COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	3	1	0	1	2	4

COMPANY NAME

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

3RD FLOOR JTKC CENTER, 2155 CHINO ROCES AVE., MAKATI CITY

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
rolando.domingo@pureenergy.com.ph	(02) 8813-8892	0917-830-1613

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6	June 30	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Susan Bertulfo-Carisma	susan.carisma@pureenergy.com.ph	(02) 8813-8892	0917-830-1613

CONTACT PERSON'S ADDRESS

3rd Floor JTKC Center, 2155 Chino Roces Ave., Makati City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

NOTE 2: *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Repower Energy Development Corporation and Subsidiaries
3rd Floor JTKC Center
2155 Chino Roces Ave.
Makati City

Opinion

We have audited the consolidated financial statements of Repower Energy Development Corporation (the Parent Company) and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Parent Company prepared this set of consolidated financial statements in compliance with the Revised Securities Regulation Code (SRC) Rule 68 in relation to the Parent Company's planned application for listing its common shares in the Philippine Stock Exchange, as discussed in Note 2 to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Reyes Tacandong & Co. is a member of the RSM network. Each member of the RSM network is an independent accounting and consulting firm, and practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audits. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 86981-SEC Group A
Issued March 24, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 8851708
Issued January 3, 2022, Makati City

December 7, 2022
Makati City, Metro Manila

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 **2021**	2020
ASSETS			
Current Assets			
Cash	6	**₱34,987,808**	₱61,123,854
Trade and other receivables	7	**164,137,142**	91,364,969
Due from related parties	17	**16,386,889**	4,710,956
Other current assets	8	**36,003,613**	33,315,327
Total Current Assets		**251,515,452**	190,515,106
Noncurrent Assets			
Investments in associates	9	**29,038,127**	39,222,595
Property, plant and equipment	10	**2,652,708,298**	2,164,014,142
Advances to contractors and suppliers- net of current portion	11	**251,205,518**	131,180,623
Goodwill	4	**135,950,686**	100,651,843
Other noncurrent assets	8	**9,564,705**	8,231,885
Total Noncurrent Assets		**3,078,467,334**	2,443,301,088
		₱3,329,982,786	₱2,633,816,194
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**₱393,693,533**	₱303,099,941
Current portion of loans payable	13	**177,354,192**	182,424,255
Due to related parties	17	**404,840,542**	195,515,681
Subscription payable	9	**4,218,750**	4,218,750
Total Current Liabilities		**980,107,017**	685,258,627
Noncurrent Liabilities			
Loans payable - net of current portion	13	**1,353,319,638**	1,008,666,553
Retention payable - net of current portion	12	**66,869,311**	65,998,089
Net deferred tax liabilities	18	**3,612,410**	3,683,846
Total Noncurrent Liabilities		**1,423,801,359**	1,078,348,488
Total Liabilities		**2,403,908,376**	1,763,607,115
Equity			
Capital stock		**150,000,000**	150,000,000
Additional paid-in capital		**200,000,000**	200,000,000
Deposit for future stock subscription	17	**424,901,466**	424,901,466
Deficit		**(36,412,724)**	(103,701,973)
Other equity reserve	4	**(8,820,817)**	(8,820,817)
		729,667,925	662,378,676
Non-controlling interest	5	**196,406,485**	207,830,403
Total Equity		**926,074,410**	870,209,079
		₱3,329,982,786	₱2,633,816,194

See accompanying Notes to Consolidated Financial Statements.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31	
	Note	**2021**	2020
REVENUES	19	**₱233,281,590**	₱136,077,702
COST OF SERVICES	14	**65,745,842**	42,135,884
GROSS INCOME		**167,535,748**	93,941,818
OPERATING EXPENSES	15	**(41,413,303)**	(26,995,401)
INTEREST EXPENSE	13	**(67,947,393)**	(40,279,605)
EQUITY SHARE IN NET LOSS OF ASSOCIATES	9	**(10,184,468)**	(1,232,879)
OTHER INCOME (CHARGES) - Net	16	**7,217,740**	(7,792,602)
INCOME BEFORE INCOME TAX		**55,208,324**	17,641,331
DEFERRED INCOME TAX BENEFIT	18	**(71,436)**	(395,410)
NET INCOME		**55,279,760**	18,036,741
OTHER COMPREHENSIVE INCOME		**–**	–
TOTAL COMPREHENSIVE INCOME		**₱55,279,760**	₱18,036,741
NET INCOME / TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company		**₱67,289,249**	₱19,143,376
Non-controlling interest	5	**(12,009,489)**	(1,106,635)
		₱55,279,760	₱18,036,741
BASIC/DILUTED EARNINGS PER SHARE	22	**₱0.45**	₱0.13

See accompanying Notes to Consolidated Financial Statements.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	For the Years Ended December 31 **2021**	 2020
CAPITAL STOCK - ₱1 par value Authorized, issued and outstanding - 150,000,000 shares		**₱150,000,000**	₱150,000,000
ADDITIONAL PAID-IN CAPITAL		**200,000,000**	200,000,000
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION (DFFS)			
Balance at beginning of year		**424,901,466**	–
Receipt of deposit	17	**–**	166,933,480
Reclassification from noncurrent liabilities	17	**–**	115,350,626
Conversion of advances into deposit	17	**–**	142,617,360
Balance at end of year		**424,901,466**	424,901,466
DEFICIT			
Balance at beginning of year		**(103,701,973)**	(122,845,349)
Net income attributable to equity holders of the Parent Company		**67,289,249**	19,143,376
Balance at end of year		**(36,412,724)**	(103,701,973)
OTHER EQUITY RESERVE	4	**(8,820,817)**	(8,820,817)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**729,667,925**	662,378,676
NON-CONTROLLING INTERESTS	5		
Balance at beginning of year		**207,830,403**	200,841,838
Net loss attributable to non-controlling interest		**(12,009,489)**	(1,106,635)
Acquisition during the year	4	**585,571**	–
Reclassification of deposit for future stock subscription of subsidiaries	17	**–**	8,095,200
Balance at end of year		**196,406,485**	207,830,403
		₱926,074,410	₱870,209,079

See accompanying Notes to Consolidated Financial Statements.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	For the Years Ended December 31 **2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱55,208,324**	₱17,641,331
Adjustments for:			
Interest expense	13	**67,947,393**	40,279,605
Depreciation	10	**41,981,072**	33,696,323
Equity share in net loss of associates	9	**10,184,468**	1,232,879
Gain on disposal of a subsidiary	16	**(6,194,598)**	–
Interest income	6	**(136,029)**	(184,298)
Write-off of property, plant and equipment	10	**–**	7,598,394
Unrealized foreign exchange loss	16	**–**	378,506
Operating income before working capital changes		**168,990,630**	100,642,740
Decrease (increase) in:			
Trade and other receivables		**(72,772,173)**	(78,739,849)
Other current assets		**(838,477)**	(152,930)
Increase in trade and other payables		**68,709,431**	114,701,980
Net cash generated from operations		**164,089,411**	136,451,941
Interest received		**136,029**	184,298
Net cash provided by operating activities		**164,225,440**	136,636,239
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property, plant and equipment - net of retention		**(477,085,315)**	(307,670,366)
Subsidiary, net of payable and cash acquired	4	**(37,055,556)**	–
Proceeds from:			
Disposal of a subsidiary		**38,000,000**	–
Other noncurrent assets		**–**	2,305,978
Collection of due from related parties		**4,426,124**	23,421,502
Payments for advances to contractors	11	**(121,874,704)**	(94,145,040)
Advances made to related parties	17	**(16,102,057)**	(2,762,224)
Additions to noncurrent assets		**(1,332,820)**	–
Net cash used in investing activities		**(611,024,328)**	(378,850,150)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of loans payable	13	**525,320,000**	47,103,400
Advances received from related parties		**292,758,424**	73,499,192
Payments of:			
Loans payable	13	**(184,151,131)**	(30,476,602)
Interest payable	13	**(125,654,059)**	(60,162,766)
Due to related parties	13	**(83,433,563)**	(10,433,665)
Debt issue costs	13	**(4,762,400)**	(1,026,726)
Increase in non-controlling interest		**585,571**	–
Receipt of deposit for stock subscription	17	**–**	166,933,480
Net cash provided by financing activities		**420,662,842**	185,436,313

