COVER SHEET

C	S	2	0	1	3	1	0	1	2	4

S.E.C. Registration Number

R	E	P	O	W	E	R		E	N	E	R	G	Y		D	E	V	E	L	O	P	M	E	N	T		C	O	R
P	O	R	A	T	I	O	N		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S					

(Company's Full Name)

3	R	D		F	L	O	O	R		J	T	K	C		C	E	N	T	E	R	,		2	1	5	5		C	H
I	N	O		R	O	C	E	S		A	V	E	.	,		M	A	K	A	T	I		C	I	T	Y			

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

ERIC PETER Y. ROXAS	(632) 8818 8892
Contact Person	Company Telephone Number

1	2	3	1	1	7	-	Q		June 30	
Month		Day		Form Type					Month	Day
Fiscal Year									Annual Meeting	

N/A

Secondary License Type, If Applicable

M	S	R	D

Dept. Requiring this Doc.

-

Amended Articles Number/Section

Total Amount of Borrowings

	-	-
Total No. of Stockholders	Domestic	Foreign

Top be accomplished by SEC Personnel Concerned

LCU

CASHIER

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 No. CS201310124

3. BIR Tax Identification No. 008-541-419-000

4. Exact name of issuer as specified in its charter Repower Energy Development Corporation

5. Province, country or other jurisdiction of incorporation or organization Philippines

6. Industry Classification Code [ ] (SEC Use Only)

7. Address of principal office 3rd Floor JTKC Center, 2155 Chino Roces Ave., Makati City
   Postal Code 1230

8. Issuer's telephone number, including area code (02) 8818-8892

9. Former name or former address, if changed since last report N/A

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

Title of Each Class	Number of Shares of Common Stock Outstanding
COMMON	650,000,002

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

    Yes [✓] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    Philippine Stock Exchange - ALL Outstanding Common Shares

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

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

    Yes [✓] No [ ]

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

    Yes [✓] No [ ]

PART I - FINANCIAL INFORMATION

Section 1. Financial Statements
- ***See Attached.***

Section 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
- ***See Attached.***

PART II - OTHER INFORMATION

There are no other information for the period not previously reported in SEC Form 17-C.

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 hereunto duly authorized.

Issuer	REPOWER ENERGY DEVELOPMENT CORPORATION
Signature and Title	ERIC PETER Y. ROXAS, *President*
Date	
Signature and Title	ROLANDO P. DOMINGO, *Chief Financial Officer*
Date	

Section 1.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2023 AND DECEMBER 31, 2022
AND FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND DECEMBER 31, 2022

	Note	**September 30, 2023**	December 31, 2022
ASSETS			
Current Assets			
Cash	*6*	**₱1,122,141,895**	₱82,783,712
Trade and other receivables	*7*	**133,785,175**	132,394,560
Due from related parties	*18*	**110,286,522**	51,700,660
Other current assets	*8*	**311,629,724**	49,441,273
Total Current Assets		**1,677,843,316**	316,320,205
Noncurrent Assets			
Investments in associates	*9*	**43,977,533**	43,977,533
Property, plant and equipment	*10*	**3,302,709,190**	3,040,461,429
Advances to contractors and suppliers - net of current portion	*11*	**26,497,776**	28,246,639
Goodwill	*4*	**135,950,686**	135,950,686
Other noncurrent assets	*8*	**67,648,771**	84,901,562
Total Noncurrent Assets		**3,576,783,956**	3,333,537,849
		₱5,254,627,272	₱3,649,858,054
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*12*	**₱330,297,497**	₱429,253,287
Current portion of loans payable	*13*	**76,056,289**	122,956,289
Income tax payable		**3,246,880**	3,246,880
Due to related parties	*18*	**1,176,875,516**	759,080,119
Total Current Liabilities		**1,586,476,182**	1,314,536,575
Noncurrent Liabilities			
Loans payable - net of current portion	*13*	**1,576,770,110**	1,319,729,600
Retention payable - net of current portion	*12*	**29,531,741**	49,914,209
Net deferred tax liabilities	*20*	**3,862,899**	4,117,059
Total Noncurrent Liabilities		**1,610,164,750**	1,373,760,868
Total Liabilities		**3,196,640,932**	2,688,297,443
Equity			
Capital stock	14	**650,000,002**	450,000,000
Additional paid-in capital		**1,079,756,033**	324,901,466
Retained earnings		**246,933,488**	114,727,620
Other equity reserve	4	**(39,802,416)**	(39,802,416)
		1,936,887,107	849,826,670
Non-controlling interest	5	**121,099,233**	111,733,941
Total Equity		**2,057,986,340**	961,560,611
		₱5,254,627,272	₱3,649,858,054

See accompanying Notes to the Unaudited Consolidated Financial Statements.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022 AND
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

		For the Nine-month Periods Ended September 30		For the Three-month Periods Ended September 30	
	Note	**2023**	2022	**2023**	2022
SALE OF ELECTRICITY	21	**₱329,568,470**	₱254,714,050	**₱103,262,994**	₱117,149,031
COST OF SALE OF ELECTRICITY	15	**94,254,812**	91,883,933	**29,833,271**	51,863,997
GROSS INCOME		**235,313,658**	162,830,117	**73,429,723**	65,285,034
OPERATING EXPENSES	16	**(48,048,751)**	(18,564,765)	**(13,218,912)**	(8,214,564)
INTEREST EXPENSE	13	**(45,976,892)**	(38,247,788)	**(14,611,943)**	(14,024,120)
OTHER INCOME - Net	17	**28,985**	1,705,208	**21,528**	430,338
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**141,317,000**	107,722,772	**45,620,396**	43,476,688
INCOME TAX BENEFIT	20				
Current		**–**	–	**–**	–
Deferred		**(254,160)**	–	**(254,160)**	–
		(254,160)	–	**(254,160)**	–
NET INCOME FROM CONTINUING OPERATIONS		**141,571,160**	107,722,772	**45,874,556**	43,476,688
NET INCOME FROM DISCONTINUED OPERATIONS	19	**–**	–	**–**	–
NET INCOME		**141,571,160**	107,722,772	**45,874,556**	43,476,688
OTHER COMPREHENSIVE INCOME		**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME		**₱141,571,160**	₱107,722,772	**₱45,874,556**	₱43,476,688
NET INCOME/ TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Equity holders of the Parent Company		**₱132,205,868**	₱94,858,661	**₱36,509,264**	₱30,612,577
Non-controlling interest	5	**9,365,292**	12,864,111	**9,365,292**	12,864,111
		₱141,571,160	₱107,722,772	**₱45,874,556**	₱43,476,688
BASIC/DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	24	**₱0.36**	₱0.25	**₱0.16**	₱0.10
BASIC/DILUTED EARNINGS PER SHARE	24	**₱0.36**	₱0.25	**₱0.16**	₱0.10

See accompanying Notes to the Unaudited Consolidated Financial Statements.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

	Note	**2023**	2022
CAPITAL STOCK - ₱1 par value	*14*		
Balance at beginning of period		**₱450,000,000**	₱150,000,000
Issuances of shares		**200,000,002**	300,000,000
Balance at end of period		**650,000,002**	450,000,000
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period		**324,901,466**	200,000,000
Issuances of shares - net of selling expenses		**754,854,567**	124,901,466
Balance at end of period		**1,079,756,033**	324,901,466
RETAINED EARNINGS			
Balance at beginning of period		**114,727,620**	(36,412,722)
Net income attributable to equity holders of the Parent Company		**132,205,868**	94,858,661
Balance at end of period		**246,933,488**	58,445,939
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION	*18*		
Balance at beginning of period		**–**	424,901,466
Application of deposit		**–**	(424,901,466)
Balance at end of period		**–**	–
OTHER EQUITY RESERVE	*4*	**(39,802,416)**	(8,820,817)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**1,936,887,107**	824,526,588
NON-CONTROLLING INTERESTS	*5*		
Balance at beginning of period		**111,733,941**	196,406,485
Net income		**9,365,292**	12,864,111
Balance at end of period		**121,099,233**	209,270,596
		₱2,057,986,340	₱1,033,797,184

See accompanying Notes to Consolidated Financial Statements.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

	Note	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱141,317,000**	₱107,722,772
Adjustments for:			
Depreciation and amortization		**56,727,551**	55,707,908
Interest expense	*13*	**45,976,892**	38,247,788
Interest income	*6*	**(28,985)**	(27,710)
Operating income before working capital changes		**243,992,458**	201,650,758
Decrease (increase) in:			
Trade and other receivables		**(1,390,615)**	29,081,675
Due from related parties		**(58,585,862)**	(46,290,221)
Advances to contractors and suppliers		**1,748,863**	155,640,085
Other assets		**(244,935,660)**	(160,284,892)
Increase (decrease) in:			
Trade and other payables		**(98,955,790)**	(70,869,239)
Due to related parties		**417,795,397**	165,137,075
Retention payable		**(20,382,468)**	46,878,913
Net cash generated from (used in) operations		**239,286,323**	320,944,154
Interest received		**28,985**	27,710
Net cash provided by (used in) operating activities		**239,315,308**	320,971,864
CASH FLOW FROM AN INVESTING ACTIVITY			
Acquisitions of property, plant and equipment	*10*	**(318,975,312)**	(208,710,638)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of shares	*14*	**954,854,569**	–
Availment (payments) of loans	*13*	**210,140,510**	(71,973,317)
Interest paid		**(45,976,892)**	(38,247,788)
Net cash provided by financing activities		**1,119,018,187**	(110,221,105)
NET INCREASE IN CASH		**1,039,358,183**	2,040,121
CASH AT BEGINNING OF PERIOD		**82,783,712**	34,987,808
CASH AT END OF PERIOD		**₱1,122,141,895**	₱37,027,929

See accompanying Notes to Consolidated Financial Statements.

