



13 May 2022

THE PHILIPPINE STOCK EXCHANGE

PSE Tower, 5th Avenue corner 28th St.,
Bonifacio Global City, 1634 Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Re: **Quarterly Report (SEC Form 17-Q) for the quarter ending March 31, 2022**

Good day!

Solar Philippines Nueva Ecija Corporation is hereby filing the Company's Quarterly Report (SEC Form 17-Q) for the quarter ending March 31, 2022.

Very truly yours,

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

By:

HAZEL IRIS P. LAFUENTE

Assistant Corporate Secretary and Chief Information Officer

COVER SHEET

C S 2 0 1 6 2 7 3 0 0

S.E.C. Registration Number

S C L A R P H I L I P P I N E S N U E V A E C I J A
C O R P O R A T I O N

(Company's Full Name)

1 1 2 L E G A S P I S T R E E T , L E G A S P I
V I L L A G E , B R G Y . S A N L O R E N Z O ,
M A K A T I C I T Y

(Principal Address of the Company)

Hazel Iris P. Lafuente

Contact Person

0 2 8 8 1 7 - 2 5 8 5

Company Telephone Number

0 6
Month

Fiscal Year

3 0
Day

SEC Form 17-Q

Form Type

1st Monday of May each year

Regular Meeting

Certificate of Permit to Offer Securities for Sale (Pursuant to SEC MSRD Order No. 87 Series of 2021)

Secondary License type, if applicable

MSRD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total amount of Borrowings
Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

Remarks = Pls. use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION SEC FORM

17-C

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

1. For the quarterly period ended
March 31, 2022
2. SEC Identification Number
CS201627300
3. BIR Tax Identification No.
009-468-103
4. Exact name of issuer as specified in its charter
SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
5. Province, country or other jurisdiction of incorporation
Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of principal office
**20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City 1226,
Philippines**

Postal Code
1229
8. Issuer's telephone number, including area code
(+632) 8817-2585
9. Former name or former address, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt
Outstanding

Common Shares

8,124,350,005

11. Are any or all of the securities listed on a Stock exchange?
Yes ☒ No ☐

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

12. Indicate by check mark whether the registrant

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

- Financial Position as of March 31 2022 and June 30, 2021
- Comprehensive Income for the nine (9) –month periods ended March 31, 2022 and 2021
- Cash Flow for the nine (9) –month periods ended March 31, 2022 and 2021
- Changes in Equity for the nine (9) –month periods ended March 31, 2022 and 2021
- Notes to Financial Statements

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

- Material Changes to the Statement of Financial Position as of March 31, 2022, compared to the Statement of Financial Position as of June 30, 2021
- Material Changes to the Statement of Comprehensive Income for the Nine (9) –months ended March 31, 2022 compared to the Statement of Comprehensive Income for the Nine (9) – months ended March 31, 2021
- Key Performance Indicators

PART II - OTHER INFORMATION

Not applicable

**Solar Philippines Nueva Ecija
Corporation**
*(A Subsidiary of Solar Philippines Power
Project Holdings, Inc.)*

Unaudited Interim Condensed
Financial Statements
March 31, 2022
(With Comparative Audited Figures as of
June 30, 2021)
and For the Nine-Month Periods Ended
March 31, 2022 and 2021

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)

UNAUDITED INTERIM STATEMENT OF FINANCIAL POSITION

As of March 31, 2022

(With Comparative Audited Figures as of June 30, 2021)

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
ASSETS		
Current Assets		
Cash in banks (Note 3)	₱2,134,667,531	₱351,251
Other current assets (Note 4)	728,476	776,092
Total Current Assets	2,135,396,007	1,127,343
Noncurrent Assets		
Right-of-use assets (Note 10)	289,620,678	297,751,234
Deposits for land acquisition (Note 6)	564,686,591	537,000,000
Advances to contractors (Note 5)	382,640,706	–
Construction in progress (Notes 1 and 10)	9,793,975	–
Deferred tax asset	10,466,264	–
Other noncurrent assets	23,630,800	1,370,284
Total Noncurrent Assets	1,280,839,014	836,121,518
TOTAL ASSETS	₱3,416,235,021	₱837,248,861
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 7 and 11)	₱8,380,622	₱6,728,056
Due to related parties (Notes 8 and 11)	22,792,348	22,792,348
Current portion of lease liabilities (Notes 10 and 11)	14,004,465	14,004,465
Total Current Liabilities	45,177,435	43,524,869
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 10 and 11)	284,688,334	275,521,361
Deferred income tax liability	–	904,291
Total Noncurrent Liabilities	284,688,334	276,425,652
Total Liabilities	329,865,769	319,950,521
Equity (Note 9)		
Capital stock	812,435,001	542,435,000
Additional paid-in capital	2,347,338,021	–
Deficit	(73,403,770)	(25,136,660)
Total Equity	3,086,369,252	517,298,340
TOTAL LIABILITIES AND EQUITY	₱3,416,235,021	₱837,248,861

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	Three-Month Periods Ended March 31		Nine-Month Periods Ended March 31	
	2022	2021	2022	2021
INTEREST INCOME (Note 3)	₱287,814	₱1,606	₱319,592	₱1,683
EXPENSES				
Management fee (Note 8)	6,000,000	—	18,000,000	—
Taxes and licenses	11,380,621	18,247	11,815,163	26,862
Interest accretion of lease liabilities (Note 10)	—	1,481,920	9,142,009	3,505,689
Filing fees	—	—	8,174,350	—
Amortization of right-of-use assets (Note 10)	—	677,695	5,420,370	1,597,423
Professional fees	3,565,000	250,000	4,825,000	943,889
Bid-related costs	—	—	1,084,000	1,909,091
Others	1,199,192	505,272	1,496,365	609,467
	22,144,813	2,933,134	59,957,257	8,592,421
LOSS BEFORE INCOME TAX	21,856,999	2,931,528	59,637,665	8,590,738
PROVISION FOR (BENEFIT FROM) DEFERRED INCOME TAX	(9,234,371)	—	(11,370,555)	3,702,303
NET LOSS	12,622,628	2,931,528	48,267,110	12,293,041
OTHER COMPREHENSIVE INCOME	—	—	—	—
TOTAL COMPREHENSIVE LOSS	₱12,622,628	₱2,931,528	₱48,267,110	₱12,293,041
Basic/Diluted Loss Per Share (Note 12)	₱0.0016	₱0.2932	₱0.0073	₱2.5655