(Forward)

	Note	For the Years Ended December 31 **2021**	2020
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES IN CASH		**₱–**	(₱378,506)
NET DECREASE IN CASH		**(26,136,046)**	(57,156,104)
CASH AT BEGINNING OF YEAR		**61,123,854**	118,279,958
CASH AT END OF YEAR		**₱34,987,808**	₱61,123,854
NONCASH FINANCIAL INFORMATION			
Conversion of advances from the Ultimate Parent Company to DFSS	17	**₱–**	₱142,617,360
Reclassification of DFSS from noncurrent liability to equity	17	**–**	123,445,826
Application of advances to contractors	11	**–**	71,222,110

See accompanying Notes to Consolidated Financial Statements.

1. General Information

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.

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"). These are all engaged in the renewable energy generation and distribution:

	Effective Percentage of Ownership			
	2021			2020
Name of Subsidiaries	**Direct**	**Indirect**	Direct	Indirect
Philippine Power and Development Company (PPDC)	**99%**	**–**	99%	–
Labayat 1 Hydropower Corporation (L1HC)	**60%**	**–**	60%	–
Maramag Hydropower Corporation (MHC)	**–**	**–**	100%	–
Tibag Hydropower Corporation (THC)	**100%**	**–**	100%	–
Cabanglasan Hydropower Corporation (CHC)	**100%**	**–**	100%	–
Majayjay Hydropower Company, Inc. (MHCI)	**99%**	**–**	99%	–
Bicol Hydropower Corporation (BHC)	**75%**	**–**	–	–
Pure Meridian Hydropower Corporation (PMHC)* and Subsidiaries:	**50%**	**–**	50%	–
PMHC Lalawinan Inc. (PLI)**	**–**	**50%**	–	50%
PMHC Pulanai Inc. (PPI)**	**–**	**50%**	–	50%

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

In 2021, the Parent Company assigned its investment in MHC shares to a third party and recognized a gain on disposal of investment in MHC amounting to ₱6,194,598 (see Note 16). 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 Colossal Petroleum Corporation for ₱38,000,000. As at report date, the Group is in the process of quantifying the financial effects of the assignment.

As at December 31, 2021, the operating subsidiaries of the Parent Company are PPDC, MHCI and L1HC.

Associates

The Group has the following associates:

Name of Associates	Nature of Business	Principal place of business	Effective Percentage of Ownership	
			2021	2020
Blue Energy Holdings and Management Corporation (BEHMC)	Holding and Investments	Unit 401 Greenhills Mansion 37 Annapolis St. San Juan City Metro Manila	**30%**	30%
Tubig Nabua Inc (TNI)*	Water Supply Management and Distributions	Nabua Water District, Lourdes Hospital Road, San Francisco (Pob.) Nabua, Camarines Sur	**30%**	30%

**30%-owned by PPDC*

In 2022, the Group assigned its 30% ownership interest in TNI to Tubig Pilipinas Group, Inc. and recognized a gain on disposal of investment in associate amounting to ₱4,218,750 (see Note 9).

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the years ended December 31, 2021 and 2020 were approved and authorized for issue by the BOD on December 7, 2022.

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) 68, in relation to the Group's planned application for listing its common shares in the Philippine Stock Exchange (PSE).

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 21 to the consolidated financial statements.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2021 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included 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 would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

- 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. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are fist applied. 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 components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

    - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes 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 amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

    - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the 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.

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

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – 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.

- 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.

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 PFRSs. 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, 2021 and 2020, 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, short-term investments, restricted cash and other deposits (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), prepayments, advances to suppliers and other current and noncurrent assets.

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.

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.

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.

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.

Creditable Withholding Taxes (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.

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 less than 20%, 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
Buildings	15 to 25
Transportation equipment	5 to 15
Hydropower plants	25
Furniture, fixtures and office equipment	3 to 5

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation 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.

Borrowing costs that are directly attributable to the construction of property, plant and equipment are capitalized during the construction period.

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, had no impairment loss been recognized.

Subscription Payable

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

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 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.

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.

Deficit

Deficit represents the cumulative balance of loss, net of prior period adjustments, if any.

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 (Loss) Per Share

The Group presents basic and diluted earnings (loss) per share data for its common shares.

Basic earnings (loss) per share is calculated by dividing the net income (loss) 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, 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.

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 when the associated uncertainty with the variable consideration is subsequently resolved.

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.

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 Assets

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 Services. Cost of services 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.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

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 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 that is 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), and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that taxable income will be 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.

Foreign Currency-Denominated Transactions and Translation

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction.

Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. All differences are recognized in profit or loss.

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 23 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.

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 the Group's Ability to Continue as a Going Concern. Management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Parent Company and its subsidiaries have the resources to continue in business for foreseeable future. Accordingly, the Group continues to prepare its financial statements on a going concern basis.

Determining Control or Joint Control over an Investee Company. Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Management has determined that by virtue of its majority ownership of voting rights in its subsidiaries as at December 31, 2021 and 2020, the Parent Company has the ability to exercise control over these investees.

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 its consolidated financial statements and results of operations.

Determining Lease Commitments - Group as a Lessee. The Group has entered into various lease agreements for 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 19.

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 Company's trade receivables and contract assets are subject to the ECL model.

The Company 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.

No provision for ECL was recognized in 2021 and 2020. The carrying amounts of trade and other receivables (excluding receivable from employes) 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 2021 and 2020.

The carrying amounts of other financial assets at amortized cost as at December 31, 2021 and 2020 are as follows:

	Note	**2021**	2020
Cash	6	**₱34,987,808**	₱61,123,854
Due from related parties	17	**16,386,889**	4,710,956
Short-term investments	8	**–**	10,702,006
Restricted cash	8	**8,584,590**	1,223,600
Other deposit	8	**494,040**	494,040

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 2021 and 2020. 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. Based on management's assessment, the nonfinancial assets are not impaired. No impairment was recognized in 2021 and 2020.

The carrying amounts of nonfinancial assets of the Group are as follows:

	Note	**2021**	2020
Receivables from employees	7	**₱1,003,035**	₱1,019,856
Creditable withholding taxes		**270,227**	270,227
Investments in associates	9	**29,038,127**	39,222,595
Property, plant and equipment	10	**2,652,708,298**	2,164,014,142
Advances to contractors	11	**253,055,327**	131,180,623
Other assets*	8	**36,489,688**	29,127,566

**Excluding short-term investments, restricted cash and other deposit aggregating to ₱9,078,630 and ₱12,419,646 as at December 31, 2021 and 2020, respectively.*

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 December 31, 2021 and 2020, calculated based on value in use is greater than the corresponding carrying value (including goodwill) of the CGU.

