

15 May 2023

SECURITIES AND EXCHANGE COMMISSION
7907 Makati Avenue, Salcedo Village, Barangay Bel-Air
Makati City 1209

Attention : **VICENTE GRACIANO P. FELIZMENIO, JR.**
Director
Markets and Securities Regulation Department

PHILIPPINE STOCK EXCHANGE
PSE Tower, 5th Avenue corner 28th Street
Bonifacio Global City, Taguig City 1634

Attention : **ALEXANDRA D. TOM WONG**
Officer-in-Charge
Disclosure Department

Re : **SEC Form 17-Q (Quarterly Report)**

Ladies and Gentlemen:

The undersigned is hereby filing on behalf of **SP NEW ENERGY CORPORATION**, formerly Solar Philippines Nueva Ecija Corporation (the “**Company**”) the Company’s SEC Form 17-Q (Quarterly Report) for the quarter ended 31 March 2023.

Very truly yours,

SP NEW ENERGY CORPORATION

By: 
HAZEL IRIS P. LAFUENTE
Assistant Treasurer

COVER SHEET

C S 2 0 1 6 2 7 3 0 0

S.E.C. Registration Number

S P N E W E N E R G Y C O R P O R A T I O N
(f o r m e r l y S o 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)

2 0 t h F l o o r , P h i l a m L i f e T o w e r ,
8 7 6 7 P a s e o d e R o x a s , M a k a t i
C i t y 1 2 2 6

(Business Address of the Company)

Hazel Iris P. Lafuente

Contact Person

0 2 - 8 8 1 7 - 2 5 8 5

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

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-Q

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

1. 15 May 2023
Date of report (Date of earliest event reported)
2. SEC Identification Number CS201627300 3. BIR Tax Identification No. 009-468-103
4. SP New Energy Corporation
Exact name of issuer as specified in its charter
5. Metro Manila, Philippines 6. (SEC Use Only)
Province, country, or other jurisdiction of Industry Classification Code:
incorporation
7. 20th Floor PhilamLife Tower, 8767 Paseo de Roxas, Barangay Bel-Air, Makati City,
Philippines 1226
Address of principal office Postal Code
8. (02) 8817-2585
Issuer's telephone number, including area code
9. Solar Philippines Nueva Ecija Corporation
Former name or former address, if changed since last report
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	8,124,350,005*

**Note: The current total issued and outstanding capital stock of the Company is 10,000,000,000 common shares. However, the 1,875,649,995 common shares are not registered pursuant to the Securities Regulation Code as they were exempt from the registration requirement under the law at the time of issuance.*

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

- Consolidated Financial Position as of March 31 2023 and December 31, 2022
- Consolidated Comprehensive Income for the three (3) -month periods ended March 31, 2023 and 2022
- Consolidated Cash Flow for the three (3) -month periods ended March 31, 2023 and 2022
- Consolidated Changes in Equity for the three (3) -month periods ended March 31, 2023 and 2022
- Notes to Consolidated Financial Statements

[Please see attached]

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

- Material Changes to the Consolidated Statements of Financial Position as of March 31, 2023, compared to the Consolidated Statement of Financial Position as of December 31, 2022
- Material Changes to the Consolidated Statements of Comprehensive Income for the Three (3) - months ended March 31, 2023, compared to the Statement of Comprehensive Income for the Three (3) -months ended March 31, 2022
- Key Performance Indicators

[Please see attached]

PART II - OTHER INFORMATION

Not applicable

SIGNATURES

Pursuant to the requirements of the SRC, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SP NEW ENERGY CORPORATION

By:

A handwritten signature in black ink, appearing to read "H. Lafuente", written over a horizontal line.

HAZEL IRIS P. LAFUENTE
Assistant Treasurer

Date: 15 May 2023

SP New Energy Corporation
(formerly Solar Philippines Nueva Ecija Corporation, a Subsidiary of Solar Philippines Power Project Holdings, Inc.)
and Subsidiary

Unaudited Interim Condensed Consolidated
Financial Statements
March 31, 2023
(With Comparative Audited Figures as of
December 31, 2022)
and For the Three-Month Periods Ended
March 31, 2023 and 2022

SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS
OF FINANCIAL POSITION

As at March 31, 2023

(With Comparative Audited Figures as at December 31, 2022)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash (Notes 3 and 14)	₱288,116,317	₱37,232,084
Subscription receivable (Note 11 and 14)	1,319,056	651,115,661
Due from related parties (Notes 10 and 14)	901,888,320	821,388,320
Other current assets (Note 4)	18,302,798	18,638,843
Total Current Assets	1,209,626,491	1,528,374,908
Noncurrent Assets		
Deposits for land acquisition (Notes 7 and 10)	2,174,311,774	2,026,892,396
Property, plant and equipment (Notes 1 and 6)	1,527,146,881	1,389,743,501
Investment properties (Note 5)	317,089,929	312,626,010
Right-of-use assets (Note 13)	278,779,938	281,490,123
Other noncurrent assets (Note 8)	665,663,603	664,596,272
Total Noncurrent Assets	4,962,992,125	4,675,348,302
TOTAL ASSETS	₱6,172,618,616	₱6,203,723,210
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Notes 9, 10 and 14)	₱58,597,572	₱65,218,072
Due to a related party (Notes 10 and 14)	22,770,229	22,770,229
Current portion of lease liabilities (Notes 13 and 14)	4,538,676	4,538,676
Total Current Liabilities	85,906,477	92,526,977
Noncurrent Liabilities		
Lease liabilities - net of current portion (Notes 13 and 14)	298,682,801	298,599,744
Total Liabilities	384,589,278	391,126,721
Equity (Note 11)		
Capital stock	1,000,000,000	1,000,000,000
Additional paid-in capital	4,938,722,430	4,938,722,430
Deficit	(150,693,092)	(126,125,941)
Total Equity	5,788,029,338	5,812,596,489
TOTAL LIABILITIES AND EQUITY	₱6,172,618,616	₱6,203,723,210

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

	2023	2022
INTEREST INCOME (Note 3)	₱344,659	₱287,814
EXPENSES (Note 12)	24,911,810	22,144,813
LOSS BEFORE INCOME TAX	24,567,151	21,856,999
BENEFIT FROM DEFERRED INCOME TAX	–	(9,234,371)
NET LOSS	24,567,151	12,622,628
OTHER COMPREHENSIVE INCOME	–	–
TOTAL COMPREHENSIVE LOSS	₱24,567,151	₱12,622,628
Basic/Diluted Loss Per Share (Note 15)	₱0.0025	₱0.0016

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SP NEW ENERGY CORPORATION**(Formerly Solar Philippines Nueva Ecija Corporation,****A Subsidiary of Solar Philippines Power Project Holdings, Inc.)****AND SUBSIDIARY****UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022**

