginning of period	₱94,203,880	₱85,714,808
Additions	44,802,472	8,489,072
At end of period	139,006,352	94,203,880
Accumulated Equity in Net Earnings		
At beginning of period	43,272,299	25,083,656
Equity in net earnings during the period	(272,422)	21,938,643
Dividends	(40,000,603)	(3,750,000)
Other adjustments	14	–
At end of period	2,999,288	43,272,299
Share in remeasurement loss on retirement benefit obligation of an associate	(15,577)	(15,577)
	141,990,063	137,460,602
Advances to an associate	–	44,802,491
	₱141,990,063	₱182,263,093

The Group's associates and joint ventures and the corresponding voting ownership as of September 30, 2023 and June 30, 2023 are as follows:

	Nature of Business	Percentage of Ownership	
		September 30, 2023	June 30, 2023
KMHC	Power generation	30.00	30.00
SPCC	Power generation	15.00	15.00
DMHC	Power generation	7.80	4.00
AWOC	Power generation	5.00	5.00
ASWC	Power generation	5.00	5.00
CPWPC*	Power generation	60.00	60.00
TSOWPC*	Power generation	61.00	61.00

*Accounted for as a subsidiary in 2022 prior to its deconsolidation on September 14, 2022

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% each while, the Group's direct ownership of SPEC is 60% as of September 30, 2023 and June 30, 2023 (see Note 2) resulting to the Group's effective ownership in SPCC of 15% as of September 30, 2023 and June 30, 2023.

KMHC

KMHC owns, operates and manages the Kiangnan Mini Hydro Project with a combined net sellable capacity of 18 megawatt ("MW") located in the Municipality of Kiangnan, Province of Ifugao. KMHC was incorporated on November 14, 2014.

On April 23, 2021, KMHC issued additional new shares to other investors resulting to the dilution of the Group's ownership interest in KMHC to 30%. Consequently, KMHC ceased to be a subsidiary of the Parent Company and the Group recognized a gain on deconsolidation of a subsidiary amounting to ₱2.10 million.

In March 2022, AMHHC made 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	09/25/18
CM Tagum SPP	Tagum City, Davao del Norte	1,110.00 kW DC	09/25/18
CM Victorias SPP	Victorias City, Negros Occidental	634.88 kW DC	09/25/18
CM Dumaguete SPP	Dumaguete City, Negros Oriental	265.60 kW DC	09/25/18
CM Boracay SPP	Malay, Aklan	362.56 kW DC	09/25/18
CM Kalibo SPP	Kalibo, Aklan	218.84 kW DC	09/25/18
CM Mandalagan SPP	Bacolod City, Negros Occidental	635.00 kW DC	04/12/19
CM Dau SPP	Angeles City, Pampanga	238.00 kW DC	05/29/19

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.

In January 2023, PACO made advances for future subscription of shares in ASWC amounting to ₱4.79 million.

DMHC

DMHC owns, operates 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. DMHC was incorporated on February 7, 2014.

In March 2023, AMHHC acquired additional shares in DMHC amounting to ₱8.49 million in proportion to the additional shares subscribed by the other shareholders.

CPWPC

CPWPC is a 60%-owned joint venture of the Group through PACO, and 40%-owned by Shell Overseas Investments B.V. ("Shell"), which was organized in the Kingdom of Netherlands. CPWPC was incorporated in the Philippines on December 15, 2021 to engage in the business of developing renewable energy. CPWPC's principal office address is Level 3B, 111 Paseo de Roxas Building, Paseo de Roxas Legaspi Village San Lorenzo, Makati City.

In September 2022, CPWPC issued new shares at ₱1.0 per share to a third party, resulting in a reduction in the ownership of AHC (thru PACO) in CPWPC. Consequently, CPWPC ceased to be a subsidiary of the Parent Company and the Group recognized a gain on deconsolidation of a subsidiary amounting to ₱150,490.

TSOWPC

TSOWPC is a 61%-owned joint venture of the Group through PACO, and 39%-owned by Shell. TSOWPC was incorporated in the Philippines on January 6, 2022 to engage in the business of developing renewable energy. TSOWPC's principal office address is Level 3B, 111 Paseo de Roxas Building, Paseo de Roxas Legaspi Village San Lorenzo, Makati City.

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. Consequently, TSOWPC ceased to be a subsidiary of the Parent Company and the Group recognized a gain on deconsolidation of a subsidiary amounting to ₱78,910.

8. Intangible Assets

	Project Development Costs	Goodwill	Customer Off-take Agreement	September 30, 2023 Total
Cost				
At July 1	₱350,883,196	₱238,423,078	₱283,172,980	₱872,479,254
Additions (see Note 23)	150,455,142	–	–	150,455,142
At September 30	501,338,338	238,423,078	283,172,980	1,022,934,396
Accumulated Amortization				
At July 1	–	–	15,636,561	15,636,561
Amortization during the year	–	–	3,701,902	3,701,902
At September 30	–	–	19,338,463	19,338,463
	₱501,338,338	₱238,423,078	₱263,834,517	₱1,003,595,933

	Project Development Costs	Goodwill	Customer Off-take Agreement	June 30, 2023 Total
Cost				
At July 1	₱266,025,987	₱238,423,078	₱283,172,980	₱787,622,045
Additions	84,857,209	–	–	84,857,209
At June 30	350,883,196	238,423,078	283,172,980	872,479,254
Accumulated Amortization				
At July 1	–	–	828,955	828,955
Amortization during the year	–	–	14,807,606	14,807,606
At June 30	–	–	15,636,561	15,636,561
Allowance for Impairment Losses	2,163,722	–	–	2,163,722
	₱348,719,474	₱238,423,078	₱267,536,419	₱854,678,971

Project Development Costs

Project development cost pertains to the costs incurred to conduct the assessment and field verification for the financing, construction and operation of the Projects.

Goodwill

Goodwill arose from the acquisition of SSAI in 2019 and KSEC in 2022 (see Note 9). Goodwill acquired through business combinations have been attributed to each business considered as cash-generating unit.