The carrying amount of goodwill 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 deferred tax assets are disclosed in Note 18.

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 from BHC as at the date of acquisition were as follows:

Assets acquired:	
Other receivables	₱25,000
Property, plant and equipment	2,390,734
Other assets	1,750
	2,417,484
Liabilities assumed -	
Trade and other payables	75,200
Net Assets	₱2,342,284

Goodwill arising from business combination was computed 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.

From the date of acquisition, BHC contributed nil to revenue and ₱187,346 of net loss to the Group in 2021. If the business combination had taken place at the beginning of 2021, BHC's contribution to the Group's revenue would have been nil and BHC's contribution to the Group's net loss would have been ₱1,952,669.

MHCI
On November 6, 2019, the Parent Company acquired 99.08% ownership of MHCI for ₱223,430,138. Payable for the acquisition of MHCI shares amounted to ₱59,251,096 as at December 31, 2021 and 2020 (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:

	2021	2020
MHCI	**₱86,599,545**	₱86,599,545
BHC	**35,298,843**	–
PPDC	**14,052,298**	14,052,298
	₱135,950,686	₱135,950,686

Movements in the account are as follows:

	2021	2020
Balance at beginning of year	**₱100,651,843**	₱100,651,843
Goodwill recognized during the year	**35,298,843**	–
Balance at end of year	**₱135,950,686**	₱100,651,843

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 10.46% to 15.81%.

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	**2021**	2020
PMHC*	Makati City, Metro Manila	**50%**	50%
PLI**	Real, Quezon	**50%**	50%
PPI**	Valencia, Bukidnon	**50%**	50%
L1HC	Real, Quezon	**40%**	40%
BHC	Naga, Camarines Sur	**25%**	–

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

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

	2021	2020
PMHC	**₱129,991,353**	₱130,390,485
L1HC	**81,205,315**	81,957,085
PLI	**(13,713,458)**	(2,066,890)
Others	**(1,076,725)**	(2,450,277)
	₱196,406,485	₱207,830,403

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

	2021	2020
PLI	**(₱11,646,568)**	(₱373,704)
L1HC	**(751,770)**	(668,364)
PMHC	**(399,132)**	(343,521)
Others	**787,981**	278,954
	(₱12,009,489)	(₱1,106,635)

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

	2021							
	Current Assets	**Noncurrent Assets**	**Current Liabilities**	**Noncurrent Liabilities**	**Equity**	**Revenue**	**Net Income (Loss)**	**Total Comprehensive Income (Loss)**
L1HC	**₱35,543,428**	**₱944,919,101**	**₱338,189,679**	**₱359,498,259**	**₱282,774,591**	**₱26,901,234**	**(₱1,879,424)**	**(₱1,879,424)**
PMHC	**76,120,797**	**192,368,317**	**2,462,165**	**–**	**266,026,949**	**–**	**(798,264)**	**(798,264)**
PLI	**7,342,093**	**380,985,449**	**17,023,340**	**297,572,875**	**73,731,327**	**–**	**(23,293,136)**	**(23,293,136)**
PPI	**80,149,548**	**26,441,794**	**25,353,006**	**–**	**81,238,336**	**–**	**(117,358)**	**(117,358)**
BHC	**530,422**	**45,281,428**	**16,309,156**	**–**	**29,502,694**	**–**	**(1,952,669)**	**(1,952,669)**

	2020							
	Current Assets	Noncurrent Assets	Current Liabilities	Noncurrent Liabilities	Equity	Revenue	Net Income (Loss)	Total Comprehensive Income (Loss)
L1HC	₱16,099,761	₱904,399,687	₱243,229,717	₱392,615,715	₱284,654,016	₱–	(₱1,670,911)	(₱1,670,911)
PMHC	76,851,768	186,905,559	2,432,115	–	261,325,212	–	(687,040)	(687,040)
PLI	30,686,415	381,041,852	22,901,534	297,302,270	91,524,463	–	(747,407)	(747,407)
PPI	97,227,080	9,441,793	25,313,179	–	81,355,694	–	(118,862)	(118,862)

6. Cash

This account consists of:

	2021	2020
Cash on hand	**₱191,568**	₱102,772
Cash in banks	**34,796,240**	61,021,082
	₱34,987,808	₱61,123,854

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 amounted to ₱136,029 and ₱184,298 in 2021 and 2020, respectively (see Note 16).

The Group has restricted cash amounting to ₱8,584,590 and ₱1,223,600 as at December 31, 2021 and 2020, respectively (see Note 8).

7. Trade and Other Receivables

This account consists of:

	Note	2021	2020
Trade		**₱67,011,759**	₱7,172,484
Contract assets	19	**96,122,348**	83,172,629
Receivables from employees		**1,003,035**	1,019,856
		₱164,137,142	₱91,364,969

Trade receivables pertain to receivable from sale of electricity in the Wholesale Electricity Spot Market (WESM) under the Feed-in-Tariff (FIT) mechanism. These are noninterest-bearing and are generally collectible within 30 to 90 days. Contract assets pertain to unbilled FIT differential (see Note 19).

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

The carrying amount of trade and other receivables pledged as collateral for its loan payable amounted to ₱78,767,299 and ₱49,750,660 as at December 31, 2021 and 2020, respectively (see Note 13).

8. Other Assets

This account consists of:

	Note	2021	2020
Current			
Input VAT for refund		**₱23,925,922**	₱–
Input VAT		**5,910,755**	20,765,456
Advances to contractors and suppliers	11	**1,849,809**	–
Prepayments		**1,145,791**	115,547
Creditable withholding tax		**270,227**	270,227
Short-term investments		**–**	10,702,006
Others		**2,901,109**	1,462,091
		36,003,613	33,315,327
Noncurrent			
Restricted cash	6	**8,584,590**	1,223,600
Deferred input VAT		**486,075**	6,514,245
Other deposit		**494,040**	494,040
		9,564,705	8,231,885
		₱45,568,318	₱41,547,212

In 2021, the Group filed for input VAT refund arising from input VAT declared for the period April 2019 to November 2021.

Short-term investments are investments in time deposits which have a term of one (1) year and maintained until certain conditions in the loan agreement are met.

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 (see Note 13).

9. Investments in Associates

This account consists of investments to the following:

	2021	2020
BEHMC	**₱29,038,127**	₱34,898,746
TNI	**–**	4,323,849
	₱29,038,127	₱39,222,595

Movements in this account are as follows:

	2021	2020
Acquisition Cost and Advances for Future Stock Subscription		
Balance at beginning and end of year	**₱44,025,000**	₱44,025,000
Accumulated Share in Net Loss of Associates		
Balance at beginning of year	**4,802,405**	3,569,526
Share in net loss during the year	**10,184,468**	1,232,879
Balance at end of year	**14,986,873**	4,802,405
Carrying Amount	**₱29,038,127**	₱39,222,595

On August 30, 2019, the Group subscribed to 5,625,000 shares of TNI for a consideration of ₱5,625,000. The Group has initially paid ₱1,406,250 of the total subscription. Subscription payable amounted to ₱4,218,750 as at December 31, 2021 and 2020.

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

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

	2021		2020	
	BEHMC and Subsidiaries	**TNI**	BEHMC and Subsidiaries	TNI
Total current assets	**₱26,796,767**	**₱6,470,861**	₱38,296,853	₱6,355,413
Total noncurrent assets	**353,716,694**	**133,620,786**	306,720,297	130,773,453
Total current liabilities	**111,490,939**	**41,034,929**	89,924,118	13,584,048
Total noncurrent liabilities	**250,228,765**	**122,836,246**	224,690,619	123,024,271
Total equity (capital deficiency)	**18,793,757**	**(23,779,528)**	30,402,413	520,547
Total comprehensive loss	**11,608,656**	**24,300,075**	3,969,709	4,166,953

The unrecognized share in net loss of TNI amounted to ₱2,915,108 as at and for the year ended December 31, 2021.