1. Reporting Entity

Repower Energy Development Corporation (REDC or the Parent Company)
REDC was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 29, 2013. REDC was organized primarily to develop and generate renewable energy resources.

REDC is a wholly-owned subsidiary of Pure Energy Holdings Corporation (PEHC). PEHC is an investment holding company which engages primarily in renewable energy generation and water system management and distribution. PEHC is a 76%-owned subsidiary of DYT Equities Corporation (the Ultimate Parent Company). All the foregoing entities are incorporated in the Philippines.

On October 24, 2022, the Board of Directors (BOD) and stockholders approved the Parent Company's application for listing of a portion of its common shares in the Philippine Stock Exchange (PSE). On July 24, 2023, a total of 200,000,000 common shares of REDC were listed in the PSE at an offer price of up to ₱5.00 per share.

The Parent Company's principal office address is located at 3rd Floor JTKC Center, 2155 Chino Roces Ave., Makati City.

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

	Effective Percentage of Ownership			
	2023		2022	
Name of Subsidiaries	**Direct**	**Indirect**	Direct	Indirect
Philippine Power and Development Company (PPDC)	**99%**	**–**	99%	–
Majayjay Hydropower Company, Inc. (MHCI)	**99%**	**–**	99%	–
Labayat 1 Hydropower Corporation (L1HC)	**82%**	**–**	60%	–
Tibag Hydropower Corporation (THC)	**100%**	**–**	100%	–
Cabanglasan Hydropower Corporation (CHC)	**100%**	**–**	100%	–
Bicol Hydropower Corporation (BHC)	**100%**	**–**	100%	–
Piapi Hydropower Corporation (PHC)	**60%**	**–**	60%	–
Pure Meridian Hydropower Corporation (PMHC)* and Subsidiaries:	**–**	**–**	–	–
PMHC Lalawinan Inc. (PLI)**	**–**	**–**	–	–
PMHC Pulanai Inc. (PPI)**	**–**	**–**	–	–
Maramag Hydropower Corporation (MHC)	**–**	**–**	–	–

**Indirect ownership of 50% plus one (1) share*
***Wholly-owned subsidiary of PMHC*

In 2021, the Parent Company sold its investment in MHC shares to a third party. MHC's operations were not considered a separate major line of business or geographical area of operations. Accordingly, the disposal of MHC was not presented as a discontinued operation.

On November 4, 2022, the Parent Company assigned its investment in PMHC to a related party for ₱40,750,000. PMHC's operations were considered a separate major line of business or geographical area of operations. Accordingly, the disposal of PMHC was presented as a discontinued operation in the said period.

As at September 31, 2023 and December 31, 2022, the operating subsidiaries of the Parent Company are PPDC, MHCI, L1HC and BHC. As at September 31, 2023 and December 31, 2022, THC, CHC and PHC are at its pre-operating stages.

Associates
The Group has the following associates:

Name of Associates	Nature of Business	Principal Place of Business	Effective Percentage of Ownership	
			2023	2022
Blue Energy Holdings and Management Corporation (BEHMC)	Holding and Investments	Unit 308 Greenhills Mansion 37 Annapolis St., Greenhills San Juan City	**30%**	30%
BEHMC Lower Labayat Hydropower Corp. (BLLHC)*	Power Generation Through Renewable Energy	Unit 308 Greenhills Mansion 37 Annapolis St., Greenhills San Juan City	**30%**	30%
BEHMC Upper Tignoan Hydropower Corp. (BUTHC)*	Power Generation Through Renewable Energy	Unit 308 Greenhills Mansion 37 Annapolis St., Greenhills San Juan City	**30%**	30%
Tubig Nabua Inc. (TNI)*	Water Supply Management and Distributions	Nabua Water District, Lourdes Hospital Road, San Francisco (POB.) Nabua, Camarines Sur	**–**	–

**100%-owned by BEHMC*
***30%-owned by PPDC*

In 2022, the Group assigned its 30% ownership interest in TNI to a related party.

2. Summary of Significant Accounting Policies

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

The Group's consolidated financial statements were prepared in compliance with the Revised Securities Regulation Code (SRC) Rule 68, in relation to the Group's planned application for listing (see Note 1).

The accounting policies adopted were consistently applied in the preparation of the consolidated financial statements for the periods presented.

Measurement Bases
The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for an asset or consideration paid in exchange for the incurrence of a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the transaction date. The Group uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 − Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 23 to the consolidated financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* or IFRIC 21, *Levies,* instead of the Conceptual Framework. The requirement ensures that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarify that an acquirer shall not recognize contingent assets acquired in a business combination.

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

- Annual Improvements to PFRS 2018 to 2020 Cycle -

    - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

    - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removed from Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

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

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material

information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Group shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, Revenue from Contracts with Customers, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2025 -

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements,* and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

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

Basis of Consolidation

Subsidiaries. Subsidiaries are entities controlled by the Parent Company. The consolidated financial statements include the accounts of the Parent Company and its subsidiaries. The Parent Company has control when it is exposed, or has a right, to variable returns from its investment with the investee and it has the ability to affect those returns through its powers over the investee.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. 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.

Changes in the controlling equity ownership (i.e., acquisition of non-controlling interest or partial disposal of interest over a subsidiary) that do not result in a loss of control are accounted for as equity transactions.

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

The Parent Company re-assesses whether 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.

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

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

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

If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statements of financial position;
- Recognizes any investment retained in the former subsidiary when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRS. That retained interest is remeasured, and the remeasured value is regarded as the fair value on initial recognition of a financial asset in accordance with PFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture; and
- Recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

Business Combinations. Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are recognized as expense.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with changes in fair value recognized either in profit or loss or other comprehensive income. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts the combination using provisional values. Adjustments to these provisional values as a result of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date and goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

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

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Classification of Assets and Liabilities between Current and Noncurrent

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

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

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

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

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

a. it expects to settle the liability in its normal operating cycle;
b. it holds the liability primarily for the purpose of trading;
c. the liability is due to be settled within twelve months after the reporting period, or
d. it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Financial Assets and Liabilities

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

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

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

Classification of Financial Instruments. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) financial assets at amortized cost and, (c) financial assets at fair value through other comprehensive income (FVOCI).

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

As at December 31, 2022 and 2021, the Group has no financial assets and liabilities at FVPL and financial assets at FVOCI.

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Included in this category are cash, trade and other receivables (excluding receivables from employees), due from related parties, and refundable deposit, restricted cash and receivables from contractors (presented under "Other assets" account).

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

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

This category includes trade and other payables (excluding statutory payables), loans payable, due to related parties and retention payable.

Reclassification
The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss. Meanwhile, for a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income (OCI).

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

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

The Group measures loss allowances at an amount equivalent to the 12-month ECL for financial assets on which credit risk has not increased significantly since initial recognition or that are determined to have low credit risk at reporting date. Otherwise, impairment loss will be based on lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at reporting date with the risk of a default occurring on the financial instrument on the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort. In addition, the Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reduced by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at reversal date.

Trade Receivables. The Group only has few customers which can be graded individually. The ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

Other Financial Assets Measured at Amortized Cost. For these financial assets, the Group applies the general approach in determining ECL. The Group recognizes an allowance based on either the 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

A financial asset is written off when there is no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Derecognition of Financial Assets and Liabilities

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

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

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

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

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

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

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

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

- Deliver cash or another financial asset to another entity;

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

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

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

Other Assets
Other assets include input value-added tax (VAT), input VAT for refund, advances to employees, creditable withholding tax (CWT), prepayments, deferred input VAT, advances to contractors and suppliers, and refundable deposit (a financial asset).

Input VAT. The net amount of VAT recoverable from the tax authority is included as part of "Other current assets" account in the consolidated statements of financial position.

Revenues, expenses and assets are recognized net of the amount of VAT except where VAT incurred on a purchase of assets or services is not recoverable from the tax authority.

Input VAT Refund. Input VAT refund pertains to previously declared input VAT incurred from purchase of assets or services that are claimed for refund from the tax authority.

Advances to Employees. Advances to employees pertain to cash advanced to be used in the Group's operations. These advances are subject to liquidation. Advances to officers and employees expected to be liquidated for no more than 12 months after the financial reporting period are classified as other current assets.

CWT. CWT represents the amount withheld by the Group's customers in relation to its income. CWT can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Deferred Input VAT. Deferred input VAT represents the unamortized amount of input VAT on the unpaid portion of availed services, including the use or lease of properties.

Advances to Contractors. Advances to contractors pertain to the advance payments for the rehabilitation and development of the Group's hydropower plants. These are applied on every payment of progress billing depending on the percentage of completion.

Advances to Suppliers. Advances to suppliers represent advance payments on services to be incurred in connection with the Group's operations. These are capitalized in the consolidated statements of financial position, upon actual receipt of services, which is normally within 12 months or within the normal operating cycle which are presented as part of current assets in the consolidated statements of financial position.

Investments in Associates

The Group's investments in associates, where there is significant influence, are accounted for under the equity method. These also include investments where the Group holds 20% or more of the voting stocks but does not have control over the associate or where, even though the Group holds 20% or less, the Group has significant influence over operating and financial policies of the associate. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Under the equity method, investments in associates are carried in the consolidated statements of financial position at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statements of comprehensive income reflect the share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes and discloses this, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The share in net income or loss of the associates is shown as "Equity share in net income (loss) of associates" account in the consolidated statements of comprehensive income.

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over an associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

Property, Plant and Equipment

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

The initial cost of property, plant and equipment consists of its purchase price, including import duties, and other costs directly attributable to bring the asset to its working condition and location for its intended use. Cost also includes the cost of replacing parts when the asset recognition criteria are met and the present value of the estimated cost of dismantling and removing the asset and restoring the site where the asset is located. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs.