The Group acquired SSAI as its first major step into the Luzon utility scale solar market as it expands its investment portfolio in solar energy. It acquired KSEC to be an anchor as a third leg in its “triple play” renewable energy portfolio strategy. Goodwill is attributable to the expected synergies arising from the acquisitions of SSAI and KSEC.

Impairment of Intangible Assets

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 three-month periods ended September 30, 2023 and June 30, 2023.

9. Group Restructuring

Step Acquisition of KSEC

KSEC is a registered solar power generation company based in Minergy Business Park, PHIVIDE Industrial Estate, Ilagan-Cagayan de Oro-Butuan Road, Sitio Kirahon, Barangay San Martin, Villanueva, Misamis Oriental. 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.

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

By the date the 2022 consolidated financial statements were approved for issue by the BOD, the valuation required by PFRS 3 had not yet been completed. Hence, as allowed under PFRS3, the assets recognized and liabilities assumed were based on provisional assessment of their fair value resulting to a provisional goodwill amounting to ₱462.47 million, and the valuation for property, plant and equipment, intangible assets, goodwill, and non-controlling interests was subject to change within one (1) year of measurement period after the acquisition date. As of the acquisition date, KSEC had signed contracts with customers for the sale of power which qualify for recognition as intangible assets separate from goodwill (see Note 8).

In June 2023, the Parent Company has completed the fair value measurement of the assets acquired and the liabilities assumed and the related purchase price allocation. The completion of the fair value measurement and purchase price allocation process resulted to the following:

- recognition of an intangible asset from customer relation and deferred tax liabilities amounting to ₱283.17 million and ₱21.69 million, respectively;
- increase in fair value of property, plant and equipment, non-controlling interests and gain on remeasurement of previously held interest by ₱150.54 million, ₱153.51 million and ₱13.28 million, respectively; and
- reduction of goodwill by ₱245.23 million.

Following PFRS 3, the fair value changes have been recognized retrospectively to the date of acquisition, resulting in the restatement and adjustment of the assets previously included in the consolidated statement of financial position as at June 30, 2022 and consolidated statement of comprehensive income for the six-month period ended June 30, 2022 as follows:

	As previously reported	Adjustments	As restated
Consolidated Statement of Financial Position			
Property, plant and equipment ^(A)	₱898,479,949	₱150,999,916	₱1,049,479,865
Intangible assets:			
Goodwill	483,655,816	(245,232,738)	238,423,078
Customer off-take agreement ^(B)	–	282,344,025	282,344,025
Project development costs	263,862,265	–	263,862,265
	747,518,081	37,111,287	784,629,368
Deferred tax liabilities	2,433,560	21,666,495	24,100,055
Deficit ^(C)	240,277,656	13,068,229	(227,209,427)
Non-controlling interests ^(D)	463,461,426	153,376,478	616,837,904

**Consolidated Statement of
Comprehensive Income**

Cost of sale of electricity ^(E)	₱3,002,238	₱371,381	₱3,373,619
Gross margin	6,328,729	(371,381)	5,957,348
Restructuring related charges - net ^(F)	173,034,032	(13,282,000)	159,752,032
Loss before income tax	(164,049,141)	12,910,619	(151,138,522)
Benefit from income taxes	(5,941,796)	(19,271)	(5,961,067)
Net loss	(158,107,345)	12,929,890	(145,177,455)
Total comprehensive loss	(138,115,158)	12,929,890	(125,185,268)
Net loss attributable to parent holder	(₱154,033,282)	₱13,068,229	(₱140,965,053)
Net income attributable to non-controlling interest	₱15,918,124	(₱138,339)	₱15,779,785

Notes to adjustments:

- (A) Includes amortization of fair value adjustment on solar power plant for the period from June 10-30, 2022 amounting to ₱0.46 million
- (B) Includes amortization of the intangible asset for the period from June 10-30, 2022 amounting to ₱0.83 million
- (C) Includes the effect of the amortization in (A) and (B) above and the increase in gain on remeasurement of previously held interest amounting to ₱13.28 million
- (D) Includes NCI's share of the amortization in (A) and (B) totaling to ₱0.14 million
- (E) Pertains to the net effect of the amortization of fair value adjustment on solar power plant and intangible asset in (A) and (B)
- (F) Pertains to the increase in gain on remeasurement of previously held interest

The following is the final purchase price allocation for the business combination:

Assets:

Cash and cash equivalents	₱79,260,546
Trade and other receivables	7,641,487
Prepayments and other current assets	48,881,821
Property, plant and equipment - net	958,613,485
Intangible assets - Customer off-take agreement	283,172,980
Other noncurrent assets	86,100
	<u>1,377,656,419</u>

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
Deferred tax liabilities	21,685,766
	<u>679,477,470</u>

Total identifiable net assets acquired	698,178,949
Non-controlling interest	(260,105,466)
Fair value of previously held equity interest	(133,123,803)
Goodwill arising from acquisition (see Note 12)	217,236,820
Purchase consideration	<u>₱522,186,500</u>

Net cash flow on acquisition:

Unrestricted cash and cash equivalent acquired with subsidiary	₱79,260,546
Purchase consideration transferred	—
	<u>₱79,260,546</u>

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 ₱3.48 million to the consolidated net loss of the Group for the six-month period ended June 30, 2022. Details are as follows:

Revenue from sale of electricity	₱9,330,967
Cost of sale of electricity	2,544,664
Gross profit	6,786,303
Expenses and taxes	3,303,862
Net income	₱3,482,441

Payment of the acquisition of KSEC shares shall be due in nine (9) months from June 10, 2022. The purchase consideration remains unpaid as of June 30, 2022 and presented in the 2022 consolidated statement of financial position under “Payable to a subsidiary’s former shareholder” and “Due to related parties” accounts. This has been fully paid as at September 30, 2023 and June 30, 2023.

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 (see Note 16).

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

Fair value of the previously held interest, as restated	₱133,123,803
Less carrying value of the previously held interest	78,563,674
Gain on the remeasurement of previously held interest, as restated	₱54,560,129

Divestment of Subsidiaries

As part of its restructuring exercise, the Parent Company divested certain subsidiaries in 2022 from the Group.

- 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 four (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.
- 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.