	Capital Stock	Additional Paid-in Capital	Deficit	Total
Balances at January 1, 2023	₱1,000,000,000	₱4,938,722,430	(₱126,125,941)	₱5,812,596,489
Total comprehensive loss for the period	—	—	(24,567,151)	(24,567,151)
Balances at March 31, 2023	₱1,000,000,000	₱4,938,722,430	(150,693,092)	₱5,788,029,338
Balances at January 1, 2022	₱812,435,001	₱2,362,016,064	(₱60,781,142)	₱3,113,669,923
Transaction costs charged against APIC	—	(14,678,043)	—	(14,678,043)
Total comprehensive loss for the period	—	—	(12,622,628)	(12,622,628)
Balances at March 31, 2022	₱812,435,001	₱2,347,338,021	(₱73,403,770)	₱3,086,369,252

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SP NEW ENERGY CORPORATION

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

AND SUBSIDIARY**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
CASH FLOWS**

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	(P24,567,151)	(P21,856,999)
Adjustments for:		
Interest accretion of lease liabilities (Note 13)	2,258,295	–
Amortization of right-of-use assets (Note 13)	1,292,096	–
Unrealized foreign exchange loss (gain)	(417,332)	10,385
Interest income (Note 3)	(344,659)	(287,814)
Operating loss before working capital changes	(21,778,751)	(22,134,428)
Decrease (increase) in other current assets	336,045	(14,052)
Increase in accounts payable and accrued expense	(6,620,500)	(77,485,570)
Cash used in operations	(28,063,206)	(99,634,050)
Interest received	344,659	287,814
Net cash flows used in operating activities	(27,718,547)	(99,346,236)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Deposits for land acquisition (Note 7)	(147,419,378)	(27,686,591)
Property, plant and equipment (Note 6)	(133,621,853)	(2,520,149)
Due from related parties (Note 10)	(80,500,000)	–
Investment properties (Note 5)	(4,463,919)	–
Advances to contractors (Note 8)	–	(382,640,706)
Other noncurrent assets (Note 8)	(1,067,331)	(18,051,889)
Cash flows used in investing activities	(367,072,481)	(430,899,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of subscription receivable (Note 11)	649,796,605	–
Transaction cost from issuance of shares (Note 11)	–	(14,678,043)
Payments of lease liabilities (Note 13)	(4,538,676)	(4,538,676)
Net cash flows from (used in) financing activities	645,257,929	(19,216,719)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	417,332	(10,385)
NET INCREASE (DECREASE) IN CASH	250,884,233	(549,472,675)
CASH AT JANUARY 1	37,232,084	2,684,140,206
CASH AT MARCH 31 (Notes 3 and 14)	P288,116,317	P2,134,667,531

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

SP NEW ENERGY CORPORATION
(Formerly Solar Philippines Nueva Ecija Corporation,
A Subsidiary of Solar Philippines Power Project Holdings, Inc.)
AND SUBSIDIARY

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

1. Corporate Information

(a) Organization

SP New Energy Corporation (formerly Solar Philippines Nueva Ecija Corporation) (the “Parent Company” or “SPNEC”) 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 12, 2023, the Parent Company has not yet started commercial operations [see details in (b) The Project below].

The Parent Company and Terra Nueva, Inc. (“TNI”), its subsidiary, are hereby collectively referred to as the “Group”.

Solar Philippines Power Project Holdings, Inc. (“SPPPHI”), a company incorporated in the Philippines, is the ultimate parent company of SPNEC. As of May 12, 2023, SPPPHI holds 33.24% ownership of SPNEC’s outstanding common shares.

(b) The Project

On August 22, 2017, Solar Philippines Commercial Rooftop Projects, Inc. (“SPCRPI”), an affiliate of the Parent 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 Parent Company.

On February 23, 2018, the Department of Energy (“DOE”) acknowledged and approved the Deed of Assignment between SPCRPI and the Parent Company. Further, on that same day, the DOE issued and approved a new Certificate of Registration (“COR”) under the name of the Parent Company which recognizes the Parent 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”) planned for completion by the end of 2023. The second phase of the Project is a 275 MWdc solar power plant (“Phase 2”) is planned for completion by the end of 2024.

On August 20, 2019, the Parent 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 Parent Company began construction of Phase 1A (see Note 7).

(c) Initial Public Offering (IPO)

The Parent Company filed with the SEC and the Philippine Stock Exchange, Inc. (PSE) for the registration and application 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 Parent Company for the listing of its 8,124,350,005 common shares on the Main Board of the PSE.

The common shares of the Parent Company consisting of 8,124,350,005 shares, inclusive of the primary offering of 2,700,000,000 common shares and the issued and outstanding shares of 5,424,350,005 common shares, were listed on the Main Board of the PSE on December 17, 2021 and are currently being traded under the stock symbol "SPNEC" (see Note 10).

(d) Stock Rights Offering (SRO)

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

On August 25, 2022, the SEC and the PSE approved the application of the Parent Company for the listing of its 1,875,649,995 common shares on the Main Board of the PSE.

On September 15, 2022, the primary offering of 1,875,649,995 common shares were listed on the Main Board of the PSE (see Note 10).

(e) Share Swap

On February 24, 2022, the BOD of the Parent Company approved the acquisition of 100% of the outstanding shares of SPPPHI and affiliates in various entities (“Solar Philippines Assets”) (see Note 11).

On July 4, 2022, the BOD of the Parent Company approved the authorization to accept the transfer by way of donation of shares in Solar Philippines entities owned by Leandro Antonio L. Leviste (“LLL”), the Chairman, President and Chief Executive Officer of the Parent Company, or

Countryside Investments Holdings Corporation (“CIHC”), including shares in SP Holdings, Inc. (“SPHI”), which are not directly held by SPPPHI.

On May 5, 2023, the BOD of the Parent Company approved the modified acquisition by the Parent Company of 100% of the Solar Philippines Assets to be at cost and paid in cash, in lieu of a tax-free share swap, from the proceeds of SPPPHI subscribing in cash at par for 24.37305 billion shares. This is being done, among other reasons, for the efficient implementation of the increase in authorized capital stock and the Option Agreement between MPIC, SPPPHI, and SPNEC (see Note 17).

(f) Change in Corporate Name and Fiscal Year

On August 8, 2022, the BOD of the Parent Company approved a resolution to amend the Articles of Incorporation and By-Laws to (1) change the corporate name from Solar Philippines Nueva Ecija Corporation to SP New Energy Corporation; and (2) change the Parent Company’s fiscal year from July 1 to June 30 of each year to January 1 to December 31 of each year. This was subsequently approved by the Parent Company’s stockholders on August 30, 2022.

On October 24, 2022, the SEC approved the application for amendment of the Parent Company’s Articles of Incorporation and By-Laws.

On October 28, 2022, the complete requirements for the change in accounting period for tax purposes were submitted to the Bureau of Internal Revenue (“BIR”). The BIR approved the change in accounting period on January 11, 2023.

(g) Principal Office Address

The registered business address of the Parent Company is at 20th Floor, AIA Tower (formerly 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.

(h) Authorization for the Issuance of the Financial Statements

The unaudited interim condensed consolidated financial statements of the Group as of March 31, 2023 and for the three-month periods ended March 31, 2023 and 2021 were authorized for issue by the BOD on May 12, 2023.

2. Basis of Preparation and Changes to the Group’s Accounting Policies

Basis of Preparation

The unaudited interim consolidated financial statements of the Group as of March 31, 2023 and for the three-month periods ended March 31, 2023 and 2021 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2022.