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

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

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

	Number of Years
Hydropower plants	25
Buildings	15 to 25
Furniture, fixtures and office equipment	3 to 5
Transportation equipment	5 to 15

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

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

Construction in progress represents properties under construction and is stated at cost, including cost of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

Impairment of Nonfinancial Assets
The carrying amounts of the Group's nonfinancial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

Subscription Payable
Subscription payable pertains to the amount still to be paid for the total subscribed shares.

Capital Stock and Additional Paid-In Capital
Capital stock is measured at par value for all shares issued. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital. Incremental costs incurred directly attributable to the issuance of new shares are recognized in equity as deduction from proceeds, net of tax. Unpaid subscriptions are recognized as a reduction of subscribed common shares.

Retained Earnings (Deficit)
Retained earnings (deficit) represents the cumulative results of operations, net of prior period adjustments, if any.

Deposit for Future Stock Subscription
Deposit for future stock subscription represents the amount received by the Group which it records as such with a view of applying the same as payment for additional issuance of shares or increase in capital stock. The amount

recorded in the consolidated statements of financial position is the share of the non-controlling interest since the amount received by the subsidiary from its Parent Company was eliminated during consolidation.

The deposit for future stock subscription is recognized as equity if and only if, all of the following elements forth by the SEC are present as of end of the reporting period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been presented or has been filed with the SEC.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability.

Other Equity Reserve
Other equity reserve represents net excess of the consideration given up over the carrying amount of the non-controlling interest acquired.

Earnings Per Share
The Group presents basic and diluted earnings per share data for its common shares.

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

Diluted earnings per share amounts are computed in the same manner, adjusted for the dilutive effect of any potential common shares. There were no dilutive common shares as at December 31, 2022, 2021 and 2020.

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

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

Variable Consideration. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur and when the associated uncertainty with the variable consideration is subsequently resolved.

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

Sale of Electricity. Revenue from sale of electricity is recognized based on the actual delivery of electricity, net of any adjustments.

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

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

Contract Asset
Contract assets are recognized when the Group has already rendered the services to the customer but where the Group is yet to bill them. Contract assets are subject to impairment assessment in accordance with impairment of financial assets at amortized cost.

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

Cost of Sale of Electricity. Cost of sale of electricity are recognized as expense when the related services are rendered.

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

Leases

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the Group has both of the following:

- The right to obtain substantially all of the economic benefits from use of the identified asset; and
- The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The Group also assesses whether a contract contains a lease for each potential separate lease component.

Group as Lessee

Short-term Leases and Leases of Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of head office space and staff houses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term lease are recognized as expense on a straight-line basis over the lease term.

Employee Benefits

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

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

Borrowing Costs

Borrowing costs is recognized in profit or loss using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset. The capitalization of interest expense commences when expenditures for the asset and interest are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when all such activities are substantially complete.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the reporting date.

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

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from unused net operating loss carryover (NOLCO) available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are applicable to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

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

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

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

Segment Reporting
The Group's operating segments are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services to different markets. Financial information on operating segments is presented in Note 25 to the consolidated financial statements. The Chief Executive Officer (CEO), the chief operating decision maker, reviews management reports on a regular basis. The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

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

Discontinued Operations
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the consolidated statements of comprehensive income.

Provisions
Provisions are recognized when the Group has a present, legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

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

Events After the Reporting Period
Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Judgments, Accounting Estimates and Assumptions

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

While the Group has assessed that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

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

The following are the significant judgments, accounting estimates and assumptions made by the Group:

Assessing Legal Contingencies. The Group is currently involved in certain legal proceedings and claims. The Group determined the probable costs for these legal proceedings and claims based upon an analysis of potential results. Management believes that these legal proceedings and claims will not have a material adverse effect on the Group's consolidated financial statements and results of operations.

Determining Lease Commitments - Group as a Lessee. The Group has entered into various lease agreements for head office space and staff houses. The Group has elected not to recognize ROU assets on the lease qualifying under the short-term recognition exemption. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Rent expense on the lease qualifying under the short-term recognition exemption are disclosed in Note 21.

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

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

b. Qualitative Criteria - The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

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

The definitions above have been applied to all financial instruments held by the Group consistently for internal credit risk management purposes. The default definition has been applied consistently, as well, to the determination of ECL.

Estimating the ECL on Trade Receivables and Contract Assets. The Group's trade receivables and contract assets are subject to the ECL model.

The Group applies the general approach in measuring ECL for trade receivables and contract assets since its customers can be graded as low risk. At the end of the reporting year, a loss allowance is recognized at an amount equal to 12-month ECL since there has not been a significant increase in credit risk since initial recognition.

There is no allowance for ECL as at September 30, 2023 and December 31, 2022. The carrying amounts of trade receivables are disclosed in Note 7.

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

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

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

The Group's financial assets at amortized cost are considered to have low credit risk, and therefore the loss allowance is determined as 12 months expected credit losses. The Group has assessed that the ECL for financial assets at amortized cost is not material because the transactions with respect to these financial assets were entered into by the Group only with reputable banks and counterparties with good credit standing and relatively low risk of defaults. Accordingly, no impairment loss was recognized in 2022, 2021 and 2020.

The carrying amounts of other financial assets at amortized cost are disclosed in Notes 6, 8 and 18.

Estimating the Useful Lives of Property, Plant and Equipment. The Group reviews annually the estimated useful lives of property, plant and equipment based on expected asset's utilization, market demands and future technological development consistent with the Group's pursuit of constant modernization of the equipment to ensure the availability, reliability and cost efficiency of the equipment. It is possible that the factors mentioned may change in the future, which could cause a change in estimated useful lives. A reduction in estimated useful lives could cause a significant increase in depreciation and amortization of property, plant and equipment.

There was no change in the estimated useful lives of property, plant and equipment in 2023 and 2022. The carrying amount of property, plant and equipment are disclosed in Note 10.

Assessing the Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considered important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; or
- significant negative industry or economic trends.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for cash-generating unit to which the asset belongs. No impairment indicators were identified in 2023 and 2022 and thus, no impairment was recognized.

The carrying amounts of the significant nonfinancial assets of the Group are disclosed in Notes 8, 9, 10 and 11.

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

Based on the impairment assessment, the recoverable amount of the CGU as at September 30, 2023 and December 31, 2022, calculated based on value in use is greater than the corresponding carrying values (including goodwill) of the CGU.

The carrying amount of goodwill are disclosed in Note 4.

Recognizing Deferred Tax Assets. The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be

available to allow all or part of the deferred tax assets to be utilized.

The Group's unrecognized and recognized deferred tax assets are disclosed in Note 20.

4. Business Combinations and Goodwill

Business Combinations

BHC
On July 27, 2021, the Parent Company acquired 75% ownership interest in BHC for ₱37,055,556.

The finalized fair values of the identifiable assets acquired and liabilities assumed as at the date of the acquisition were as follows:

Assets acquired:	
Other receivables	₱25,000
Property, plant and equipment	2,390,735
Other assets	1,749
	2,417,484
Liabilities assumed -	
Trade and other payables	75,200
Net Assets	₱2,342,284

Goodwill was recognized as follows:

Fair value of consideration transferred at acquisition date	₱37,055,556
Fair value of non-controlling interests in BHC	585,571
	37,641,127
Less fair value of net assets	2,342,284
	₱35,298,843

The non-controlling interests in BHC were based on the proportionate share in BHC's identifiable net assets.

In 2022, the Parent Company increased its ownership interest in BHC to 100% by acquiring the remaining common shares held by non-controlling shareholders for ₱18,134,558 and converting its DFSS amounting to ₱12,944,444. The excess of the consideration over the carrying amount of the non-controlling interest amounting to ₱30,981,599 was recorded under "Other equity reserve" account in the consolidated statements of financial position.

MHCI
On November 6, 2019, the Parent Company acquired 99.08% ownership of MHCI resulting to goodwill amounting to ₱86,599,545. Payable attributable to acquisition of a subsidiary amounted to ₱59,251,096 as at December 31, 2022 and 2021 (see Note 12).

PPDC
On July 15, 2015, the Parent Company acquired 45% ownership of PPDC resulting to a goodwill of ₱14,052,298.

In 2016, the Parent Company increased its ownership interest to 99.4% by acquiring the common shares of PPDC resulting to a net excess of the consideration over the carrying amount of the non-controlling interest of ₱8,820,817. The net excess was recorded to "Other equity reserve" account in the consolidated statements of financial position.

Objective of Acquisitions
The acquisitions of BHC, PPDC and MHCI were executed to expand its hydroelectric power plant operations. The goodwill recognized for the acquisitions are attributable to the expected synergies from combining the operations of the subsidiaries and the technical expertise of the Parent Company.

Goodwill
Goodwill from the acquisition of the subsidiaries are as follows:

	September 30, 2023	December 31, 2022
MHCI	**₱86,599,545**	₱86,599,545
BHC	**35,298,843**	35,298,843
PPDC	**14,052,298**	14,052,298
	₱135,950,686	₱135,950,686

For purposes of impairment testing, the Group determined the recoverable amount of goodwill based on value in use. Value in use is based on discounted cash flow model using the subsidiaries' financial forecasts for the next five years.

Key assumptions used to which the recoverable amounts are most sensitive are revenue growth rates, estimated operational costs, weighted average long-term growth rates and discount rates. Revenue growth rates are based on expected operating results with reference to projected cash flows from stress testing. Operational costs are determined based on average fixed and variable costs adjusted for inflationary increases but not reflecting any future restructurings or cost saving measures.

The Group has assessed that there is no goodwill impairment based on a discounted cash flow model using projected budget for the next five years. The pre-tax weighted average cost of capital of the entities ranges from 5.75% to 8.46%.