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**

	Capital Stock				
	Subscribed	Subscription Receivable	Additional Paid-in Capital	Deficit	Total
Balances at July 1, 2021	₱542,435,000	₱—	₱—	(₱25,136,660)	₱517,298,340
Issuance of shares of stock (Note 9)	270,000,001	—	2,329,338,021	—	2,599,338,022
Additional paid-in capital (Note 9)	—	—	18,000,000	—	18,000,000
Total comprehensive loss for the period	—	—	—	(48,267,110)	(48,267,110)
Balances at March 31, 2022	₱812,435,001	₱—	₱2,347,338,021	(₱73,403,770)	₱3,086,369,252
Balances at July 1, 2020	₱250,000	(₱187,500)	₱—	(₱15,374,983)	(₱15,312,483)
Collection of subscription receivable (Note 9)	—	187,500	—	—	187,500
Issuance of shares of stock (Note 9)	750,000	—	21,250,000	—	22,000,000
Total comprehensive loss for the period	—	—	—	(12,293,041)	(12,293,041)
Balances at March 31, 2021	₱1,000,000	₱—	₱21,250,000	(₱27,668,024)	(₱5,418,024)

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION**(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****UNAUDITED INTERIM STATEMENTS OF CASH FLOWS****FOR THE NINE-MONTH PERIODS ENDED MARCH 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(P59,637,665)	(P8,590,739)
Adjustments for:		
Interest accretion of lease liabilities (Note 10)	9,142,009	3,505,689
Amortization of right-of-use assets (Note 10)	5,420,370	1,597,423
Interest income (Note 3)	(319,592)	(1,684)
Unrealized foreign exchange loss	10,385	–
Provision for impairment of input VAT	–	109,091
Operating loss before working capital changes	(45,384,493)	(3,380,220)
Decrease (increase) in other current assets	47,616	(261,735)
Increase in accounts payable and accrued expenses	1,652,566	65,508
Cash used in operations	(43,684,311)	(3,707,463)
Interest received	319,592	1,683
Net cash flows used in operating activities	(43,364,719)	(3,705,780)
CASH FLOW FROM AN INVESTING ACTIVITY		
Decrease (increase) in:		
Advances to contractors (Note 5)	(382,640,706)	–
Deposits for land acquisition (Note 6)	(27,686,591)	(267,000,000)
Construction in progress (Note 1)	(2,520,149)	–
Other noncurrent assets	(22,260,516)	11,266
Right of use assets (Note 10)	–	(18,684,347)
Net cash flows used in investing activities	(435,107,962)	(285,673,081)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares of stock, net of transaction costs (Note 9)	2,599,338,022	290,435,000
Additional capital contribution (Note 9)	18,000,000	–
Payment of lease liability	(4,538,676)	–
Collection of subscription receivable	–	187,500
Net advances from related parties (Note 8)	–	4,992,468
Net cash flows from financing activities	2,612,799,346	295,614,968
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	(10,385)	–
NET INCREASE IN CASH	2,134,316,280	6,236,107
CASH AT JULY 1	351,251	137,533
CASH AT MARCH 31 (Notes 3 and 11)	P2,134,667,531	P6,373,640

See accompanying Notes to Unaudited Interim Condensed Financial Statements.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
(A Subsidiary of Solar Philippines Power Project Holdings, Inc.)

NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

Solar Philippines Nueva Ecija Corporation (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 23, 2016, primarily to construct, erect, assemble, commission, operate and maintain power-generating plants, installations, shops, laboratories, pipelines, repair shops, electrical works, power houses, warehouses, terminals, and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; to promote and undertake research, development, utilization, manufacture, sale, marketing, distribution and commercial application of new, renewable, non-conventional and environment-friendly energy sources and systems including but not limited to solar, wind, water, heat, steam, ocean, tidal, biomass, biogas, chemical, mechanical, electrical, synthetic, agricultural, and other natural, fossil or non-fossil fuel based, artificial, organic or otherwise, and of energy systems that use new, renewable and any energy resources applying new and efficient energy conversion and/or utilization technologies for commercial application; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy. As of May 13, 2022, the Company has not yet started commercial operations.

The Company is a subsidiary of Solar Philippines Power Project Holdings, Inc. (SPPPHI or Parent Company), a corporation organized in the Republic of the Philippines, which is also the Company's ultimate parent company.

(b) Initial Public Offering (IPO)

The Company filed an application with the SEC for the registration and an application with the Philippine Stock Exchange, Inc. (PSE) for the listing of all its issued and outstanding stock on July 29, 2021 and August 20, 2021, respectively.

On November 29, 2021, the SEC and the PSE approved the application of the Company for the listing of its 8,124,350,005 common shares on the Main Board of the PSE.

On December 17, 2021, the Company successfully completed the IPO in the Philippines of 8,124,350,005 common stocks at an IPO price of ₱1 per share. The common stocks of the Company are currently listed and traded on the Main Board of the PSE under the stock symbol "SPNEC" (see Note 9).

(c) The Project

On August 22, 2017, Solar Philippines Commercial Rooftop Projects, Inc. (SPCRPI), an affiliate of the Company, was awarded Solar Energy Service Contract (SESC) No. 2017-06-404 for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project (the Project), wherein SPCRPI shall undertake exploration, assessment, harnessing, piloting and other studies of the solar energy resources in Santa Rosa, Peñaranda and San Leonardo, Nueva Ecija. On December 29, 2017, SPCRPI executed a Deed of Assignment transferring all its rights

and obligations provided under the SESC No. 2017-06-404 to the Company.

On February 23, 2018, the Department of Energy (DOE) acknowledged and approved the Deed of Assignment between SPCRPI and the Company. Further, on that same day, the DOE issued and approved a new Certificate of Registration (COR) under the name of the Company which recognizes the Company as a Renewable Energy (RE) developer.

The Project is a 500 megawatt peak (MWdc) solar power plant project located in Nueva Ecija and is divided into two (2) Phases. The first phase of the Project is a 225 MWdc solar power plant (Phase 1) in Barangay Las Piñas, Peñaranda, Nueva Ecija with sub-phases of Phase 1A at 50 MWdc and Phase 1B at 175 MWdc. The Company targets that Phase 1A shall be commissioned by the end of 2022 while Phase 1B is planned to be commissioned by early 2023 or within nine months of closing financing for Phase 1B. Moving forward, the Company plans to construct an additional 275 MWdc (Phase 2) after it has commissioned Phase 1.

On August 20, 2019, the Company has declared commerciality which the DOE confirmed via the release of the Certificate of Confirmation of Commerciality (“COCOC”) last November 15, 2021.

On December 27, 2021, the Company has begun construction of the Phase 1A.

(d) Principal Office Address

The registered business address of the Company is at 20th Floor, Philamlife Tower, 8767 Paseo de Roxas, Makati City, Philippines 1226. The principal place of business based in the Articles of Incorporation is 112 Legaspi Street, Legaspi Village, Brgy. San Lorenzo, Makati City.