The unaudited interim condensed consolidated financial statements of the Group have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is also the Parent

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 Group's annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards effective as of January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2023, but do not have an impact on the unaudited interim condensed consolidated financial statements of the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments had no impact on the Group's unaudited interim condensed consolidated financial statements.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments had no impact on the Group's unaudited interim condensed consolidated financial statements.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

The amendments had no impact on the Group's unaudited interim condensed consolidated financial statements.

3. Cash

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash in banks	₱288,016,317	₱37,132,084
Cash on hand	100,000	100,000
	₱288,116,317	₱37,232,084

Cash in banks earn interest at the respective bank deposit rates. Total interest earned on cash in banks, net of final tax, amounted to ₱344,659 and ₱287,814 for the three-month periods ended March 31, 2023 and 2022, respectively.

Cash in banks include the balance of escrow account where the net proceeds of the IPO and SRO of the Parent Company are deposited. As provided in the escrow agreement, the escrow agent shall release to the Parent Company the offer proceeds within five banking days from the receipt of an instruction letter from the Parent 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 and/or SRO.

In the event of any change in the use of proceeds, the Parent Company shall provide the escrow agent with a copy of the certification by the Parent Company's corporate secretary of the board resolution approving such new use of proceeds and a certification by the Parent 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, 2023 (Unaudited)	December 31, 2022 (Audited)
Surety and performance bond (Notes 13 and 16)	₱15,000,000	₱15,000,000
Prepaid premiums (Note 12 and 16)	1,697,053	2,969,843
Cash bond deposit (Note 13)	552,038	552,038
Others	1,053,707	116,962
	₱18,302,798	₱18,638,843

As part of the bid requirements for the Contract Capacity of 280MWdc under the Green Energy Auction Program ("GEAP") of DOE, the Parent Company acquired bid security bond and performance bond. In 2022, the Parent Company paid premiums exclusive of VAT and other charges of ₱1.35 million for the bid security bond which was valid until September 15, 2022, and ₱7.5 million for the performance bond which shall be valid until August 2, 2023 (see Note 16).

Others include advances to employees of the Parent Company used for the operations that are subject for liquidation within 30 days.

5. Investment Properties

As of March 31, 2023, investment properties primarily include parcels of land located in Nueva Ecija with a total area of 316.46 hectares. These properties were obtained by TNI from various landowners through various Deeds of Absolute Sale (“DOAs”) Agreements executed in 2022.

As of March 31, 2023 and December 31, 2022, the total cost of the investment properties, including land-related costs amounted to ₱317.1 million and ₱312.6 million, respectively.

The Group did not recognize any rental income and direct operating expenses arising from the investment properties for the period from January 1, 2023 to March 31, 2023. As of March 31, 2023 and December 31, 2022, the carrying amount of the investment properties approximate their fair values.

6. Property, Plant and Equipment

	March 31, 2023 (Unaudited)		
	Transportation Equipment	Construction in progress	Total
Cost:			
Balance at beginning of the period	₱207,600	₱1,389,549,741	₱1,389,757,341
Additions (Notes 8 and 13)	–	137,413,760	137,413,760
Balances at end of the period	207,600	1,526,963,501	1,527,171,101
Accumulated depreciation, amortization and impairment losses:			
Balance at beginning of the period	₱13,840	₱–	₱13,840
Depreciation (Note 12)	10,380	–	10,380
Balances at end of the period	24,220	–	24,220
Net book value	₱183,380	₱1,526,963,501	₱1,527,146,881

	December 31, 2022 (Audited)		
	Transportation Equipment	Construction in progress	Total
Cost:			
Balance at beginning of the period	₱–	₱921,385,618	₱921,385,618
Additions (Notes 8 and 13)	207,600	468,164,123	468,371,723
Balances at end of the period	207,600	1,389,549,741	1,389,757,341
Accumulated depreciation, amortization and impairment losses:			
Depreciation (Note 12)	13,840	–	13,840
Balances at end of the period	13,840	–	13,840
Net book value	₱193,760	₱1,389,549,741	₱1,389,743,501

The construction in progress pertains to costs capitalized for the Project of the Parent Company (see Note 1).

7. Deposits for Land Acquisition

Memorandum of Agreements (“MOA”)

a) Provincia Investments Corporation (“PIC”)

On February 20, 2021, the Parent 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 68.62 hectares.

In October 2022, PIC filed with the National Irrigation Authority (“NIA”) for the issuance of certificate of non-irrigation coverage (“CNIC”) for approximately 18.0 hectares. The Parent Company aims to accomplish the collation of the necessary documents for the CNIC application no later than July 2023. As of May 12, 2023, PIC is still awaiting the release of the NIA certification and is in the process of preparing the application for the next batch of lands that will be filed with NIA within 2023.

b) Lupang Hinirang Holdings Corporation (“LHHC”)

On April 19, 2021, the Parent 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.

LHHC is finalizing the collation of all the necessary documentary requirements to be submitted to the DOE and Local Government Unit for the issuance of certification as priority project, and to the NIA for the issuance of certificate of non-irrigation coverage. LHHC aims to submit these documentary requirements to the appropriate government agencies within 2023.

As of March 31, 2023 and December 31, 2022, deposits for land acquisition related to these MOAs amounted to ₱537.0 million which represent full payment (see Note 10).

Contracts to Sell with Various Landowners

In 2022, the Group entered into Contracts to Sell (“CTS”) with various landowners for the acquisition of parcels of land intended for future expansion. These CTS with a total contract price of ₱2,600.8 million, including land-related costs, covers certain parcels of land with a total area of 1,601.93 hectares.

In 2023, the Group entered into additional CTS with various landowners. These additional CTS has a total contract price of ₱154.6 million, including land-related costs, covers certain parcels of land with a total area of 100.2 hectares.

As of March 31, 2023 and December 31, 2022, deposits for land acquisition to various landowners, including land-related costs amounted to ₱1,637.3 million and ₱1,489.9 million, respectively (see Note 10). The remaining balance will be settled when the conditions under the CTS are satisfied.

8. Other Noncurrent Assets

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Deposits (Note 10 and 14)	₱500,000,000	₱500,000,000
Input VAT	145,707,347	144,640,016
Deferred income tax asset - net	10,201,126	10,201,126
Deferred input VAT	480,000	480,000
Others (Note 13)	9,403,298	9,403,298
	665,791,771	664,724,440
Less allowance for impairment of input VAT	(128,168)	(128,168)
	₱665,663,603	₱664,596,272

Deposits pertain to the refundable deposit amounting to ₱500.0 million that TNI has provided to SPPPHI to facilitate and expedite the performance of services by SPPPHI under the Deposits and Services Agreement entered into by both parties (see Note 10).

Advances to contractors pertain to advance payments for the purchase of goods and services in connection with the construction of the Project (see Note 1).

9. Accounts Payable and Accrued Expenses

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Accounts payable (Note 10)	₱6,219,324	₱15,039,314
Withholding tax payable	47,936,919	47,298,615
Accrued expenses	4,332,397	2,836,359
Other payables	108,932	43,784
	₱58,597,572	₱65,218,072

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.

10. 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 Group 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.