The Parent Company assessed that goodwill from business combinations are not deductible for tax purposes.

5. Material Non-controlling Interests

The following table summarizes the subsidiaries with material effective percentage of ownership held by non-controlling interests.

	Principal Place of Business	**2023**	2022
L1HC	Real, Quezon	**18%**	40%
PMHC*	Makati City, Metro Manila	–	–
PLI**	Real, Quezon	–	–
PPI**	Valencia, Bukidnon	–	–
BHC	Naga, Camarines Sur	–	–

**50% minus one (1) share*
*** wholly-owned subsidiaries of PMHC*

Non-controlling interests in the consolidated statements of financial position are presented below:

	September 30, 2023	December 31, 2022
L1HC	**₱117,734,999**	₱108,369,707
Others	**3,364,234**	3,364,234
	₱121,099,233	₱111,733,941

The net income (loss) attributable to non-controlling interests in the consolidated statements of comprehensive income is presented below:

	September 30	
	2023	2022
L1HC	**₱8,735,102**	₱8,956,080
Others	**630,190**	3,908,031
	₱9,365,292	₱12,864,111

The summarized financial information of the material partly-owned subsidiary of the Group, L1HC, is presented below. This information is based on the amounts before intercompany eliminations.

	September 30, 2023	December 31, 2022
Current assets	**₱99,702,341**	₱126,207,111
Noncurrent assets	**906,657,259**	929,734,005
Current liabilities	**3,803,193**	345,182,430
Noncurrent liabilities	**311,303,050**	360,073,070
Equity	**691,253,356**	350,685,616
Revenue	**115,457,517**	156,336,606
Net income	**48,528,344**	67,911,025
Total comprehensive income	**48,528,344**	67,911,025

6. Cash

This account consists of:

	September 30, 2023	December 31, 2022
Cash on hand	**₱991,676**	₱333,857
Cash in banks	**1,121,150,219**	82,449,855
	₱1,122,141,895	₱82,783,712

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

Interest income recognized in profit or loss are as follows:

		September 30	
	Note	**2023**	2022
Continuing operations	17	**₱28,985**	₱27,710
Discontinued operations		**–**	–
		₱28,985	₱27,710

The Group has restricted cash amounting to ₱8,584,590 as at September 30, 2023 and December 31, 2022 (see Note 8).

7. Trade and Other Receivables

This account consists of:

	Note	**September 30, 2023**	December 31, 2022
Trade		**₱107,504,601**	₱74,115,524
Contracts assets	21	**7,781,512**	54,440,516
Receivables from employees		**18,499,062**	3,838,520
		₱133,785,175	₱132,394,560

Trade receivables pertain to receivable from sale of electricity in the Wholesale Electricity Spot Market (WESM) under the Feed-in-Tariff (FIT) mechanism and Independent Electricity Market Operator of the Philippines (IEMOP). These are noninterest-bearing and are generally collectible within 30 to 90 days. Contract assets pertain to unbilled FIT differential (see Note 21).

Receivables from employees pertain to cash advances related to the Group's operations which are subject to liquidation.

8. Other Assets

This account consists of:

	Note	September 30, 2023	December 31, 2022
Advances to suppliers and contractors	11	**₱282,876,439**	₱9,708,187
Input VAT		**21,655,751**	39,390,692
Restricted cash	8	**8,584,590**	8,584,590
Advances to employees		**7,159,682**	3,461,816
Prepayments		**2,041,249**	2,579,882
Creditable withholding tax		**1,962,506**	2,529,043
Refundable deposit		**494,040**	494,040
Others		**54,504,238**	67,594,585
		379,278,495	134,342,835
Noncurrent portion		**67,648,771**	84,901,562
Current portion		**₱311,629,724**	₱49,441,273

Advances to employees represent cash advances and other loans granted to the Group's employees which are noninterest-bearing in nature and are subject to liquidation.

Restricted cash pertains to MHCI's hold-out agreement with a local bank to secure prompt payment of the loan used to partially finance the rehabilitation of the hydropower plants.

9. Investments in Associates

Movements in this account are as follows:

	September 30, 2023	December 31, 2022
Acquisition Cost		
Balance at beginning of period	**₱15,000,000**	₱20,625,000
Disposal	**–**	(5,625,000)
Balance at end of period	**15,000,000**	15,000,000
Advances For Future Stock Subscription		
Balance at beginning of period	**40,191,200**	23,400,000
Additions	**–**	16,791,200
Balance at end of period	**40,191,200**	40,191,200
Accumulated Equity Share in Net Loss of Associates		
Balance at beginning of period	**(11,213,667)**	(14,986,873)
Disposal	**–**	5,625,000
Equity share in net loss	**–**	(1,851,794)
Balance at end of period	**(11,213,667)**	(11,213,667)
Carrying Amount	**₱43,977,533**	₱43,977,533

On August 30, 2019, the Group subscribed to 5,625,000 shares of TNI for ₱5,625,000. The Group initially paid ₱1,406,250 of the total subscription.

In 2022, the Group assigned its 30% ownership interest in TNI to a related party and recognized a gain on disposal of investment in associate amounting to ₱4,218,750 (see Notes 1 and 17).

The latest financial information of the Group's associates is summarized below.

	December 31, 2022
Total current assets	₱54,715,703
Total noncurrent assets	520,117,462
Total current liabilities	333,679,241
Total noncurrent liabilities	228,532,814
Total equity	12,621,110
Revenues	–
Total comprehensive loss	(6,172,646)

The reconciliation of the net assets and the carrying amount of investment in BEHMC and Subsidiaries follows:

	September 30, 2023	December 31, 2022
Equity at end of year	**₱12,621,110**	₱12,621,110
Percentage of ownership	**30%**	30%
	3,786,333	3,786,333
Advances for future stock subscription	**40,191,200**	40,191,200
Carrying amount of investment	**₱43,977,533**	₱43,977,533

10. **Property, Plant and Equipment**

Movements and balances of this account consist of:

		September 30, 2023						
	Note	Hydropower Plants	Construction in Progress	Land	Buildings	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost								
Balance at beginning of period		**₱1,881,823,635**	**₱1,307,486,317**	**₱13,869,359**	**₱10,284,120**	**₱4,312,802**	**₱3,269,950**	**₱3,221,046,183**
Additions		**52,113,079**	**259,830,402**	**1,429,375**	**3,598,532**	**282,003**	**1,721,921**	**318,975,312**
Balance at end of period		**1,933,936,714**	**1,567,316,719**	**15,298,734**	**13,882,652**	**4,594,805**	**4,991,871**	**3,540,021,495**
Accumulated Depreciation and Amortization								
Balance at beginning of period		**175,056,276**	**–**	**–**	**1,259,280**	**2,053,658**	**2,215,540**	**180,584,754**
Depreciation and amortization		**55,722,312**	**–**	**–**	**577,892**	**424,405**	**2,942**	**56,727,551**
Balance at end of period		**230,778,588**	**–**	**–**	**1,837,172**	**2,478,063**	**2,218,482**	**237,312,305**
Carrying Amount		**₱1,703,158,126**	**₱1,567,316,719**	**₱15,298,734**	**₱12,045,480**	**₱2,116,742**	**₱2,773,389**	**₱3,302,709,190**

		December 31, 2022						
	Note	Hydropower Plants	Construction in Progress	Land	Buildings	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost								
Balance at beginning of year		₱1,586,183,496	₱1,146,285,222	₱11,055,434	₱10,284,120	₱2,950,408	₱3,243,568	₱2,760,002,248
Additions		–	804,009,688	2,813,925	–	1,511,360	26,382	808,361,355
Reclassification		296,089,125	(296,089,125)	–	–	–	–	–
Deconsolidation of PMHC and Subsidiaries	19	–	(346,719,468)	–	–	(148,966)	–	(346,868,434)
Disposal		(448,986)	–	–	–	–	–	(448,986)
Balance at end of year		1,881,823,635	1,307,486,317	13,869,359	10,284,120	4,312,802	3,269,950	3,221,046,183
Accumulated Depreciation and Amortization								
Balance at beginning of year		102,916,835	–	–	839,520	1,601,407	1,936,187	107,293,949
Depreciation and amortization		72,139,441	–	–	419,760	589,995	279,353	73,428,549
Deconsolidation of PMHC and Subsidiaries	19	–	–	–	–	(137,744)	–	(137,744)
Balance at end of year		175,056,276	–	–	1,259,280	2,053,658	2,215,540	180,584,754
Carrying Amount		₱1,706,767,359	₱1,307,486,317	₱13,869,359	₱9,024,840	₱2,259,144	₱1,054,410	₱3,040,461,429

Property, Plant and Equipment as Loan Securities
Parcels of land, hydropower plants and construction in progress with a carrying value aggregating ₱2,588,865,448 as at September 30, 2023 and December 31, 2022, were mortgaged as collateral for the Group's loans in favor of creditor banks. A transportation equipment with carrying amount of ₱536,409 as at September 30, 2023 and December 31, 2022, was mortgaged in favor of a creditor bank as collateral to finance its acquisition (see Note 13).

Construction in Progress
Construction in progress pertains to the development costs of the Group's hydropower plant.

Depreciation and Amortization
Depreciation and amortization charged to operations are as follows:

		September 30	
	Note	**2023**	2022
Cost of sale of electricity	15	**₱56,531,830**	₱55,618,167
Operating expenses	16	**195,721**	89,741
		₱56,727,551	₱55,707,908

Disposal and Write-off
In 2021, the Parent Company sold its investment in MHC shares to a third party (see Note 1). Consequently, construction in progress amounting to ₱32,252,512 were derecognized.

In 2020, HSC for the 6.20 MW Katipunan Mini-Hydroelectric Power Project and the 4.50 MW Sawaga Mini-Hydroelectric Power Project were relinquished. Construction in progress aggregating ₱7,598,394 related to the costs of these relinquished HSC were written-off.

