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 CENTRE, 2155 DON CHINO ROCES AVE. MAKATI CITY, PHILIPPINES

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)
54	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
Rolando P. Domingo	rolando.domingo@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.*

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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INDEPENDENT AUDITORS' REPORT

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

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, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024, 2023 and 2022, and notes to consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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.

Assessing the Recoverability of Goodwill

The Group is required to annually assess the recoverability of goodwill. As at December 31, 2024, the carrying amount of goodwill amounted to ₱136.0 million. This matter is considered significant to our audit because the assessment of the recoverability of goodwill involves the exercise of significant management judgments and estimates, which are subject to a high level of estimation uncertainty.

Our audit procedures include, among others, reviewing management's assessment of the recoverable amount of goodwill. We evaluated the appropriateness of the assumptions used by the Group in the impairment assessment, in particular those involving the forecasted cash flows from existing hydropower service contracts, discount rate, and other areas to which the outcome of the impairment test is most sensitive. We also reviewed the adequacy of the Group's related disclosures in Note 2, *Summary of Material Accounting Policy Information*, Note 3, *Significant Judgments, Accounting Estimates and Assumptions* and Note 4, *Goodwill*, to the consolidated financial statements.

Accounting of Proceeds from the Initial Public Offering (IPO)

As discussed in Note 1 to the consolidated financial statements, the shares of stock of the Parent Company was listed with the Philippine Stock Exchange (PSE) through an initial public offering in July 2023. The proceeds from the IPO amounted to ₱949.5 million, net of transaction costs incidental to the IPO amounting to ₱50.5 million. The accounting for the IPO proceeds and its use is considered as a key audit matter because the amount of proceeds from the IPO is substantial in relation to the consolidated financial statements. Moreover, the Parent Company is required to adhere to the approved use of the proceeds.

We performed audit procedures to validate the receipt and recording of the proceeds from the IPO. We obtained confirmation from the escrow agent for the unspent proceeds, and checked the nature and validated the underlying documents of the actual disbursements of the proceeds in 2024 and 2023. We also verified if the disbursements are in line with the approved purpose and use of the proceeds. We also checked the adequacy of the disclosures in the consolidated financial statements of the IPO-related transactions in Note 7, *Funds Held in Escrow*, and Note 16, *Equity*, to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 Accounting Standards, 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.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Arthur Vinson U. Ong.

REYES TACANDONG & CO.

ARTHUR VINSON U. ONG
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BIR Accreditation No. 08-005144-015-2023
Valid until June 4, 2026
PTR No. 10467138
Issued January 2, 2025, Makati City

April 16, 2025
Makati City, Metro Manila

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 **2024**	2023
ASSETS			
Current Assets			
Cash	6	**₱89,416,469**	₱44,888,443
Funds held in escrow	7	**281,014,489**	526,537,923
Trade and other receivables	8	**143,721,410**	140,365,678
Due from related parties	20	**159,811,611**	132,849,778
Other current assets	9	**118,624,895**	132,190,391
Total Current Assets		**792,588,874**	976,832,213
Noncurrent Assets			
Investments in an associate	10	**41,629,138**	40,365,139
Property, plant and equipment	11	**5,170,958,671**	3,976,619,647
Advances to contractors and suppliers - net of current portion	12	**315,943,590**	267,167,509
Goodwill	4	**135,950,686**	135,950,686
Other noncurrent assets	9	**52,760,478**	17,330,755
Total Noncurrent Assets		**5,717,242,563**	4,437,433,736
		₱6,509,831,437	₱5,414,265,949
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of loans payable	14	**₱169,234,317**	₱114,880,390
Trade and other payables	13	**587,055,232**	613,814,326
Due to related parties	20	**827,118,107**	785,413,968
Total Current Liabilities		**1,583,407,656**	1,514,108,684
Noncurrent Liabilities			
Loans payable - net of current portion	14	**2,526,233,763**	1,668,725,400
Retention payable - net of current portion	13	**150,200,226**	80,466,710
Contract liability	23	**8,445,913**	26,113,488
Retirement liability	15	**6,444,761**	5,088,972
Net deferred tax liabilities	22	**3,123,657**	2,200,040
Total Noncurrent Liabilities		**2,694,448,320**	1,782,594,610
Total Liabilities		**4,277,855,976**	3,296,703,294
Equity			
Capital stock	16	**650,000,002**	650,000,002
Additional paid-in capital		**909,472,734**	1,095,920,304
Retained earnings		**568,647,241**	278,571,843
Other equity reserves		**(39,060,328)**	(39,222,991)
		2,089,059,649	1,985,269,158
Non-controlling interests	5	**142,915,812**	132,293,497
Total Equity		**2,231,975,461**	2,117,562,655
		₱6,509,831,437	₱5,414,265,949

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	**2024**	2023	2022
REVENUE	23			
Sale of electricity		**₱475,519,753**	₱467,810,661	₱382,042,042
Feed-in-tariff (FIT) rate differential		**57,917,202**	(11,171,852)	–
		533,436,955	456,638,809	382,042,042
COST OF SALE OF ELECTRICITY	17	**202,632,019**	131,829,830	104,870,426
GROSS INCOME		**330,804,936**	324,808,979	277,171,616
OPERATING EXPENSES	18	**(83,512,616)**	(93,094,648)	(53,426,762)
INTEREST EXPENSE	14	**(132,490,456)**	(70,683,528)	(64,810,725)
EQUITY SHARE IN NET INCOME (LOSS) OF ASSOCIATES	10	**1,263,999**	(3,612,394)	(1,851,794)
OTHER INCOME - Net	19	**3,931,193**	12,849,902	2,728,941
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS		**119,997,056**	170,268,311	159,811,276
INCOME TAX EXPENSE (BENEFIT)	22			
Current		**–**	–	3,246,880
Deferred		**759,172**	(1,917,018)	504,650
		759,172	(1,917,018)	3,751,530
NET INCOME FROM CONTINUING OPERATIONS		**119,237,884**	172,185,329	156,059,746
NET INCOME FROM DISCONTINUED OPERATIONS	21	**–**	–	11,939,731
NET INCOME		**119,237,884**	172,185,329	167,999,477
OTHER COMPREHENSIVE INCOME				
Not to be reclassified to profit or loss in subsequent periods				
Remeasurement gain on retirement liability	15	**159,922**	600,997	–
TOTAL COMPREHENSIVE INCOME		**₱119,397,806**	₱172,786,326	₱167,999,477

		For the Years Ended December 31		
	Note	**2024**	2023	2022
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱108,002,828**	₱165,119,223	₱151,140,344
Non-controlling interests	5	**11,235,056**	7,066,106	16,859,133
		₱119,237,884	₱172,185,329	₱167,999,477
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱108,165,491**	₱165,698,648	₱151,140,344
Non-controlling interests	5	**11,232,315**	7,087,678	16,859,133
		₱119,397,806	₱172,786,326	₱167,999,477
BASIC/DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	26	**₱0.17**	₱0.32	₱0.30
BASIC/DILUTED EARNINGS PER SHARE	26	**₱0.17**	₱0.32	₱0.36

See accompanying Notes to Consolidated Financial Statements.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		For the Years Ended December 31		
	Note	**2024**	2023	2022
CAPITAL STOCK - ₱1 par value	16			
Balance at beginning of year		**₱650,000,002**	₱450,000,000	₱150,000,000
Issuances of shares		**–**	200,000,002	300,000,000
Balance at end year		**650,000,002**	650,000,002	450,000,000
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year		**1,095,920,304**	324,901,466	200,000,000
Equity restructuring	16	**(186,447,570)**	–	–
Additions	16	**–**	800,000,000	124,901,466
Stock issuance costs	16	**–**	(28,981,162)	–
Balance at end of year		**909,472,734**	1,095,920,304	324,901,466
RETAINED EARNINGS				
Balance at beginning of year		**278,571,843**	114,727,620	(36,412,724)
Equity restructuring	16	**186,447,570**	–	–
Net income		**108,002,828**	165,119,223	151,140,344
Stock issuance costs of Subsidiaries		**(4,375,000)**	(1,275,000)	–
Balance at end of year		**568,647,241**	278,571,843	114,727,620
DEPOSIT FOR FUTURE STOCK SUBSCRIPTION	16			
Balance at beginning of year		**–**	–	424,901,466
Application of deposit		**–**	–	(424,901,466)
Balance at end of year		**–**	–	–
OTHER EQUITY RESERVES				
Balance at beginning of year		**(39,222,991)**	(39,802,416)	(8,820,817)
Remeasurement gain on retirement liability		**162,663**	579,425	–
Change in ownership interest of non-controlling interests	4	**–**	–	(30,981,599)
Balance at end of year		**(39,060,328)**	(39,222,991)	(39,802,416)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**2,089,059,649**	1,985,269,158	849,826,670
NON-CONTROLLING INTERESTS	5			
Balance at beginning of year		**132,293,497**	111,733,941	196,406,485
Net income		**11,235,056**	7,066,106	16,859,133
Share in dividends declared by a subsidiary		**(610,000)**	(9,000,000)	–
Share in other comprehensive income		**(2,741)**	21,572	–
Additions		**–**	22,471,878	–
Deconsolidation of Pure Meridian Holdings Corporations (PMHC) and its subsidiaries		**–**	–	(101,434,274)
Acquisition of remaining NCI of a subsidiary		**–**	–	(97,403)
Balance at end of year		**142,915,812**	132,293,497	111,733,941
		₱2,231,975,461	₱2,117,562,655	₱961,560,611

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 **2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax from continuing operations		**₱119,997,056**	₱170,268,311	₱159,811,276
Net income from discontinued operations	21	**–**	–	11,939,731
Income before income tax		**119,997,056**	170,268,311	171,751,007
Adjustments for:				
Depreciation and amortization	11	**142,182,308**	82,440,907	73,428,549
Interest expense	14	**132,490,456**	70,683,528	86,689,447
Retirement benefits	15	**1,515,711**	5,689,969	–
Interest income	6	**(1,354,388)**	(178,093)	(37,522)
Equity share in net loss (income) of associates	10	**(1,263,999)**	3,612,394	1,851,794
Gain on insurance claim	11	**–**	(4,739,996)	–
Write-off of input VAT	9	**–**	1,709,636	1,518,416
Provision for impairment of input value-added tax (VAT)	9	**–**	1,241,757	–
Gain from deconsolidation of PMHC and Subsidiaries	21	**–**	–	(34,276,628)
Gain on disposal of an associate	10	**–**	–	(4,218,750)
Unrealized foreign exchange loss	19	**–**	–	1,580
Operating income before working capital changes		**393,567,144**	330,728,413	296,707,893
Decrease (increase) in:				
Funds held in escrow		**245,523,434**	(526,537,923)	–
Trade and other receivables		**(2,564,497)**	(3,134,370)	34,393,659
Other current assets		**(11,250,287)**	1,470,233	(19,570,496)
Increase (decrease) in:				
Trade and other payables		**11,347,436**	181,388,840	84,028,477
Contract liability		**(19,367,184)**	26,113,488	–
Net cash generated from operations		**617,256,046**	10,028,681	395,559,533
Interest received		**563,153**	178,093	37,522
Net cash provided by operating activities		**617,819,199**	10,206,774	395,597,055
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Property, plant and equipment - net of retention	11	**(1,116,637,179)**	(910,331,191)	(714,701,470)
Non-controlling interest	4	**–**	–	(18,134,558)
Investment in an associate	10	**–**	–	(16,791,200)
Advances to contractors	12	**(162,642,246)**	(313,634,956)	(8,000,000)
Advances made to related parties		**(54,284,893)**	(81,204,980)	(2,862,064)
Decrease (increase) in other noncurrent assets		**(35,429,723)**	(8,009,087)	243,037
Collection of due from related parties		**27,323,060**	14,169,758	4,690,136
Proceeds from:				
Insurance claim	11	**–**	4,739,996	–
Disposal of subsidiaries, net of cash of disposed subsidiary	21	**–**	–	37,701,059
Disposal of property, plant and equipment	11	**–**	–	448,986
Net cash used in investing activities		**(1,341,670,981)**	(1,294,270,460)	(717,406,074)