The Group, in the normal course of business, has cash advances transactions with its Ultimate Parent Company, and affiliates for various business requirements.

	Transactions during the three-month periods ended March 31 (Unaudited)		Outstanding balance as of			
	2023	2022	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Terms	Conditions
Deposits (Note 8)						
SPPPHI	P–	P–	P500,000,000	P500,000,000	Refundable, non-interest bearing	Unsecured; Not impaired
Deposits for land acquisition (Note 7)						
LHHC	P–	P–	P270,000,000	P270,000,000	Deposits; non-interest bearing	Unsecured; Not impaired
PIC	–	–	267,000,000	267,000,000	-do-	-do-
			P537,000,000	P537,000,000		
Due from related parties						
Ultimate Parent Company Parent:						
SPPPHI	P–	P–	P8,700,000	P8,700,000	Due and demandable; non-interest bearing	Unsecured; Not impaired
Affiliates:						
SPHI	P80,500,000	P–	P874,090,000	P793,590,000	Due and demandable; non-interest bearing	Unsecured; Not impaired
SPCRPI	–	–	19,098,320	19,098,320	-do-	-do-
			893,188,320	812,688,320		
			P901,888,320	P812,688,320		
Due to a related party						
Parent:						
SPPPHI	P–	P–	P22,770,229	P22,770,229	Due and demandable; non-interest bearing	Unsecured
Accounts payable (Note 9)						
SPPPHI	P6,300,000	P6,000,000	P4,000,000	P12,700,000	Due and demandable; non-interest bearing	Unsecured
SMSC	3,668,977	–	–	2,339,094	-do-	-do-
			P4,000,000	P15,039,094		

a. SPPPHI

Deed of Assignment with SPPPHI

On January 11, 2021, a Deed of Assignment was entered into by the Parent Company, as the assignee, and SPPPHI, as the assignor, whereby, SPPPHI assigned to the Parent 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 Parent Company accepted and assumed all of the said rights and obligations thus assigned, pursuant to the said Deed of Assignment (see Note 13).

Management Services Agreement ("MSA") with SPPPHI

On April 30, 2021, the Parent Company entered into a MSA with SPPPHI 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 ₱2.0 million, subject to 5% annual escalation.

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

Prior to May 2021, the administrative and finance functions of the Parent Company were being handled by SPPPHI at no cost to the Parent Company. Starting May 2021, the key administrative and finance functions are performed by SPPPHI through the MSA. Management fee recognized for the three months ended March 31, 2023 and 2022 amounted to ₱6.3 million and ₱6.0 million, respectively, presented as "Management fee" under "Expenses" in the consolidated statements of comprehensive income (see Note 12).

Construction Support Services Agreement ("CSSA") with SPPPHI

On September 30, 2022, the Parent Company entered into a CSSA with SPPPHI wherein SPPPHI shall provide support services, including engineering, procurement and construction ("EPC"), logistics, warehousing and other contractor-related services during the construction of the Project.

Construction support services recognized for the three months ended March 31, 2023 and 2022 amounted to ₱9.0 million and nil, respectively, which were capitalized as part of construction in progress (see Note 6).

Site Acquisition Services Agreement ("SASA") between TNI and SPPPHI

On December 26, 2022, TNI entered into a SASA with SPPPHI which will cover site acquisition services covering a total area of 992.77 hectares for a consideration of ₱150.0 million, exclusive of VAT, from October 1, 2022 to December 31, 2022.

As of March 31, 2023 and December 31, 2022, TNI has fully paid for the site acquisition services rendered by SPPPHI and has presented this as part of "Deposits for land acquisition" in the consolidated statement of financial position (see Note 7).

Deposit and Services Agreement between TNI and SPPPHI

On December 26, 2022, TNI entered into an agreement with SPPPHI, wherein SPPPHI shall provide assistance, representation, facilitation of documentation and submission of necessary documents and liaison with relevant government units, agencies and offices including government owned and controlled corporations to secure land use conversion orders from the Department of Agrarian Reform ("DAR") for the 992.77 hectares acquired by TNI and the delivery to TNI of the relevant conversion orders from the date of the agreement until December 31, 2024. To facilitate and expedite the performance of the services by SPPPHI, TNI has provided SPPPHI a refundable deposit amounting to ₱500.0 million which is presented as "Deposits" as part of "Other noncurrent assets" in the consolidated statements of financial position (see Note 8).

b. LHHHC

MOA with LHHHC

On April 19, 2021, the Parent Company entered into a MOA with LHHHC to secure land covering a total area of 56.81 hectares for a total amount of ₱270.0 million (see Note 7).

c. PIC

MOA with PIC

On February 20, 2021, the Parent Company entered into a MOA with PIC, which was later amended on March 3, 2021, to secure land covering a total area of 68.62 hectares for a total amount of ₱267.0 million (see Note 7).

d. SPCRPI

Project Development Services Agreement (“PDSA”) and Amendment Agreement with SPCRPI

On September 30, 2022, the Parent Company entered into a PDSA with SPPPHI wherein SPPPHI shall provide project development services, including site identification, permitting and land acquisition, covering a total area of 925.61 hectares, for a consideration of ₱150.0 million, exclusive of VAT.

On October 5, 2022, SPPPHI assigned all of its rights and obligations under the PDSA to SPCRPI.

As of March 31, 2023 and December 31, 2022, the Parent Company has fully paid the services rendered by SPCRPI and has presented this as part of “Deposits for land acquisition” in the consolidated statements of financial position (see Note 6).

CSSA with SPCRPI

On September 30, 2022, the Parent Company entered into a separate CSSA with SPCRPI wherein SPCRPI shall provide support services, including EPC, logistics, warehousing and other contractor-related services during the construction of the Project for a consideration of ₱100.0 million, exclusive of VAT.

On October 5, 2022, the parties agreed to amend the consideration of the CSSA from ₱100.0 million to ₱219.5 million, exclusive of VAT.

As of December 31, 2022, ₱219.5 million was capitalized as part of construction in progress (see Note 6).

e. Solar Maintenance Services Corporation (“SMSC”)

Support Services Agreement with SMSC

On September 29, 2022, the Parent Company entered into a Support Services Agreement with SMSC, an affiliate of the Parent Company, wherein SMSC shall provide support services during the construction and development of the Project. Manpower services recognized for the three months ended March 31, 2023 and 2022, amounted to ₱3.7 million and nil, which was capitalized as part of construction in progress (see Note 6).

11. Equity

Capital Stock and Additional Paid-in Capital

The details of the Parent Company's capital stock as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023 (Unaudited)		December 31, 2022 (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	10,000,000,000	₱1,000,000,000	8,124,350,005	₱812,435,001
Issuance of shares during the period	—	—	1,875,649,995	187,564,999
Balances at end of period	10,000,000,000	₱1,000,000,000	10,000,000,000	₱1,000,000,000

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

In July 2021 and November 2021, the Parent Company entered into a Memorandum of Agreement with SPPPHI, whereby SPPPHI 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.

IPO

On December 17, 2021, the Parent Company completed its IPO and was listed in the PSE under the stock symbol "SPNEC". The Parent 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 Parent Company approved amendments in the Parent 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 Parent Company on March 7, 2022. The proposal to increase the Parent Company's authorized capital stock would enable the Parent Company to acquire other solar projects and fund the expansion of its portfolio.