(e) Change in Fiscal Year

On March 29, 2021, the Board of Directors (BODs) approved the change in the Company's fiscal year from January 1 to December 31 each year to July 1 to June 30 each year. On April 6, 2021, the Company filed its application for the change in fiscal year with the SEC and was approved on April 14, 2021.

The complete requirements for the change in accounting purposes were submitted to the Bureau of Internal Revenue (BIR) on May 20, 2021 and was subsequently approved on August 26, 2021.

(f) Authorization for the Issuance of the Financial Statements

The financial statements of the Company as of March 31, 2022 and for the nine-month periods ended March 31, 2022 and 2021 were authorized for issue by the Board of Directors (BODs) on May 13, 2022.

2. **Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies**

Basis of Preparation

The unaudited interim condensed financial statements of the Company as of March 31, 2022 and for the nine-month periods ended March 31, 2022 and 2021 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed financial statements do not include all the information and disclosures required in the

annual financial statements, and should be read in conjunction with the Company's annual financial statements as at June 30, 2021.

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

New Standards, Interpretations and Amendments

The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2021.

3. Cash in Banks

Cash in banks earn interest at the respective bank deposit rates. Total interest earned on cash in bank, net of final tax, amounted to ₱319,592 and ₱1,683 for the nine-month periods ended March 31, 2022 and 2021, respectively.

Cash in banks include the balance of escrow account where the net proceeds of the IPO are deposited. As provided in the escrow agreement, the escrow agent shall release to the Company the offer proceeds within five (5) banking days from the receipt of an instruction letter from the Company directing such release and certifying that the amount released shall be used solely in accordance with the purpose stated in the use of proceeds of IPO.

In the event of any change in the use of proceeds, the Company shall provide the escrow agent with a copy of the certification by the Company's corporate secretary of the board resolution approving such new use of proceeds and a certification by the Company's corporate secretary that the new use of proceeds has been disclosed to the PSE in accordance with applicable PSE rules.

4. Other Current Assets

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
Cash bond deposit (Note 10)	₱552,038	₱552,038
Others	176,438	224,054
	₱728,476	₱776,092

Others include advances to employees of the Parent Company.

5. Advances to Contractors

Advances to contractors pertain to advance payments made for purchases of solar photovoltaic (PV) modules and mounting structures, other construction materials and equipment items, and as well as advance payments made for rental of equipment.

As of March 31, 2022 and June 30, 2021, advance payments made by the Company to contractors amounted to ₱382.6 million and nil, respectively.

6. Deposits for Land Acquisition

Memorandum of Agreement (MOA) with Provincia Investments Corporation (PIC)

On February 20, 2021, the Company entered into a MOA with an affiliate, PIC, which MOA was later amended on March 3, 2021, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 68.621 hectares.

MOA with Lupang Hinirang Holdings Corporation (LHHC)

On April 19, 2021, the Company entered into a MOA with an affiliate, LHHC, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 56.81 hectares.

Contracts to Sell with Various Landowners

In 2022, the Company entered into Contracts to Sell (CTS) with various landowners for the acquisition of parcels of land intended for the expansion of the Project. These CTS covers certain parcels of land with a total area of 201.3244 hectares.

The advance payments made by the Company to PIC, LHHC and various landowners totaling to ₱564.7 million and ₱537.0 million, respectively, is presented as “Deposits for land acquisition” as of March 31, 2022 and June 30, 2021 (see Note 8).

7. Accounts Payable and Accrued Expenses

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
Accounts payable (Note 8)	₱5,680,000	₱3,880,000
Withholding tax payable	2,666,334	73,080
Accrued expenses	23,559	2,771,054
Other payables	10,729	3,922
	₱8,380,622	₱6,728,056

Accounts payable are non-interest bearing and are normally settled within one year. Withholding tax payable pertains to withholding taxes on professional fees. Accrued expenses consist of accrual for professional fees.

8. Related Party Transactions

Parties are considered to be related if, among others, one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, the parties are subject to common control or the party is an associate or a joint venture.

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

Except as otherwise indicated, the outstanding accounts with related parties shall be settled in cash. The transactions are made at terms and prices agreed upon by the parties.

- a. The Company, in the normal course of business, has cash advances transactions with its Parent Company, SPPPHI and an affiliate for administrative requirements.

	Transactions during the nine-month periods ended March 31 (Unaudited)		Outstanding balance as of			
	2022	2021	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)	Terms	Conditions
<i>Due to related parties:</i>						
<i>Parent:</i>						
SPPPHI						
Cash advances	₱–	₱6,966,300	₱22,792,348	₱22,792,348	Due and demandable; non-interest bearing	Unsecured
<i>Accounts payable (Note 7)</i>						
SPPPHI						
Management fee	₱18,000,000	₱–	₱–	₱3,880,000	Due and demandable; non-interest bearing	Unsecured

- b. On February 20, 2021, the Company entered into a MOA with PIC, which was later amended on March 3, 2021, to secure land covering a total area of 68.621 hectares for a total amount of P267.0 million (see Note 6).
- c. On April 19, 2021, the Company entered into a MOA with LHHC to secure land covering a total area of 56.81 hectares for a total amount of P270.0 million (see Note 6).
- d. On January 11, 2021, a Deed of Assignment was entered between the Company, as the assignee, and the Parent Company, as the assignor, whereby, the Parent Company assigned to the Company all of its rights and obligations under the September 6, 2016 lease agreement covering a total land area of 169.9 hectares, among others, and the Company accepted and assumed all of the said rights and obligations thus assigned, pursuant to the said Deed of Assignment (see Note 10).
- e. On April 30, 2021 the Company entered into a Management Service Agreement (MSA) with the Parent Company to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2023, renewable upon mutual agreement of both parties, for a monthly fee of P2.0 million.

The Management Service Agreement covers all necessary administrative and advisory services on management, investment and technical matters involving the Company's operations, including but not limited to human resources, legal, finance, and information technology.

- f. The Company has no employees as of March 31, 2022 and June 30, 2021. Prior to May 2021, the administrative and finance functions of the Company were being handled by the Parent Company at no cost to the Company. Starting May 2021, the key administrative and finance functions are performed by SPPPHI through the MSA. Management fee recognized for the nine-month periods ended March 31, 2022 amounted to P18.0 million.

9. Equity

Capital Stock and Additional Paid-in Capital

The details of the Company's capital stock as of March 31, 2022 and June 30, 2021 are as follows:

	March 31, 2022 (Unaudited)		June 30, 2021 (Audited)	
	Shares	Amount	Shares	Amount
Common shares – ₱0.1 par value per share				
Authorized	10,000,000,000	₱1,000,000,000	10,000,000,000	₱1,000,000,000
Issued and outstanding:				
Balances at beginning of period	5,424,350,000	₱542,435,000	10,000,000	₱1,000,000
Issuance of shares during the period	2,700,000,005	270,000,001	5,414,350,000	541,435,000
Balances at end of period	8,124,350,005	₱812,435,001	5,424,350,000	₱542,435,000

In July 2021, the Company issued five (5) shares to the new directors.