(Forward)

	Note	For the Years Ended December 31 **2024**	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availment of loans payable - net of debt issue cost incurred	14	**₱1,029,671,250**	**₱460,274,465**	**₱350,524,656**
Issuances of capital stock	16	**–**	971,018,840	–
Advances received from related parties	14,20	**552,158,838**	354,842,690	201,869,783
Payments of:				
Due to related parties	14	**(510,454,699)**	(328,508,841)	(24,757,014)
Interest payable	14	**(170,888,437)**	(88,382,447)	(102,336,482)
Loans payable	14	**(127,732,144)**	(122,956,290)	(55,814,440)
Stock issuance costs		**(4,375,000)**	–	–
Net cash provided by financing activities		**768,379,808**	1,246,288,417	369,486,503
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES IN CASH		**–**	–	(1,580)
NET INCREASE (DECREASE) IN CASH		**44,528,026**	(37,775,269)	47,675,904
CASH AT BEGINNING OF YEAR		**44,888,443**	82,663,712	34,987,808
CASH AT END OF YEAR		**₱89,416,469**	₱44,888,443	₱82,663,712
COMPONENTS OF CASH				
Cash on hand		**₱211,269**	₱6,678,900	₱333,857
Cash in banks		**89,205,200**	38,209,543	82,329,855
		₱89,416,469	₱44,888,443	₱82,663,712
NONCASH FINANCIAL INFORMATION				
Application of APIC to retained earnings resulting from equity restructuring	16	**₱186,447,570**	₱–	₱–
Application of advances to contractors to property, plant and equipment	12	**138,681,948**	58,406,489	94,601,209
Issuances of shares through application of deposit for future stock subscription (DFSS)	16	**–**	–	424,901,466
Assignment of loan to a related party		**–**	–	100,000,000
Assignment of investment in associate to a related party	10	**–**	–	4,218,750

See accompanying Notes to Consolidated Financial Statements.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2024 AND 2023 AND
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

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 and was listed at the Philippine Stock Exchange (PSE) on July 24, 2023. REDC was organized primarily to develop and generate renewable energy resources. REDC was also authorized to secure and guarantee the obligations of its subsidiaries and other owned entities.

REDC is a 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.

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

	Effective Percentage of Ownership					
	2024		2023		2022	
Name of Subsidiaries	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
Philippine Power and Development Company (PPDC)	99%	–	99%	–	99%	–
Majayjay Hydropower Company, Inc. (MHCI)	99%	–	99%	–	99%	–
Labayat 1 Hydropower Corporation (L1HC)	82%	–	82%	–	60%	–
Tibag Hydropower Corporation (THC)	100%	–	100%	–	100%	–
Cabanglasan Hydropower Corporation (CHC)	100%	–	100%	–	100%	–
Bicol Hydropower Corporation (BHC)	100%	–	100%	–	100%	–
Piapi Hydropower Corporation (PHC)	60%	–	60%	–	60%	–
Baguio Asin Hydropower Corporation (BAHC)	100%	–	100%	–	–	–

On November 4, 2022, the Parent Company assigned its investment in Pure Meridian Hydropower Corporation (PMHC) to a related party for ₱40,750,000 (see Note 21). PMHC's operations were considered a separate major line of business or geographical area of operations. Accordingly, the disposal of PMHC was presented as a discontinued operations.

As at December 31, 2024, the operating subsidiaries of the Parent Company are PPDC, MHCI, L1HC, THC and BHC. As at December 31, 2024 CHC, PHC and BAHC are at its pre-operating stages.

Registered Address
The Parent Company and its Subsidiaries' principal office address is located at 3rd Floor JTKC Center, 2155 Chino Roces Ave., Makati City.

Associates

Details of the Group's associates and its percentages of ownership in 2024, 2023 and 2022 are as follows:

Name of Associates	Nature of Business	Principal Place of Business	Effective Percentage of Ownership
Blue Energy Holdings and Management Corporation (BEHMC)	Holding and Investments	Unit 308 Greenhills Mansion 37 Annapolis St., Greenhills San Juan City	30%
BEHMC Lower Labayat Hydropower Corp. (BLLHC)*	Power Generation Through Renewable Energy	Unit 308 Greenhills Mansion 37 Annapolis St., Greenhills San Juan City	30%
BEHMC Upper Tignoan Hydropower Corp. (BUTHC)*	Power Generation Through Renewable Energy	Unit 308 Greenhills Mansion 37 Annapolis St., Greenhills San Juan City	30%

**100%-owned by BEHMC*

In 2022, the Group assigned its 30% ownership interest in Tubig Nabua Inc. (TNI) to a related party and recognized a gain on disposal of investment in associate amounting to ₱4,218,750 (see Note 10).

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issue by the BOD on April 16, 2025, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

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

Basis of Preparation and Statement of Compliance

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

Reclassification adjustments were made in the 2023 consolidated financial statements to conform with the current year's presentation.

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 except for retirement liability which is recorded at the aggregate present value of the retirement liability. 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.

Further information about the assumptions made in measuring fair values is included in Note 25.

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024:

- Amendments to PAS 1, *Presentation of Financial Statements - Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

The adoption of the amendments to PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amendments to PFRS Accounting Standards Issued But Not Yet Effective or Adopted

Relevant amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS 9, *Financial Instruments,* and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

    - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

- Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9*,* the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to *'transaction price as defined by PFRS 15, Revenue from Contracts with Customers'* to *'the amount determined by applying PFRS 15'* to remove potential confusion. Earlier application is permitted.

- Amendments to PFRS 10, *Consolidated Financial Statements - Determination of a 'de facto agent'* – The amendments remove inconsistencies by clarifying that an entity must use judgment to determine whether other parties are acting as de facto agents. Earlier application is permitted.

- Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

- PFRS 19, *Subsidiaries without Public Accountability: Disclosures* – This standard specifies reduced disclosure requirements that eligible subsidiaries are permitted to apply, instead of the disclosure requirements in other PFRS. An entity is eligible to apply PFRS 19 when it does not have public accountability and its parent prepares consolidated financial statements available for public use that complies with PFRS disclosure requirements. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investment in Associates - 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 amendments to PFRS is not expected to have any material effect on the financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

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 entities controlled by the Parent Company. Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

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

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

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

- Derecognizes the assets and liabilities of the former subsidiary from the consolidated statements of financial position;

- Recognizes any investment retained in the former subsidiary when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant PFRS Accounting Standards. 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.

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, 2024 and 2023, 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 expected credit loss (ECL), 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, funds held in escrow, trade receivables, contract assets, due from related parties, and refundable deposit, restricted cash and receivables from contractors (presented under "Other assets" account).

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

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

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

Impairment of Financial Assets at Amortized Cost
The Group records an allowance for 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.

For trade receivables and contract assets, the Group applies the simplified approach to calculate ECL based on the lifetime ECL. A provision matrix is used, incorporating the Group's historical credit loss experience and forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortized cost, ECL is assessed based on liquidity of counterparties, utilizing available financial information. The Group applies a 12-month ECL approach, unless there has been a significant increase in credit risk since initial recognition, in which case, the allowance will be based on lifetime ECL.

When credit risk improves and ECL decreases, the allowance is adjusted, and the reversals are recognized in profit or loss. However, the asset's value cannot exceed its amortized cost at the reversal date.

Financial assets are written off when there is no reasonable expectation of recovering it, typically when the counterparty lacks sufficient assets or income to repay the amount owed.
Financial assets are derecognized when the right to receive cash flows from the asset has expired or the Group has transferred its right to receive cash flows from the financial asset.

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 has 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.

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.

Input VAT
Input VAT represents the value-added tax incurred on the purchase of goods and services. Revenues, expenses and assets are recognized net of VAT, except where VAT cannot be recovered from the tax authority. Recoverable VAT is presented as part of "Other 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 20% or less, the Group has significant influence over operating and financial policies of the associate. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

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

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

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

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

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

Property, Plant and Equipment

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

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

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

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

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

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

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

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

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

Impairment of Nonfinancial Assets

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

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit (CGU) is the smallest identifiable asset group that generates cash flows that are largely independent from other assets of the Group. Impairment losses are recognized in profit or loss in the period incurred.
The recoverable amount of a nonfinancial asset is the greater of its value in use or its fair value less costs to sell. Value in use is the present value of future cash flows expected to be derived from an asset while the fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable and willing parties less cost of disposal.

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

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

Capital Stock and Additional Paid-In Capital

Capital stock is measured at par value for all shares issued. Excess of proceeds and/or fair value of considerations received over the par value of shares issued, if any, is 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 subscription receivable, a reduction of subscribed capital stock.

Retained Earnings (Deficit)

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

Other Equity Reserves

Other equity reserves represent net excess of the consideration given up over the carrying amount of the non-controlling interest acquired.

Other Comprehensive Income

Other comprehensive income pertains to income that is not to be recognized in profit or loss for the year, which mainly represent cumulative remeasurement gains on retirement liability.

Earnings Per Share

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

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

Diluted earnings per share amounts are computed in the same manner, adjusted for the dilutive effect of any potential common shares. There were no dilutive common shares as at December 31, 2024, 2023 and 2022.

Revenue Recognition

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

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

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

Significant Financing Component. The Group typically receives payments for the FIT rate differential within five (5) years after the actual delivery of electricity. Considering the length of time between the customer's payment and the fulfilment of the performance obligation, the Group assessed that these transactions include a significant financing component. Consequently, the transaction price is discounted using a rate that would be applicable in a separate financing transaction between the Group and the customer at contract inception.

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 Balances

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.

Contract Liabilities. Contract liabilities are recognized if a payment is due to a customer resulting in excess collections over the approved feed-in-tariff (FIT) rate.

Cost and Expense Recognition

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

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

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

Leases

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

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

- The right to direct the use of the identified asset.

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

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

Group as Lessee

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

Employee Benefits

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

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

Retirement Benefits. The Group has an unfunded, noncontributory defined benefit plan covering all qualified employees. The retirement benefits cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs, and interest expense in profit or loss. Interest is calculated by applying the discount rate to the retirement liability.

Remeasurement gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurement gains and losses are not reclassified to profit or loss in subsequent periods.