As of May 12, 2023, the Parent Company is in the process of filing the required documents with the SEC.

SRO

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

On March 28, 2022, pursuant to the approval of its BOD, the Parent Company 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 ₱1.60 to ₱1.76 per share, with the middle of this range being ₱1.68 per share.

On April 8, 2022, the Parent Company filed with the SEC an application for Confirmation of Exempt Transaction covering the common shares to be issued relative to the SRO, pursuant to Section 10.1(e) (in respect of the Rights Offer) and 10.1(l) (in respect of the QB Take-Up) of the Securities Regulation Code (“SRC”) under which the exemption is based. The SEC issued the Confirmation of Exempt Transaction on July 19, 2022.

On August 18, 2022, the Parent Company notified the PSE of the final offer price of ₱1.50 per share, and offered the option to pay in installments, with a down payment of 25% and the balance of 75% within three months of the offer period.

On September 15, 2022, the Parent Company completed its SRO and issued 1,875,649,995 new common shares for a total consideration of ₱2,813.5 million or at ₱1.50 par value. This resulted to an additional paid-in capital of ₱2,591.4 million, net of transaction costs of ₱34.5 million.

On December 1, 2022, the Parent Company extended the payment period for partially paid Right Shares for a period of three months, from December 5, 2022 to March 5, 2023.

As of March 31, 2023 and December 31, 2022, subscription receivable resulting from those that subscribed on installment payment amounted to ₱1.3 million and ₱651.1 million, respectively.

As of May 12, 2023, the Parent Company has already received at least 99.84% of the payments and is currently coordinating with the relevant parties for the completion of the requirements of its SRO.

Share Swap

On February 24, 2022, the BOD of the Parent Company approved the acquisition of 100% of the Solar Philippines Assets including but not limited to:

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

- Solar Philippines Commercial Rooftop Projects, Inc.

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

Pledge of Parent Company’s Shares owned by SPPPHI

On June 25, 2021, SPPPHI executed a pledge over all the Parent Company’s shares it holds to secure a loan by its affiliate, PIC, from AC Energy Corporation (“ACEN”). The pledged stock certificates of the Parent Company’s shares were delivered to and is in the custody of the lender. The lender has agreed to provisionally return the stock certificates representing the pledged shares and to have the same placed under escrow for the exclusive purpose of enabling the IPO.

On January 25, 2023, SPPPHI executed definitive agreements with ACEN to provide 500 million shares of SPNEC as pre-payment for part of the loan’s principal and payment of interest, other fees, and in consideration of ACEN releasing its pledge over shares owned by SPPPHI in SPNEC.

12. Expenses

	For the Three-Month Periods Ended March 31 (Unaudited)	
	2023	2022
Taxes and licenses	₱9,006,982	₱11,380,621
Management fee (Note 10)	6,300,000	6,000,000
Professional fees	2,556,941	3,565,000
Interest accretion of lease liabilities (Note 13)	2,258,295	—
Amortization of right-of-use assets (Note 13)	1,292,096	—
Bid-related cost	1,272,790	—
Others	2,224,706	1,199,192
	₱24,911,810	₱22,144,813

Others include supplies, utilities and travel expenses.

13. Leases

- In 2019, the Parent 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 year rent-free period plus a 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 years.
- On January 11, 2021, a Deed of Assignment was entered between the Parent Company, as the assignee, and SPPPHI, as the assignor, whereby, SPPPHI 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, which was accepted and assumed by the Parent Company. The annual rent 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 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 Parent 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 year rent-free period plus a 25-year term. Further, the lease is subject for renewal of 5 years upon mutual agreement by the 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 years.
- d. Right-of-use (ROU) assets as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at beginning of year	₱281,490,123	₱286,910,494
Amortization charged to expense	(1,292,096)	(2,584,193)
Amortization capitalized to construction in progress*	(1,418,089)	(2,836,178)
Balances at end of period	₱278,779,938	₱281,490,123

*Incurred during the construction period (see Notes 1 and 6)

- e. Lease liabilities as of March 31, 2023 and December 31, 2022 are as follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at beginning of period	₱303,138,420	₱293,878,848
Interest expense charged to expense	2,258,295	4,532,695
Interest expense capitalized to construction in progress*	2,363,438	4,726,877
Payments	(4,538,676)	—
Total lease liabilities	303,221,477	303,138,420
Current portion of lease liabilities	(4,538,676)	(4,538,676)
Noncurrent portion of lease liabilities	₱298,682,801	₱298,599,744

*Incurred during the construction period (see Notes 1 and 6)

- f. The following are the amounts recognized for the three-month periods ended March 31, 2023 and 2022 in the consolidated statements of comprehensive income:

	For the Three-Month Periods Ended March 31 (Unaudited)	
	2023	2022
Interest expense	₱2,258,295	₱—
Amortization of ROU assets	1,292,096	—
Total amount recognized in the consolidated statements of comprehensive income	₱3,550,391	₱—

- g. As of March 31, 2023 and December 31, 2022, 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.
- h. On April 30, 2021, the Parent 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 Parent Company to effectively cause the conversion of said land from agricultural to industrial classification.
- i. On December 28, 2022, the Parent Company received the DAR order for the conversion of the 83.8 hectares of leased lands.

14. Financial Instruments and Financial Risk Management

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash in banks, subscription receivable, due from related parties, performance bond, cash bond deposit, accounts payable and accrued expenses and due to a related party. The main purpose of these financial instruments is to finance the Group's operations.

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

The Group has exposure to liquidity 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 Group, which comprise cash (excluding cash on hand), the Group exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments. The Group's cash in banks amounted to ₱288.1 million and ₱37.2 million as of March 31, 2023 and December 31, 2022, respectively (see Note 3).

Cash in banks

For cash in banks, the Group 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 Group'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 Group 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.

Due from related parties, performance bond and cash bond deposit

The Group'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 Group 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 Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's credit standing.

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

The tables below show the maturity profile as of March 31, 2023 and December 31, 2022 of the Group's financial assets used for liquidity purposes based on contractual undiscounted cash flows, and financial liabilities based on contractual undiscounted payments:

	March 31, 2023 (Unaudited)				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Financial assets at amortized cost:					
Cash in banks	₱288,016	₱–	₱–	₱–	₱288,016
Subscription receivable	–	1,319	–	–	1,319
Due from related parties	901,888	–	–	–	901,888
Performance bond and cash bond deposit	15,552	–	–	–	15,552
	₱1,205,456	₱1,319	₱–	₱–	₱1,206,775
Financial liabilities at amortized cost:					
Accounts payable	₱–	₱6,219	₱–	₱–	₱6,219
Accrued expenses	–	4,332	–	–	4,332
Due to a related party	22,770	–	–	–	22,770
Lease liabilities	–	4,766	102,220	562,266	669,252
	₱22,770	₱15,317	₱102,220	₱562,266	₱702,573
	December 31, 2022 (Audited)				
	On Demand	< 1 Year	1 to 5 Years	More than 5 Years	Total
	(In Thousand Pesos)				
Financial assets at amortized cost:					
Cash in banks	₱37,132	₱–	₱–	₱–	₱37,132
Subscription receivable	–	651,116	–	–	651,116
Due from a related party	821,388	–	–	–	821,388
Performance bond and cash bond deposit	15,552	–	–	–	15,552
	₱874,072	₱651,116	₱–	₱–	₱1,525,188
Financial liabilities at amortized cost:					
Accounts payable	₱–	₱15,039	₱–	₱–	₱15,039
Accrued expenses	–	2,836	–	–	2,836
Due to a related party	22,770	–	–	–	22,770
Lease liabilities	4,539	4,539	101,981	567,270	678,329
	₱27,309	₱22,414	₱101,981	₱567,270	₱718,974