In July 2021 and November 2021, the Company entered into a Memorandum of Agreement with its Parent Company, whereby the Parent Company provided ₱16.0 million and ₱2.0 million, respectively, representing additional payment for shares previously issued. This was recognized as additional paid-in capital under equity.

On December 17, 2021, the Company completed its IPO and was listed in the PSE under the stock symbol "SPNEC". The Company issued 2,700,000,000 new common shares for a total consideration of ₱2,700.0 million, or at ₱1.00 per share. This resulted to an additional paid-in capital of ₱2,329.3 million, net of transaction costs amounting to ₱100.7 million.

Increase in Authorized Capital Stock

On January 10, 2022, the BOD of the Company approved amendments in the Company's Articles of Incorporation to increase the authorized capital stock from ₱1.0 billion divided into 10.0 billion common shares at ₱0.1 per share, to ₱5.0 billion divided into 50.0 billion common shares at ₱0.1 per share. This was subsequently approved by the stockholders of the Company on March 7, 2022. The proposal to increase the Company's authorized capital stock would enable the Company to acquire other solar projects and fund the expansion of its portfolio, with any such transactions subject to further approvals by the Corporations stockholders.

As of May 13, 2022, the Company is in the process of filing the required documents with the SEC.

Stock Rights Offering and Share Swap

On February 14, 2022, the BOD of the Company approved the conduct of a Stock Rights Offering (SRO) where eligible stockholders would have the opportunity to subscribe to shares, subject to terms to be determined by management and relevant requirements and regulatory approvals.

On February 24, 2022, the BOD of the Company approved the acquisition of 100% of the outstanding shares of SPPPHI and affiliates in various entities ("Solar Philippines Assets") including but not limited to:

- Solar Philippines Calatagan Corporation
- Solar Philippines Tarlac Corporation

- Solar Philippines Tanauan Corporation
- Terra Solar Philippines, Inc.
- SP Holdings, Inc.
- Solar Philippines Batangas Baseload Corporation
- Solar Philippines Tarlac Baseload Corporation
- Solar Philippines Central Luzon Corporation
- Solar Philippines South Luzon Corporation
- Solar Philippines Southern Tagalog Corporation
- Solar Philippines Eastern Corporation
- Solar Philippines Western Corporation
- Solar Philippines Visayas Corporation
- Solar Philippines Central Visayas Corporation
- Solar Philippines Southern Mindanao Corporation
- Solar Philippines Batangas Corporation
- Solar Philippines Retail Electricity, Inc.
- Laguna Solar Rooftop Corporation
- Solar Philippines Rooftop Corporation
- Solar Philippines Commercial Rooftop Projects, Inc.

The Company would acquire the Solar Philippines Assets through an asset-for-share swap, with SPPPHI subscribing to 24,373,050,000 shares of the Company at Php 2.50 per share (“Share Swap”). This Share Swap is supported by a third-party valuation and fairness opinion by FTI Consulting Philippines, Inc., an independent valuation and fairness opinion provider accredited with the SEC and PSE. The Solar Philippines Assets would serve as the Company’s subscription payment for the increase in its authorized capital stock from 10 billion common shares to 50 billion shares.

On March 7, 2022, the stockholders of the Company approved the following resolutions:

- Increase of the Company’s authorized capital stock from ₱1 billion divided into 10 billion common shares to ₱5.0 billion divided into 50 billion common shares, the amendment of the Articles of Incorporation, and the Share Swap between the Company and SPPPHI and affiliates;
- Approval of the waiver of any requirement that a rights or public offering is first undertaken prior to a share swap notwithstanding that the share swap price is at a premium to the weighted average price of the shares; and
- Reiteration of the approval of the share swap between SPNEC and its parent and affiliates.

On March 28, 2022, pursuant to the approval of its BOD, SPNEC confirmed its plan to file the SRO based on its current unissued authorized capital stock of 1,875,649,995 shares, at an entitlement ratio of 1 share for every 1.28 shares held (from its current public float of 2,399,614,000 shares), at an offer price range that has been fixed at Php 1.60 to 1.76 per share, with the middle of this range being Php 1.68 per share

As of May 13, 2022, the Company is in the process of filing the required documents with the SEC.

Pledge of Company’s Shares owned by the Parent Company

On June 25, 2021, the Parent Company executed a pledge over all the Company’s shares it holds to secure a loan by its affiliate, PIC from AC Energy Corporation. The stock certificates of the Company’s shares pledged were delivered to and is in the custody of the lender. The lender agreed to return the stock certificates to the Parent Company to enable the Parent Company and the Company to comply with the lock-up rules of the PSE.

10. Leases

- a. In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 1, 2019 with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by parties. The land lease agreement has an annual rent of ₱45,000 per hectare, net of tax, and is subject to an increase of 5% in rental payments after every five (5) years.
- b. On January 11, 2021, a Deed of Assignment was entered between the Company, as the assignee, and the Parent Company, as the assignor, whereby, the Parent Company assigned all of its rights and obligations under the September 6, 2016 lease agreement for certain parcels of land with a total area 179.6 hectares in Peñaranda, Nueva Ecija. The Company accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. The annual rental increased from ₱50,000 per hectare per year, net of tax, to ₱55,000 per hectare per year, net of tax, which shall be subject to an escalation of 10.0% every five (5) years from the start date. Further, as agreed by the parties, the lease of the updated total land area of 169.9 hectares commenced in March 2021.
- c. In May 2021, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 81.75 hectares. The land was made available for use on the execution date of the contract with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by parties. The land lease agreement has an annual rent of ₱55,000 per hectare, net of tax, and is subject to an increase of 8% in rental payments after every three (3) years.
- d. ROU assets as of March 31, 2022 and June 30, 2021 are as follows:

	March 31, 2022*	June 30, 2021
	(Unaudited)	(Audited)
Balances at beginning of period	₱297,751,234	₱44,146,980
Additions	—	256,722,791
Amortization	(5,420,370)	(3,118,537)
Amortization capitalized to construction in progress **	(2,710,186)	—
Balances at end of period	₱289,620,678	₱297,751,234

*The beginning of period applicable for March 31, 2022 is July 1, 2021 as a result of the change in fiscal year (see Note 1).