The retirement liability is the aggregate of the present value of the retirement liability to each qualified employee. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Borrowing Costs

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

Capitalized borrowing cost will be deducted from taxable income through depreciation of the related asset.

Income Taxes

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

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

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

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

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

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

Related Parties and Related Party Transactions

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

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

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

Segment Reporting

The Group's operating segments are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services to different markets. Financial information on operating segments is presented in Note 27 to the consolidated financial statements. The Chief Executive Officer (CEO), the chief operating decision maker, reviews management reports on a regular basis. The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

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

Discontinued Operations

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

Provisions

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

Contingencies

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

Events After the Reporting Period

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

3. Significant Judgments, Accounting Estimates and Assumptions

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

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

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

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

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

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

Rent expense on the lease qualifying under the short-term recognition exemption are disclosed in Note 23.

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

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

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

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

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

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

The Group applies the simplified 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 lifetime since there has not been a significant increase in credit risk since initial recognition.

There is no allowance for ECL as at December 31, 2024 and 2023. The carrying amounts of trade receivables and contract assets are disclosed in Note 8.

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 2024, 2023 and 2022.

The carrying amounts of other financial assets at amortized cost are disclosed in Notes 7, 9 and 20.

Determining Subsidiaries with Material Non-controlling Interests and Material Associates. The Group is required to disclose certain financial information on its subsidiaries with material NCI and material associates.

Management determines subsidiaries with material NCI as those with assets greater than 5% of consolidated assets, or revenues and net income. Material associates are those where the carrying amount of investment or equity in net earnings is greater than 5% of the consolidated assets or net income at year end.

The Group has determined L1HC as a subsidiary with material NCI and BEHMC group as its material associate as at December 31, 2024 and 2023.

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 2024, 2023 and 2022. The carrying amount of property, plant and equipment are disclosed in Note 11.

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

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

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for cash-generating unit to which the asset belongs. No impairment indicators were identified and thus, no impairment was recognized in 2024, 2023 and 2022.

Allowance for impairment losses and the carrying amounts of the significant nonfinancial assets of the Group are disclosed in Notes 9, 10, 11 and 12.

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, 2024 and 2023, calculated based on value in use is greater than the corresponding carrying values (including goodwill) of the CGU. Accordingly, no impairment loss was recognized in 2024, 2023 and 2022. The assumptions used and the carrying amount of goodwill are disclosed in Note 4.

Estimating Retirement Liability. The determination of the obligation and cost for provision for retirement benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions, which include among others, discount rates and expected rates of salary increase, are indicated in Note 15 to the consolidated financial statements. Actual results that differ from the assumptions are accumulated and are recognized in other comprehensive income.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement benefit liability.

The carrying amount of retirement liability is disclosed in Note 15.

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

The Group's unrecognized and recognized deferred tax assets are disclosed in Note 22.

4. Acquisitions of Subsidiaries

Objective of Acquisitions

The acquisitions of MHCI, BHC and PPDC 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 as at December 31, 2024 and 2023 are as follows:

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

For purposes of impairment assessment, 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.

The following key assumptions were used in computing the value in use of the CGU:

- Pre-tax weighted average cost of capital (WACC) reflects the management's estimate of risks specific to the CGU. WACC used in discounting the future cash flows in 2024 ranges from 9.72% to 10.70%;
- Revenue growth rates based on expected operating results with reference to projected cash flows from stress testing;
- Operational costs determined based on average fixed and variable costs adjusted for inflationary increases but not reflecting any future restructurings or cost saving measures; and
- The growth rate applied in 2024 is 0%. This reflects the Group's management's expectations of stable performance without significant growth or decline in the operations of the Group that would affect future cash flows.

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.

Other Equity Reserves

Other equity reserves pertain to the effect of changes in the Parent Company's ownership interest in subsidiaries:

	2024	2023	2022
BHC	**₱30,981,599**	₱30,981,599	₱30,981,599
PPDC	**8,820,817**	8,820,817	8,820,817
	₱39,802,416	₱39,802,416	₱39,802,416

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

5. Material Non-controlling Interests

As at December 31, 2024 and 2023, L1HC's non-controlling interests hold 18% ownership interest.

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

	2024	2023
Total current assets	**₱219,397,392**	₱177,133,749
Total noncurrent assets	**800,387,396**	837,704,686
Total current liabilities	**87,033,555**	87,360,976
Total noncurrent liabilities	**246,171,015**	299,885,868
Total equity	**686,580,218**	627,591,591
Total revenue	**142,258,010**	127,037,483
Total net income	**59,009,454**	34,758,711
Total comprehensive income	**58,988,627**	34,866,675

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

	2024	2023	2022
L1HC	**₱134,735,536**	₱124,117,583	₱108,369,707
PHC	**3,846,767**	3,868,922	–
Others	**4,333,509**	4,306,992	3,364,234
	₱142,915,812	₱132,293,497	₱111,733,941

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

	2024	2023	2022
L1HC	**₱10,621,702**	₱6,256,568	₱27,164,410
PMHC	**–**	–	(11,168,448)
Others	**613,354**	809,538	863,171
	₱11,235,056	₱7,066,106	₱16,859,133

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

	2024	2023	2022
L1HC	**₱10,617,953**	₱6,276,002	₱27,164,410
PMHC	**–**	–	(11,168,448)
Others	**614,362**	811,676	863,171
	₱11,232,315	₱7,087,678	₱16,859,133

Dividends declared to non-controlling interest amounted to ₱610,000 and ₱9,000,000 in 2024 and 2023, respectively.

6. Cash

This account consists of:

	2024	2023
Cash on hand	**₱211,269**	₱6,678,900
Cash in banks	**89,205,200**	38,209,543
	₱89,416,469	₱44,888,443

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 from continuing operations is as follows (see Note 19):

	Note	**2024**	2023	2022
Contract assets	8	**₱791,235**	₱–	₱–
Funds held in escrow	7	**476,566**	137,923	–
Cash in banks		**86,587**	40,170	37,522
		₱1,354,388	₱178,093	₱37,522

7. Funds Held in Escrow

The Parent Company appointed a universal bank as the custodian bank (the Custodian Bank) to manage and administer the proceeds of the initial public offering (IPO).

The IPO proceeds are kept separate and distinct from all other funds in custody of the Custodian Bank. The Custodian Bank maintains independent books of records of all the transactions of the escrow account and shall release the proceeds to the Parent Company, subject to the issuance of a letter of instructions, and a written certification under oath, signed by the Chief Financial Officer of the Parent Company, stating the purpose of which the Parent Company shall use the funds, and such purpose is exclusively in accordance with the approved use of proceeds.

The escrow deposit maintained under escrow account with the Custodian Bank amounted to ₱281,014,489 and ₱526,537,923 as at December 31, 2024 and 2023, respectively. Net withdrawals from funds held in escrow amounted to ₱246,000,000 and ₱423,100,000 in 2024 and 2023, respectively.
Interest income earned amounted to ₱476,566 and ₱137,923 in 2024 and 2023, respectively (see Note 6).

8. Trade and Other Receivables

This account consists of:

	2024	2023
Trade	**₱89,113,305**	₱76,491,779
Current portion of contracts assets	**50,104,846**	58,570,627
Receivables from employees	**4,503,259**	5,303,272
	₱143,721,410	₱140,365,678

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

Contract assets pertain to unbilled FIT differential (see Note 23). Contract assets presented in the consolidated statements of financial position are as follows:

	Note	**2024**	2023
Current		**₱50,104,846**	₱58,570,627
Noncurrent	9	**52,266,438**	9,733,811
		₱102,371,284	₱68,304,438

Interest income earned from contract assets amounted to ₱791,235 and nil in 2024 and 2023, respectively (see Note 6).

The carrying amount of trade and other receivables pledged as collateral for its loan payable amounted to ₱79,333,681 and ₱75,653,110 as at December 31, 2024 and 2023, respectively (see Note 14).

Receivables from employees consist of cash advances which are noninterest-bearing and are settled in the subsequent month through liquidation.

No impairment losses were recognized on trade and other receivables in 2024 and 2023.

9. Other Assets

This account consists of:

	Note	2024	2023
Other Current Assets			
Receivables from contractors		**₱65,941,707**	₱65,941,707
Restricted cash	14	**18,131,099**	1,838,341
Input VAT for refund		**17,471,534**	17,471,534
Input VAT		**7,199,360**	7,197,371
Prepayments		**6,489,115**	4,107,176
Creditable withholding tax		**1,603,148**	3,484,228
Advances to contractors and suppliers	12	**1,200,000**	26,015,783
Advances to employees		**403,828**	4,656,672
Others		**1,426,861**	2,719,336
		119,866,652	133,432,148
Allowance for impairment of input VAT		**1,241,757**	1,241,757
		₱118,624,895	₱132,190,391
Other Noncurrent Assets			
Contract asset - net of current portion	8	**₱52,266,438**	₱9,733,811
Refundable deposit		**494,040**	494,040
Restricted cash - net of current portion	14	**–**	7,102,904
		₱52,760,478	₱17,330,755

Receivables from contractors pertain to unapplied advances which will be refunded to the Group upon finalization of its amicable settlement.

Restricted cash pertains to cash set aside for payment of financial benefits and energy resources to its host communities pursuant to Energy Regulations (ER) No. 1-94 (see Note 23) and 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 14).

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

The allowance for impairment on input VAT pertains to the input VAT which the Group may not be able to utilize and those that are beyond the 2-year period for filing an administrative claim with the Bureau of Internal Revenue (BIR). In 2023, provision for impairment of input VAT amounted to ₱1,241,757 (see Note 19).

In 2023 and 2022, the Group wrote off input VAT amounting to ₱1,709,636 and ₱1,518,416, respectively (see Note 19).

Prepayments include prepayments for insurance to be realized within one (1) year.

10. Investments in Associates

Movements in this account are as follows:

	2024	2023
Acquisition Cost	**₱15,000,000**	₱15,000,000
Advances For Future Stock Subscriptions	**40,191,200**	40,191,200
Accumulated Equity Share in Net Loss of Associates		
Balance at beginning of year	**(14,826,061)**	(11,213,667)
Equity share in net income (loss)	**1,263,999**	(3,612,394)
Balance at end of year	**(13,562,062)**	(14,826,061)
Carrying Amount	**₱41,629,138**	₱40,365,139

In 2022, the Group assigned its 30% ownership interest in TNI to a related party and recognized a gain on disposal of investment in associate amounting to ₱4,218,750 (see Notes 1 and 19).

Summarized financial information of the associates is as follows:

	2024	2023
Total current assets	**₱51,582,687**	₱28,228,688
Total noncurrent assets	**471,327,804**	714,508,011
Total current liabilities	**157,022,066**	391,469,019
Total noncurrent liabilities	**361,095,297**	350,687,883
Total equity	**4,793,128**	579,797
Total revenue	**37,573,959**	–
Total net income (loss)	**4,213,331**	(12,041,314)
Total comprehensive income (loss)	**4,213,331**	(12,041,314)

The reconciliation of the net assets and the carrying amount of investment in an associate follows:

	2024	2023
Equity at end of year	**₱4,793,128**	₱579,796
Percentage of ownership	**30%**	30%
	1,437,938	173,939
Advances for future stock subscriptions	**40,191,200**	40,191,200
Carrying amount of investments	**₱41,629,138**	₱40,365,139

Advances for Future Stock Subscriptions

As at report date, the associates have not yet filed with the SEC an application for the increase in authorized capital stock.