On June 23, 2023, AHC subscribed to 975,000 common shares of LSEC for 60% interest. Consequently, LSEC became a subsidiary of the Group as at September 30, 2023 and June 30, 2023 (see Note 2).

- 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.

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 September 30, 2023 and June 30, 2023

Company Name	Principal Place of Business	September 30, 2023	June 30, 2023
KSEC (see Note 11)	Minergy Business Park, PHIVIDEC Industrial Estate, Iligan-Cagayan de Oro-Butuan Road, Sitio Kirahon, Barangay San Martin, Villanueva, Misamis Oriental	35.01%	35.01%
SPEC	Level 3B, 111 Paseo de Roxas Bldg., Paseo de Roxas Ave. cor. Legazpi St., Legaspi Village, Makati City	40.00%	40.00%
SPPP	P.O. Box 1860, Idid Hamlet, Koror, Republic of Palau 96940	82.40%	82.40%
LSEC (see Note 2)	Level 3B, 111 Paseo de Roxas Bldg., Paseo de Roxas Ave. cor. Legazpi St., Legaspi Village, Makati City	40.00%	40.00%
		September 30, 2023	June 30, 2023
Accumulated balances of material non-controlling interest:			
KSEC		₱282,046,032	₱275,404,571
SPEC		40,664,340	42,140,504
SPPP		408,462,087	336,405,576
		For the Three-Month Periods Ended September 30	
		2023	2022
Total comprehensive income (loss) allocated to material non-controlling interest:			
KSEC		₱6,641,461	₱5,385,425
SPEC		(1,476,164)	(1,465,189)
SPPP		72,056,511	(1,586,486)

Change in Non-controlling Interest in SPPP

- a. In April 2022, SPPP issued 6,763,370 new shares at \$1.00 per share to AHC, SPEC, SANT, QBL and Kea US LLC for a total consideration of \$6.76 million (₱349.46 million) resulting to a change in the economic ownership of SPEC from 100% to 12.67%. The change in the ownership did not result to a loss of control as the Group still holds majority of the BOD seats and voting rights as agreed with the new shareholders as stipulated in the Shareholders' Agreement. Non-controlling interests comprise 43% of voting rights. Hence, the transaction was accounted for as an equity transaction resulting to a recognition of non-controlling interest amounting to ₱286.67 million and equity reserve amounting to ₱13.02 million as follows:

Proceeds from sale of non-controlling interests	₱299,686,000
Net assets attributable to non-controlling interests	286,667,594
Difference recognized as equity reserve	₱13,018,406

- b. 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%. The transaction was accounted for as an equity transaction resulting to a reduction in non-controlling interest as follows:

Cash consideration to acquire non-controlling interests	₱35,243,536
Net assets attributable to non-controlling interests	25,660,557
Difference recognized as equity reserve	₱9,582,979

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.

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 ("IFA") 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. Under the IFA, the change in capital structure of LAMHC should be done within 1 year from March 15, 2022. This had been extended until June 15, 2023. As of September 30, 2023 and June 30, 2023, the deposit is lodged as "Advances from a third party" account in the 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.

On August 14, 2023, the parties agreed to extend the period to change LAMHC's capital structure to December 31, 2023.

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. SSAI extended the term of the loan until March 31, 2023 with same terms and conditions of the original loan agreement apply. 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.

b. Rizal Commercial Banking Corporation (“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. On December 5, 2022, the BOD of PACO approved the resolution to act as third-party guarantor for the loan of AHC with the local bank, authorizing PACO to pledge the shares of stock which it owns in an associate in favor of the bank by way of security for AHC loan. The loan is payable in full at the end of the term.

Interest is payable quarterly at a simple fixed interest rate per annum until the maturity of the loan. As of September 30, 2023 and June 30, 2023, the interest payable amounted to ₱1.26 million and ₱1.15 million, respectively and unamortized portion of the debt transaction costs amounted ₱0.35 million and ₱0.82 million, respectively.

c. Interest expense on short-term loans amounted to ₱5.1 million and ₱1.6 million for the three-month periods ended September 30, 2023 and 2022, respectively.

13. Long-term Debts

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

	September 30, 2023	June 30, 2023
RCBC	₱524,587,059	₱562,067,460
Export Finance Australia (“EFA”)	1,018,350,000	993,600,000
	1,542,937,059	1,555,667,460
Less deferred financing charges	27,584,689	34,367,853
	1,515,352,370	1,521,299,607
Less current portion	83,094,182	82,566,864
	₱1,432,258,188	₱1,438,732,743

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 ₱320.01 million. 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 agreement with RCBC. As of September 30, 2023 and June 30, 2023, 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. Interest payable amounted to ₱33.7 million and ₱17.73 million as of September 30, 2023 and June 30, 2023, respectively (see Note 16).

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 September 30, 2023 and June 30, 2023, total assets of SPPP amounted to ₱1,618.30 million and ₱1,406.31 million, respectively.

Debt Covenants

SPPPI is obligated to comply with certain covenants with respect to maintaining at least 75% gearing ratio.

As of September 30, 2023 and June 30, 2023, and for the three-month periods ended September 30, 2023 and 2022, SPPP is compliant with the covenants of the PFA.

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

	September 30, 2023	June 30, 2023
Beginning of period	₱34,367,852	₱41,627,903
Amortization during the period	(3,245,927)	(5,962,377)
Translation adjustment	(3,537,237)	(1,297,674)
End of period	₱27,584,689	₱34,367,852

d. Interest expense on long-term debts amounted to ₱10.1 million and ₱15.1 million for the three-month periods ended September 30, 2023 and 2022, respectively.

14. Equity

Capital Stock and Additional Paid-in Capital

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

	Number of Shares	Amount
Common stock - ₱0.10 par value		
Authorized	10,406,291,160	₱1,040,629,116
Issued and outstanding	3,933,840,480	393,384,048
Preferred stock - ₱0.10 par value		
Authorized	1,481,594,548	148,159,455
Issued and outstanding	370,398,637	37,039,864

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 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 ₱440.87 million. The excess of par value of the shares issued was recognized as additional paid in capital amounting to ₱440.87 million.

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

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 said shares.