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

	2021	2020
Equity at end of year	**₱18,793,757**	₱30,402,413
Deposit for future stock subscription	**78,000,000**	78,000,000
Effects of prior period adjustments	**–**	7,926,741
	96,793,757	116,329,154
Percentage of ownership	**30%**	30%
Carrying amount of investment	**₱29,038,127**	₱34,898,746

10. Property, Plant and Equipment

Movements and balances of this account consist of:

		2021						
	Note	Land	Buildings	Furniture, Fixtures and Office Equipment	Transportation Equipment	Hydropower Plants	Construction in Progress	Total
Cost								
Balance at beginning of year		**₱10,541,624**	**₱10,284,120**	**₱2,692,518**	**₱3,171,568**	**₱697,458,811**	**₱1,505,178,378**	**₱2,229,327,019**
Additions		**513,810**	**–**	**257,890**	**72,000**	**856,058**	**558,837,248**	**560,537,006**
Reclassification		**–**	**–**	**–**	**–**	**887,868,627**	**(887,868,627)**	**–**
Acquired through business combination	4	**–**	**–**	**–**	**–**	**–**	**2,390,734**	**2,390,734**
Disposal of MHC	1	**–**	**–**	**–**	**–**	**–**	**(32,252,512)**	**(32,252,512)**
Balance at end of year		**11,055,434**	**10,284,120**	**2,950,408**	**3,243,568**	**1,586,183,496**	**1,146,285,221**	**2,760,002,247**
Accumulated Depreciation and Amortization								
Balance at beginning of year		**–**	**419,760**	**1,156,344**	**1,594,207**	**62,142,566**	**–**	**65,312,877**
Depreciation and amortization		**–**	**419,760**	**445,064**	**341,980**	**40,774,268**	**–**	**41,981,072**
Balance at end of year		**–**	**839,520**	**1,601,408**	**1,936,187**	**102,916,834**	**–**	**107,293,949**
Carrying Amount		**₱11,055,434**	**₱9,444,600**	**₱1,349,000**	**₱1,307,381**	**₱1,483,266,662**	**₱1,146,285,221**	**₱2,652,708,298**

	2020						
	Land	Buildings	Furniture, Fixtures and Office Equipment	Transportation Equipment	Hydropower Plants	Construction in Progress	Total
Cost							
Balance at beginning of year	₱10,541,624	₱10,284,120	₱2,310,504	₱3,171,568	₱597,728,529	₱1,156,936,451	₱1,780,972,796
Additions	–	–	382,014	–	26,547,284	429,023,319	455,952,617
Reclassification	–	–	–	–	73,182,998	(73,182,998)	–
Write-off	–	–	–	–	–	(7,598,394)	(7,598,394)
Balance at end of year	10,541,624	10,284,120	2,692,518	3,171,568	697,458,811	1,505,178,378	2,229,327,019
Accumulated Depreciation and Amortization							
Balance at beginning of year	–	–	729,500	1,164,596	29,722,458	–	31,616,554
Depreciation and amortization	–	419,760	426,844	429,611	32,420,108	–	33,696,323
Balance at end of year	–	419,760	1,156,344	1,594,207	62,142,566	–	65,312,877
Carrying Amount	₱10,541,624	₱9,864,360	₱1,536,174	₱1,577,361	₱635,316,245	₱1,505,178,378	₱2,164,014,142

Property, Plant and Equipment as Loan Securities

Parcels of land, hydropower plants and construction in progress with carrying value aggregating ₱2,448,282,770 and ₱1,782,939,428 as at December 31, 2021 and 2020, respectively, were mortgaged as collateral for the Group's loans in favor of the creditor banks. A transportation equipment with carrying amount of ₱708,321 and ₱965,893 as at December 31, 2021 and 2020, respectively, was mortgaged in favor of a creditor bank as collateral to finance its acquisition (see Note 13).

Capitalized borrowing costs amounted to ₱47,814,019 and ₱44,564,112 in 2021 and 2020, respectively (see Note 13). Capitalization rates used were 5.5% to 8.53% in 2021 and 2020.

Construction in Progress

Construction in progress pertains to the development costs of the Group's hydropower plants. As at December 31, 2021, the projects under construction are Pulanai, Lalawinan and Tibag hydropower plants with total estimated costs to complete aggregating ₱6,228,197,989 and estimate completion dates between 2023 to 2026.

Completed Projects

In 2020, the Group completed the rehabilitation and other renovations of Calibato mini hydropower plant with a total project cost of ₱69,969,263. Moreover, the Group started and completed its construction of pedestrian access road and sinkhole protection for hydropower plant amounting to ₱3,213,735 in 2020.

In September 2021, the Group completed its construction of Upper Labayat 3.0 MW Hydro Powerplant in Real, Quezon with a total cost of ₱887,868,627. Accordingly, the related construction costs were reclassified to the appropriate asset account.

Application of Advances to Contractors

The Group applied advances to contractors to construction in progress amounting to nil and ₱71,222,110 in 2021 and 2020, respectively (see Note 11).

Depreciation and Amortization

Depreciation and amortization charged to operations are as follows:

	Note	**2021**	2020
Cost of services	14	**₱39,652,590**	₱31,378,459
Operating expenses	15	**2,328,482**	2,317,864
		₱41,981,072	₱33,696,323

Disposal and Write-off

In 2020, the Hydropower Service Contract (HSC) for the 6.20MW Katipunan Mini-Hydroelectric Power Project and the 4.50MW 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 (see Notes 16 and 19).

11. Advances to Contractors and Suppliers

Movements in this account are as follows:

	Note	2021	2020
Balance at beginning of year		**₱131,180,623**	₱108,257,693
Additions		**121,874,704**	94,145,040
Application	10	**–**	(71,222,110)
Balance at end of year		**253,055,327**	131,180,623
Less current portion	8	**1,849,809**	–
Noncurrent portion		**₱251,205,518**	₱131,180,623

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

12. Trade and Other Payables

This account consists of:

	Note	2021	2020
Trade		**₱240,821,458**	₱183,365,832
Current portion of retention payable		**60,538,754**	25,772,304
Payable for the acquisition of MHCI shares	4	**59,251,096**	59,251,096
Interest payable	13	**18,155,438**	31,224,638
Statutory payables		**7,655,173**	393,034
Accrued expenses		**6,376,274**	2,988,037
Others		**895,340**	105,000
		₱393,693,533	₱303,099,941

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:

	2021	2020
Current	**₱60,538,754**	₱25,772,304
Noncurrent	**66,869,311**	65,998,089
	₱127,408,065	₱91,770,393

Accrued expenses include accruals for professional fees, taxes and other employee benefits which are to be settled within one year.