11. Property, Plant and Equipment

Movements and balances of this account consist of:

	2024						
	Hydropower Plants	**Construction in Progress**	**Buildings**	**Land**	**Furniture, Fixtures and Office Equipment**	**Transportation Equipment**	**Total**
Cost							
Balance at beginning of year	**₱3,190,647,176**	**₱1,001,152,665**	**₱24,533,069**	**₱13,869,359**	**₱6,173,089**	**₱3,269,950**	**₱4,239,645,308**
Additions	**137,484,586**	**1,194,593,024**	**–**	**941,626**	**966,695**	**2,535,401**	**1,336,521,332**
Balance at end of year	**3,328,131,762**	**2,195,745,689**	**24,533,069**	**14,810,985**	**7,139,784**	**5,805,351**	**5,576,166,640**
Accumulated Depreciation and Amortization							
Balance at beginning of year	**255,069,086**	**–**	**2,463,072**	**–**	**3,000,153**	**2,493,350**	**263,025,661**
Depreciation and amortization	**137,750,382**	**–**	**2,943,666**	**–**	**1,220,864**	**267,396**	**142,182,308**
Balance at end of year	**392,819,468**	**–**	**5,406,738**	**–**	**4,221,017**	**2,760,746**	**405,207,969**
Carrying Amount	**₱2,935,312,294**	**₱2,195,745,689**	**₱19,126,331**	**₱14,810,985**	**₱2,918,767**	**₱3,044,605**	**₱5,170,958,671**

	2023						
	Hydropower Plants	Construction in Progress	Buildings	Land	Furniture, Fixtures and Office Equipment	Transportation Equipment	Total
Cost							
Balance at beginning of year	₱1,881,823,635	₱1,307,486,317	₱10,284,120	₱13,869,359	₱4,312,802	₱3,269,950	₱3,221,046,183
Additions	77,329,396	938,000,493	1,408,949	–	1,860,287	–	1,018,599,125
Reclassification	1,231,494,145	(1,244,334,145)	12,840,000	–	–	–	–
Balance at end of year	3,190,647,176	1,001,152,665	24,533,069	13,869,359	6,173,089	3,269,950	4,239,645,308
Accumulated Depreciation and Amortization							
Balance at beginning of year	175,056,276	–	1,259,280	–	2,053,658	2,215,540	180,584,754
Depreciation and amortization	80,012,810	–	1,203,792	–	946,495	277,810	82,440,907
Balance at end of year	255,069,086	–	2,463,072	–	3,000,153	2,493,350	263,025,661
Carrying Amount	₱2,935,578,090	₱1,001,152,665	₱22,069,997	₱13,869,359	₱3,172,936	₱776,600	₱3,976,619,647

Property, Plant and Equipment as Loan Securities

Parcels of land, hydropower plants and construction in progress with a carrying value aggregating ₱5,148,680,443 and ₱3,645,006,776 as at December 31, 2024 and 2023, respectively, were mortgaged as collateral for the Group's loans (see Note 14).

Construction in Progress

Construction in progress pertains to the development costs of the Group's hydropower plant. As at December 31, 2024, the projects under construction are as follows:

	Pulanai Hydropower Plant	Piapi Hydropower Plant
Estimated cost to complete	₱3,500,000,000	₱1,102,597,344
Estimated completion date	2026	2027

The remaining contractual commitments to the contractors aggregated to ₱807,549,563 as at December 31, 2024.

Completed Projects

In 2023, the Group completed its construction of hydropower plants and building for a total cost of ₱1,244,334,145. The related construction costs were reclassified to the hydropower plants and buildings category.

Disposal

In 2022, the Group disposed hydropower plant with carrying amount of ₱448,986. The proceeds from the disposal was equivalent to the carrying amount of the disposed asset, resulting in no gain or loss.

Application of Advances to Contractors

The Group applied advances to contractors to construction in progress amounting to ₱138,681,948, ₱58,406,489 and ₱94,601,209 in 2024, 2023 and 2022, respectively (see Note 12).

Depreciation and Amortization

Depreciation and amortization charged to operations are as follows:

	Note	**2024**	2023	2022
Cost of sale of electricity	17	**₱138,879,028**	₱78,816,554	₱68,859,428
Operating expenses	18	**3,303,280**	3,624,353	4,541,811
Discontinued operations		**–**	–	27,310
		₱142,182,308	₱82,440,907	₱73,428,549

Capitalized borrowing costs amounted to ₱62,294,622, ₱25,151,272 and ₱35,237,885 in 2024, 2023 and 2022, respectively (see Note 14). Capitalization rates used were 7.6% to 8.7%, 5.6% to 8.9% and 5.6% to 5.7% in 2024, 2023 and 2022, respectively.

In 2023, the Group received an insurance claim amounting to ₱4,739,996 to cover for the property damages caused by a typhoon in 2019. The gain on the proceeds from insurance claim is presented as part of "Other income (charges)" account in the consolidated statements of comprehensive income (see Note 19).

12. Advances to Contractors and Suppliers

Movements in this account are as follows:

	Note	2024	2023
Balance at beginning of year		**₱293,183,292**	₱37,954,825
Additions		**162,642,246**	313,704,956
Applications	11	**(138,681,948)**	(58,406,489)
Advances written-off		**–**	(70,000)
Balance at end of year		**317,143,590**	293,183,292
Current portion	9	**1,200,000**	26,015,783
Noncurrent portion		**₱315,943,590**	₱267,167,509

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

13. Trade and Other Payables

This account consists of:

	Note	2024	2023
Trade		**₱350,196,380**	₱278,502,639
Accrued expenses		**136,393,891**	154,173,755
Current portion of retention payable		**42,392,703**	93,218,636
Interest payable	14	**34,557,743**	22,283,895
Statutory payables		**16,231,554**	710,698
Dividend payable		**610,000**	–
Payable for the acquisition of MHCI shares		**–**	59,251,096
Others		**6,672,961**	5,673,607
		₱587,055,232	₱613,814,326

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

Accrued expenses include accruals for professional fees, 1% government share in gross income, taxes and other employee benefits which are generally paid within the subsequent year.

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:

	2024	2023
Current	**₱42,392,703**	₱93,218,636
Noncurrent	**150,200,226**	80,466,710
	₱192,592,929	₱173,685,346

Interest payable pertains to accrued interest from loan payable to local creditor bank (see Note 14).

Statutory payables include taxes withheld by the Group on employees' compensation and on payments to suppliers. These are remitted to the respective regulatory agencies in the following month.

Payable for the acquisition of MHCI shares pertains to the unpaid portion of the consideration for the purchase of the hydropower plant. This is noninterest-bearing and was fully settled by the Parent Company in 2024.

Dividends

On December 4, 2024, PPDC's BOD approved the declaration of cash dividend of ₱88.89 per share amounting to ₱100,000,000 to shareholders of record as at December 31, 2024. The payment of the dividends is subject to the creditor bank's confirmation that no event of default has occurred and that PPDC is in compliance with the financial covenants and the required level of project accounts. As at report date, the creditor bank is evaluating these conditions. Moreover, cash dividends due amounting to ₱7,700,000 were applied against the subscription receivable from the Parent Company. As at December 31, 2024, dividends payable to non-controlling interest amounted to ₱610,000.

14. Loans Payable

This account consists of loans from:

	2024	2023
Loans from local creditor banks	**₱2,721,958,128**	₱1,800,736,937
Unamortized debt issue cost	**(26,490,048)**	(17,131,147)
Carrying amount	**2,695,468,080**	1,783,605,790
Current portion	**169,234,317**	114,880,390
Noncurrent portion	**₱2,526,233,763**	₱1,668,725,400

Movements in this account are as follows:

	2024	2023
Balance at beginning of year	**₱1,783,605,790**	₱1,442,685,889
Availments	**1,042,038,400**	466,000,000
Payments	**(127,732,144)**	(122,956,290)
Debt issue cost incurred	**(12,367,150)**	(5,725,535)
Debt issue cost amortization	**3,008,249**	2,246,377
Amortization of fair value adjustment from business combination	**6,914,935**	1,355,349
Balance at end of year	**₱2,695,468,080**	₱1,783,605,790

Local Creditor Banks

The Group entered into various loan contracts with local creditor banks to finance and reimburse the construction and rehabilitation of its various projects, at interest rates ranging from 5.5% to 9.0% a year subject to repricing for various periods, and with terms ranging from up to 15 years.

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:

	2024	2023
Balance at beginning of year	**₱17,131,147**	₱13,651,989
Incurred	**12,367,150**	5,725,535
Amortization:		
Interest expense	**(2,354,952)**	(1,934,711)
Capitalized borrowing cost	**(653,297)**	(311,666)
Balance at end of year	**₱26,490,048**	₱17,131,147

The carrying amounts and significant terms of the loans are as follows:

	Carrying Amounts				
	2024	2023	**Credit Facility**	**Payment Terms**	**Security**
Local Creditor Banks:					
CHC	**₱1,169,668,030**	₱413,784,233	₱2,600,000,000	15-year term loan payable in 60 quarterly installments	Hydropower plants and parcels of land amounting to ₱2,103,390,477 and ₱10,941,626, respectively, as at December 31, 2024 (see Note 11), corporate suretyship of REDC, PEHC, and L1HC, shares of stock held by the majority of CHC's stockholders, REDC, and assignment of contractual rights, including but not limited to rights to receive revenue under Renewable Energy Payment Agreement (REPA), and hold out of one quarterly amortization in the debt service account maintained with the lending bank amounting to ₱15,386,342 as at December 31, 2024 (see Note 9).
THC	**870,913,916**	619,925,525	700,000,000 credit line with additional ₱200,000,000 upon commissioning of the plant	15-year loan payable in 46 quarterly installments	Real property mortgage and chattel mortgage covering all real properties and civil works together with improvements acquired or constructed; and guarantee from stockholders. The carrying amount of hydropower plant amounted to ₱1,258,268,806 as at December 31, 2024 (see Note 11).
L1HC	**273,182,458**	309,111,787	468,000,000	15-year loan payable in 52 equal quarterly installments	Chattel mortgage over the hydropower plants with carrying amounts aggregating ₱800,053,122 as at December 31, 2024 (see Note 11), assignment of rights over the receivables and deed of guarantee from stockholders.
PPDC	**185,652,680**	208,740,728	278,700,000	15-year loan payable in 48 equal quarterly amortizations	Trade and other receivables as collateral amounting to ₱63,043,647 as at December 31, 2024 (see Note 8). Hydropower plants and parcels of land as collateral amounting to ₱321,357,919 and ₱3,327,735, respectively, as at December 31, 2024 (see Note 11).
MHCI	**116,158,452**	132,043,517	246,463,000	15-year loan payable in 40 quarterly installments	Real and chattel property mortgages aggregating ₱277,974,609 and ₱286,159,468, respectively (see Note 11), assignment of receivables, assignment of debt servicing account and continuing suretyship of previous owners.
BHC	**77,918,687**	100,000,000	100,000,000	5-year term loan with a local bank payable in 48 monthly installments	Real estate mortgage on the land amounting to ₱5,350,000 as at December 31, 2024 (see Note 11) and assignment of trade and other receivables amounting to ₱16,290,034 as at December 31, 2024 (see Note 8).
REDC	**1,973,857**	–	–	5-year loan payable in 60 equal monthly installments, inclusive of interest	Chattel mortgage over the transportation equipment costing ₱2,523,000 as at December 31, 2024.
	₱2,695,468,080	₱1,783,605,790			

Financial Covenants
The loans include covenants to maintain certain debt-to-equity ratio, current ratio and debt service ratio. For THC, the debt service coverage ratio will commence on June 30, 2025. In accordance with the loan agreement, the borrower shall be in default if, in the reasonable opinion of the creditor bank, the noncompliance is not remediable, after a written notice.