11. Advances to Contractors and Suppliers

The balance of this account amounted to 282,876,439 and 9,708,187 as at September 30, 2023 and December 31, 2022, respectively (see Note 8).

This account consists of advance payments to contractors and suppliers for the construction and development of the Group's hydropower plants and water facilities. These are applied against progress billings based on the percentage of completion.

12. Trade and Other Payables

This account consists of:

	Note	**September 30, 2023**	December 31, 2022
Trade		**₱164,213,698**	₱236,357,804
Current portion of retention payable		**93,021,990**	99,060,964
Payable for the acquisition of MHCI shares	4	**59,251,096**	59,251,096
Interest payable		**7,563,098**	18,433,268
Statutory payables		**5,254,238**	14,932,795
Others		**993,377**	1,217,360
		₱330,297,497	₱429,253,287

Trade payables are noninterest–bearing and are generally settled in varying periods within one year depending on the arrangements with suppliers and contractors.

Retention payable represents the portion of the contract price that is withheld until the construction works are substantially complete. Retention payable presented in the consolidated statements of financial position are as follows:

	September 30, 2023	December 31, 2022
Current	**₱93,021,990**	₱99,060,964
Noncurrent	**29,531,741**	49,914,209
	₱122,553,731	₱148,975,173

13. Loans Payable

This account consists of:

	September 30, 2023	December 31, 2022
Principal	**₱1,666,478,388**	₱1,456,337,878
Unamortized debt issue cost	**(13,651,989)**	(13,651,989)
Carrying amount	**1,652,826,399**	1,442,685,889
Current portion	**76,056,289**	122,956,289
Noncurrent portion	**₱1,576,770,110**	₱1,319,729,600

Movements in this account are as follows:

	Note	**September 30, 2023**	December 31, 2022
Balance at beginning of year		**₱1,442,685,889**	₱1,530,673,830
Availments (payments) - net		**210,140,510**	196,679,311
Deconsolidation of PMHC and Subsidiaries	19	**–**	(285,000,000)
Debt issue cost incurred		**–**	(1,969,095)
Amortization of fair value adjustment from business combination		**–**	1,355,349
Debt issue cost amortization		**–**	946,494
Balance at end of year		**₱1,652,826,399**	₱1,442,685,889

The Group entered into various loan contracts with local creditor banks to finance and reimburse the construction and rehabilitation of its various projects, with interest rates ranging from 5.5% to 7.5% per annum, and with terms ranging from one to 15 years.

PLI
On August 16, 2021, the OLSA was amended thereby extending the facility's availability period until July 15, 2023. PLI also applied for the revision of principal repayment to commence at the 21st quarter from initial drawdown date or in August 2023. PLI was notified by the Bank on August 23, 2021 that it has approved the extension of the grace period to pay the loan principal in August 2023.

Financial Covenants
The loans include covenants to maintain certain debt-to-equity ratio, current ratio and debt service ratio during the term of the loan. The Group is compliant with these requirements, except for THC as at December 31, 2022 and except for THC and L1HC as at December 31, 2021. In accordance with the loan agreement, the borrower shall be in default if, in the reasonable opinion of the creditor bank, the noncompliance is not remediable, after a written notice for such failure. On November 16, 2022, the creditor bank recommended to amend THC's start of compliance to these financial covenants after one year from the start of its commercial operation. As at report date, the Group has not received any letter for non-compliance from the creditor bank.

Expected Loan Repayments
The expected loan repayments over the remaining term of the loan as at September 30, 2023 are as follows:

Not later than one year	₱122,956,289
Later than one year but not later than five years	429,980,157
Later than five years	1,099,889,953
	₱1,652,826,399

Interest Expense
Interest expense charged to operations amounted to ₱45,976,892 and ₱38,247,788 for the periods ended September 30, 2023 and 2022, respectively.

14. Equity

On November 6, 2019, REDC's BOD and stockholders approved the increase its authorized capital stock from ₱150,000,000 divided into 150,000,000 shares at ₱1.00 par value share to ₱750,000,000 divided into 750,000,000 shares at ₱1.00 par value share. Out of the increase in authorized capital stock, ₱300,000,000 worth of shares has been subscribed and out of such subscription, ₱115,350,626 has been paid through the assignment of advances (see Note 18). On July 14, 2020, REDC filed its application for the increase in authorized capital stock with the SEC. The SEC approved the increase in authorized capital stock on January 31, 2022.

In 2022, upon approval of the increase in authorized capital stock, REDC issued 300,000,000 shares through the application of deposit for future stock subscription amounting to ₱424,901,466 resulting into additional paid-in capital amounting to ₱124,901,466 (see Note 18).

Movements in capital stock are as follows:

	September 30, 2023		December 31, 2022	
	No. of Shares	**Amount**	No. of Shares	Amount
Authorized Capital Stock at ₱1 par value				
Balance at beginning of year	**750,000,000**	**₱750,000,000**	150,000,000	₱150,000,000
Increase during the year	**–**	**–**	600,000,000	600,000,000
Balance at end of year	**750,000,000**	**₱750,000,000**	750,000,000	₱750,000,000
Issued and Outstanding				
Balance at beginning of year	**450,000,000**	**₱450,000,000**	150,000,000	₱150,000,000
Issuances of shares	**200,000,002**	**200,000,002**	300,000,000	300,000,000
Balance at end of year	**650,000,002**	**₱650,000,002**	450,000,000	₱450,000,000

15. Cost of Sale of Electricity

This account consists of:

		September 30	
	Note	**2023**	2022
Depreciation and amortization	10	**₱56,531,830**	₱55,618,167
Salaries and wages		**12,949,036**	17,116,443
Repairs and maintenance		**8,265,192**	3,153,027
Communication and utilities		**6,029,384**	5,281,080
Taxes and licenses		**1,876,349**	1,298,235
Outside services, professional fees and commissions		**1,710,100**	1,908,137
Distribution wheeling charges		**1,257,571**	460,769
Transportation		**901,308**	834,185
Materials		**841,560**	851,437
Rent	21	**104,200**	2,314,612
Others		**3,788,282**	3,047,841
		₱94,254,812	₱91,883,933

Others include expenses for insurance and meals among others.

16. **Operating Expenses**

This account consists of:

	Note	September 30 2023	2022
Taxes and licenses		**₱12,190,141**	₱7,812,097
Salaries and wages		**10,644,825**	1,588,279
Representation and entertainment		**4,287,490**	1,311,687
Professional fee		**4,036,635**	1,381,847
Transportation and meals		**3,866,931**	100,990
Outside services		**3,212,370**	670,474
Rental	21	**3,042,507**	593,655
Insurance		**2,148,229**	805,200
Communication and utilities		**2,083,006**	712,235
Repairs and maintenance		**441,150**	147,589
Depreciation and amortization	10	**195,721**	89,741
Research and development cost		**140,570**	703,855
Training and seminar		**29,375**	9,100
Others		**1,729,801**	2,638,016
		₱48,048,751	₱18,564,765

Others include expenses for appraisal and survey services among others.

17. **Other Income** - Net

This account consists of:

	Note	September 30 2023	2022
Interest income	6	**₱28,985**	₱27,710
Foreign exchange loss		**–**	(1,580)
Others		**–**	1,679,078
		₱28,985	₱1,705,208

18. **Related Party Transactions**

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

	Amount of Transactions		Balance at End of Year	
	September 30, 2023	December 31, 2022	**September 30, 2023**	December 31, 2022
Due from Related Parties				
Stockholders	**₱–**	₱67,106	**₱55,862**	₱55,862
Entities under common control	**58,603,125**	50,537,919	**110,230,660**	51,644,798
			₱110,286,522	₱51,700,660
Due to Related Parties				
Stockholders	**₱–**	₱264,765,405	**₱545,666,890**	₱599,605,254
Entities under common control	**472,950,738**	116,594,560	**631,019,353**	158,068,615
Associate	**–**	–	**189,273**	1,406,250
			₱1,176,875,516	₱759,080,119

Due from Related Parties
These are noninterest-bearing working capital advances, unsecured and are due and demandable. No impairment loss was recognized in 2022 and 2021.

Due to Related Parties
These are noninterest-bearing working capital advances, unsecured and are payable in cash and upon demand.

Compensation of Key Management Personnel
Compensation of key management personnel of the Group consists of short-term benefits amounting to ₱4.5 million for the periods ended September 30, 2023 and 2022.

19. Discontinued Operations

On November 4, 2022, the Parent Company assigned its ownership interest in PMHC, a subsidiary, to Colossal Petroleum Corporation for ₱40,750,000. As at December 31, 2022, PMHC and its subsidiaries were presented as a discontinued operation.

The results of operations of PMHC and its subsidiaries are presented below:

	December 31, 2022
Operating expenses	₱458,175
Interest expense	21,878,722
	22,336,897
Gain on disposal	(34,276,628)
Net loss (income) from discontinued operations	(₱11,939,731)

20. Income Taxes

The Group has no current income tax due to the income tax holiday and net loss position.