**Incurred during the construction period (see Note 1).

- e. Lease liabilities as of March 31, 2022 and June 30, 2021 are as follows:

	March 31, 2022*	June 30, 2021
	(Unaudited)	(Audited)
Balances at beginning of period	₱289,525,826	₱47,299,752
Additions	—	236,601,191
Interest expense	9,142,009	5,624,883
Interest expense capitalized to construction in progress **	4,563,640	—
Payments	(4,538,676)	—
Total lease liabilities	298,692,799	289,525,826
Current portion of lease liabilities	(14,004,465)	(14,004,465)
Noncurrent portion of lease liabilities	₱284,688,334	₱275,521,361

*The beginning of period applicable for March 31, 2022 is July 1, 2021 as a result of the change in fiscal year (see Note 1).

**Incurred during the construction period (see Note 1).

- f. The following are the amounts recognized for the nine-month periods ended March 31, 2022 and 2021 in the interim statements of comprehensive income:

	For the Nine-Month Periods Ended March 31 (Unaudited)	
	2021	2020
Interest accretion of lease liabilities	₱9,142,009	₱3,505,689
Amortization of ROU assets	5,420,370	1,597,423
Total amount recognized in the interim statements of comprehensive income	₱14,562,379	₱5,103,112

- g. As of March 31, 2022 and June 30, 2021, cash bond deposit amounting to ₱0.6 million, pertain to cash bond deposits paid to Department of Agrarian Reform (DAR) for the conversion of leased land from agricultural to industrial land. On April 30, 2021, the Company received the DAR order for the conversion of 169.9 hectares of leased land. On October 11, 2021, the DAR issued the Certificate of Finality to the Company to effectively cause the conversion of said land from agricultural to industrial classification.

11. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise of cash in bank, accounts payable and accrued expenses and due to related parties. The main purpose of these financial instruments is to finance the Company's operations.

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

The Company has exposure to liquidity and credit risks from the uses of its financial instruments.

The BOD reviews and approves the policies for managing this risk as summarized below:

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

With respect to the credit risk arising from other financial assets of the Company, which comprise cash (excluding cash on hand), the Company exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Company's cash in banks amounted to ₱2,134.7 million and ₱0.4 million as of March 31, 2022 and June 30, 2021, respectively.

Cash in banks

For cash, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the

Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

Cash bond deposit

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The credit quality is further classified and assessed by reference to historical information about each of the counterparty's historical default rates. Based on assessment of qualitative and quantitative factors that are indicative of the risk of default, the Company has assessed that the outstanding balances are exposed to low credit risk. ECL on these balances have therefore been assessed as insignificant.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company's credit standing.

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The tables below show the maturity profile as of March 31, 2022 and June 30, 2021 of the Company's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	March 31, 2022 (Unaudited)				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Amortized cost:					
Cash in banks*	P2,134,568	P–	P–	P–	P2,134,568
Cash bond deposit	552	–	–	–	552
	P2,135,120	P–	P–	P–	P2,135,120
Liabilities at amortized cost:					
Accounts payable	P5,680	P–	P–	P–	P5,680
Accrued expenses	24	–	–	–	24
Due to related parties	22,792	–	–	–	22,792
Lease liabilities	18,543	–	96,750	577,039	692,332
	P47,039	P–	P96,750	P577,039	P720,828

*Excluding cash on hand

	June 30, 2021 (Audited)				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Amortized cost:					
Cash in banks*	₱351	₱—	₱—	₱—	₱351
Cash bond deposit	552	—	—	—	552
	₱903	₱—	₱—	₱—	₱903

Liabilities at amortized cost:					
Accounts payable	₱3,880	₱—	₱—	₱—	₱3,880
Accrued expenses	2,771	—	—	—	2,771
Due to related parties	22,792	—	—	—	22,792
Lease liabilities	13,187	—	79,983	599,162	692,332
	₱42,630	₱—	₱79,983	₱599,162	₱721,775

*Excluding cash on hand

Fair Value and Category of Financial Instruments

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

Cash in banks, cash bond deposit, accounts payable and accrued expenses and due to related parties

The carrying amounts of these financial instruments approximate their fair values due to their short-term maturities.

Lease liabilities

The fair values for the Company's lease liabilities are estimated using the discounted cash flow methodology adjusted for credit risk (Level 3 of the fair value hierarchy). The discount rates used are 6.08% and 5.96% as at March 31, 2022 and June 30, 2021, respectively. The fair value of the lease liabilities amounted to ₱295.8 million and ₱299.2 million as of March 31, 2022 and June 30, 2021, respectively, while the carrying value of the lease liabilities amounted to ₱298.7 million and ₱289.5 million as of March 31, 2022 and June 30, 2021, respectively.

As of March 31, 2022 and June 30, 2021, the fair value of lease liabilities are measured using Level 3 valuation technique. For the nine-month period ended March 31, 2022 and for the year ended June 30, 2021, there were no transfers into and out of Level 3 fair value measurements.

Capital Management

As the Company has not started commercial operations, it ensures that the minimum capital infused by the shareholders is properly managed. The Company manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions.

No changes were made in the objectives, policies or processes for the nine-month period ended March 31, 2022 and for the year ended June 30, 2021.

The Company considers the following as its core capital:

	March 31, 2022 (Unaudited)	June 30, 2021 (Audited)
Due to related parties	₱22,792,348	₱22,792,348
Capital stock	812,435,001	542,435,000
Additional paid-in capital	2,347,338,021	—
Deficit	(73,403,770)	(25,136,660)
	₱3,109,161,600	₱540,090,688

12. Basic/Diluted Loss Per Share

The basic/diluted loss per share amounts were computed as follows:

	March 31, 2022 (Unaudited)	March 31, 2020 (Unaudited)
(a) Net loss attributable to equity holders of the Company	₱48,267,110	₱12,293,041
(b) Weighted average number of common shares outstanding	6,624,350,005	4,791,667
Basic/diluted loss per share (a/b)	₱0.0073	₱2.5655

The Company does not have any dilutive potential common shares as at March 31, 2022 and 2021.

13. Event After the Reporting Period

On April 6, 2022, the BOD of the Company approved the authorization to allocate IPO proceeds to advance funding for pursuing off-take agreements and developing projects for Terra Renewables Holdings, Inc. (Terra) and its associated developments to SP Holdings, Inc. (SPHI), given that SPHI is a shareholder in Terra and that SPHI is to be a subsidiary of SPNEC through the share swap approved by the Company's stockholders on March 7 2022, provided this would only be from the excess of the amount needed by Phase 1A of the Nueva Ecija solar project and would form part of the expansion of the Company's projects.