As at December 31, 2024, the Group is compliant with these covenants, except for THC which is noncompliant with the current ratio. THC, however, has not received any notice from the creditor bank on the noncompliance of the current ratio and has continued to make payments based on the original terms of the loan and has assessed that the noncompliance with the minimum current ratio is remediable. Accordingly, as at December 31, 2024, the Group did not reclassify the noncurrent portion of the loan as current.

Expected Loan Repayments
The expected loan repayments over the remaining term of the loan as at December 31, 2024 are as follows:

	2024	2023
Not later than one (1) year	**₱169,199,816**	₱114,880,390
Later than one (1) year but not later than (5) five years	**1,172,670,012**	543,244,644
Later than five (5) years	**1,380,088,300**	1,142,611,903
	₱2,721,958,128	₱1,800,736,937

Interest Expense and Capitalized Borrowing Costs
Interest expense charged to operations is as follows:

	Note	**2024**	2023	2022
Continuing operations:				
Long term loans		**₱130,790,847**	₱68,803,723	₱60,385,450
Net contract liability	23	**1,699,609**	1,879,805	–
Short term loans		**–**	–	4,425,275
		132,490,456	70,683,528	64,810,725
Discontinued operations	21	**–**	–	21,878,722
		₱132,490,456	₱70,683,528	₱86,689,447

The Group capitalized borrowing cost amounting to ₱62,294,622, ₱25,151,272 and ₱35,237,885 in 2024, 2023 and 2022, respectively (see Note 11).

The cash and noncash changes in the Group's liabilities arising from financing activities:

	2024				
	Loans Payable	Debt Issue Costs	Due to Related Parties	Interest Payable	Total
Balance at beginning of year	**₱1,800,736,937**	**(₱17,131,147)**	**₱785,413,968**	**₱22,283,895**	**₱2,591,303,653**
Changes from financing cash flows:					
Cash proceeds	**1,042,038,400**	**–**	**552,158,838**	**–**	**1,594,197,238**
Payments of:					
Due to related parties	**–**	**–**	**(510,454,699)**	**–**	**(510,454,699)**
Loans payable	**(127,732,144)**	**–**	**–**	**–**	**(127,732,144)**
Interests	**–**	**–**	**–**	**(170,888,437)**	**(170,888,437)**
Debt issue costs	**–**	**(12,367,150)**	**–**	**–**	**(12,367,150)**
Noncash changes:					
Accrual of interest	**–**	**–**	**–**	**132,490,456**	**132,490,456**
Capitalization of borrowing costs	**–**	**653,297**	**–**	**61,641,325**	**62,294,622**
Amortization of debt issue cost	**–**	**2,354,952**	**–**	**(2,354,952)**	**–**
Amortization of fair value adjustment	**6,914,935**	**–**	**–**	**(6,914,935)**	**–**
Others	**–**	**–**	**–**	**(1,699,609)**	**(1,699,609)**
Balance at end of year	**₱2,721,958,128**	**(₱26,490,048)**	**₱827,118,107**	**₱34,557,743**	**₱3,557,143,930**

	2023				
	Loans Payable	Debt Issue Costs	Due to Related Parties	Interest Payable	Total
Balance at beginning of year	₱1,456,337,878	(₱13,651,989)	₱759,080,119	₱18,433,268	₱2,220,199,276
Changes from financing cash flows:					
Cash proceeds	466,000,000	–	354,842,690	–	820,842,690
Payments of:					
Due to related parties	–	–	(328,508,841)	–	(328,508,841)
Loans payable	(122,956,290)	–	–	–	(122,956,290)
Interests	–	–	–	(88,382,447)	(88,382,447)
Debt issue costs	–	(5,725,535)	–	–	(5,725,535)
Noncash changes:					
Accrual of interest	–	–	–	70,683,528	70,683,528
Capitalization of borrowing costs	–	311,666	–	24,839,606	25,151,272
Amortization of debt issue cost	–	1,934,711	–	(1,934,711)	–
Amortization of fair value adjustment	1,355,349	–	–	(1,355,349)	–
Balance at end of year	₱1,800,736,937	(₱17,131,147)	₱785,413,968	₱22,283,895	₱2,591,303,653

15. **Retirement Liability**

The Group has unfunded and non-contributory defined benefit retirement plan covering all its qualified employees. The retirement benefits are based on years of service and compensation on the last year of employment as determined by an independent actuary as at December 31, 2024.

The breakdown of retirement benefits expense in 2024 and 2023 are as follows (see Notes 17 and 18):

	2024	2023
Current and past service cost	**₱689,311**	₱5,210,221
Interest expense	**826,400**	479,748
	₱1,515,711	₱5,689,969

The movements of retirement liability recognized in the consolidated statements of financial position as at December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	**₱5,088,972**	₱–
Interest expense	**826,400**	479,748
Current service cost	**689,311**	697,789
Remeasurement gain	**(159,922)**	(600,997)
Past service cost	**–**	4,512,432
Balance at end of year	**₱6,444,761**	₱5,088,972

The rates used as principal assumptions for the purpose of the actuarial valuation are as follows:

	2024	2023
Discount rate	**6.1%**	7.0% to 7.4%
Salary projection rate	**5.0%**	5.0%

The sensitivity analysis based on reasonable possible changes of assumptions as at December 31,2024 and 2023 are presented below.

		Effect on Present Value of Retirement Liability	
	Change in Assumption	**Discount Rate**	**Salary Projection Rate**
December 31, 2024	**+1%**	**(₱328,547)**	**₱337,106**
	-1%	**380,327**	**(293,664)**
December 31, 2023	+1%	(184,668)	191,273
	-1%	209,877	(170,490)

The expected future benefit payments within the following years after December 31, 2024 and 2023 are as follows:

	2024	2023
Within one (1) year	**₱–**	₱–
After one (1) year but not more than five (5) years	**7,553,713**	4,193,750
After five (5) years but not more than ten (10) years	**10,638,975**	3,446,813
After ten (10) years but not more than fifteen (15) years	**4,593,547**	3,469,839
More than fifteen (15) years	**31,776,047**	13,414,157

The weighted average duration of the retirement benefit obligation as at December 31, 2024 and 2023 ranges from 1.52 to 6.11 and 0.41 to 6.83 years, respectively.

16. Equity

Movements in capital stock are as follows:

	2024		2023		2022	
	Shares	**Amount**	Shares	Amount	Shares	Amount
Authorized Capital Stock at ₱1 par value						
Balance at beginning of year	**750,000,000**	**₱750,000,000**	750,000,000	₱750,000,000	150,000,000	₱150,000,000
Increase during the year	**–**	**–**	–	–	600,000,000	600,000,000
Balance at end of year	**750,000,000**	**₱750,000,000**	750,000,000	₱750,000,000	750,000,000	₱750,000,000
Issued and Outstanding						
Balance at beginning of year	**650,000,002**	**₱650,000,002**	450,000,000	₱450,000,000	150,000,000	₱150,000,000
Issuances of shares	**–**	**–**	200,000,002	200,000,002	300,000,000	300,000,000
Balance at end of year	**650,000,002**	**₱650,000,002**	650,000,002	₱650,000,002	450,000,000	₱450,000,000

On January 31, 2022, the SEC approved the increase in the Parent Company's authorized capital stock from ₱150,000,000 divided into 150,000,000 shares at ₱1.00 par value a share to ₱750,000,000 divided into 750,000,000 shares at ₱1.00 par value a share. Deposit for future stock subscription of ₱424,901,466 was converted to 300,000,000 REDC shares resulting to additional paid-in capital of to ₱124,901,466.

In 2023, when the Parent Company listed in the PSE, it issued 200.0 million common shares from its unissued capital stock at a price of ₱5.00 per share. The gross proceeds from the IPO amounted to ₱1,000.0 million. The excess of the offer price over the par value of the issued shares equivalent to ₱800.0 million, was recognized as additional paid in capital. Cost directly attributable to the issuance of shares amounting to ₱28,981,162 was recognized as reduction of additional paid in capital.

On March 27, 2023, the BOD approved the Parent Company's equity restructuring to wipe out its deficit amounting to ₱186,447,570 as at December 31, 2022 against APIC. In May 2024, the Parent Company received the certificate of approval of equity restructuring from the SEC.

17. Cost of Sale of Electricity

This account consists of:

	Note	2024	2023	2022
Depreciation and amortization	11	**₱138,879,028**	₱78,816,554	₱68,859,428
Salaries and wages		**22,495,639**	18,967,788	16,149,442
Repairs and maintenance		**9,675,888**	3,806,945	3,430,046
Insurance		**8,733,856**	3,311,145	–
Outside services		**6,801,605**	6,215,746	1,533,383
Taxes and licenses		**3,270,163**	2,500,585	1,516,868
Communication and utilities		**3,240,199**	7,448,653	5,299,041
Transportation		**1,493,553**	694,716	1,047,332
Distribution wheeling charges		**1,165,568**	1,564,615	882,628
Materials		**979,648**	519,799	955,918
Retirement benefits	15	**716,756**	2,875,553	–
Rent	23	**215,600**	109,350	81,397
Others		**4,964,516**	4,998,381	5,114,943
		₱202,632,019	₱131,829,830	₱104,870,426

18. Operating Expenses

This account consists of:

	Note	2024	2023	2022
Salaries and wages		**₱22,590,189**	₱15,185,599	₱10,609,546
Professional fees		**19,888,463**	14,671,589	3,090,206
Taxes and licenses		**10,829,465**	16,360,970	9,522,572
Representation and entertainment		**6,414,969**	13,274,235	5,711,575
Depreciation and amortization	11	**3,303,280**	3,624,353	4,541,811
Rent	23	**3,915,111**	3,728,865	3,541,161
Communication and utilities		**3,003,429**	3,196,759	3,754,236
Transportation and meals		**2,228,832**	5,608,987	4,376,863
Outside services		**3,043,459**	2,441,515	1,898,743
Insurance		**1,228,129**	2,214,690	976,020
Retirement benefits	15	**798,955**	2,814,416	–
Research and development cost		**519,824**	125,326	994,959
Listing fees		**509,600**	3,692,615	–
Repairs and maintenance		**466,846**	1,141,685	965,155
Fuel, oil and lubricants		**–**	317,945	361,899
Others		**4,772,065**	4,695,099	3,082,016
		₱83,512,616	₱93,094,648	₱53,426,762

Others include expenses for appraisal and survey services among others.