On June 10, 2022, the BOD and shareholders approved the amendment of the Articles of Incorporation of the Parent Company to reflect the decrease in the par value of its preferred

shares from ₱1.00 to ₱0.01 per share thereby increasing the authorized preferred shares of the Parent Company from 60,000 to 600,000 preferred shares.

On June 10, 2022, the Parent Company's BOD and shareholders approved the increase in the Parent's authorized capital stock from ₱100,000 divided into 400,000 common shares with par value of ₱0.10 per share and 600,000 preferred shares with par value of ₱0.10 per share to ₱1,188.79 million, divided into 10,406,291,160 common shares with par value of ₱0.10 per share and 1,481,594,548 preferred shares with 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 amounting to ₱297.88 million are recognized as deposit for future stock subscription in the 2022 parent company statement of financial position.

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 November 16, 2022, the SEC approved the increase in the Parent Company's authorized capital stock, including conversion of debt to equity, and the decrease in the par value of the Parent Company's preferred stock.

On November 18, 2022, the Parent Company issued shares amounting to ₱303.89 million and recognized additional paid-in capital amounting to ₱24.19 million, net of transaction costs amounting to ₱5.44 million.

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, net of transaction costs amounting to ₱67.46 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 to ₱125.06 million as of December 31, 2021 by applying/ reclassifying/ offsetting the same against the Parent Company's additional paid-in -capital of ₱440.87 million. The SEC approved the Parent Company's equity restructuring on August 26, 2022.

On January 20, 2023, the Parent Company's BOD approved the equity restructuring of the Parent Company by wiping out and eliminating its deficit amounting to ₱120.26 million by applying/ reclassifying/ offsetting the same against the Parent Company's additional paid-in -capital. The SEC approved the Parent Company's equity restructuring on May 15, 2023.

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 Three- Month Period Ended September 30		Outstanding Balance as of		Terms	Conditions
	2023	2022	September 30, 2023	June 30, 2023		
Due from Related Parties						
Parent	₱—	₱—	₱3,328,000	₱3,328,000	On demand; noninterest-bearing	Unimpaired; Unsecured
Entities under common ownership	10,357,425	18,121,775	136,617,893	126,260,414	On demand; noninterest-bearing	Unimpaired; Unsecured
			₱139,945,893	₱129,588,414		

	Transactions During the Three- Month Period Ended September 30		Outstanding Balance as of		Terms	Conditions
	2023	2022	September 30, 2023	June 30, 2023		
Due to Related Parties						
Entities under common ownership	₱—	₱1,019,206	₱3,265,242	₱3,249,042	On demand; noninterest-bearing	Unsecured

In the normal course of business, the Group has transactions with related parties as follows:

- SPEC entered into an advisory agreement with KSEC and SPCC. The advisory services, consist of administrative and support services.
- 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.
- The Group did not employ personnel for the three-month periods ended September 30, 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 September 30	
	2023	2022
Outside services	₱3,850,167	₱2,508,622
Depreciation and amortization (see Notes 6)	3,770,446	73,263
Professional fees	2,972,686	1,844,820
Salaries and wages	2,628,380	1,509,341
Taxes and licenses	1,513,362	113,121
Advertising and promotions	982,564	—
Rental (see Note 23)	561,109	689,493
Impairment loss	495,808	—
Travel and transportation	291,323	—
Office supplies	245,580	134,996
Communications	154,709	184,478
Insurance	131,579	684,240
Others	525,024	2,812,015
	₱18,122,737	₱10,554,389

17. Asset Retirement Obligation

	September 30, 2023	June 30, 2023
At beginning of period	₱5,101,699	₱14,445,032
Accretion expense	66,492	415,897
Adjustments	—	(9,759,230)
At end of period	₱5,168,191	₱5,101,699

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 September 30, 2023 and June 30, 2023.

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.

18. Earnings per Share

Earnings per common share amounts were computed as follows:

	Three-Month Periods Ended September 30	
	2023	2022
a. Net income attributable to equity holders of the parent	₱22,001,899	₱3,951,945
b. Weighted average number of common shares issued and outstanding	3,390,840,480	202,760
Earnings per common share (a/b)	₱0.01	₱19.49

There are no dilutive potential common shares for the three-month periods ended September 30, 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.

The Parent Company has 2,560 shareholders and 3,252 shareholders as at September 30, 2023 and June 30, 2023, respectively.

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:

September 30, 2023 (3 months)

	Parent	Wind	Hydro	Solar	RES	Total	Adjustments	Consolidated
Income/(Expenses)								
Revenue from sale of electricity	P-	P-	P-	P43,308,386	P-	P43,308,386	P-	P43,308,386
Cost of sale of electricity	-	-	-	(13,014,463)	-	(13,014,463)	2,045,976	(10,968,487)
Equity in net earnings of associates	-	-	-	-	-	-	(272,422)	(272,422)
General and administrative expenses	(6,348,329)	(311,349)	(551,061)	(10,930,842)	(21,394)	(18,162,975)	40,238	(18,122,737)
Construction revenue	-	-	-	36,447,708	-	36,447,708	-	36,447,708
Construction costs	-	-	-	(36,447,708)	-	(36,447,708)	-	(36,447,708)
Project cost recovery	-	-	-	86,255,857	-	86,255,857	-	86,255,857
Finance costs	(5,110,987)	-	-	(10,158,566)	-	(15,269,553)	-	(15,269,553)
Net foreign exchange gain (loss)	7,304,162	(587,413)	(1,756,811)	(36,844)	-	4,923,094	-	4,923,094
Advisory fees	-	-	-	810,000	-	810,000	-	810,000
Interest income	5,222,804	1,520	610,121	1,292,260	3	7,126,708	-	7,126,708
Dividend income	-	40,000,603	-	-	-	40,000,603	(40,000,603)	-
Segment income (loss)	1,067,649	39,103,360	(1,697,750)	97,525,788	(21,391)	135,977,657	(41,717,284)	97,790,846
Benefit from (provision for) income tax	-	-	-	937,417	-	937,417	(123,197)	814,220
Net income (loss)	P1,067,649	P39,103,360	(P1,697,750)	P96,588,371	(P21,391)	P135,040,240	(P41,594,087)	P96,976,626
Other information								
Investment in and advances to associates	P-	P82,571,762	P-	P35,083,196	P-	P117,654,957	P24,335,106	P141,990,063
Property, plant and equipment	P-	P-	P132,209	P853,469,625	P-	P853,601,834	P161,229,796	P1,014,831,630
Segment assets	P2,291,694,848	P642,204,713	P458,435,477	P2,732,953,850	P1,455,640	P6,126,744,529	(P1,166,221,192)	P4,960,523,337
Segment liabilities	(P258,732,640)	(P434,033,461)	(P510,921,850)	(P1,787,375,669)	(P65,162)	(P2,991,128,780)	P849,095,657	(P2,142,033,124)
Depreciation and amortization	P-	P-	P1,526	P5,748,136	P-	P5,749,662	P1,655,925	P7,405,587