13. **Loans Payable**

This account consists of loans from:

	2021	2020
Local creditor banks	**₱1,443,303,218**	₱1,100,779,000
Local contractor and individual	**100,000,000**	100,000,000
Total	**1,543,303,218**	1,200,779,000
Less unamortized debt issue cost	**(12,629,388)**	(9,688,192)
Carrying amount	**1,530,673,830**	1,191,090,808
Current portion	**177,354,192**	182,424,255
Noncurrent portion	**₱1,353,319,638**	₱1,008,666,553

Movements in this account are as follows:

	2021	2020
Balance at beginning of year	**₱1,191,090,808**	₱1,173,154,144
Availments	**525,320,000**	47,103,400
Payments	**(184,151,131)**	(30,476,602)
Debt issue cost incurred	**(4,762,400)**	(1,026,726)
Amortization of fair value adjustment from business combination	**1,355,349**	1,355,349
Amortization of debt issue cost	**1,821,204**	981,243
Balance at end of year	**₱1,530,673,830**	₱1,191,090,808

The carrying amounts of loans payable per entity are as follows:

	2021	2020
Local creditor banks:		
THC	**₱380,875,093**	₱–
L1HC	**338,254,109**	378,131,097
PLI	**282,960,775**	282,690,169
PPDC	**254,796,685**	236,046,774
MHCI	**173,432,819**	193,550,575
REDC	**354,349**	672,193
	1,430,673,830	1,091,090,808
Local contractor and individual - REDC	**100,000,000**	100,000,000
	₱1,530,673,830	₱1,191,090,808

Local Creditor Banks

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 7.5% per annum, and with terms ranging from 5 to 15 years.

THC
On December 9, 2020, THC entered into a 15-year loan facility agreement with a local bank to partially finance the civil works and importations of 5.0 MW Tibag Mini Hydropower (MHP) Project. The loan bears interest rate at 5.5% to be adjusted every end of one (1) year, or three (3) years, or five (5) years, at the option of THC. The credit line amounted to ₱700,000,000 and is secured by real property mortgage and chattel mortgage covering all real properties and civil works together with improvements acquired or constructed to form part of 5.0 MW Tibag MHP Project; and pledge and deed of guarantee from stockholders. The outstanding loan related to the facility amounted to ₱380,875,093 as at December 31, 2021. The loan is payable in 46 quarterly installments commencing at the end of the 15th quarter from the date of initial drawdown.

The carrying value of hydropower plant under construction pledged as collateral for its loan payable amounted to ₱651,310,561 as at December 31, 2021 (see Note 10).

L1HC
L1HC's 15-year loan is a drawdown from the credit facility of L1HC on March 9, 2017 for ₱468,000,000. The outstanding loan related to the facility amounted to ₱338,254,109 and ₱378,131,097 as at December 31, 2021 and 2020, respectively.

The loan is payable in 52 equal quarterly installments starting at the end of the ninth (9th) quarter from the date of initial drawdown.

The loan is secured by chattel mortgage over the hydropower plants with carrying amounts aggregating ₱876,030,378 and ₱834,619,553 as at December 31, 2021 and 2020, respectively, assignment of rights over the receivables and deed of guarantee from stockholders and is maturing on the second to third quarter of 2032.

PLI
PLI's 15-year loan is a 15–year omnibus loan and security agreement (OLSA) with a local bank to partially finance the construction of the 3.0 MW Lalawinan MHP Project. The first drawdown was made on May 22, 2018. The outstanding loan related to the facility amounted to ₱282,960,775 and ₱282,690,169 as at December 31, 2021 and 2020, respectively.

The loan is secured by pledge of 100% of the PHMC's shares in PLI, assignment of project accounts, all project contracts and receivables, PMHC's support and chattel mortgage over the civil works and electro-mechanical equipment of the Project with carrying amounts aggregating ₱318,981,247 as at December 31, 2021 and 2020.

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.

PPDC
PPDC's 15-year loan is a drawdown from the credit facility of PPDC on July 14, 2017 for ₱238,700,000 and is secured by a real property mortgage, receivables from future operations and deed of guarantee from stockholders.

In 2021, PPDC entered into another 15-year loan facility agreement with a local bank for additional financing of the rehabilitation of the hydropower plants. The loan bears interest rate at 6.0% annually for the first five (5) years, subject to repricing every five (5) years thereafter. The credit line amounted to ₱40,000,000 and is secured by real property mortgage, receivables and deed of guarantee from stockholders.

The carrying amount of trade and other receivables pledged as collateral for its loan payable amounted to ₱78,767,299 and ₱49,750,660 as at December 31, 2021 and 2020, respectively (see Note 7).

The carrying amounts of hydropower plants and parcels of land pledged as collateral amounted to ₱313,993,684 and ₱2,813,925, respectively, as at December 31, 2021, and ₱329,046,084 and ₱2,813,925, respectively, as at December 31, 2020 (see Note 10).

The outstanding loan related to the facility amounted to ₱254,796,685 and ₱236,046,774 as at December 31, 2021 and 2020, respectively.

MHCI

On January 28, 2016, MHCI's 15-year loan is a drawdown from the credit facility with a local bank to partially finance the rehabilitation of the hydropower plants up to ₱246,463,000. The 15-year loan is payable in 40 quarterly instalments starting at the end of 21st quarter from the date of initial drawdown.

As mandated by Section 4 of Republic Act No. 11494 or the "Bayanihan to Recover as One Act", financial institutions are directed to implement 60-day grace period for the payment of all existing, current and outstanding loans falling due, or any part thereof, on or before December 31, 2020. As a result, MHCI was able to defer the payment of 13th quarter payment amounting to ₱6,078,801 which was due in November 2020. The amount was paid in January 2021.

MHCI has also an existing deed of assignment with hold-out with the local bank to secure the prompt payment of the loan. The restricted cash amounting to ₱8,584,590 and ₱1,223,600 as at December 31, 2021 and 2020, respectively, is restricted for this purpose (see Note 8).

The carrying amount of the loans related to the facilities amounted to ₱173,432,819 and ₱193,550,575 as at December 31, 2021 and 2020, respectively.

As at December 31, 2021 and 2020, the loan is secured by real and chattel property mortgages aggregating ₱285,209,375 and ₱297,535,019, respectively, (see Note 10) assignment of receivables, assignment of debt servicing account and continuing suretyship of previous owners.

Financial Covenants

The loans include covenants to maintain certain debt-to-equity ratio, current ratio and debt service coverage ratio during the term of the loan. The Group is compliant with these requirements, except for THC and L1HC as at December 31, 2021. Pursuant to 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. As at report date, THC and L1HC has not received any letter of default from the local creditor bank.

Chattel Mortgages on Property Acquired
REDC acquired transportation equipment through availment of loans payable amounting to ₱1,442,400 in 2017. These loans are secured by chattel mortgage on transportation equipment with a carrying amount of ₱708,321 and ₱965,893 as at December 31, 2021 and 2020, respectively (see Note 10). The outstanding loan related to the facility amounted to ₱354,349 and ₱672,193 as at December 31, 2021 and 2020, respectively.

Local Contractor and Individual
The Parent Company entered into a one-year unsecured loan agreement with a local contractor for L1HC's hydropower plant project in 2019. The unsecured loan amounted to ₱100,000,000 with annual interest rate of 6.0%. The loan was automatically renewed after the one-year term and was fully paid in April 2021.

On April 12, 2021, the Parent Company entered into an interest bearing and unsecured loan agreement amounting to ₱100,000,000 with an individual. The loan was transferred to PEHC in 2022. The interest is payable every three (3) months, with an interest rate of 7.5% annually.

Expected Loan Repayments
The expected loan repayments inclusive of interest over the remaining term of the loan as at December 31, 2021 are as follows:

Not later than one year	₱177,807,786
Later than one year but not later than five years	406,191,592
Later than five years	1,015,294,795
	₱1,599,294,173

Interest Expense and Capitalized Borrowing Costs
Interest expense charged to operations amounted to ₱67,947,393 and ₱40,279,605 in 2021 and 2020, respectively.