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, subscription receivable, due from related parties, performance bond, cash bond deposit, accounts payable and accrued expenses and due to a related party

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

Lease liabilities

The fair values for the Group'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 7.89% and 8.59% as at March 31, 2023 and December 31, 2022, respectively. The fair value of the lease liabilities amounted to ₱250.0 million and ₱233.1 million as of March 31, 2023 and December 31, 2022, respectively, while the carrying value of the lease liabilities amounted to ₱303.4 million and ₱303.1 million as of March 31, 2023 and December 31, 2022, respectively.

As of March 31, 2023 and December 31, 2022, the fair value of lease liabilities are measured using Level 3 valuation technique. For the three-month period ended March 31, 2023 and for the year ended December 31, 2022, there were no transfers into and out of Level 3 fair value measurements.

Capital Management

As the Group has not started commercial operations, it ensures that the minimum capital infused by the shareholders is properly managed. The Group 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 three-month period ended March 31, 2023 and for the year ended December 31, 2022.

The Group considers the following as its core capital:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Capital stock	₱1,000,000,000	₱1,000,000,000
Additional paid-in capital	4,938,722,430	4,938,722,430
Deficit	(150,693,092)	(126,125,941)
	₱5,788,029,338	₱5,812,596,489

15. Basic/Diluted Loss Per Share

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
(a) Net loss attributable to equity holders of the Parent Company	₱24,567,151	₱12,622,630
(b) Weighted average number of common shares outstanding	10,000,000,000	8,124,350,005
Basic/diluted loss per share (a/b)	₱0.0025	₱0.0016

The Group does not have any dilutive potential common shares as at March 31, 2023 and 2022.

16. Other Matters

Change in Allocation of IPO Proceeds

On December 20, 2021, the BOD of the Parent 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 Parent Company to allocate such IPO proceeds towards bid bonds, bid security, and other expenses for potential off-take agreements, to enable the Parent Company to be responsive to contracting opportunities as soon as they arise, in support of the Parent 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 Parent 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 Parent Company for the use of such proceeds.
- d) The authority to file and submit all compliance, disclosures and any other reportorial requirements of the Parent 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 Parent Company approved the acquisition of land in support of the Parent 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 Parent Company's President or his authorized representative to determine the location, particular parcels and terms for such land, and authority to execute contracts for this purpose.

On April 6, 2022, the BOD of the Parent Company approved the authorization to allocate IPO proceeds to advance funding for pursuing offtake agreements and developing projects for Terra and its associated developments to SPHI, given that SPHI is a shareholder in Terra and that SPHI is to be a subsidiary by the Parent Company, 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 Parent Company's projects.

Renewable Power Supply Agreement with Angeles Electric Corporation ("AEC")

On October 14, 2021, the Parent Company expressed its interest to participate in the Competitive Selection Process ("CSP") of AEC, a distribution utility in Pampanga Province for the supply of renewable energy to AEC.

On December 7, 2021, the Parent Company was determined to be the winning supplier for the said bidding.

On February 7, 2022, the Parent Company secured a 10-year Offtake Agreement with AEC, under which the Parent Company will supply AEC 97.8 MWh daily, representing a portion of the Project's capacity to supply energy once completed. The Offtake Agreement awarded is for a term of ten (10) years commencing on March 26, 2023, or upon ERC approval, whichever comes later. Since the Parent Company has excess capacity beyond this Offtake Agreement, the Parent Company intends to continue to pursue additional Offtake Agreements through contracting on an opportunistic basis with

REs, and/or Distribution utilities (“DUs”) by participating in further CSPs. In the absence of additional Offtake Agreements, the Parent Company intends to supply its excess generation power through the Wholesale Electricity Spot Market.

On January 23, 2023, the Parent Company and AEC jointly filed the PSA with the ERC. As of May 12, 2023, the Parent Company and AEC are still awaiting approval from the ERC.

The Parent Company provided a performance bond in relation to the project amounting to ₱15.0 million valid until May 25, 2023. The performance bond is presented as part of “Other current assets” in the consolidated statements of financial position (see Note 4).

Green Energy Auction Program (GEAP)

On June 24, 2022, the Parent Company was awarded as one of the winning bidders by the DOE on its First Green Energy Auction Round. The Parent Company will supply the electricity from the 280MWdc Santa Rosa Nueva Ecija 2 Solar Power Project. The winning bids under the GEAP, which are expected to commence operations between 2023 and 2025, will be awarded 20-year power supply agreements. In 2022, the Parent Company submitted a surety bond as one of the requirements for the bidding process, and a performance bond pursuant to the requirements of the program.

As of March 31, 2023 and December 31, 2022, prepaid premiums amounted to ₱1.7 million and ₱2.8 million, respectively, presented as part of “Other current assets” in the consolidated statements of financial position (see Note 4).

Investment by Metro Pacific Investments Corporation (“MPIC”) in SPNEC

In March 2023, MPIC has entered into a sale and purchase agreement with SPPPHI to acquire 16% equity stake or 1,600,000,000 shares in SPNEC for an aggregate consideration of ₱2.0 billion.

The completion of the transaction is subject to the satisfaction of certain conditions precedent, including the procurement of regulatory approvals and execution of a separate agreement which will, among others, grant MPIC or its affiliates (“MPIC Group”) the option to increase its interest in SPNEC to 43% of its outstanding shares after SPNEC increases its authorized capital stock from ₱10.0 billion to ₱50.0 billion through an asset-for-share swap which involves the infusion of SPPPHI assets into SPNEC.

Memorandum of Agreements (“MOA”) between SPPPHI and Prime Infrastructure, Inc. (“Prime”)

On February 9, 2023, the BOD of SPNEC approved the MOAs between SPPPHI and Prime for their joint ventures in Terra Solar Philippines, Inc. (“TSPI”), Solar Tanauan Corporation (“Solar Tanauan”), and Solar Philippines Tarlac Corporation (“Solar Tarlac”). The MOAs cover the following:

- a. Amendments to the Shareholders’ Agreement of TSPI between SPPPHI and Prime to streamline the decision-making process and reach agreements efficiently and commercially via deadlock resolution mechanisms. On this basis, the parties agreed to continue their joint venture in TSPI. TSPI has signed a 850 MWac Mid-Merit Power Supply Agreement (“PSA”) with Manila Electric Company (“Meralco”) with a scheduled delivery date by the first quarter of 2026, and plans to break ground within 2023.
- b. Sale of common shares in Solar Tanauan by SPPPHI to Prime for ₱1.0 billion upon execution of the agreements, which would result in Prime owning 100% of Solar Tanauan (with the proceeds of this sale going to SPNEC after the share swap, subject to regulatory approval). Solar Tanauan has a PSA with Meralco for 50 MWac, has secured over 140 hectares of land, and is currently under construction.