September 30, 2022 (3 months)

	Parent	Wind	Hydro	Solar	RES	Total	Adjustments	Consolidated
Income/(Expenses)								
Revenue from sale of electricity	P-	P-	P-	P43,587,095	P-	P43,587,095	P-	P43,587,095
Cost of sale of electricity	-	-	-	(12,777,560)	-	(12,777,560)	-	(12,777,560)
Equity in net losses of associates	-	-	-	-	-	-	(3,347,345)	(3,347,345)
General and administrative expenses	(1,798,525)	(299,524)	(2,897,815)	(6,996,857)	(23,921)	(12,016,642)	1,462,253	(10,554,389)
Construction revenue	-	-	-	333,714,340	-	333,714,340	-	333,714,340
Construction costs	-	-	-	(333,714,340)	-	(333,714,340)	-	(333,714,340)
Finance costs	(3,913,836)	-	-	(12,855,350)	-	(16,769,186)	-	(16,769,186)
Net foreign exchange gain (loss)	2,943,941	1,230,873	(4,663,575)	(85,729)	-	(574,490)	-	(574,490)
Interest and other income	2,893	285	21,531	4,123,235	11	4,147,955	(2,147,531)	2,000,424
Segment income (loss)	(2,765,527)	931,634	(7,539,859)	14,994,834	(23,910)	5,597,172	(4,032,623)	1,564,549
Provision for (benefit from) income tax	-	-	-	(95,176)	-	(95,176)	-	(95,176)
Net income (loss)	(P2,765,527)	P931,634	(P7,539,859)	P15,090,010	(P23,910)	P5,692,348	(P4,032,623)	P1,659,725
Other information								
Investment in and advances to associates	P-	P83,779,305	P-	P34,798,813	P-	P118,578,118	P28,867,185	P147,445,303
Property, plant and equipment	P-	P-	P-	P890,840,923	P-	P890,840,923	P-	P890,840,923
Segment assets	P1,311,022,384	P367,999,738	P429,207,636	P2,679,235,202	P1,581,162	P4,789,046,122	(P1,005,011,354)	P3,784,034,768
Segment liabilities	P754,564,406	P197,473,066	P471,897,323	P1,821,298,839	P30,577	P3,245,264,211	(P464,953,523)	P2,780,310,688
Depreciation and amortization	P-	P-	P-	P9,453,016	P-	P9,453,016	P-	P9,453,016

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:

September 30, 2023				
	On demand	Within one year	More than 1 year but less than 5 years	Total
Financial Assets				
Cash and cash equivalents ^(A)	₱1,124,159,545	₱–	₱–	₱1,124,159,545
Trade and other receivables	–	161,240,821	–	161,240,821
Time deposits	–	15,012,912	–	15,012,912
Due from related parties	139,945,893	–	–	139,945,893
	₱1,264,105,438	₱176,253,732	₱–	₱1,440,359,171
Financial Liabilities				
Accounts payable and accrued expenses ^(C)	₱–	70,628,362	₱–	₱70,628,362
Advances from a third party	–	214,000,000	–	214,000,000
Dividend payable	–	3,750,000	–	3,750,000
Due to related parties	3,249,042	–	–	3,249,042
Short-term loans	–	269,000,000	–	269,000,000
Lease liability	–	3,428,463	46,935,956	50,364,419
Long-term debt ^(D)	–	96,060,007	1,560,783,316	1,654,843,323
	₱3,249,042	₱656,866,832	₱1,607,719,272	₱2,265,835,146

(A) Excluding cash on hand

(B) Presented under prepayments and other current assets

(C) Excluding statutory liabilities

June 30, 2023				
	On demand	Within one year	More than 1 year but less than 5 years	Total
Financial Assets				
Cash and cash equivalents				
Unrestricted ^(A)	₱1,238,986,852	₱–	₱–	₱1,238,986,852
Restricted ^(B)	61,869,646	–	–	61,869,646
Trade and other receivables	–	82,975,571	–	82,975,571
Time deposits	–	48,437,945	–	48,437,945
Due from related parties	129,588,414	–	–	129,588,414
	₱1,430,199,467	₱131,413,516	₱–	₱1,561,858,428

Financial Liabilities				
Accounts payable and accrued expenses ^(C)	₱–	70,628,362	₱–	₱70,628,362
Advances from a third party	–	214,000,000	–	214,000,000
Dividend payable	–	3,750,000	–	3,750,000
Due to related parties	3,249,042	–	–	3,249,042
Short-term loans	–	269,000,000	–	269,000,000
Lease liability	–	3,428,463	46,935,956	50,364,419
Long-term debt ^(D)	–	96,060,007	1,560,783,316	1,654,843,323
	₱3,249,042	₱656,866,832	₱1,607,719,272	₱2,265,835,146

(A) Excluding cash on hand

(B) Presented under prepayments and other current assets

(C) Excluding statutory liabilities

(D) 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 September 30, 2023 and June 30, 2023:

	September 30, 2023				Total
	Neither Past Due nor Impaired		Past Due		
	High Grade	Standard Grade	Unimpaired	Impaired	
Cash and cash equivalents ^(A)	₱1,124,159,545	₱—	₱—	₱—	₱1,124,159,545
Time deposit	15,012,912	—	—	—	15,012,912
Trade and other receivables	—	161,240,821	—	—	161,240,821
Due from related parties	139,945,893				139,945,893
Total	₱1,279,118,350	₱161,240,821	₱—	₱—	₱1,440,359,171