14. Other Matters

Continuing Impact of COVID-19

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, as subsequently extended to April 30, 2020. This was further extended to May 15, 2020 in selected areas including the National Capital Region (NCR). On February 27, 2021, the general community quarantine was extended until March 31, 2021 in selected areas including the NCR. On September 13, 2021, the government introduced the alert-level system (ALS) composed of Levels 1-5, where Level 1 was defined as areas wherein case transmission is low and decreasing. This replaced the four-tier classification system (ECQ, MECQ, GCQ and modified GCQ). On September 30, 2021, the government conducted pilot implementation of ALS in NCR. On October 20, 2021 the ALS was implemented to the rest of the country. Currently, the NCR is under Alert Level 1 up to the report date May 13, 2022. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve.

The Company was not materially affected by the COVID-19 outbreak as it has not yet started commercial operations. Considering the evolving nature of this outbreak, the Company will continue to monitor the situation in subsequent periods.

Change in Allocation of IPO Proceeds

On December 20, 2021, the BOD of the Company approved the following:

- a) Pending the use of IPO proceeds for future land acquisitions and capital expenditures, effective by January 19, 2022, to allow the Company to allocate such IPO proceeds towards bid bonds, bid security, and other expenses for potential off-take agreements, to enable the Company to be responsive to contracting opportunities as soon as they arise, in support of the Company's strategy to pursue off-take on an opportunistic basis.
- b) The authority to transact with financial institutions to secure bid bonds and bid security for the projects of the Company.
- c) Subject to applicable law, rules and regulations to be clarified, the incorporation and funding of wholly-owned subsidiaries to hold the IPO's use of proceeds and to receive instructions from the Company for the use of such proceeds.
- d) The authority to file and submit all compliance, disclosures and any other reportorial requirements of the Company to the relevant regulatory agencies and the PSE.
- e) Other ancillary powers and authorities necessary and proper for the execution of the above approvals.

On February 14, 2022, the BOD of the Company approved the acquisition of land in support of the Company's plan to develop 10 GW of solar projects, to be funded from proceeds of a rights offering and the proceeds from its IPO, as available, and the delegation of authority to the President or his authorized representative to determine the location, particular parcels and terms for such land, and authority to execute contracts for this purpose.

Angeles Electric Corporation (AEC) Competitive Selection Process (CSP)

On October 14, 2021, the Company expressed its interest to participate in the CSP of AEC for the supply of renewable energy to AEC. On December 7, 2021, the Company was determined to be the winning supplier for the said bidding. The contract awarded is for a term of ten (10) years commencing on March 26, 2023, or upon ERC approval, whichever comes later.

Renewable Power Supply Agreement with AEC

On February 4, 2022, the Company entered into a Renewable Power Supply Agreement with AEC. The agreement has a term of ten (10) years starting on March 26, 2023 or upon approval of the Energy Regulatory Commission, whichever comes later. During said period, the Company will, on a take and pay basis, supply AEC daily approximately 97,800 kWh at ₱3.4567 per kWh.

Operating Segment

The Company's operating segments are organized and managed separately according to the business units. The Company has no operating segments as it has not yet commenced its operations as of March 31, 2022.

Seasonality of Operations

The Company has not started commercial operations as of March 31, 2022. As such, there were no operations subject to seasonality and cyclicity.

Repurchases, and Repayments of Debt and Equity Securities

There are no repurchases and repayments of debt and equity securities during the current period.

Changes in Estimates and Amounts Reported in Prior Financial Years

The key assumptions concerning the future and other key sources of estimation uncertainty used in preparation of the unaudited interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements as of and for the year ended June 30, 2021.

Changes in Contingent Liabilities or Contingent Assets Since the Last Annual Reporting Date

There are no material changes in the contingent liabilities or contingent assets since the last annual reporting date.

Changes in the Composition of the Company During the Interim Period

There were no material changes in the composition of the Company during the period.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Material Changes to the Statement of Financial Position as of March 31, 2022, compared to the Statement of Financial Position as of June 30, 2021

Horizontal and Vertical Analysis of Financial Position March 31, 2022 vs June 30, 2021						
Amounts in ₱0.00	March 31, 2022	June 30, 2021	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		March 2022	June 2021
			Amount	Percentage		
Assets						
Cash	2,134,667,531	351,251	2,134,316,280	607632.80%	62.49%	0.04%
Other current assets	728,476	776,092	(47,616)	-6.14%	0.02%	0.09%
TOTAL CURRENT ASSETS	2,135,396,007	1,127,343	2,134,268,664	189318.48%	62.51%	0.13%
Right-of-use assets	289,620,678	297,751,234	(8,130,556)	-2.73%	8.48%	35.56%
Deposit for land acquisition	564,686,591	537,000,000	27,686,591	5.16%	16.53%	64.14%
Advances to contractors	382,640,706	-	382,640,706	100.00%	11.20%	0.00%
Construction in progress	9,793,975	-	9,793,975	100.00%	0.29%	0.00%
Deferred tax assets	10,466,264	-	10,466,264	100.00%	0.31%	0.00%
Other noncurrent assets	23,630,800	1,370,284	22,260,516	1624.52%	0.69%	0.16%
TOTAL NONCURRENT ASSETS	1,280,839,014	836,121,518	444,717,496	53.19%	37.49%	99.87%
TOTAL ASSETS	3,416,235,021	837,248,861	2,578,986,160	308.03%	100.00%	100.00%
Liabilities and Equity					0.00%	0.00%
Accounts payable and accrued expenses	8,380,622	6,728,056	1,652,566	24.56%	0.25%	0.80%
Due to related parties	22,792,348	22,792,348	-	0.00%	0.67%	2.72%
Current portion of lease liabilities	14,004,465	14,004,465	-	0.00%	0.41%	1.67%
TOTAL CURRENT LIABILITIES	45,177,435	43,524,869	1,652,566	3.80%	1.32%	5.20%
Lease liabilities - Net of current portion	284,688,334	275,521,361	9,166,973	3.33%	8.33%	32.91%
Deferred tax liability	-	904,291	(904,291)	-100.00%	0.00%	0.11%
TOTAL NONCURRENT LIABILITIES	284,688,334	276,425,652	8,262,682	2.99%	8.33%	33.02%
TOTAL LIABILITIES	329,865,769	319,950,521	9,915,248	3.10%	9.66%	38.21%
Common stock	812,435,001	542,435,000	270,000,001	49.78%	23.78%	64.79%
Additional paid-in capital	2,347,338,021	-	2,347,338,021	100.00%	68.71%	0.00%
Deficit	(73,403,770)	(25,136,660)	(48,267,110)	192.02%	-2.15%	-3.00%
TOTAL EQUITY	3,086,369,252	517,298,340	2,569,070,912	496.63%	90.34%	61.79%
TOTAL LIABILITIES AND EQUITY	3,416,235,021	837,248,861	2,578,986,160	308.03%	100.00%	100.00%

Cash

In July, August and November 2021, the Company received cash totaling to ₱18.0 million, as infusion of additional capital from the Parent Company. This is pursuant to the Memorandum of Agreement dated July 29, 2021 and November 12, 2021, where the Parent Company agreed to provide cash to the Company, and the Company agreed to record such capital infusion as the Parent Company's additional paid-in capital.