The Group capitalized borrowing cost amounting to ₱47,814,019 and ₱44,564,112 in 2021 and 2020, respectively (see Note 10).

Debt Issue Costs
Debt issue costs pertain to documentary stamp taxes and other transaction costs incurred in connection with the loans. Movements of unamortized debt issue costs are as follows:

	2021	2020
Balance at beginning of year	**₱9,688,192**	₱9,642,709
Incurred	**4,762,400**	1,026,726
Amortization	**(1,821,204)**	(981,243)
Balance at end of year	**₱12,629,388**	₱9,688,192

The changes in liabilities arising from financing activities as at December 31, 2021 and 2020 are as follows:

	2021				
	Loans Payable	Debt Issue Costs	Due to Related Parties	Interest payable	Total
Balance at beginning of year	**₱1,200,779,000**	**(₱9,688,192)**	**₱195,515,681**	**₱31,224,638**	**₱1,417,831,127**
Changes from financing cash flows:					
Cash proceeds	**525,320,000**	**–**	**292,758,424**	**–**	**818,078,424**
Payments of:					
Loans payable	**(184,151,131)**	**–**	**–**	**–**	**(184,151,131)**
Interests	**–**	**–**	**–**	**(125,654,059)**	**(125,654,059)**
Due to related parties	**–**	**–**	**(83,433,563)**	**–**	**(83,433,563)**
Debt issue costs	**–**	**(4,762,400)**	**–**	**–**	**(4,762,400)**
Noncash changes:					
Accrual of interest	**–**	**–**	**–**	**67,947,393**	**67,947,393**
Capitalization of borrowing costs	**–**	**–**	**–**	**47,814,019**	**47,814,019**
Amortization of debt issue cost	**–**	**1,821,204**	**–**	**(1,821,204)**	**–**
Amortization of fair value adjustment	**1,355,349**	**–**	**–**	**(1,355,349)**	**–**
Balance at end of year	**₱1,543,303,218**	**(₱12,629,388)**	**₱404,840,542**	**₱18,155,438**	**₱1,953,669,810**

	2020					
	Loans Payable	Debt Issue Costs	Due to Related Parties	Interest payable	Deposits for Future Stock Subscription	Total
Balance at beginning of year	₱1,182,796,853	(₱9,642,709)	₱275,067,514	₱8,880,279	₱123,445,826	₱1,580,547,763
Changes from financing cash flows:						
Cash proceeds	47,103,400	–	73,499,192	–	166,933,480	287,536,072
Payments of:						
Interests	–	–	–	(60,162,766)	–	(60,162,766)
Loans	(30,476,602)	–	–	–	–	(30,476,602)
Due to related parties	–		(10,433,665)	–	–	(10,433,665)
Debt issue costs	–	(1,026,726)	–	–	–	(1,026,726)
Noncash changes:						
Capitalization of borrowing costs	–	–	–	44,564,112	–	44,564,112
Accrual of interest	–	–	–	40,279,605	–	40,279,605
Reclassification and conversion to equity	–	–	–	–	(432,996,666)	(432,996,666)
Conversion of advances to DFSS	–	–	(142,617,360)	–	142,617,360	–
Amortization of debt issue cost	–	981,243	–	(981,243)	–	–
Amortization of fair value adjustment	1,355,349	–	–	(1,355,349)	–	–
Balance at end of year	₱1,200,779,000	(₱9,688,192)	₱195,515,681	₱31,224,638	₱–	₱1,417,831,127

14. **Cost of Services**

This account consists of:

	Note	2021	2020
Depreciation and amortization	10	**₱39,652,590**	₱31,378,459
Salaries and wages		**9,226,881**	6,923,102
Repairs and maintenance		**7,691,999**	1,050,326
Communication and utilities		**3,257,739**	1,198,267
Taxes and licenses		**1,645,467**	756,297
Transportation and travel		**1,061,175**	243,658
Materials		**185,600**	31,820
Rental	19	**45,000**	45,000
Others		**2,979,391**	508,955
		₱65,745,842	₱42,135,884

15. **Operating Expenses**

This account consists of:

	Note	2021	2020
Salaries and wages		**₱10,615,149**	₱6,501,859
Taxes and licenses		**5,465,633**	3,478,217
Professional fee		**4,621,694**	2,698,363
Rental	19	**3,634,006**	3,032,684
Communication and utilities		**2,984,740**	1,852,519
Depreciation and amortization	10	**2,328,482**	2,317,864
Insurance		**2,274,511**	2,361,742
Representation and entertainment		**1,943,289**	1,180,852
Outside services		**1,606,613**	606,351
Bank charges		**992,869**	15,987
Transportation		**872,662**	346,436
Supplies		**450,662**	368,479
Fuel, oil and lubricants		**403,526**	533,383
Repairs and maintenance		**300,188**	420,015
Others		**2,919,279**	1,280,650
		₱41,413,303	₱26,995,401

Others pertain to penalties and other provisions.

16. **Other Income (Charges)** - Net

This account consists of:

	Note	**2021**	2020
Gain on disposal of subsidiary	1	**₱6,194,598**	₱–
Interest income	6	**136,029**	184,298
Loss on disposal of property and equipment	10	**–**	(7,598,394)
Unrealized foreign exchange loss		**–**	(378,506)
Others		**887,113**	–
		₱7,217,740	(₱7,792,602)

17. **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	
	2021	2020	**2021**	2020
Due from Related Parties				
Stockholders	**₱12,944,444**	₱–	**₱12,944,444**	₱–
Associates - BEHMC	**2,250,000**	–	**2,267,263**	17,263
Entities Under Common Control				
Pure Water Corporation (PWC)	**45,367**	5,801	**157,432**	112,065
Tubig Pilipinas Group Inc. (TPGI)	**10,721**	–	**10,721**	–
Others	**851,525**	6,423	**1,007,029**	166,050
Ultimate Parent Company	**–**	2,750,000	**–**	4,415,578
			₱16,386,889	₱4,710,956
Due to Related Parties				
Ultimate Parent Company	**₱282,811,214**	₱–	**₱282,811,214**	₱–
Entities Under Common Control				
Just Solar Corporation	**–**	–	**35,285,574**	35,287,946
Solar Powered Agri-Rural Communities Corporation	**–**	31,969,875	**8,225,755**	56,152,004
Pure Geothermal, Inc.	**–**	–	**536,484**	587,137
TPGI	**–**	84,490	**–**	84,490
Others	**41,131,396**	14,643,707	**24,604,385**	14,657,175
Stockholders	**–**	26,801,120	**49,549,751**	84,919,550
Joint Venture Partner - Manila Electric Company (Meralco)	**–**	–	**2,421,129**	2,421,129
Associate - TNI	**–**	–	**1,406,250**	1,406,250
			₱404,840,542	₱195,515,681
Deposit for Stock Subscription				
Presented under Equity				
Ultimate Parent Company	**₱–**	₱309,550,840	**₱424,901,466**	₱424,901,466
Presented in Non-controlling interest under Equity				
Volga Power Corporation (VPC)	**–**	8,095,200	**8,095,200**	8,095,200
Meralco	**–**	–	**94,183,790**	94,183,790
			102,278,990	102,278,990
			₱527,180,456	₱527,180,456

Due from Related Parties
These are noninterest-bearing working capital advances, unsecured and are due and demandable. No impairment loss was recognized in 2021 and 2020.