(A) Excluding cash on hand

(B) Presented under prepayments and other current assets

	June 30, 2023				
	Neither Past Due nor Impaired		Past Due		
	High Grade	Standard Grade	Unimpaired	Impaired	Total
Cash and cash equivalents:					
Unrestricted ^(A)	₱1,238,741,407	₱—	₱—	₱—	₱1,238,741,407
Restricted ^(B)	61,869,646	—	—	—	61,869,646
Time deposit	48,437,945	—	—	—	48,437,945
Trade and other receivables	—	82,975,571	—	—	82,975,571
Due from related parties	129,588,414				29,588,414
Total	₱1,478,637,412	₱82,975,571	₱—	₱—	₱1,461,612,983

(A) Excluding cash on hand

(B) Presented under prepayments and other current assets

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 September 30, 2023 and June 30, 2023, are as follows:

	Neither past due nor impaired	Past due but not impaired				Impaired	September 30, 2023 Total
		Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days		
Cash and cash equivalents ^(A)	₱1,124,159,545	₱—	₱—	₱—	₱—	₱—	₱1,124,159,545
Time deposit	15,012,912	—	—	—	—	—	15,012,912
Due from related parties	139,945,893	—	—	—	—	—	139,945,893
Total	₱1,279,118,350	₱—	₱—	₱—	₱—	₱—	₱1,279,118,350

(A) Excluding cash on hand

	Neither past due nor impaired	Past due but not impaired				Impaired	June 30, 2023 Total
		Less than 30 days	31 to 60 days	61 to 90 days	More than 90 days		
Cash and cash equivalents:							
Unrestricted ^(A)	₱1,238,741,407	₱—	₱—	₱—	₱—	₱—	₱1,238,741,407
Restricted ^(B)	61,869,646	—	—	—	—	—	61,869,646
Time deposit	48,437,945	—	—	—	—	—	48,437,945
Due from related parties	129,588,414	—	—	—	—	—	129,588,414
Total	₱1,478,637,412	₱—	₱—	₱—	₱—	₱—	₱1,478,637,412

(A) Excluding cash on hand

Simplified Approach

- **Trade receivables**

The Group 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 Group 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 Group's trade receivables using a provision matrix:

September 30, 2023						
	Current	Past Due				Total
		0-30 days	31-60 days	61-90 days	Over 90 days	
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default	₱147,984,096	₱–	₱–	₱–	₱–	₱147,984,096
Expected credit loss	–	–	–	–	–	–

June 30, 2023						
	Current	Past Due				Total
		0-30 days	31-60 days	61-90 days	Over 90 days	
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	
Estimated total gross carrying amount at default	₱17,347,134	₱–	₱–	₱–	₱–	₱17,347,134
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 September 30, 2023 and June 30, 2023, 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:

September 30, 2023				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade*	₱1,139,172,457	₱–	₱–	₱1,139,172,457
Standard grade	–	139,945,893	–	139,945,893
Default	–	–	–	–
Gross carrying amount	1,139,172,457	139,945,893	–	1,279,118,350
Loss allowance	–	–	–	–
Carrying amount	₱1,139,172,457	₱139,945,893	₱–	₱1,279,118,350

*Excluding cash on hand

	June 30, 2023			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
High grade*	₱1,349,048,998	₱–	₱–	₱1,349,048,998
Standard grade	–	129,588,414	–	129,588,414
Default	–	–	–	–
Gross carrying amount	1,349,048,998	129,588,414	–	1,478,637,412
Loss allowance	–	–	–	–
Carrying amount	₱1,349,048,998	₱129,588,414	₱–	₱1,478,637,412

* 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. There is no effect on the consolidated income before income tax related to the long-term debt obligation with floating interest rate as the related interest expenses are capitalized. There is no further exposure to interest rate risk for the other interest-bearing borrowings as they contain fixed interest rates.

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 September 30, 2023 and June 30, 2023:

	September 30, 2023		June 30, 2023	
	Original Currency	Peso Equivalent	Original Currency	Peso Equivalent
Financial Assets				
Cash and cash equivalents	\$3,337,333	₱190,094,488	\$2,564,814	₱141,577,724
Financial Liabilities				
Long-term debts	18,000,000	1,025,280,000	18,000,000	993,600,000
Lease liability	957,542	52,832,792	897,256	49,528,526
	18,927,542	1,078,112,792	18,897,256	1,043,128,526
Net Exposure	(\$15,590,209)	(₱888,018,304)	(\$16,332,442)	(₱901,550,793)

As of September 30, 2023 and June 30, 2023, the exchange rates used were ₱56.96 and ₱55.20, 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		
September 30, 2023	(₱44,400,915)	₱44,400,915
June 30, 2023	(₱45,077,540)	₱45,077,540

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).

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 September 30, 2023 and June 30, 2023, the fair values of long-term debts fall under level 3 of the fair value hierarchy.

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.

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 September 30, 2023 and June 30, 2023, the Group's total equity amounted to ₱2.8 billion and ₱2.7 billion, 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:

	September 30, 2023	June 30, 2023
Short-term loan	₱249,645,510	₱249,172,856
Long-term debts	1,515,352,370	1,521,299,607
Due to related parties	3,265,242	3,249,042
Capital stock	430,423,912	430,423,912
Additional paid-in capital	1,643,742,189	1,643,742,189
Retained earnings (Deficit)	19,741,808	(568,660)
	₱3,862,171,031	₱3,847,318,946

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.

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.

- *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 KSEC. 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 2022 consolidated statement of comprehensive income, pertain to sale of electricity to CEPALCO under the PSA. Total PSA revenue recognized by the Group for the year ended June 30, 2023 and for the period June 10 to June 30, 2022 amounted to ₱171.48 million and ₱9.33 million, respectively.

SPPP

- *Power Purchase Agreement (“PPA”).* On April 14, 2021, SPEC, the immediate parent company of SPPP, signed a PPA with Palau Public Utilities Corporation (“PPUC”) for the off-take 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 October 5 2023, the project’s construction has been completed but has not started commercial operations as it is still in the testing and commissioning phase. Target completion of the project is in the fourth quarter of calendar year 2023.