- c. Redemption or purchase of preferred shares in Solar Tarlac of Prime by Solar Tarlac or SPPPHI for ₱1.5 billion plus accrued dividends by or before March 31 2024, which, with additional equity, would result in SPPPHI (or SPNEC after the share swap) owning 100% of Solar Tarlac. Solar Tarlac has a PSA with Meralco for 85 MWac, has secured over 140 hectares of land, and currently has 100 MW operating and 50 MW under construction.

Terms of the MOAs will apply to SPNEC upon the completion of its share swap with SPPPHI.

Operating Segment

The Group's operating segments are organized and managed separately according to the business units. The Group has no operating segments as it has not yet commenced its operations as of March 31, 2023.

Seasonality of Operations

The Group has not started commercial operations as of March 31, 2023. 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 consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements as of March 31, 2023.

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

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

Changes in the Composition of the Group During the Interim Period

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

17. Events After the Financial Reporting Date

Option Agreement with SPPPHI and MPIC

On May 5, 2023, SPNEC entered into an Option Agreement with SPPPHI and MPIC, which grants the MPIC Group the option to acquire up to 17.4 billion shares of the SPNEC, comprising up to 10 billion primary shares for up to ₱12.5 billion and up to 7.4 billion secondary shares for up to ₱9.25 billion, supported by the approval of SPNEC's increase in authorized capital stock from 10.0 billion to 50.0 billion Shares. Together with the initial acquisition by MPIC from SPPPHI of 1.6 billion Shares for ₱2.0 billion, a full exercise of these options may result in the MPIC Group investing a total of ₱23.75 billion for 19.0 billion shares and becoming the largest shareholder with approximately 42.82% ownership in SPNEC.

Subscription Agreement with SPPPHI

On May 10, 2023, SPNEC entered into a Subscription Agreement with SPPPHI to subscribe for 24,373,050,000 common shares at ₱0.10 par value, intended to support SPNEC's application for the increase in authorized capital stock with the SEC. On the same date, SPNEC received partial payment for the subscription shares which amounted to ₱1,985.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

**Material Changes to the Consolidated Statements of Financial Position as of March 31, 2023,
compared to the Consolidated Statement of Financial Position as of December 31, 2022**

Horizontal and Vertical Analysis of Financial Position March 31, 2023 vs December 31, 2022						
Amounts in ₱0.00	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		March 2023	December 2022
			Amount	Percentage		
Assets						
Cash	288,116,317	37,232,084	250,884,233	673.84%	4.67%	0.60%
Subscription Receivable	1,319,056	651,115,661	(649,796,605)	-99.80%	0.02%	10.50%
Due from related parties	901,888,320	821,388,320	80,500,000	9.80%	14.61%	13.24%
Other current assets	18,302,798	18,638,843	(336,045)	-1.80%	0.30%	0.30%
TOTAL CURRENT ASSETS	1,209,626,491	1,528,374,908	(318,748,417)	-20.86%	19.60%	24.64%
Deposits for land acquisition	2,174,311,774	2,026,892,396	147,419,378	7.27%	35.23%	32.67%
Property, plant and equipment	1,527,146,881	1,389,743,501	137,403,380	9.89%	24.74%	22.40%
Investment properties	317,089,929	312,626,010	4,463,919	1.43%	5.14%	5.04%
Right-of-use assets	278,779,938	281,490,123	(2,710,185)	-0.96%	4.52%	4.54%
Other noncurrent assets	665,663,603	664,596,272	1,067,331	0.16%	10.78%	10.71%
TOTAL NONCURRENT ASSETS	4,962,992,125	4,675,348,302	287,643,823	6.15%	80.40%	75.36%
TOTAL ASSETS	6,172,618,616	6,203,723,210	(31,104,594)	-0.50%	100.00%	100.00%
Liabilities and Equity						
Accounts payable and accrued expenses	58,597,572	65,218,072	(6,620,500)	-10.15%	0.95%	1.05%
Due to related party	22,770,229	22,770,229	-	0.00%	0.37%	0.37%
Current portion of lease liabilities	4,538,676	4,538,676	-	0.00%	0.07%	0.07%
TOTAL CURRENT LIABILITIES	85,906,477	92,526,977	(6,620,500)	-7.16%	1.39%	1.49%
Lease liabilities - net of current portion	298,682,801	298,599,744	83,057	0.03%	4.84%	4.81%
TOTAL LIABILITIES	384,589,278	391,126,721	(6,537,443)	-1.67%	6.23%	6.30%
Capital Stock	1,000,000,000	1,000,000,000	-	0.00%	16.20%	16.12%
Additional paid-in capital	4,938,722,430	4,938,722,430	-	0.00%	80.01%	79.61%
Deficit	(150,693,092)	(126,125,941)	(24,567,151)	19.48%	-2.44%	-2.03%
TOTAL EQUITY	5,788,029,338	5,812,596,489	(24,567,151)	-0.42%	93.77%	93.70%
TOTAL LIABILITIES AND EQUITY	6,172,618,616	6,203,723,210	(31,104,594)	-0.50%	100.00%	100.00%

Cash

For the three-month period ended March 31, 2023, the Group made various deposits for land acquisition amounting to ₱147.4 million and incurred an amount of ₱140.7 million for the construction of the project.

The Parent Company made collections for subscription receivable amounting to ₱649.8 million. This resulted in a net increase in cash of 673.84% from ₱37.2 million as of December 31, 2022, to ₱288.1 million as of March 31, 2023.

Subscription Receivable

Subscription receivable represents shares of stock subscribed and issued by the Parent Company but payment from the shareholders has not yet been received.

In relation to the Stock Rights Offering, the Parent Company has offered two options for the payment of the total subscription price for the Rights Shares:

- a. Option 1 – full payment of the total subscription price upon submission of the Application; and
- b. Option 2 – installment payment, with a down payment of 25% of the total subscription price for the Rights Shares upon submission of the Application, and the balance of 75% of the total subscription price to be paid in full one time directly to the Company, or on its instructions, to its nominee for this purpose, on any day within three months from the end of the Offer Period for Eligible Shareholders (i.e., from 6 September 2022 to 5 December 2022); within three months from the end of the QB Take-Up for the Qualified Buyers; and within three months from the end of the Sweep Period for the Principal Shareholder.

For the three-month period ended March 31, 2023, the Parent Company made collections for subscription receivable amounting to ₱649.8 million.

Due from Related Parties

On April 6, 2022, the Board of Directors (BOD) of the Parent Company, pursuant to the BOD approval on December 20, 2021, approved the allocation of IPO proceeds to advance the 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 planned to be a subsidiary of SPNEC through the share swap approved by SPNEC'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. As of March 31, 2023, the Parent Company made additional advances amounting to ₱80.5 million to SPHI and presented as Due from A Related Party in the Group's consolidated financial statements.