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

Deposit for Stock Subscription of Subsidiaries

REDC

On November 6, 2019, the Parent Company's BOD and stockholders approved the increase in authorized capital stock from ₱150,000,000 divided into 150,000,000 shares at ₱1 par value per share to ₱750,000,000 divided into 750,000,000 shares at ₱1 par value per share.

On December 20, 2019, the Parent Company's BOD and stockholders approved the conversion of advances to deposit for stock subscription amounting to ₱115,350,626 to be issued out of the ₱600,000,000 increase in authorized capital stock.

On July 14, 2020, the Parent Company filed its application for the increase in authorized capital stock with the SEC, which was approved on January 31, 2022.

In 2020, the Parent Company made additional deposit of ₱166,933,480 and converted the advances amounting to ₱142,617,360 to DFSS. In 2022, REDC applied the deposit for future stock subscription amounting to ₱424,901,466 against the issuance of 300,000,000 shares at ₱1 par value share resulting into additional paid-in capital amounting to ₱124,901,466.

L1HC

In 2019, L1HC received additional deposit for stock subscription from VPC amounting to ₱20,000,000. On July 30, 2020, upon approval by the SEC of L1HC's application to increase its authorized capital stock, ₱11,904,899 was issued out of the unsubscribed shares from the increase in authorized capital stock. In addition, the remaining balance of the deposit for future stock subscription amounting to ₱8,095,200 was presented as part of equity.

PMHC

In 2017, the BOD and stockholders of PMHC approved the additional subscription of Meralco from the unissued portion of the authorized capital through cash amounting ₱94,183,790. The deposit for future stock subscription from Meralco was derecognized in 2022 upon deconsolidation of PMHC.

Compensation of Key Management Personnel
Compensation of key management personnel of the Group consists of short-term benefits amounting to ₱3,297,313 and ₱1,995,500 in 2021 and 2020, respectively.

18. **Income Taxes**

The Group has no current income tax in 2021 and 2020 due to the income tax holiday and net loss position.

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

	2021	2020
Difference between the fair value and carrying amount of property, plant and equipment	**₱1,010,386**	₱1,524,957
Unamortized debt issue cost	**2,647,541**	2,213,509
Unrealized foreign exchange loss	**(45,517)**	(54,620)
	₱3,612,410	₱3,683,846

Details of deferred tax assets of the Group that were not recognized are as follows:

	2021	2020
NOLCO	**₱23,014,387**	₱20,949,756
Excess MCIT over RCIT	**–**	105,690
	₱23,014,387	₱21,055,446

Management assessed that the Group may not generate sufficient future taxable income against which the deferred tax assets may be utilized.

Details of NOLCO are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Expiration Year
2021	₱–	₱47,463,097	₱–	₱–	₱47,463,097	2026
2020	21,010,228	–	–	–	21,010,228	2025
2019	23,584,221	–	–	–	23,584,221	2022
2018	25,238,072	–	–	25,238,072	–	2021
	₱69,832,521	₱47,463,097	₱–	₱25,238,072	₱92,057,546	

NOLCO acquired from business acquisition amounted to ₱168,981 and nil in 2021 and 2020, respectively.

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued the RR No. 25-2020 to implement Section 4 (bbbb) of 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 MCIT amounting to ₱105,690 which was incurred in 2018, expired in 2021.

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

	2021	2020
Income tax computed at statutory tax rate	**₱13,802,081**	₱5,292,399
Change in unrecognized deferred tax asset	**1,958,941**	(4,970,851)
Effect of change in tax rates	**2,877,651**	–
Add (deduct) tax effects of:		
Income subject to income tax holiday (ITH)	**(30,212,871)**	(17,312,320)
Expired NOLCO and MCIT	**6,415,210**	11,398,462
Nondeductible expenses	**2,575,431**	4,882,328
Equity share in net loss of associates	**2,546,117**	369,863
Interest income subjected to final tax	**(33,996)**	(55,291)
	(₱71,436)	(₱395,410)

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;
- 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 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 does not have significant financial impact as at December 31, 2021 and 2020.

The income tax rate used in preparing the consolidated financial statements as at and for the years ended December 31, 2021 and 2020 is 25% and 30%, respectively, for RCIT.

19. Significant Commitments

Group as a Lessee

The Group has certain leases for the head office and staff houses with lease term of 12 months or less. The Group applies the "short-term lease" recognition exemption for these leases.

Rental expense incurred are as follows:

	Note	**2021**	2020
Cost of services	14	**₱45,000**	₱45,000
Operating expenses	15	**3,634,006**	3,032,684
		₱3,679,006	₱3,077,684

The minimum lease payments due within one year under the non-cancellable operating lease agreement amounted to ₱3,522,006 and ₱2,998,134 as at December 31, 2021 and 2020, respectively.

Renewable Energy Distribution

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 following specified contract areas. As at December 31, 2021, 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
- Lalawinan 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 REDC 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:

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

- REDC shall guarantee in writing to the DOE its performance of the assigned obligations.

In 2016, REDC entered into an agreement with L1HC for the transfer of 3.0 MW Upper Labayat MHP on which the DOE has approved on August 16, 2017.

In 2017, REDC assigned its rights to THC for the HSC No. 2014-02-395 or the 4.4 MW Tibag River Hydro Electric Power (HEP) Project. The HSC grants THC to have an exclusive right to explore, develop and utilize the hydropower resources at the Tibag River, Real, Quezon. This HSC is effective on February 24, 2014 and will expire on February 23, 2039.

REDC assigned to CHC and MHC its rights to the HSC No. 2014-02-396-A for the 10.6 MW Pulanai River Hydroelectric Power Project and HSC No. 2015-04-567 10.0 MW Pulangui IV Hydroelectric Power Project, respectively. The HSCs grant CHC and MHC an exclusive right to explore, develop and utilize the hydropower resources at the Pulanai River, Valencia, Bukidnon and Pulangui River, Maramag, Bukidnon, respectively. CHC and MHC received from the DOE the certificate of registration for the HSC on March 6, 2020 and December 16, 2020, respectively.

In 2020, REDC relinquished its rights with respect to the HSC No. 2014-02-397 for the Katipunan Mini-Hydroelectric Power Project and HSC No. 2014-02-398 for the Sawaga Mini-Hydroelectric Power Project located in Bukidnon. The corresponding Katipunan and Sawaga HSCs were surrendered to the DOE on October 1, 2020 and February 16, 2020, respectively (see Note 10).

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 extend the PSA until May 15, 2020. The PSA was not renewed further in 2020.

Revenue derived from the PSA amounted to nil and ₱14,749,373 in 2021 and 2020, respectively.

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

MHCI

In October 2019, the Department of Energy 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.

Revenue from FIT amounted to ₱20,323,571 and ₱34,792,793 in 2021 and 2020, respectively.

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 Energy Regulatory Commission (ERC or the Commission) 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.

Revenue from FIT in 2021 and 2020 amounted to ₱46,037,310 and ₱46,615,430, respectively.

Renewable Energy Payment Agreement (REPA) with the 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 are as follows (see Note 7):

	2021	2020
MHCI	**₱50,085,038**	₱36,557,199
PPDC	**46,037,310**	46,615,430
	₱96,122,348	₱83,172,629

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.

Revenue derived from the MPA amounted to ₱166,920,709 and ₱39,920,106 in 2021 and 2020, respectively.

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.