- *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. No drawdown has been made on the Funding Agreement as of June 30, 2022. 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.

On October 10, 2022 and March 3, 2023, SPPP made a drawdown from the Funding Agreement amounting to \$3.50 million and \$0.49 million, respectively. SPPP has elected to present the grant as a reduction in the carrying amount of the contract assets.

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 MPIL 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.

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 October 5, 2023.

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.

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

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 audited consolidated financial statements as of and for the year June 30, 2023.

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.

26. Subsequent Events

On October 5, 2023, the BOD approved the equity restructuring of the Parent Company to wipe out and eliminate its deficit amounting to ₱42.27 million by applying/reclassifying/offsetting the same against the Parent Company's additional paid-in capital of ₱1.64 billion. As of November 7, 2023, the Parent Company has yet to file its application for quasi-reorganization with the SEC.

On October 9, 2023, ATWC entered into a 25-year Lease Contract with Revenue-Sharing Agreement ("LCRSA") with the Rizal Provincial Government for its Tanay Wind Farm.

On November 7, 2023, AHC entered into and signed a subscription agreement with GSIS for its Perpetual Preferred Shares 2 Series A amounting to ₱1.45 billion.

ANNEX B

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Alternergy's consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures.

Key Variable and Other Qualitative or Quantitative Factors

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

On March 24, 2023, the Alternergy Holdings Corporation and its subsidiaries (collectively, the "Group") listed 1.265 million common shares in the Philippine Stock Market at ₱1.28/share. The Group was able to raise ₱1,619.2 million from its initial public offering. By end of September 2023, the public ownership of AHC stood at 29.27%.

- 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 November 7, 2023, there were no other events which may trigger a direct or contingent financial obligation that is material to the Group aside from the performance bonds obtained by the Group for the Green Energy Auction 2 ("GEA 2") projects awarded. However, the likelihood that such performance bonds will trigger an event to recognizing a direct or contingent liability is unlikely.

- 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 September 30, 2023.

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

As of period ended September 30, 2023, the Group has a commitment of US\$1.6 million for the completion of its solar project in Palau. This is funded through debt obtained for the project.

- e) Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on the issuer's net sales/revenues/income from continuing operations.

As of September 30, 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 September 30, 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 consolidated financial statements.

See section below.

- h) Seasonal aspects that had a material effect on the financial condition or results of operations.

As of September 30, 2023, there were no seasonal aspects that had a material effect on the financial condition or results of operations.

FY2024 vs FY2023 Highlights

As at September 30, 2023 vs June 30, 2023 and for the three-month periods ended September 30, 2023 vs 2022

Corporate and Operations

In July 2022, the Parent Company applied for the listing and trading of all its issued and outstanding common shares. On February 10, 2023 and February 14, 2023, the SEC and 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".

Significant developments of the Group:

- The Group won all three of the projects it bid for in the recent GEA 2 last July 3, 2023.
- Within the next three years, the Group will be building eight projects with up to 403 MW of installed capacity, a jump from 71 MW to 474 MW in gross installed capacity in 3 years.
- Two of the Group's projects that won the GEA 2 are wind with a combined capacity of 164 MW. These are the ATWC Project, with installed capacity of up to 101.4 MW, located adjacent to its existing Pililla Rizal wind farm, and the Alabat Wind Power Corporation ("AWPC") Project, with potentially up to 62.4 MW, located in the province of Quezon.
- AHC, through its recently acquired LSEC, also won the bid for its solar ground-mounted power project, with up to 80.0 MW_{DC} of installed capacity, located in Tarlac province. AHC owns 60% economic interest in LSEC as of June 30, 2023.
- Once operational, these projects will contribute significant steady flow of revenues and accelerate achieving the Group's goal of 1,096 GWh of annual generation from renewable power. Under the GEA 2, winning bidders will sign a 20-year Renewable Energy Payment Agreement ("REPA") or equivalent agreement with the National Transmission Corporation ("TransCo")/ Independent Electricity Market Operator ("IEMOP") in the Philippines.
- Aside from the anticipated positive impact of the projects to the Group, new investments under the green energy auction will boost economic activities of its host communities and create hundreds of renewable energy jobs.
- SSAI, a subsidiary of SPEC, a 60%-owned subsidiary of AHC, signed a power supply agreement with Villar Group's Kratos RES Inc. ("Kratos RES"), which is in the of selling power to qualified bulk end-users. SSAI will supply Kratos RES with 10 MW and up to 20 MW of renewable power from its soon-

to-be built Solana Solar Power Project in Hermosa, Bataan. The Solana Solar Power Project has secured financing commitments from a leading Philippine commercial bank.

- AHC and SPEC have recently launched the Republic of Palau's first solar and battery energy storage system ("BESS") project in Ngatpang state on Babeldaob island through Solar Pacific Pristine Power Inc. ("SPPP"). With a capacity of up to 15.3 MW_p solar PV and up to 12.9 MWh BESS, the project is claimed as the largest of its kind in the Western Pacific region, also making it one of the most significant foreign direct investments in the island nation. The project will meet more than 20% of Palau's energy needs. SPEC was awarded a long-term power supply agreement by the Palau Public Utilities Corporation to feed power to the central grid in Babeldaob.
- On August 4, 2023, the Board approved the reclassification of the Preferred Shares to Perpetual Preferred Shares ("PPS") 1 and PPS 2. The PPS 2 are further sub-divided into PPS 2 - Series A, PPS 2 - Series B, and PPS 2 - Series C. The reclassification of the preferred shares are preparatory to a future funding exercise. These preferred shares shall not be listed or registered with the PSE.
- On October 9, 2023, ATWC entered into a 25-year Lease Contract with Revenue-Sharing Agreement ("LCRSA") with the Rizal Provincial Government for its Tanay Wind Farm.
- On November 7, 2023, AHC entered into and signed a subscription agreement with GSIS for its PPS 2 - Series A amounting to ₱1.45 billion.

Financials

The Group posted a consolidated net income of ₱97.0 million for the three-month period ended September 30, 2023, which improved from the ₱1.7 million for the same period in 2022. This is mainly driven by: (1) decrease in cost of sales, and (2) project cost recovery from the Palau solar farm and battery project.