In December 2021, the Company completed its IPO and received proceeds totaling to

₱2,700 million. The Company paid various IPO-related expenses totaling ₱109.53 million and documentary stamp taxes related to lease agreements amounting to ₱1.22 million.

In 2022, the Company made various deposits for land acquisition amounting to ₱27.6 million and advances to contractors totaling to ₱382.64 million. This resulted to a net increase of cash account by 607632.80 % from ₱0.35 million as of June 30, 2021 to ₱2,134.7 million as of March 31, 2022.

Right-of-Use Assets

On January 11, 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 6, 2016 Lease Agreement. The total annual lease payment is ₱9.4 million, net of tax.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 1, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject to renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax.

The Company recognized ROU assets in this regard, which decreased by 2.73% from ₱297.75 million as of June 30, 2021 to ₱289.62 million as of March 31, 2022 due to amortization during the period amounting to ₱8.13 million.

Deposit for Land Acquisition

On February 20, 2021, the Company entered into a MOA with an affiliate, PIC, which MOA was later amended on March 3, 2021, to secure land for future expansion in excess of the capacity contemplate for the Project. The MOA covers certain parcels of land with a total area of 68.621 hectares. Through the MOA, the Company was granted by PIC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to executive definitive agreements, e.g. DOAS, to transfer the parcels of land to the Company. Hence, at the Company's discretion, PIC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in February and March 2021 totaling to ₱267.0 million, which represents the full payment.

On April 19, 2021, the Company entered into a MOA with an affiliate, LHHC, to secure land for future expansion in excess of the capacity contemplated for the Project. The MOA covers certain parcels of land with a total area of 56.81 hectares. Through the MOA, the Company was granted by LHHC the right to use the subject properties exclusively for the development and construction of a power generating plant. It is the intention of the parties to execute definitive agreements, e.g. DOAS to transfer the parcels of land to the Company. Hence, at the Company's discretion, LHHC undertakes to sell and transfer its rights over the parcels of land to the Company. Upon execution of the DOAS, the consideration for the sale and transfer of rights over the parcels of land shall be equal to the advance payments made by the Company in April and May 2021 totaling to ₱270.0 million, which represents the full payment.

Furthermore, in 2022, the Company made deposits for land acquisition to various landowners amounting to ₱27.6 million. This caused the deposits for land acquisition to increase by 5.16% from ₱537.0 million as of June 30, 2021 to ₱564.6 million as of March 31, 2022.

Advances to Contractors

Advances to contractors increased by 100% from nil as of June 30, 2021 to ₱382.64 million as of March 31, 2022. This was mainly due to the advances to contractors for the materials needed for the Project such as solar photovoltaic modules, mounting structures, other construction materials and equipment items, and as well as advance payments made for rental of equipment.

Construction in progress

Construction in progress increased by 100% from nil as of June 30, 2021 to ₱9.79 million as of March 31, 2022. As the construction for the Project has begun last December 27, 2021, the Company capitalized the interest accretion of lease liability and amortization of ROU asset during the construction period totaling to ₱7.27 million. Other development costs totaling to ₱2.52 million were also capitalized.

Deferred Tax Asset/Deferred Tax Liability

The Company's net deferred tax asset as at March 31, 2022 and net deferred tax liability as at June 30, 2021, came from recognition on right-of-use assets and lease liabilities.

Other Noncurrent Assets

Increase in this account by 1624.52% from ₱1.37 million as of fiscal year ended June 30, 2021 to ₱23.63 million as of March 31, 2022, is mainly attributed to the recognition of deferred input VAT related to the management fee and input VAT on professional fees totaling to ₱5.61 million, payment of performance bond to Angeles Electric Corporation amounting to ₱15.0 million as required under the Renewable Energy Power Supply Agreement, and payment of lease security deposits amounting to ₱2.16 million.

Accounts Payable and Accrued Expenses

Accounts Payable and Accrued Expenses increased by 24.56% from ₱6.73 million as of June 30, 2021 to ₱8.38 million as of March 31, 2022. This was primarily due to the expanded withholding tax recognized in relation to professional fees incurred during the period.

Due to Related Parties

The Company, in the normal course of business, has transactions with its Parent Company, SPPPHI, which are recorded as advances. These advances are unsecured, non-interest bearing, due and demandable. No movement in the account from June 30, 2021 to March 31, 2022.

Lease Liabilities

In 2019, the Company entered into a land lease agreement with various landowners to develop solar farm projects in Peñaranda, Nueva Ecija for a total area of 95.8 hectares. The land was made available for use on January 1, 2019 with a one (1) year rent-free period plus 25-year term. Further, the lease is subject for renewal of five (5) years upon mutual agreement by parties. The total annual lease payment is ₱4.3 million, net of tax. As of March 31, 2022, the total lease liability recognized for this lease contract is ₱50.52 million.

On January 11, 2021 a Deed of Assignment was entered into between SPPPHI, as the assignor, and SPNEC, as the assignee, whereby the assignor assigned all of its rights and obligations under the said September 6, 2016 Lease Agreement, among others, to the assignee, and the assignee accepted and assumed all of the said rights and obligations thus assigned, in pursuance of the said Deed of Assignment. In March 2021, the Company and the lessor executed an Addendum amending Section 4.1 (Annual Rental) and Section 4.2 (Advance Rental) to the September 6, 2016 lease agreement and agreed that the lease commencement date shall be on March 31, 2021, for the parcels of land with a total area of 169.86 hectares. The total annual lease payment is ₱9.4 million, net of tax. As of March 31, 2022, the total lease liability recognized for this lease contract is ₱159.43 million.

On May 31, 2021, the Company entered into a land lease agreement with various landowners with a total area of 81.75 hectares. The land was made available for use on May 1, 2021, with a one (1) year rent-free period or until April 30, 2022. The lease will expire on April 30, 2047. Further, the lease is subject to renewal of five (5) years or for a reasonable period upon mutual agreement by parties. The total annual lease payment is ₱4.5 million, net of tax. As of March 31, 2022, the total lease liability recognized for this lease contract is ₱88.74 million.

The increase in total lease liabilities of 3.17% from ₱289.53 million as of June 30, 2021 to ₱298.69 million as of March 31, 2022 is due to the accretion of interest during the period amounting to ₱13.71 million, which was partially offset by the payment of annual rental amounting to ₱4.54 million.