The details of the Group's net deferred tax liabilities are as follows:

	September 30, 2023	December 31, 2022
Deferred tax asset -		
Unrealized foreign exchange gain	**₱45,912**	₱45,912
Deferred tax liabilities:		
Unamortized debt issue cost	**3,412,997**	3,412,997
Difference between the fair value and carrying amount of property, plant and equipment	**495,814**	749,974
	3,908,811	4,162,971
	₱3,862,899	₱4,117,059

On September 30, 2020, Bureau of Internal Revenue (BIR) issued the Revenue Regulations (RR) No. 25-2020 to implement Section 4 (bbbb) of the Republic Act No. 11494, otherwise known as "Bayanihan to Recover as One Act". This RR provides that net operating loss of the business or enterprise for taxable years 2020 and 2021 to be carried over as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

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

		September 30	
	Note	**2023**	2022
Income tax computed at statutory tax rate		**₱35,329,250**	₱17,699,157
Add (deduct) tax effects of:			
Permanent differences		**(35,329,250)**	(17,699,157)
Temporary differences		**(254,160)**	–
		(₱254,160)	₱–

Income Tax Holiday
MHCI, PPDC, L1HC, and PLI are entitled to the following incentives under *Republic Act No. 9513*, *Renewable Energy Act of 2008* upon approval of BOI:

- Exempt from the payment of income taxes levied by the National Government for the first seven (7) years of commercial operations and 10% corporate income tax after the income tax holiday;

Exemption is valid until:

	Start of Commercial Operations	Expiry of 7 Year Exemption
MHCI	May 2019	April 2026
PPDC:		
Balugbog powerplant	July 2018	June 2025
Calibato powerplant	January 2019	December 2026
Palakpakin powerplant	September 2018	August 2025
L1HC	September 2021	August 2028

- Exempt from payment of tariff duties on the importation of renewable machinery, equipment and materials;
- Special realty tax of 1.5% on equipment and machinery;
- Zero value-added tax rate on the sale of renewable energy sources;
- Zero value-added tax rate on the purchases of goods, properties and services directly related to the development of hydropower plant facilities; and
- Tax exemption on the sale of carbon credits.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act
On March 26, 2021, the CREATE was approved and signed into law by the country's President. Under the CREATE, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates retrospectively became effective beginning July 1, 2020. Since the Group is entitled to income tax holiday and is in a tax loss position, the change in income tax rate to the Group's consolidated financial statements did not have significant financial impact as at December 31, 2022, 2021 and 2020.

21. Significant Commitments

Group as a Lessee
The Group has certain leases for its head office space and staff houses with lease terms of 12 months or less. The Group applied the "short-term lease" recognition exemption for these leases.

Rental expense incurred as follows:

	Note	September 30 2023	2022
Cost of sale of electricity	15	**₱104,200**	₱2,314,612
Operating expenses	16	**3,042,507**	593,655
		₱3,146,707	₱2,908,267

Renewable Energy Distribution

Hydropower Service Contract (HSC)
The Government, through the Department of Energy (DOE), awarded HSCs to the Group for the exclusive right to explore, develop and utilize hydropower resources within specified contract areas. As at September 30, 2023, the Group has the following HSCs:

- Palakpakin Hydroelectric Power Plant
- Balugbog Hydroelectric Power Plant
- Calibato Hydroelectric Power Plant
- Majayjay Hydroelectric Power Project
- Labayat River (Upper Cascade) Hydroelectric Power Project
- Inarihan Hydroelectric Power Project
- Tibag Hydroelectric Power Project
- Pulanai River Hydroelectric Power Project
- Piapi River Hydroelectric Power Project

The contract period is for twenty-five (25) years which is divided into two (2) stages: the pre-development stage and the development or commercial stage.

The pre-development stage refers to preliminary assessment and feasibility study activities. The development or commercial stage commences from the confirmation of commerciality by the DOE and refers to the construction and installation of facilities up to the operation phase.

The HSC also provides that the Parent Company may assign or transfer part or all of its rights and/or obligations under the HSC to its affiliate upon compliance of the following provisions:

- The Parent Company shall submit to the DOE copies of the written agreement on the corresponding part of its rights and/or obligations to be assigned; and

- The Parent Company shall guarantee in writing to the DOE its performance of the assigned obligations.

Provisional Authority to Operate (PAO) Feed-in-Tariff (FIT) Eligible Power Plant

MHCI

In October 2019, the DOE issued a Certificate of Endorsement (COE) under the FIT system which entitled MHCI to FIT rate commencing on the date of commercial operations. In October 2020, the Energy Regulations Commission (ERC) issued PAO authorizing MHCI to participate in the FIT system for a period of one (1) year from October 14, 2020 to October 13, 2021 contingent on the validity of the permits and licenses issued by other government agencies, and pending compliance with the submission of the Business/Mayor's Permit and the amended Wholesale Electricity Spot Market (WESM) Registration.

On December 3, 2020, MHCI submitted to the ERC the Business/Mayor's Permit and the Notice of Approval for the Amended WESM Registration. On July 7, 2021, the ERC issued the Certificate of Compliance in favor of MHCI's hydroelectric power plant FIT eligibility valid from October 14, 2019 to October 13, 2024.

PPDC

In September 2019, the DOE issued COE under the FIT system for Palakpakin and Balugbog hydropower plants, which entitled the PPDC to the FIT rate from 2018 to 2038. On May 2020, the DOE issued the COE under the FIT system for the Calibato hydropower plant, which entitled PPDC to the FIT rate commencing from 2020 to 2040.

On December 2, 2020, PPDC received a PAO-FIT from ERC for Palakpakin, Calibato and Balugbog hydropower plants. The PAO was issued in favor of PPDC's hydropower plants FIT eligibility valid from December 2, 2020 to December 1, 2021 contingent on the validity of permits and licenses issued by other government agencies.

As at report date, PPDC has completed all the requirements set forth in the PAO except for the public offering requirement.

Renewable Energy Payment Agreement (REPA) with National Transmission Corporation (Transco)
The Group entered into a REPA with the Transco to set out the rights and obligations relating to the payment of the Actual FIT Revenue to the Group for the electricity generated by the FIT eligible power plants. Under the REPA, Transco, as the FIT Administrator, shall administer the implementation of the FIT System, manage the FIT-All Fund from which renewable energy developers shall be paid, and perform the function of settlement agent for the payment of Actual FIT Revenue to the eligible renewable energy power plants.

In accordance with the agreement, Transco shall pay the actual FIT revenue for all metered generation for a period of 20 years from commercial operations. Any FIT differential, prior to the effectivity of the REPA, shall be billed and collected from Transco over a period, equivalent to the number of months lapsed between the start of commercial operations until the effective date of the REPA. The unbilled FIT differential is recorded under "Contract assets" account.

The Group's contract assets amounted to ₱7,781,512 and ₱54,440,516 as at September 30, 2023 and December 31, 2022, respectively (see Note 7).

Market Participation Agreement (MPA) with Independent Electricity Market Operator of the Philippines (IEMOP)
The Group entered into an MPA to be a WESM Participant with IEMOP as its Market Operator to sell bulk energy generated from its hydropower plants subject to WESM rules and manuals.

Power Supply Agreement (PSA) between PPDC and Meralco
On May 20, 2014, PPDC entered into a PSA with Meralco to provide bulk energy from its hydropower plants for a period of five (5) years. The PSA states that Meralco will pay an amount per kilowatt-hour (kWh) of bulk energy provided, plus any governmental charges as necessary.

On May 22, 2019, the parties agreed to extend the PSA until October 25, 2019. On October 26, 2019, the parties agreed to further extend the PSA until May 15, 2020. The PSA was not renewed further in 2020.

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

22. Financial Risk Management Objectives and Policies and Capital Management

The Group's principal financial instruments consist mainly of financial assets and financial liabilities directly related to operations specifically cash, trade and other receivables (excluding advances to employees), due from related parties, refundable deposit, receivables from contractors , trade and other payables (excluding statutory payables), loans payable, due to related parties, and retention payable.

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

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

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

The Group has significant concentration of credit risk in its trade receivables and contract assets, As discussed in Note 2, the Group only has few customers in 2022, 2021 and 2020.

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

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

	September 30, 2023	December 31, 2022
Cash in banks	**₱1,121,150,219**	₱82,449,855
Trade and other receivables*	**115,286,113**	128,556,040
Due from related parties	**110,286,522**	51,700,660
Refundable deposit	**494,040**	494,040
Restricted cash	**8,584,590**	8,584,590
	₱1,355,801,484	₱271,785,185

**Excluding receivable from employees and other receivables aggregating ₱18,499,062 and ₱3,838,520 as at September 30, 2023 and December 31, 2022, respectively.*

The table below shows the credit quality and aging analysis of the Group's financial assets:

	September 30, 2023						
			Past Due But Not Impaired				
	High Grade	Standard Grade	1 – 60 Days	61 – 90 Days	More than 90 Days	Allowance for ECL	Total
Lifetime ECL -							
Trade receivables	₱–	107,504,601	₱–	₱–	₱–	₱–	107,504,601
Contract assets	–	7,781,512	–	–	–	–	7,781,512
	–	115,286,113	–	–	–	–	115,286,113
12–month ECL:							
Cash in banks	1,121,150,219	–	–	–	–	–	1,121,150,219
Due from related parties	–	51,700,660	–	–	–	–	51,700,660
Refundable deposits	–	494,040	–	–	–	–	494,040
Restricted cash	8,584,590	–	–	–	–	–	8,584,590
	1,129,734,809	52,194,700	–	–	–	–	1,181,929,509
	₱1,129,734,809	₱167,480,813	₱–	₱–	₱–	₱–	₱1,297,215,622

	December 31, 2022						
			Past Due But Not Impaired				
	High Grade	Standard Grade	1 – 60 Days	61 – 90 Days	More than 90 Days	Allowance for ECL	Total
Lifetime ECL -							
Trade receivables	₱–	₱72,086,805	₱359,238	₱136,493	₱1,532,988	₱–	₱74,115,524
Contract assets	–	54,440,516	–	–	–	–	54,440,516
	–	126,527,321	359,238	136,493	1,532,988	–	128,556,040
12–month ECL:							
Cash in banks	82,449,855	–	–	–	–	–	82,449,855
Due from related parties	–	51,700,660	–	–	–	–	51,700,660
Refundable deposits	–	494,040	–	–	–	–	494,040
Restricted cash	8,584,590	–	–	–	–	–	8,584,590
	91,034,445	52,194,700	–	–	–	–	143,229,145
	₱91,034,445	₱178,722,021	₱359,238	₱136,493	₱1,532,988	₱–	₱271,785,185

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

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

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

c. Past Due But Not Impaired – items with history of frequent defaults but are still being collected.