Other Current Assets

Other Current Assets decreased by 1.80% from ₱18.6 million as of December 31, 2022 to ₱18.3 million as of March 31, 2023. This is primarily due to the amortization of the performance bond for Sta. Rosa Nueva Ecija 2 Solar Power Project amounting to ₱1.3 million, made additional advances to suppliers and advances to officers and employees amounting to ₱1.0 million which resulted in a net decrease of ₱0.3 million.

Deposits for Land Acquisition

For the three-month period ended March 31, 2023, the Group made deposits for land acquisition including land-related costs to various landowners amounting to ₱147.4 million. This caused the deposits for land acquisition to increase from ₱2,026.9 million as of December 31, 2022, to ₱2,174.3 million as of March 31, 2023.

Property, Plant, and Equipment

Construction in progress increased by 9.89% from ₱1,389.7 million as of December 31, 2022, to ₱1,527.1 million as of March 31, 2023. As the construction for the Project continues, the Parent Company incurred costs for materials needed for the Project such as solar photovoltaic modules, mounting structures, and other construction materials, equipment rentals and manpower totaling to ₱133.6 million. The Parent Company also capitalized the interest accretion of lease liability and amortization of ROU assets for the three-month period ended March 31, 2023, totaling ₱3.8 million.

Investment Properties

As of March 31, 2023, investment properties primarily include parcels of land located in Nueva Ecija with a total area of 316.46 hectares. These properties were obtained by TNI from various landowners through various Deeds of Absolute Sale (DOAs) Agreements executed in 2022. The total cost of the investment properties, including land-related costs amounted to ₱312.6 million as at December 31, 2022. An additional ₱4.4 million in land-related costs were incurred for the three-month period ended March 31, 2023.

Right-of-Use (ROU) Assets

The Parent Company recognized ROU assets in this regard, which decreased by 0.96% from ₱281.5 million as of December 31, 2022, to ₱278.8 million as of March 31, 2023, due to amortization during the period from January 1, 2023 to March 31, 2023, amounting to ₱2.7 million. Of this amount, ₱1.4 million was capitalized to Construction in Progress.

Other Noncurrent Assets

Increase in this account by 0.16% from ₱664.6 million as of December 31, 2022, to ₱665.7 million as of March 31, 2023, is primarily due in increase in Input VAT related to various related party transactions made by the Group for the project development and site acquisition services amounting to ₱1.0 million .

Accounts Payable and Accrued Expenses

Accounts Payable and Accrued Expenses decreased by 10.15% from ₱65.2 million as of December 31, 2022 to ₱58.6 million as of March 31, 2023. This was primarily due to payment of construction support services which was outstanding as of December 31, 2022 amounting to ₱8.8 million.

Lease Liabilities

Total lease liabilities increased by 0.03% from ₱303.1 million as of December 31, 2022 to ₱303.2 million as of March 31, 2023. The Parent Company made a lease payment amounting to ₱4.5 million and recognized accretion on interest amounting to ₱4.6 million which resulted in a net increase of ₱0.1 million. ₱2.4 million of the accretion interest was capitalized to Construction in Progress.

Deficit

The deficit increased by 19.48% from ₱126.1 million as of December 31, 2022 to ₱150.7 million as of March 31, 2023. This is primarily due to the net losses incurred during the period amounted to ₱24.6 million.

Material Changes to the Consolidated Statements of Comprehensive Income for the Three (3) - months ended March 31, 2023, compared to the Statement of Comprehensive Income for the Three (3) -months ended March 31, 2022.

Horizontal and Vertical Analysis of Comprehensive Income March 31, 2023 vs March 31, 2022						
Amounts in ₱0.00	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)	Horizontal Analysis		Vertical Analysis	
			Increase/(Decrease)		March 2023	March 2022
			<i>Amount</i>	<i>Percentage</i>		
Interest Income	344,659	287,814	56,845	19.75%	1.40%	2.28%
Expenses						
Management fee	6,300,000	6,000,000	300,000	5.00%	25.64%	47.53%
Taxes and licenses	9,006,982	11,380,621	(2,373,639)	-20.86%	36.66%	90.16%
Professional fees	2,556,941	3,565,000	(1,008,059)	-28.28%	10.41%	28.24%
Interest accretion of lease liabilities	2,258,295	-	2,258,295	100.00%	9.19%	0.00%
Amortization of right-of-use assets	1,292,096	-	1,292,096	100.00%	5.26%	0.00%
Bid-related cost	1,272,790	-	1,272,790	100.00%	5.18%	0.00%
Others	2,224,706	1,199,192	1,025,514	85.52%	9.06%	9.50%
Total Expenses	24,911,810	22,144,813	2,766,997	12.50%	101.40%	175.44%
LOSS BEFORE TAX	24,567,151	21,856,999	2,710,152	12.40%	100.00%	173.16%
Benefit from deferred tax	-	(9,234,371)	9,234,371	-100.00%	0.00%	-73.16%
NET LOSS AFTER TAX	24,567,151	12,622,628	11,944,523	94.63%	100.00%	100.00%
TOTAL COMPREHENSIVE LOSS	24,567,151	12,622,628	11,944,523	94.63%	100.00%	100.00%

Management Fee

On April 30, 2021, the Parent Company entered into a Management Service Agreement with SPPPHI, its Ultimate 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 each new year starting from the first day of May of such year, the Service Fee shall be increased by five percent (5%) of the Service Fee of the immediately preceding year. For the three-month period ended March 31, 2023 and 2022, the management fees recorded amounted to ₱6.3 million and ₱6.0 million, respectively.

Interest and Amortization Expense

Interest accretion of lease liability amounting to ₱4.6 million and amortization of ROU asset amounting to ₱2.7 million are recognized for the three-month period ended March 31, 2023. Of this amount, ₱2.4 million for interest accretion and ₱1.4 million for amortization are capitalized to Construction-in-Progress.

Taxes and Licenses

For the three-month period ended March 31, 2023, the Group paid land related expenses such as real property taxes, CTC of titles, documentary stamp tax, tax clearance and business permit renewal amounting to ₱9.0 million.

Professional Fees

Professional fees consist of audit fees, directors' fees, legal fees and appraisal services incurred by the Group. For the three-month period ended March 31, 2023 and 2022, the Professional fees amounted to ₱2.6 million and ₱3.6 million, respectively.

Bid-related Cost

This account pertains to the amortization of performance bond fees for Sta. Rosa Nueva Ecija 2 Solar Power Project amounting to ₱1.3 million.

Others

Other expenses pertain to expenses incurred on the facilities of the Project site such as utilities, repairs and maintenance, office supplies, staff house rentals and other miscellaneous expenses needed for the daily operations of the Group. For the three-month period ended March 31, 2023, and 2022, the other expenses amounted to ₱2.2 million and ₱1.2 million, respectively.

Net Loss

As the Company continues the construction of the Project, it recognized a higher net loss for the three-month ended March 31, 2023 amounting to ₱24.6 million, an increase of 94.63% from the net loss of ₱12.6 million recognized for the three-month period ended March 31, 2022.

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 2023	December 2022
Current Ratio	1408.06%	1651.82%
Debt to Equity Ratio	6.64%	6.73%

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.