19. **Other Income** - Net

This account consists of:

	Note	**2024**	2023	2022
Interest income	6	**₱1,354,388**	₱178,093	₱37,522
Gain on insurance claim	11	**–**	4,739,996	–
Write-off of input VAT	9	**–**	(1,709,636)	(1,518,416)
Provision for impairment of input VAT	9	**–**	(1,241,757)	–
Gain on disposal of an associate	1, 10	**–**	–	4,218,750
Foreign exchange loss		**–**	–	(1,580)
Others		**2,576,805**	10,883,206	(7,335)
		₱3,931,193	₱12,849,902	₱2,728,941

20. **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	
	2024	2023	**2024**	2023
Due from Related Parties				
Entities Under Common Control:				
PMHC	**₱–**	₱5,322	**₱45,853,356**	₱45,853,105
Titan Mining and Energy Corporation (TMEC)	**6,211,150**	4,000,000	**15,295,608**	9,577,680
Colossal Petroleum Corporation	**5,106,897**	8,211,964	**13,318,861**	8,211,964
Pure Water Corporation	**10,754,444**	–	**10,920,745**	166,301
PMHC Pulanai Inc. (PPI)	**–**	20,000,000	**–**	20,000,000
Others	**32,193,207**	48,987,694	**74,405,778**	49,023,465
Associates:				
BEHMC		–	**17,263**	17,263
Stockholders:				
Ultimate Parent Company	**19,195**	–	**–**	–
			₱159,811,611	₱132,849,778
Due to Related Parties				
Stockholders:				
Parent Company	**₱106,086,330**	₱–	**₱296,351,320**	₱222,933,416
Other stockholders	**373,966,104**	115,556,241	**252,959,486**	288,700,778
Entities Under Common Control:				
Solar Powered Agri-rural Communities Corporation (SPARC)	**34,618,594**	57,309,258	**156,150,742**	102,581,636
NexGen Energy Corporation (XG)	**37,435,908**	–	**26,229,121**	35,283,052
Pure Geothermal Inc.	**51,902**	–	**132,474**	164,376
Others	**–**	95,449,989	**6,747,027**	47,202,773
Others:				
PMHC	**–**	79,547,937	**79,547,937**	79,547,937
VOLGA	**–**	–	**9,000,000**	9,000,000
			₱827,118,107	₱785,413,968

Due from Related Parties
These are noninterest-bearing working capital advances, unsecured and are due and demandable. No impairment loss was recognized in 2024, 2023 and 2022.

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

Compensation of Key Management Personnel
Compensation of key management personnel of the Group consists of short-term benefits amounting ₱6,727,123, ₱4,522,500 and ₱3,872,500 in 2024, 2023 and 2022, respectively.

Related Party Transactions Eliminated During Consolidation
Related party transactions eliminated in the consolidation pertain to due to and from related parties for working capital purposes. Total due from and to related parties which are eliminated amounted to ₱519,785,946 and ₱418,497,144, as at December 31, 2024 and 2023, respectively. The total amounts of transactions were ₱128,326,727 and ₱118,372,244 in 2024 and 2023, respectively.

All related party transactions comply with the related party transactions policy of the Group including the adherence to the required approval process. This encompasses a review by the related party committee and the approval of BOD for all transactions.

21. Discontinued Operations

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

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

	Note	2022
Operating expenses		₱458,175
Interest expense	14	21,878,722
		22,336,897
Gain on disposal		(34,276,628)
Net income from discontinued operations		(₱11,939,731)

The net cash flows incurred by PMHC are as follows:

	2022
Operating activities	(₱43,973,719)
Investing activities	36,387,430
Financing activities	2,039,225
	(₱5,547,064)

The carrying amounts of assets and liabilities disposed are as follows:

Assets	
Cash	₱3,048,941
Property, plant and equipment	346,730,690
Other assets	371,683,873
	721,463,504
Liabilities	
Trade and other payables	31,921,523
Loans payable	285,000,000
Other liabilities	42,242,390
	359,163,913
Net Assets	**₱362,299,591**

Basic/diluted income per share from discontinued operations follow:

	2022
Basic/diluted income per share	₱0.03

22. Income Taxes

The components of income tax expense are as follows:

	2024	2023	2022
Reported in Profit or Loss			
Current - Regular corporate income tax (RCIT)	**₱–**	₱–	₱3,246,880
Deferred	**759,172**	(1,917,018)	504,650
	₱759,172	(₱1,917,018)	₱3,751,530

The Group has no current income tax in 2024 and 2023 due to the income tax holiday (ITH) and net loss position.

The income tax rates used in preparing the consolidated financial statements are as follows:

	Regular corporate income tax (RCIT)	Preferential income tax	Minimum corporate income tax (MCIT)
2024	**25%**	**10%**	**2%**
2023	25%	10%	1.5%
2022	25%	10%	1%

Income Tax Holiday

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

- Exemption 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;

  The income tax holiday is valid until:

	Start of Commercial Operations	Valid Until
MHCI	May 2019	May 2026
PPDC:		
Balugbog powerplant	July 2018	July 2025
Calibato powerplant	January 2019	January 2027
Palakpakin powerplant	September 2018	October 2025
L1HC	September 2021	August 2028
BHC	April 2022	April 2029
THC	September 2023	September 2030

- Exemption from payment of tariff duties on the importation of renewable machinery, equipment and materials including control and communication equipment within the first ten (10) years;
- 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;
- NOLCO during the first three (3) years from start of commercial operations shall be carried over as deduction from gross income for the next seven (7) consecutive taxable years immediately following the year of loss; and
- Tax exemption on the sale of carbon credits.

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

	2024	2023
Deferred tax asset -		
Unrealized foreign exchange loss	**₱–**	₱18,365
Deferred tax liabilities:		
Unamortized debt issue cost	**2,730,061**	1,728,843
Difference between the fair value and carrying amount of property, plant and equipment	**393,596**	489,562
	3,123,657	2,218,405
	₱3,123,657	₱2,200,040

The Group did not recognize the following deferred tax assets since management assessed that it is not probable that there would be sufficient future taxable income against which the deferred tax assets can be utilized.

	2024	2023
NOLCO	**₱50,115,946**	₱38,976,157
Retirement liability	**1,200,569**	209,645
	₱51,316,515	₱39,185,802

Details of NOLCO are as follows:

Year Incurred	Balance at Beginning of Year	Incurred	Applied	Expired	Balance at End of Year	Expiration Year
2020	₱21,010,228	₱–	₱–	₱–	₱21,010,228	2025
2021	47,463,097	–	–	–	47,463,097	2026
2022	16,199,605	–	–	–	16,199,605	2025
2023	82,056,450	–	–	–	82,056,450	2026
2024	–	54,390,314	–	–	54,390,314	2027
	₱166,729,380	₱54,390,314	₱–	₱–	₱221,119,694	

As at December 31, 2024, 2023 and 2022, CHC, PHC and BAHC have not yet commenced commercial operations. Consequently, no ITH have been availed during the periods presented. NOLCO arises from the losses incurred by the Parent Company and subsidiaries whose commercial operations have not yet started as at December 31, 2024.

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

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

	2024	2023	2022
Income tax computed at statutory tax rate	**₱29,999,264**	₱42,567,078	₱39,952,819
Change in unrecognized deferred tax assets	**12,130,713**	18,017,569	(1,846,154)
Effect of change in income tax rate	**–**	(2,020,250)	–
Add (deduct) tax effects of:			
Income subject to income tax holiday (ITH)	**(41,117,649)**	(58,434,029)	(42,320,644)
Nondeductible expenses	**549,196**	4,749,754	1,615,886
Stock issuance costs	**(437,500)**	(7,372,790)	–
Equity share in net loss (income) of associates	**(316,000)**	903,098	462,949
Interest income subjected to final tax	**(130,910)**	(40,811)	(9,381)
Amortization of contract asset (liability) - net	**82,058**	–	–
Nontaxable income	**–**	(286,637)	–
Expired NOLCO and MCIT	**–**	–	5,896,055
	₱759,172	(₱1,917,018)	₱3,751,530

23. Significant Commitments

Group as a Lessee

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

Rent expense incurred are as follows:

	Note	**2024**	2023	2022
Cost of sale of electricity	17	**₱215,600**	₱109,350	₱81,397
Operating expenses	18	**3,915,111**	3,728,865	3,541,161
Discontinued operations		–	–	10,000
		₱4,130,711	₱3,838,215	₱3,632,558

Renewable Energy Distribution

Wind Energy Service Contract (WESC)

The Government, through the DOE, awarded WESCs to the Group that grant exclusive right to explore, develop and utilize wind energy resources within specified contract areas. The contract period is 25 years which is divided into two (2) stages: the pre-development stage and the development stage or commercial stage.

The pre-development stage refers to the 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.

In 2024, the Group assigned its WESCs in Real Offshore, Pandan Labayat, Mauban Offshore and Silang Maragondon Wind Farms to Airstream Renewables Corp. As a result, the Group no longer holds any wind energy service contract as at December 31, 2024.

Hydropower Service Contract (HSC)

The Government, through the DOE, awarded HSCs to the Group that grant exclusive right to explore, develop and utilize hydropower resources within specified contract areas. The contract period is 25 years which is divided into two (2) stages: the pre-development stage and the development stage 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 HSCs also provide that the Parent Company may assign or transfer part or all of its rights and/or obligations under the HSCs to its affiliate upon compliance with certain requirements.

Details of the Group's HSCs as at December 31, 2024 are as follows:

Project	Company Name	Location	Effective Date	Expiry Date	Status of Project
Palakpakin Hydroelectric Power Plant	PPDC	Calauan, Laguna	February 9, 2017	February 8, 2042	Commercial Stage
Balugbog Hydroelectric Power Plant	PPDC	Nagcarlan, Laguna	February 9, 2017	February 8, 2042	Commercial Stage
Calibato Hydroelectric Power Plant	PPDC	San Pablo, Laguna	February 9, 2017	February 8, 2042	Commercial Stage
Majayjay Hydroelectric Power Project	MHCI	Majayjay, Laguna	April 11, 2014	April 10, 2039	Commercial Stage
Labayat River (Upper Cascade) Hydroelectric Power Project	L1HC	Real Quezon	February 24, 2014	February 23, 2039	Commercial Stage
Inarihan Hydroelectric Power Project	BHC	Naga City, Camarines Sur	December 3, 2021	December 2, 2046	Commercial Stage
Tibag Hydroelectric Power Project	THC	Mauban, Quezon	February 24, 2014	February 23, 2039	Commercial Stage
Pulanai River Hydroelectric Power Project	CHC	Valencia, Bukidnon	February 24, 2014	February 23, 2039	Pre-development Stage
Piapi River Hydroelectric Power Project	PHC	Mauban, Quezon Province	February 24, 2014	February 23, 2039	Pre-development Stage
Real II Seawater Pumped Storage Hydroelectric Power Project	REDC	Real, Quezon	February 23, 2024	February 22, 2049	Pre-development Stage

The disaggregation of the Group's revenues is as follows:

	2024	2023	2022
Wholesale Electricity Spot Market (WESM)	**₱302,706,009**	₱278,418,281	₱200,194,720
FIT rate	**230,730,946**	178,220,528	181,847,322
	₱533,436,955	₱456,638,809	₱382,042,042

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.