Cash and Cash Equivalents, Short-term Investment and Restricted Cash. The credit risk for cash and cash equivalents, short-term investment, financial assets at FVPL and restricted cash is considered negligible because the counterparties are reputable banks with high quality external credit ratings. Thus, the impairment loss is limited to 12-month ECL.

Due from Related Parties. The exposure on due from related parties, which are measured and classified as financial assets at amortized cost, are assumed to have low credit risk because the related parties have sufficient cash and other liquid assets to repay the loan immediately. Thus, the impairment loss is limited to 12-month ECL.

Liquidity Risk

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

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted cash flows as at September 30, 2023 and December 31, 2022:

	September 30, 2023					
	Due and Demandable	**Less than 1 year**	**1–2 years**	**2–3 years**	**Over 3 years**	**Total**
Trade and other payables*	**₱–**	**₱325,043,259**	**₱–**	**₱–**	**₱–**	**₱325,043,259**
Loans payable**	**–**	**312,466,854**	**161,698,889**	**887,596,715**	**984,297,399**	**2,346,059,857**
Retention payable - net of current portion	**–**	**29,531,741**	**–**	**–**	**–**	**29,531,741**
Due to related parties	**1,176,875,516**	**–**	**–**	**–**	**–**	**1,176,875,516**
	₱1,176,875,516	**₱667,041,854**	**₱161,698,889**	**₱887,596,715**	**₱984,297,399**	**₱3,877,510,373**

**Excluding statutory payables amounting to ₱5,254,238 as at September 30, 2023.*
*** Includes payment of interest.*

	December 31, 2022					
	Due and Demandable	Less than 1 year	1–2 years	2–3 years	Over 3 years	Total
Trade and other payables*	₱–	₱414,320,492	₱–	₱–	₱–	₱414,320,492
Loans payable**	–	312,466,854	161,698,889	677,456,205	984,297,399	2,135,919,347
Retention payable - net of current portion	–	42,319,262	7,594,947	–	–	49,914,209
Due to related parties	759,080,119	–	–	–	–	759,080,119
	₱759,080,119	₱769,106,608	₱169,293,836	₱677,456,205	₱984,297,399	₱3,359,234,167

**Excluding statutory payables amounting to ₱14,932,795 as at December 31, 2022.*
*** Includes payment of interest.*

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

Interest Rate Risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Group's market risk policy requires it to manage interest rate risk by maintaining appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets and liabilities. Any gap between the maturities of fixed and variable rate instruments is effectively managed by the Group.

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

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

In determining reasonable leverage, the Group evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Group considers its equity as capital amounting to ₱2,057,986,340 and ₱964,807,491 as at September 30, 2023 and December 31, 2022, respectively.

The Group is required to maintain debt-to-equity ratios in accordance with its loan agreements (see Note 13).

23. Fair Value Measurement

The carrying amounts and estimated fair values of the Group's financial assets and financial liabilities are presented below:

	September 30, 2023		December 31, 2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**₱1,122,141,895**	**₱1,122,141,895**	₱82,783,712	₱82,783,712
Trade receivables	**107,504,601**	**107,504,601**	74,115,524	74,115,524
Contract assets	**7,781,512**	**7,781,512**	54,440,516	54,440,516
Due from related parties	**110,286,522**	**110,286,522**	51,700,660	51,700,660
Refundable deposit	**494,040**	**494,040**	494,040	494,040
Restricted cash	**8,584,590**	**8,584,590**	8,584,590	8,584,590
	₱1,356,793,160	**₱1,356,793,160**	₱272,119,042	₱272,119,042
Financial Liabilities				
Trade and other payables*	**₱325,043,259**	**₱325,043,259**	₱414,320,492	₱414,320,492
Loans payable	**1,652,826,399**	**1,652,826,399**	1,442,685,889	1,460,474,270
Due to related parties	**1,176,875,516**	**1,176,875,516**	759,080,119	759,080,119
Retention payable - net of current portion	**29,531,741**	**29,531,741**	49,914,209	49,914,209
	₱3,184,276,915	**₱3,184,276,915**	₱2,666,000,709	₱2,683,789,090

**Excludes statutory payables amounting to ₱5,254,238 and ₱14,932,795 as at September 30, 2023 and December 31, 2022, respectively.*

Management has determined that the carrying amounts of cash, trade receivables, contract assets, due from related parties, refundable deposit, receivables from contractors, trade and other payables (excluding statutory payables), due to related parties, and current portion of retention payable approximate their fair values because of their short-term maturities.

The fair value of the loans payable is classified under level 2 (significant observable inputs) of the fair value hierarchy. The fair value is the present value of all future cash flows discounted using applicable rates for similar types of loans.

24. Basic/Diluted Earnings per Share

The following table presents information necessary to calculate income per share:

	September 30	
	2023	2022
Net income from continuing operations	**₱141,571,160**	₱70,796,626
Weighted average number of common shares	**394,444,445**	425,000,000
Basic/diluted earnings per share from continuing operations	**₱0.36**	₱0.17
Basic/diluted earnings per share	**₱0.36**	₱0.17

Earnings per share is calculated using the net income divided by the weighted average number of common shares. The Group has assessed that there were no dilutive common shares as at September 30, 2023 and December 31, 2022.

25. Segment Reporting

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

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

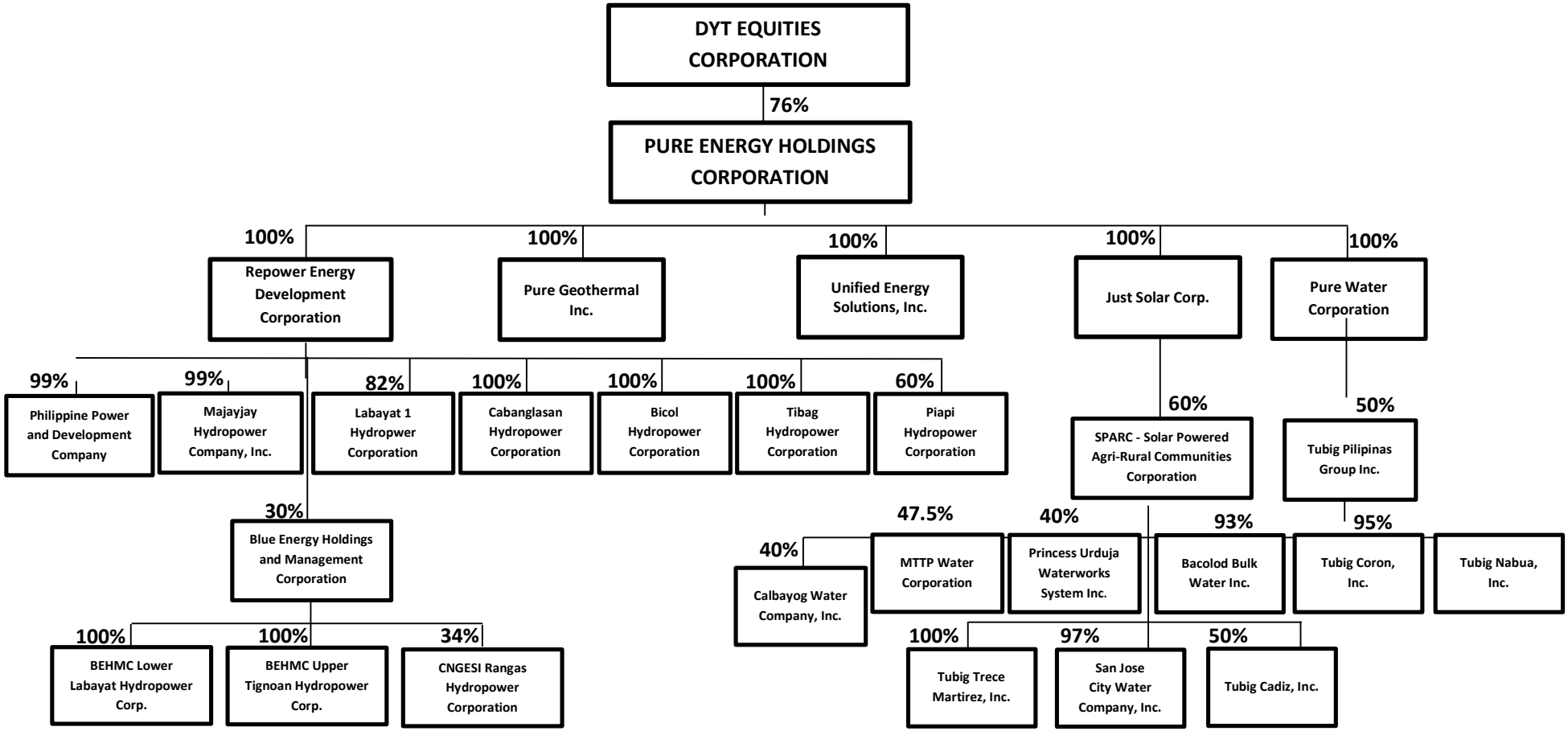
Below is a schedule showing financial soundness indicators of the Group as at and for the periods ended September 30, 2023 and December 31, 2022.