The Group's cash decreased by 9% to ₱1.1 billion as of September 30, 2023 compared to ₱1.2 billion as of June 30, 2023. The decrease is attributable to the ongoing construction of Palau solar farm and battery project and capital expenditures of the Group's various developmental projects. The decrease was partially offset by cash dividends received from AWOC and KSEC.

Consolidated assets of the Group saw a modest increase of 2% to ₱5.0 billion as of September 30, 2023, up from ₱4.9 billion as of June 30, 2023, as continued investments were injected into the Group's projects under construction, along with the Tanay and Alabat wind farm projects.

Liabilities declined slightly due to payments of income taxes due and dividends payable.

Key Performance Indicators

Total equity increased by 3% or ₱94.3 million, with the Group's consolidated debt-to equity ratio for the quarter improving to 0.64:1 as of September 30, 2023 from 0.66:1 as of June 30, 2023.

The Group's earnings before interest, taxes, depreciation and amortization ("EBITDA") for the three-month period ended September 30, 2023 was ₱120.5 million, which improved from ₱73.3 million for the same period in 2022.

One of the Group's solar power projects is near the end of construction. The 13.2 MWac Palau solar farm and battery project is on schedule to achieve commercial operations in the 4th quarter of 2023.

Consolidated Statements of Comprehensive Income

Revenue from sale of electricity was slightly lower ₱43.3 million for the three-month period ended September 30, 2023 as compared to ₱43.5 million for the period in 2022.

Cost of sale of electricity decreased from ₱12.8 million for the three-month period ended September 30, 2022 to ₱11.0 million for the same period ended September 30, 2023.

Equity in net losses of associates has decreased by ₱3.1 million, or 92%, to ₱0.3 million for the three-month period ended September 30, 2023 compared to the equity in net losses of associates for three-month period ended September 30, 2022 of ₱3.3 million due to better performance and improved net income from its associates, most notably Alternergy Wind One Corporation and Solar Pacific Citysun Corporation.

General and administrative expenses was higher for the three-month period ended September 30, 2023 by ₱7.6 million, or 72%, from ₱10.6 million for the three-month period ended September 30, 2022 mainly due to the ₱3.6 million amortization of the Customer Off-take Agreement, which was recognized as part of the finalization of the purchase price allocation from the acquisition of KSEC in June 10, 2022. DST payments in 2023 and increase in professional fees and salaries also contributed to the overall increase in expenses.

Other income – net turned around by ₱99.2 million in 2023 from ₱15.3 million loss for the three-month period ended September 30, 2022, which is mainly composed of finance costs. For the three month-period ended September 30, 2023, it is primarily composed of project cost recovery from the Palau solar farm project.

Consolidated Statements of Financial Position as at September 30, 2023 vs June 30, 2023

Current assets decreased by ₱60.7 million from ₱1.6 billion as of June 30, 2023, to ₱1.5 billion as of September 30, 2023, mainly attributable to decrease in cash and cash equivalents, which were used in payments of the ongoing construction of several projects. This was slightly offset by the recognition of receivables from the project cost recovery from the Palau solar farm project.

Noncurrent asset increased from ₱3.3 billion as of June 30, 2023 to ₱3.5 billion as of September 30, 2023 mostly due to net additions to project development costs and contract assets (representing the costs incurred in the on-going construction activities of the Palau solar and BESS project). These additions were partially offset by dividends received from AWOC.

Current liabilities decreased by ₱3.7 million from ₱634.7 million as of June 30, 2023 to ₱631.1 million as of September 30, 2023. This was mostly due to the payment of dividends and current income tax payable.

Noncurrent liabilities was slightly lower as at September 30, 2023 at ₱1.5 billion by ₱4.4 million from ₱1.5 billion as at June 30, 2023 due to the amortization of deferred financing charges for the quarter.

Equity was slightly better at ₱2.8 billion as at September 30, 2023 by ₱94.3 million from ₱2.7 billion as at June 30, 2023 and is mainly attributable to the operations of the Group.

Financial Ratios

Ratio	Formula	September 30, 2023	June 30, 2023
Current ratio ⁽¹⁾	Dividing total current assets over total current liabilities	2.39	2.47
Acid test ratio	Dividing quick assets by the current liabilities	2.04	2.08
Solvency ratio	Dividing net income excluding depreciation over total debt obligations	0.05	0.04
Debt-to-equity ratio ⁽²⁾	Dividing total interest-bearing debts over stockholders' equity	0.64	0.66
Asset-to-equity ratio ⁽³⁾	Dividing total assets over total stockholders' equity	1.76	1.79
Interest rate coverage ratio	Dividing earnings before interest and taxes of one period over interest expense of the same period	7.40	1.54
Return on equity (%) ⁽⁴⁾	Dividing the net income (annual basis) by total stockholders' equity (average)	3.50%	1.97%
Return on assets (%) ⁽⁵⁾	Dividing the net income (annual basis) by the total assets (average)	1.97%	0.91%
Net profit margin (%)	Dividing net income by the total revenue	223.92%	19.66%
EBITDA margin (%)	Dividing the EBITDA by the total revenue	291.27%	93.00%

Notes:

- (1) Current ratio measures the Group's ability to pay short-term obligations
- (2) Debt to equity ratio measures the degree of the Group's financial leverage. The Group's total loans and borrowings includes interest-bearing bank loans and loans from third parties.
- (3) Asset to equity measures the Group's financial leverage and long-term solvency.
- (4) Average total shareholder's equity is calculated by taking the beginning and ending shareholder's equity then dividing by two.
- (5) Average total assets is calculated by taking the beginning and ending total assets then dividing by two.

ANNEX C

Reports on SEC Form 17-C

Date	Particulars
3-Jul-23	Change in Directors and/or Officers
3-Jul-23	Change in Shareholdings of Directors and Principal Officers
4-Jul-23	Press Release PSA Signing between Solana Solar and Villar's Kratos
13-Jul-23	Press Release GEA-2 Awarded ALTER Projects
17-Jul-23	Quarterly Use of Funds Report 2Q2023
7-Aug-23	Reclassification of Shares
7-Aug-23	Amendments to Articles of Incorporation