Common Stock and Additional Paid-in Capital

In July 2021, the Company issued five (5) shares to the new directors.

On July 29, 2021 and November 12, 2021, the Company entered into a Memorandum of Agreement with its Parent Company, where the Parent Company obligated itself to pay SPNEC ₱16.0 million and ₱2.0 million, and SPNEC agreed to record such capital infusion as the Parent Company's additional paid-in capital.

Moreover, on December 17, 2021, the Company undertook a public offering of its 2.70 billion common shares with a total par value of ₱270.0 million for a total consideration of ₱2,700 million pesos. As a result of the IPO, additional paid-in capital amounting to ₱2,329.34 million, net of share issuance costs of ₱100.66 million, has been recognized in the March 31, 2022 unaudited interim financial statements.

As of March 31, 2022, 8,124.4 million common shares are issued and outstanding with an amount of ₱812.4 million presented as Common Stock.

Deficit

Deficit increased by 192.02% from ₱25.14 million as of fiscal year ended June 30, 2021, to ₱73.40 million as of March 31, 2022. This is primarily due to the net losses incurred during the period amounting to ₱48.27 million which includes an IPO-related expense of ₱8.22 million.

Material Changes to the Statement of Comprehensive Income for the Nine (9) Months Ended March 31, 2022 Compared to the Statement of Comprehensive Income for the Nine (9) Months Ended March 31, 2021

Horizontal and Vertical Analysis of Comprehensive Income March 31, 2022 vs March 31, 2021						
Amounts in ₱0.00	March 31, 2022	March 31, 2021	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		March 2022	March 2021
			Amount	Percentage		
Interest income	319,592	1,683	317,909	18889.20%	0.66%	0.01%
Expenses						
Management fee	18,000,000	-	18,000,000	100.00%	37.29%	0.00%
Taxes and licenses	11,815,163	26,862	11,788,301	43884.00%	24.48%	0.22%
Interest expense	9,142,009	3,505,689	5,636,320	160.78%	18.94%	28.52%
Filing fees	8,174,350	-	8,174,350	100.00%	16.94%	0.00%
Amortization	5,420,370	1,597,423	3,822,947	239.32%	11.23%	12.99%
Professional fees	4,825,000	943,889	3,881,111	411.18%	10.00%	7.68%
Bid-related cost	1,084,000	1,909,091	(825,091)	-43.22%	2.25%	15.53%
Others	1,496,365	609,467	886,898	145.52%	3.10%	4.96%
Total Expenses	59,957,257	8,592,421	51,364,836	597.79%	124.22%	69.90%
LOSS BEFORE TAX	59,637,665	8,590,738	51,046,927	678.88%	123.56%	69.88%
Provision for (Benefit from) deferred tax	(11,370,555)	3,702,303	15,072,858	-407.12%	-23.56%	30.12%
NET LOSS AFTER TAX	48,267,110	12,293,041	35,974,069	292.64%	100.00%	100.00%
TOTAL COMPREHENSIVE LOSS	48,267,110	12,293,041	35,974,069	292.64%	100.00%	100.00%

Management Fee

On April 30, 2021, the Company entered into a Management Service Agreement with SPPPHI, its Parent Company, to provide executive and leadership support and execute its strategic direction while managing its business operations for a period from May 1, 2021 to April 30, 2024, in which the parties upon mutual agreement may renew or extend. The monthly fee for the said agreement is ₱2.00 million, exclusive of value-added tax. For the nine (9) months ended March 31, 2022 and 2021, the management fees recorded amounted to ₱18.00 million and nil, respectively.

Taxes and Licenses

With the additional leases entered in January 2021 and May 2021, the Company paid real property taxes and lease annotation fees amounting to ₱0.98 million and ₱4.1 million, respectively, for the nine (9) months ended March 31, 2022. The Company also incurred various permits and listing maintenance fee totaling to ₱2.47 million and locational clearance fee of ₱4.27 million during the period.

Interest and Amortization Expense

Along with the new two (2) lease agreements the Company has entered during 2021, expenses related to leases including interest and amortization expenses increased as well. Interest expense amounted to ₱9.14 million and ₱3.51 million for the nine (9) months ended March 31, 2022, and 2021, respectively. In addition to this, the Company also recognized amortization expense of right-of-use assets amounting to ₱5.42 million and ₱1.60 million for the nine (9) months ended

March 31, 2022, and 2021, respectively.

Filing Fees

The account pertains to the payment of IPO filing fees to the PSE in August 2021.

Professional Fees

Professional fees increased by 411.18% from ₱0.94 million for the nine (9) months ended March 31, 2021, as compared to ₱4.83 million for the nine-month ended March 31, 2022, due to the payment of directors' and consultancy fees totaling to ₱4.8 million.

Bid-related Cost

On October 14, 2021, the Company expressed its interest to participate in the competitive selection process (CSP) of Angeles Electric Corporation (AEC) for the supply of renewable energy to AEC and incurred ₱1.08 million. On December 7, 2021, the Company was determined to be the winning supplier for the said bidding.

Bid related cost of ₱1.91 million recorded in 2020 pertained to the Company's payments to Meralco as participation fee on Meralco's CSP for 1,800 MW net contract capacity and Nueva Ecija II Electric Cooperative (NEECO II) as bid security on NEECO II CSP for the supply of 37 MW baseload requirement. Of the two, the Company proceeded to bid on the NEECO II CSP. The Company did not win the NEECO II CSP.

Benefit from Deferred Tax

The Company's benefit from deferred tax came from recognition on right-of-use assets and lease liabilities as at March 31, 2022 and June 30, 2021.

Net Loss

As the Company entered into new lease agreements and management contract in 2021, the Company recognized higher net loss for the nine months ended March 31, 2022 amounting to ₱48.27 million, an increase of 292.64% from the net loss of ₱12.29 million recognized in the nine (9) months ended March 31, 2021.

Aging of Receivables

Not applicable.

Key Performance Indicators

As the Company has not yet started commercial operations, its key performance indicators are limited to the following:

Financial Ratios	March 2022	June 2021
Current Ratio	4726.69%	2.59%
Debt to Equity Ratio	10.69%	61.85%

Notes:

1) Current ratio is obtained by dividing the Current Assets of the Company by its Current liabilities. This ratio is used as a test of the Company's liquidity.

2) The debt-to-equity ratio is used to evaluate Company's financial leverage and is calculated by dividing the Company's total liabilities by its shareholder's equity. It is a measure of the degree to which a company is financing its operations through debt versus wholly owned funds.

SIGNATURES

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

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION

Issuer

By:

A handwritten signature in black ink, appearing to read 'Hazel', with a horizontal line above the final 'e'.

HAZEL IRIS P. LAFUENTE

Treasurer

Date: May 13, 2022