Ratio	Formula	**September 30, 2023**	December 31, 2022
Current ratio	Current assets/current liabilities	**1.06:1**	0.24:1
Acid test ratio	Quick assets/current liabilities	**0.79:1**	0.16:1
Solvency ratios	Net income before amortization and depreciation/total liabilities	**0.06:1**	0.06:1
Debt-to-equity ratio	Total liabilities/total equity	**1.55:1**	2.80:1
Asset-to-equity ratio	Total assets/total equity	**2.55:1**	3.80:1
Interest rate coverage ratio	Net income before tax expense/interest expense	**3.07:1**	2.47:1
Return on equity	Net income/shareholder's equity	**0.07:1**	0.17:1
Return on assets	Net income/total assets	**0.03:1**	0.05:1
Gross profit margin	Revenue less cost/revenue	**0.71:1**	0.73:1

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONGLOMERATE MAP

SEPTEMBER 30, 2023



REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULES AS REQUIRED BY PART II of the REVISED SRC RULE 68

SEPTEMBER 30, 2023

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B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable from Related Parties which are Eliminated During the Consolidation of the Financial Statements	1
D	Long-Term Debt	2
E	Indebtedness to Related Parties (Long-Term loans from Related Parties)	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	3

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

SEPTEMBER 30, 2023

			Deductions		*Ending Balance*		
Name and designation of debtor	***Balance at beginnning of period***	***Additions***	***Amounts collected***	***Amounts written off***	***Current***	***Noncurrent***	***Balance at end of period***
Subsidiaries	₱631,115,317	₱–	₱–	₱–	₱631,115,317	₱–	₱631,115,317

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE D – LONG TERM DEBT

SEPTEMBER 30, 2023

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount shown under caption "Current portion of Loans payable" in related balance sheet*	*Amount shown under caption "Loans payable - net of current portion " in related balance sheet*
Local creditor banks	₱1,652,826,399	₱76,056,289	₱1,576,770,110

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE G – CAPITAL STOCK

SEPTEMBER 30, 2023

Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statement of financial position caption*	*Number of shares reserved for options,warrants, conversion and other rights*	*Number of shares held by*		
				Related parties	*Directors, officers and employees*	*Others*
Common stock - ₱1 par value	750,000,000	650,000,002	–	439,999,995	7	–

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS OF PARENT COMPANY AVAILABLE FOR DIVIDEND DECLARATION SEPTEMBER 30, 2023

Retained earnings, as shown in the separate financial statements at beginning of period	(₱186,447,570)
Adjustment for -	
Accumulated share in net loss of an associate	11,213,667
Retained earnings, as adjusted to amount available for dividend declaration, at beginning of year	(175,233,903)
Net loss during the year closed to retained earnings	22,631,636
Less non-actual/unrealized income net of tax -	
Share in net loss of an associate	–
Net income actually earned during the period	22,631,636
Retained earnings available for dividend declaration, at end of period	(₱152,602,267)

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF APPLICATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING
SEPTEMBER 30, 2023

	Estimated	Actual	Balance
Gross proceeds	₱1,000,000,000	₱1,000,000,000	₱–
Offer expenses	50,500,000	50,500,000	–
Net proceeds	**₱949,500,000**	**₱949,500,000**	**₱–**
Net proceeds allocation:			
Partial funding for Pulanai MHP Project	₱600,000,000	₱203,000,000	₱397,000,000
Partial funding for Piapi MHP Project	100,000,000	23,000,000	77,000,000
Development and acquisition of renewable energy projects	150,000,000	–	150,000,000
Operating and working capital requirements	99,500,000	2,100,000	97,400,000
	₱949,500,000	**₱228,100,000**	**₱721,400,000**

Section 2.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

AS AT SEPTEMBER 30, 2023 AND DECEMBER 31, 2022 AND
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2023 AND 2022

1. **Financial Condition**

As at September 30, 2023 Compared to as at December 31, 2022

The total assets of Repower Energy Development Corporation and Subsidiaries (the Group) expanded by ₱1,604.8 million (+44%) from December 31, 2022 due mainly to the receipt of proceeds from the initial public offering (IPO) on July 24, 2023.

Material changes in asset accounts are analyzed as follows:

a. The net increase in cash of ₱1,039.4 million (+1,256%) is due to:
   i. Net increase in operational cash flows as a result of net income generated from the operating segments and continuing operations;
   ii. Cash inflows from issuance of common stock with gross amount of ₱1,000.0 million; and
   iii. Additions to property and equipment aggregating ₱319.0 million.

b. The net increase in due from related parties of ₱58.6 million (+113%) is due to working capital funds advanced to entities under common control to sustain operations. These advances are due and demandable and unimpaired.

c. Other current assets increased by ₱262.2 million (+530%) mainly due to increases in advances made to contractors and suppliers consistent with the Group's plan to expand its hydropower operations. The net decrease in other noncurrent assets of ₱17.3 million (-20%) is a result of application of certain long-term contractor advances against billings.

d. Net increase in property, plant and equipment by ₱262.2 million (+9%) represent the additions mainly to construction in-progress account as a result of the progress of asset construction operations of the Group.

The total liabilities of the Group increased by ₱508.3 million (+19%) due primarily to availments of loans and advances from related parties. Material changes in liability accounts are analyzed as follows:

a. Net decrease in trade and other payables amounting to ₱99.0 million (-23%) resulted from payments of supplier billings and accounts.

b. Net increase in loans payable by ₱210.1 million (15%) and due to related parties by ₱417.8 million (+55%) resulted from availments for various purposes but mainly as part of the Group's operational expansion. The increase was also partly due to the advances made by related parties under common control and of the stockholders which may be recognized as deposits for future stock subscription upon application for increase in capital stock, if any.

c. Noncurrent portion of retention payable also decreased by ₱20.4 million (-41%) due to settlement of contractor billings related to ongoing construction projects.

The Group's total equity increased by ₱1.096.4 million (+114%) as a direct result of the issuance of shares during the Group's IPO. The net proceeds from the IPO amounted to ₱949.5 million which was accounted for under capital stock and additional paid-in capital accounts. Retained earnings of the Group and the non-controlling interest accounts increased as a result of the net income earned during the period.

Relevant financial ratios related to the Group's financial position are liquidity ratio, solvency ratio, debt-to-equity ratio and asset-to-equity ratio.

As a result of receiving proceeds from the IPO, the Group's liquidity ratios (current and acid test ratios) improved from 0.24:1 and 0.16:1 as at December 31, 2022 to 1.06:1 and 0.79:1 as at September 30, 2023 due mainly to availability of liquid funds.

The solvency ratio remained the same at 0.06:1 as at September 30, 2023 and December 31, 2022 since the movement of the Group's net income before depreciation and amortization came close relative to the liability balance.

The debt-to-equity ratio of 1.55:1 as at September 30, 2023 compared to the 2.80:1 as at December 31, 2022 shows the impact of the increases of the liability balances of the Group.

The asset-to-equity ratio of the Group decreased from 3.80:1 as at December 31, 2022 to 2.55:1 as at September 30, 2023 which was partially impacted by the Group's IPO.

2. Results of Operations

For the Nine-month Period Ended September 30, 2023 Compared to for the Nine-month Period Ended September 30, 2022

The Group generated a total of ₱329.6 million revenues from its operations for the nine-month period ended September 30, 2023 which is ₱74.9 million (+29%) higher than the revenue generated for the same period in the prior year. Consequently, gross income is higher by ₱72.5 million (+45%). The total comprehensive income of the Group for the nine-month period ended September 30, 2023 registered at ₱141.6 million which is ₱33.8 million (+31%) higher than that of the previous year for the same period.

Key factors to the changes of the items above are as follows:

a. Revenue increased mainly as a result of higher electric generation of the Group. The increase in is also brought about by the increased capacity from the L1HC and BHC operations. As a result of increased revenue, the cost also increased during the period.

b. Operating expenses increased by ₱29.5 million (+159%). This increase can be attributed to the Group's thrust to progress the status of its operations. During the period, the Group increased its spending on salaries and wages, transportation and meals, repairs and maintenance, representation and entertainment, and taxes and licenses. There were also significant increases in professional fees, insurance, fuel, oil and lubricants, communication and utilities.

c. Interest expense increased by ₱7.7 million (20%) as a result of incurring more costs of borrowing related to the ongoing construction projects. The Group entered into various loan contracts with local creditor banks to finance the construction and rehabilitation of various projects, with interest rates ranging from 5.5% to 11% per annum, and with terms ranging from 3 to 15 years.

The resulting basic and diluted earnings per share of the Group increased from 0.25 per share to 0.36 per share. This is due to the increase in the net income generated during the period.

Relevant profitability ratios related to the Group's financial performance are return on equity, return on total assets and net income margin.

The return on equity of the Group remained relatively the same at 0.07:1 and 0.10:1 across the periods since the net income increased in proportion to the increase in the capital stock and additional paid-in capital. Consequently, the return on assets also remained at 0.03:1 levels across the periods.

Net income margin increased to 0.43:1 from 0.42:1 across the periods due to the improvement in the results of operations.

3. OTHER DISCLOSURES

There were no material events subsequent to the end of the interim period that have not been reflected in the unaudited interim financial statements.

There were material changes in the composition of the Group during the interim period, including business combinations, acquisitions or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

The Group has no contingent liabilities or contingent assets as at September 30, 2023.

There are no material contingencies and any other events or transactions that are material to the understanding of the current interim period.

There are no known trends or demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

There are no 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 are no material commitments for capital expenditures which are out of the scope of the use of proceeds from the IPO.

There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net revenues or income from continuing operations.

All significant elements of income or loss were generated from the Group's registered and continuing business operations.

Aside from the resulting effects of the IPO of the Group, there are no other nonrecurring or seasonal aspects that had a material effect on the financial condition or results of operations.

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.

Issuer: **REPOWER ENERGY DEVELOPMENT CORPORATION**
By:

ERIC PETER Y. ROXAS
President
November 10, 2023

ROLANDO P. DOMINGO
Chief Financial Officer
November 10, 2023