20. 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 receivable from employees), due from related parties, short-term investments, restricted cash, other deposits, 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, 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 Company has significant concentration of credit risk in its trade receivables and contract assets. As discussed in Note 2, the Company only has few customers in 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:

	2021	2020
Cash in banks	**₱34,796,240**	₱61,021,082
Trade and other receivables*	**163,134,107**	90,345,113
Due from related parties	**16,386,889**	4,710,956
Short-term investments	**–**	10,702,006
Restricted cash	**8,584,590**	1,223,600
Other deposits	**494,040**	494,040
	₱223,395,866	₱168,496,797

**Excluding receivables from employees amounting to ₱1,003,035 and ₱1,019,856 as at December 31, 2021 and 2020, respectively.*

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

	December 31, 2021					
			Past Due But Not Impaired			
	High Grade	Standard Grade	1 - 60 Days	61 - 90 Days	More than 90 Days	Total
Lifetime ECL:						
Trade receivables	₱–	₱56,387,955	₱439,335	₱110,501	₱10,073,968	₱67,011,759
Contract assets	–	46,761,650	194,557	5,211,198	43,954,943	96,122,348
	–	103,149,605	633,892	5,321,699	54,028,911	163,134,107
12-month ECL:						
Cash in banks	34,796,240	–	–	–	–	34,796,240
Due from related parties	–	16,386,889	–	–	–	16,386,889
Restricted cash	8,584,590	–	–	–	–	8,584,590
Other deposits	–	494,040	–	–	–	494,040
	43,380,830	16,880,929	–	–	–	60,261,759
	₱43,380,830	₱120,030,534	₱633,892	₱5,321,699	₱54,028,911	₱223,395,866

	December 31, 2020					
			Past Due But Not Impaired			
	High Grade	Standard Grade	1 - 60 Days	61 - 90 Days	More than 90 Days	Total
Lifetime ECL:						
Trade receivables	₱–	₱6,976,156	₱34,765	₱13,209	₱148,354	₱7,172,484
Contract assets	–	83,172,629	–	–	–	83,172,629
	–	90,148,785	34,765	13,209	148,354	90,345,113
12-month ECL:						
Cash in banks	61,021,082	–	–	–	–	61,021,082
Due from related parties	–	4,710,956	–	–	–	4,710,956
Short-term investments	10,702,006	–	–	–	–	10,702,006
Restricted cash	1,223,600	–	–	–	–	1,223,600
Other deposits	–	494,040	–	–	–	494,040
	72,946,688	5,204,996	–	–	–	78,151,684
	₱72,946,688	₱95,353,781	₱34,765	₱13,209	₱148,354	₱168,496,797

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 – items with history of frequent defaults.

Cash in Banks, Short-term Investment, Restricted Cash and Other Deposits. The credit risk for cash in banks, short-term investment, restricted cash and other deposits 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 December 31, 2021 and 2020:

	2021					
	Due and Demandable	**Less than 1 year**	**>1-2 years**	**>2-3 years**	**Over 3 years**	**Total**
Trade and other payables*	**₱–**	**₱325,499,606**	**₱–**	**₱–**	**₱–**	**₱325,499,606**
Loans payable**	**–**	**261,772,988**	**122,033,415**	**117,779,098**	**1,750,069,505**	**2,251,655,006**
Subscription payable	**–**	**–**	**–**	**–**	**4,218,750**	**4,218,750**
Retention payable	**10,955,841**	**52,461,572**	**–**	**–**	**63,990,652**	**127,408,065**
Due to related parties	**404,840,542**	**–**	**–**	**–**	**–**	**404,840,542**
	₱415,796,383	**₱639,734,166**	**₱122,033,415**	**₱117,779,098**	**₱1,818,278,907**	**₱3,113,621,969**

**Excluding statutory liabilities amounting to ₱7,655,173 as at December 31, 2021.*
***Includes future interest payments*

	2020					
	Due and Demandable	Less than 1 year	>1-2 years	>2-3 years	Over 3 years	Total
Trade and other payables*	₱–	₱276,934,603	₱–	₱–	₱–	₱276,934,603
Loans payable**	–	257,974,657	133,499,649	559,312,228	812,642,304	1,763,428,838
Subscription payable	–	–	–	–	4,218,750	4,218,750
Retention payable	23,357,666	2,414,638	–	–	65,998,089	91,770,393
Due to related parties	195,515,681	–	–	–	–	195,515,681
	₱218,873,347	₱537,323,898	₱133,499,649	₱559,312,228	₱882,859,143	₱2,331,868,265

**Excluding statutory liabilities amounting to ₱393,034 as at December 31, 2020.*
***Includes future interest payments*

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.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates with other variables held constant of the Group's income before income tax:

	2021	2020
Increase (decrease) in basis points:		
+50	**(₱7,653,369)**	(₱5,955,454)
-50	**7,653,369**	5,955,454

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 ₱926,074,410 and ₱870,209,079 as at December 31, 2021 and 2020, respectively.

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

21. Fair Value Measurement

Management has determined that the carrying amounts of cash, trade and other receivables (excluding receivables from employees), due from related parties, short-term investments, restricted cash, other deposits, 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.

Retention Payable. The fair value of retention payable was not determined using observable market data because the management believes that the difference between fair value and carrying amount is not significant.

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

The discount rates used are 3.11% to 6.87% in 2021 and 2020.

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

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash	**₱34,987,808**	**₱34,987,808**	₱61,123,854	₱61,123,854
Trade and other receivables*	**163,134,107**	**163,134,107**	90,345,113	90,345,113
Due from related parties	**16,386,889**	**16,386,889**	4,710,956	4,710,956
Short-term investments	**–**	**–**	10,702,006	10,702,006
Restricted cash	**8,584,590**	**8,584,590**	1,223,600	1,223,600
Other deposits	**494,040**	**494,040**	494,040	494,040
	₱223,587,434	**₱223,587,434**	₱168,599,569	₱168,599,569

	2021		2020	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Liabilities				
Trade and other payables**	**₱325,499,606**	**₱325,499,606**	₱276,934,603	₱276,934,603
Loans payable	**1,530,673,830**	**1,792,891,942**	1,191,090,808	1,232,990,025
Subscription payable	**4,218,750**	**4,218,750**	4,218,750	4,218,750
Due to related parties	**404,840,542**	**404,840,542**	195,515,681	195,515,681
Retention payable	**127,408,065**	**127,408,065**	91,770,393	91,770,393
	₱2,392,640,793	**₱2,654,858,905**	₱1,759,530,235	₱1,801,429,452

**Excluding receivables from employees amounting to ₱1,003,035 and ₱1,019,856 as at December 31, 2021 and 2020, respectively.*
***Excludes statutory payables amounting to ₱7,655,173 and ₱393,034 as at December 31, 2021 and 2020, respectively.*

22. Earnings Per Share

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

	2021	2020
Net income attributable to the equity holders of the Parent Company	**₱67,289,249**	₱19,143,376
Average number of common shares	**150,000,000**	150,000,000
	₱0.4486	₱0.1276

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 December 31, 2021 and 2020.

23. 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.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Repower Energy Development Corporation and Subsidiaries
3rd Floor JTKC Center
2155 Chino Roces Ave.
Makati City

We have audited the accompanying consolidated financial statements of Repower Energy Development Corporation (the Parent Company) and Subsidiaries as at and for the years ended December 31, 2021 and 2020, on which we have rendered our report dated December 7, 2022.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Parent Company has one (1) stockholder owning one hundred (100) or more shares.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
SEC Accreditation No. 86981-SEC Group A
Issued March 24, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 8851708
Issued January 3, 2022, Makati City

December 7, 2022
Makati City, Metro Manila

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