Details of derived revenue from the MPA are as follows:

	2024	2023	2022
THC	**₱123,833,153**	₱44,940,835	₱–
L1HC	**122,978,604**	151,271,166	156,336,606
BHC	**45,578,230**	67,397,092	28,353,487
PPDC	**10,316,022**	14,809,188	15,504,627
	₱302,706,009	₱278,418,281	₱200,194,720

Provisional Authority to Operate (PAO) Feed-in-Tariff (FIT) Eligible Power Plant
The Government, through the Department of Energy (DOE), issued Certificate of Endorsement (COE) under the FIT system to the Group, which entitled the Group to the FIT rate.

Subsequent to COE issuance, the Energy Regulatory Commission (ERC) issued PAO-FIT in favor of the Group's hydropower plants FIT eligibility valid for a period of one (1) year, contingent on the validity of permits and licenses issued by other government agencies.

Details of the Group's COEs as at December 31, 2024 are as follows:

	Date issued
MHCI	October 2019
PPDC:	
Balugbog powerplant	September 2019
Calibato powerplant	May 2020
Palakpakin powerplant	September 2019
L1HC	December 2021
BHC	August 2022
THC	May 2023

Details of the Group's PAO-FIT as at December 31, 2024 are as follows:

	Renewal Date	Valid Until
MHCI	October 30, 2024	October 29, 2025
PPDC:		
Balugbog powerplant	January 15, 2025	January 14, 2026
Calibato powerplant	January 17, 2025	January 16, 2026
Palakpakin powerplant	January 15, 2025	January 14, 2026
L1HC	November 15, 2024	November 14, 2025
BHC	October 26, 2024	October 25, 2025
THC	December 18, 2024	December 17, 2025

Details of derived revenue from FIT are as follows:

	2024	2023	2022
Actual FIT revenue:			
PPDC	**₱90,544,652**	₱97,368,183	₱86,942,906
MHCI	**82,269,092**	92,024,197	94,904,416
	172,813,744	189,392,380	181,847,322
FIT differential adjustment:			
THC	**31,496,604**	9,733,811	–
L1HC	**19,279,406**	(24,233,683)	–
BHC	**6,686,902**	3,328,020	–
PPDC	**454,290**	–	–
	57,917,202	(11,171,852)	–
	₱230,730,946	₱178,220,528	₱181,847,322

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

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

The Group's contract assets are as follows (see Note 8):

	2024	2023
THC	**₱41,873,535**	₱9,733,811
PPDC	**39,578,185**	42,394,257
MHCI	**10,526,661**	12,618,484
BHC	**10,392,903**	3,557,886
	₱102,371,284	₱68,304,438

L1HC's unbilled excess collections over the FIT rate amounting to ₱8,445,913 and ₱26,113,488 as at December 31, 2024 and 2023, respectively, are recorded under "Contract liability" account.

Interest expense incurred from net contract liability amounted to ₱1,699,609 and ₱1,879,805 in 2024 and 2023, respectively (see Note 14).

Memorandum of Agreement (MOA) with DOE
The Group entered into an agreement with the DOE to grant financial benefits and/or energy resources to its host communities pursuant to ER No. 1-94 implementing Section 5 (i) of R.A. No. 7638, otherwise known as the "Department of Energy Act of 1992". The agreement covers the hydropower plants of PPDC, L1HC, THC, MHCI and BHC.

Restricted cash set aside for payment of financial benefits to host communities' amounted to ₱2,744,757 and ₱1,838,342 as at December 31, 2024 and 2023, respectively (see Note 9).

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.

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, refundable deposit, receivables from contractors , trade and other payables (excluding statutory payables), loans payable, due to related parties, and retention payable.

Financial Risk Management Objectives and Policies

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

Credit Risk

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

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

The Group has significant concentration of credit risk in its trade receivables and contract assets. As discussed in Note 2, the Group only has few customers in 2024, 2023 and 2022.

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:

	2024	2023
Cash in banks	**₱89,205,200**	₱38,209,543
Funds held in escrow	**281,014,489**	526,537,923
Trade and other receivables*	**139,218,151**	135,062,406
Contract assets - net of current portion	**52,266,438**	9,733,811
Due from related parties	**159,811,611**	132,849,778
Refundable deposit	**494,040**	494,040
Restricted cash	**18,131,099**	8,941,245
Receivables from contractors	**65,941,707**	65,941,707
	₱806,082,735	₱917,770,453

**Excluding receivable from employees amounting to ₱4,503,259 and ₱5,303,272 as at December 31, 2024 and 2023, respectively.*

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

	2024						
			Past Due But Not Impaired				
	High Grade	Standard Grade	1 – 60 Days	61 – 90 Days	More than 90 Days	Impaired	Total
Lifetime ECL -							
Trade receivables	₱–	₱54,248,589	₱22,109,104	₱8,472,469	₱4,283,143	₱–	₱89,113,305
Contract assets	–	91,844,623	–	–	10,526,661	–	102,371,284
	–	146,093,212	22,109,104	8,472,469	14,809,804	–	191,484,589
12–month ECL:							
Cash in banks	89,205,200	–	–	–	–	–	89,205,200
Funds held in escrow	281,014,489	–	–	–	–	–	281,014,489
Due from related parties	–	159,811,611	–	–	–	–	159,811,611
Refundable deposits	–	494,040	–	–	–	–	494,040
Receivables from contractors	–	65,941,707	–	–	–	–	65,941,707
Restricted cash	18,131,099	–	–	–	–	–	18,131,099
	388,350,788	226,247,358	–	–	–	–	614,598,146
	₱388,350,788	₱372,340,570	₱22,109,104	₱8,472,469	₱14,809,804	₱–	₱806,082,735

	2023						
			Past Due But Not Impaired				
	High Grade	Standard Grade	1 – 60 Days	61 – 90 Days	More than 90 Days	Impaired	Total
Lifetime ECL -							
Trade receivables	₱–	₱74,398,017	₱370,755	₱140,869	₱1,582,138	₱–	₱76,491,779
Contract assets	–	58,570,627	–	–	9,733,811	–	68,304,438
	–	132,968,644	370,755	140,869	11,315,949	–	144,796,217
12–month ECL:							
Cash in banks	38,209,543	–	–	–	–	–	38,209,543
Funds held in escrow	526,537,923	–	–	–	–	–	526,537,923
Due from related parties	–	132,849,778	–	–	–	–	132,849,778
Refundable deposits	–	494,040	–	–	–	–	494,040
Receivables from contractors	–	65,941,707	–	–	–	–	65,941,707
Restricted cash	8,941,245	–	–	–	–	–	8,941,245
	573,688,711	199,285,525	–	–	–	–	772,974,236
	₱573,688,711	₱332,254,169	₱370,755	₱140,869	₱11,315,949	₱–	₱917,770,453

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

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

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

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

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

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

Liquidity Risk

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

The table below summarizes the maturity profile of the financial liabilities of the Group based on remaining contractual undiscounted cash flows as at December 31, 2024 and 2023:

	2024					
	Due and Demandable	**Less than 1 year**	**1–2 years**	**>2–3 years**	**Over 3 years**	**Total**
Trade and other payables*	**₱–**	**₱570,823,678**	**₱–**	**₱–**	**₱–**	**₱570,823,678**
Loans payable**	**–**	**377,663,199**	**448,508,768**	**426,030,104**	**2,796,649,941**	**4,048,852,012**
Retention payable - net of current portion	**–**	**–**	**–**	**150,200,226**	**–**	**150,200,226**
Due to related parties	**827,118,107**	**–**	**–**	**–**	**–**	**827,118,107**
	₱827,118,107	**₱948,486,877**	**₱448,508,768**	**₱576,230,330**	**₱2,796,649,941**	**₱5,596,994,023**

**Excluding statutory payables amounting to ₱16,231,554 as at December 31, 2024.*
***Includes future interest payments*

	2023					
	Due and Demandable	Less than 1 year	1–2 years	>2–3 years	Over 3 years	Total
Trade and other payables*	₱–	₱613,103,628	₱–	₱–	₱–	₱613,103,628
Loans payable**	–	386,012,085	199,757,908	836,908,872	1,215,971,188	2,638,650,053
Retention payable - net of current portion	–	89,826,865	(9,360,155)	–	–	80,466,710
Due to related parties	785,413,968	–	–	–	–	785,413,968
	₱785,413,968	₱1,088,942,578	₱190,397,753	₱836,908,872	₱1,215,971,188	₱4,117,634,359

**Excluding statutory payables amounting to ₱710,698 as at December 31, 2023.*
***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:

	2024	2023
Increase (decrease) in basis points:		
+50	**(₱2,012,813)**	(₱9,194,626)
-50	**2,012,813**	9,194,626

Capital Management

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

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

In determining reasonable leverage, the Group evaluates its cost of capital and manages its level of debt to maintain an optional cost of capital based in current conditions. The Group considers its equity as capital amounting to ₱2,231,975,461 and ₱2,117,562,655 as at December 31, 2024 and 2023, respectively.

The Group is required to maintain debt-to-equity ratios in accordance with its loan agreements (see Note 14).

24. Fair Value Measurement

Cash, Funds Held in Escrow, Trade Receivables, Contract Assets, Due from Related Parties, Restricted Cash, Receivable from Contractors, Due to Related Parties, and Trade and Other Payables (Excluding Statutory Payables). Due to the short-term nature of transactions, the carrying amount of these instruments approximate the fair values as at reporting dates.

Refundable Deposit and Retention Payable -Net of Current Portion. The management assessed that the effect of discounting is not significant.

Loan Payable. The fair value of loan payable is the present value of all future cash flows discounted using applicable rates for similar types of loans. The fair value of the loan payable is classified under level 2 (significant observable inputs) of the fair value hierarchy. The fair value of the loan payable amounted to ₱2,949,451,126 and ₱2,049,141,297 as at December 31, 2024 and 2023, respectively. The discount rates used are 1.00% to 6.02% and 1.00% to 6.04% in 2024 and 2023, respectively.

25. Basic/Diluted Earnings per Share

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

	2024	2023	2022
Net income attributable to the equity holders of the Parent Company from:			
Continuing operations	**₱108,002,828**	₱165,119,223	₱128,032,165
Discontinued operations	**–**	–	23,108,179
	108,002,828	165,119,223	151,140,344
Weighted average number of common shares	**650,000,002**	508,333,334	425,000,000
Basic/diluted earnings per share from continuing operations	**₱0.17**	₱0.32	₱0.30
Basic/diluted earnings per share	**₱0.17**	₱0.32	₱0.36

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, 2024, 2023 and 2022.

26. 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 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES

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 in accordance with Philippines Standards on Auditing (PSA), the consolidated financial statements of Repower Energy Development Corporation and Subsidiaries (the Group) as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 have issued our report thereon dated April 16, 2025. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic consolidated financial statements:

- Financial Soundness Indicators
- Conglomerate Map
- Supplementary Schedules as Required by Part II of the Revised Securities Regulation Code Rule 68
- Supplementary Schedule on Parent Company's Retained Earnings Available for Dividend Declaration

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

The Schedule of Financial Soundness Indicators, including definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022.

REYES TACANDONG & CO.

ARTHUR VINSON U. ONG
Partner
CPA Certificate No. 120745
Tax Identification No. 253-222-555-000
BOA Accreditation No. 4782/P-018; Valid until June 6, 2026
BIR Accreditation No. 08-005144-015-2023
Valid until June 4, 2026
PTR No. 10467138
Issued January 2, 2025, Makati City

April 16,2025
Makati City, Metro Manila

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

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.

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

FINANCIAL SOUNDNESS INDICATORS

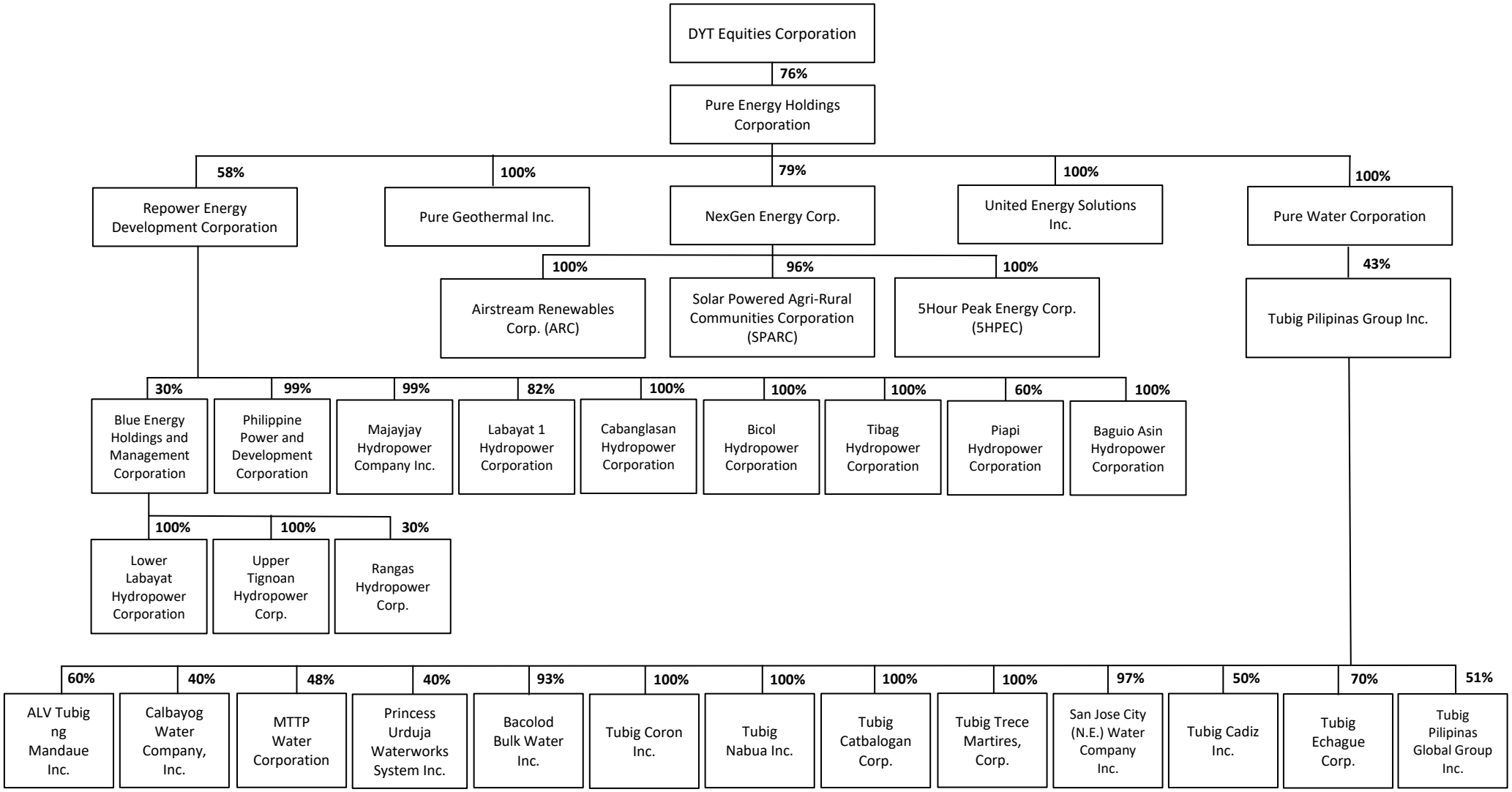
Below is a schedule showing financial soundness indicators of the Group as at and for the years ended December 31, 2024 and 2023.

Ratio	Formula	**2024**	2023
Current ratio	Current assets/current liabilities	**0.50:1**	0.65:1
Acid test ratio	Quick assets/current liabilities	**0.43:1**	0.56:1
Solvency ratios	Net income before amortization and depreciation/total liabilities	**0.06:1**	0.08:1
Debt-to-equity ratio	Total liabilities/total equity	**1.92:1**	1.56:1
Asset-to-equity ratio	Total assets/total equity	**2.92:1**	2.56:1
Interest rate coverage ratio	Net income before tax expense/interest expense	**0.91:1**	2.41:1
Return on equity	Net income/average shareholder's equity	**0.05:1**	0.08:1
Return on assets	Net income/average total assets	**0.02:1**	0.03:1
Net profit margin	Net income/revenue	**0.22:1**	0.38:1

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONGLOMERATE MAP

DECEMBER 31, 2024



REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2024

Table of Contents

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

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

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

DECEMBER 31, 2024

			Deductions		*Ending Balance*		
Name and designation of debtor	***Balance at beginnning of year***	***Additions***	***Amounts collected***	***Amounts written off***	***Current***	***Noncurrent***	***Balance at end of year***
Repower Energy Development Corporation	₱285,221,567	₱104,694,414	₱–	₱–	₱389,915,981	₱–	₱389,915,981
Labayat 1 Hydropower Corporation	14,500,000	–	(12,000,000)	–	2,500,000	–	2,500,000
Bicol Hydropower Corporation	403,333	–	(403,333)	–	–	–	–
Tibag Hydropower Corporation	83,590,209	12,391,100	–	–	95,981,309	–	95,981,309
Cabanglasan Hydropower Corporation	14,634,592	–	(14,634,592)	–	–	–	–
Piapi Hydropower Corporation	20,147,443	11,241,213	–	–	31,388,656	–	31,388,656
	₱418,497,144	₱128,326,727	(₱27,037,925)	₱–	₱519,785,946	₱–	₱519,785,946

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE D – LONG TERM DEBT

DECEMBER 31, 2024

Title of Issue and Type of Obligation	*Amount Authorized by Indenture*	*Amount shown under caption "Current portion of Loans payable" in related balance sheet*	*Amount shown under caption "Loans payable - net of current portion " in related balance sheet*
Individual	₱–	₱–	₱–
Local creditor bank – A	870,913,916	62,125,000	808,788,916
Local creditor bank – B	273,182,458	36,986,362	236,196,096
Local creditor bank – C	185,652,680	23,091,628	162,561,052
Local creditor bank – D	164,563,000	22,800,000	93,358,452
Local creditor bank – E	77,918,687	23,918,526	54,000,161
Local creditor bank – F	1,169,668,030	–	1,169,668,030
Local creditor bank – G	1,973,857	312,801	1,661,056
	₱2,695,468,080	₱169,234,317	₱2,526,233,763

REPOWER ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE G – CAPITAL STOCK

DECEMBER 31, 2024

Title of Issue	*Number of shares authorized*	*Number of shares issued and outstanding as shown under the related statement of financial position caption*	*Number of shares reserved for options,warrants, conversion and other rights*	*Number of shares held by*		
				Related parties	*Directors, officers and employees*	*Others*
Common stock - ₱1 par value	750,000,000	650,000,002	–	439,999,995	5	210,000,002

PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

REPOWER ENERGY DEVELOPMENT CORPORATION

Address: 3rd Floor JTKC Centre, 2155 Don Chino Roces Ave., Makati City, Philippines

		Amount
Retained earnings (deficit) available for dividend declaration, beginning of reporting period		(₱190,209,877)
Add: Category A: Items that are directly credited to unappropriated retained earnings		
Equity restructuring	₱186,447,570	186,447,570
Deficit, as adjusted		(3,762,307)
Add net income for the current year		59,363,373
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate	1,263,999	1,263,999
Adjusted net income		58,099,374
Total retained earnings, end of the reporting period available for dividend		₱54,337,067

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

Repower Energy Development Corporation
FOR THE REPORTING YEAR ENDED DECEMBER 31, 2024

		Actual		
	As disclosed in the final prospectus	Receipts during the year	Disbursements during the year	Balance as at December 31, 2024
Gross proceeds	₱1,000,000,000	₱–	₱–	₱1,000,000,000
IPO expenses	(50,500,000)	–	–	(47,837,167)
Net proceeds	949,500,000	–	–	952,162,833
Use of Proceeds:				
Partially fund the equity portion of:				
Pulanai (Pulangi) MHP Project	(600,000,000)	–	(97,000,000)	(411,880,000)
Piapi MHP Project	(100,000,000)	–	–	(53,000,000)
Fund the development and/or acquisition of renewable energy projects	(150,000,000)	–	(99,500,000)	(104,720,000)
Fund operating and working capital requirements	(99,500,000)	–	(49,500,000)	(99,500,000)
	(949,500,000)	–	(246,000,000)	(669,100,000)
Interest income	–	476,567	–	614,490
	(949,500,000)	476,567	(246,000,000)	(668,485,510)
Total	₱–	₱476,567	(₱246,000,000)	₱283,677,323

REPOWER ENERGY DEVELOPMENT CORPORATION

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

	2024	2023
Total Audit Fees	**₱2,305,000**	₱2,115,000
Non-audit services fees:		
Agreed-upon procedures for use of proceeds from the initial public offering	300,000	150,000
Total Non-audit Fees	**300,000**	**150,000**
Total Audit and Non-audit Fees	**₱2,605,000**	₱2,265,000

REPOWER ENERGY DEVELOPMENT CORPORATION

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS"

The Management of **REPOWER ENERGY DEVELOPMENT CORPRATION AND A SUBSIDIARY** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2024 and 2023, in accordance with the prescribed financial reporting framework indicated therein, 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.

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.

The Board of Directors is responsible in overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2024 and 2023, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Signature: Renato Z. Locsin
Chairman of the Board

Signature: Eric Peter Y. Roxas
President

Signature: Suzanne S. Cañete
Treasurer

Signed this _____ day of _____

SUBSCRIBE AND SWORN to before me,
this _____ day of 30 APR 2025
in the _____

ATTY. JOSHUA P. LAPUZ
NOTARY PUBLIC MAKATI CITY.
UNTIL DEC 31, 2025
PTR O R NO 9563523 01-03-24/ MAKATI CITY
MCLE NO VIII-0016370/ 04 26 24 UNTIL 04 14-28
ROLL NO. 63 APPOINTMENT NO M-[illegible] 2023 2026
IBP LIFETIME NO 04837

DOC. NO.: 206
PAGE NO.: 42
BOOK NO.: V
SERIES OF: 2025