

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

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COMPANY INFORMATION		
Company's Email Address	Company's Telephone Number	Mobile Number
N/A	7730-6300	—
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,205	04/24	12/31

CONTACT PERSON INFORMATION	
NAME	_____
PHONE	_____
EMAIL	_____
ADDRESS	_____
CITY	_____
STATE	_____
ZIP	_____

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Alan T. Ascalon	alan.ascalon@acenrenewables.com	(02) 7730-6300	—

CONTACT PERSON'S ADDRESS	
CONTACT PERSON'S NAME: _____ ADDRESS: _____ CITY: _____ STATE: _____ ZIP: _____ PHONE: _____ FAX: _____ E-MAIL: _____	

**35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue,
Makati City 1226**

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

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





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

The management of **ACEN CORPORATION and Subsidiaries**, (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


DELFIN L. LAZARO
Chairman of the Board


JOHN ERIC T. FRANCIA
President and Chief Executive Officer


JONATHAN P. BACK
Group Chief Finance Officer
and Group Chief Strategy Officer

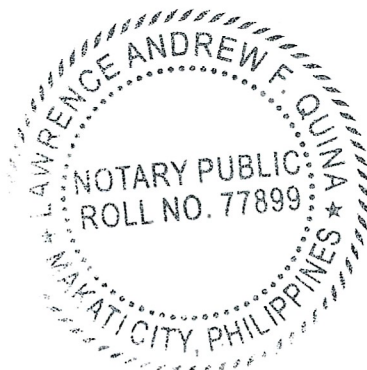
Signed this 11th day of March 2024

SUBSCRIBED AND SWORN to before me this MAR 25 2024 at Makati City, affiants exhibiting to me their Passport, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Delfin L. Lazaro	P7392634B	13 Aug 2021	DFA Manila
John Eric T. Francia	P3923362B	21 Nov 2019	DFA Manila
Jonathan P. Back	GBR 534699744	15 Feb 2016	United Kingdom

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Page No. 101
Book No. 1V
Series of 2024

Notarial DST pursuant to Sec. 6
of the TRAIN Act (amending
Sec. 188 of the NIRC)
affixed on Notary Public's copy




LAWRENCE ANDREW F. QUINA
Notary Public for Makati City
Appointment No. M-376 (2023-2024)
Attorney's Roll No. 77899
PTR No. 10079346; I-03-2024-Makati City
IBP No. 403596; I-03-2024-Makati City
35th Floor Ayala Triangle Gardens, 1226
Makati Avenue corner Paseo De Roxas
Makati City

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
ACEN CORPORATION
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner,
Makati Avenue, Makati City

Opinion

We have audited the consolidated financial statements of ACEN CORPORATION and its Subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Accounting for the Sale of Shares in ACEHI Netherlands B.V.

On July 10, 2023, the Group, through its subsidiary, ACEN Renewables International Pte. Ltd. (ACRI) completed the sale of 24.24% out of 100% of its ownership interest in ACEHI Netherlands B.V. (ACEHI Netherlands) to Star Energy Oil & Gas Pte Ltd. (SEOG). In line with the agreed governance structure between ACRI and SEOG, ACRI accounted for its retained investment in ACEHI Netherlands as a joint venture using the equity method. The transaction involved ACEN's loss of control over ACEHI Netherlands which resulted in the (i) deconsolidation of the assets and liabilities of ACEHI Netherlands from the consolidated financial statements, (ii) recognition of investment in joint venture amounting to ₱12,670.78 million, (iii) gain on deconsolidation amounting to ₱1,062.03 million and (iv) gain on remeasurement of retained investment in ACEHI Netherlands amounting to ₱3,433.33 million.

This matter is important to our audit because the amounts involved are material and it required significant management judgement on the assessment of loss on control and of joint control over ACEHI Netherlands. It also required significant estimation in the determination of the fair value of the retained interest. The determination of fair value of the retained interest was based on discounted cash flows which are subject to higher level of estimation uncertainty, specifically the estimated future cash flows of the related cash-generating units, revenue growth rate, earnings before interest, taxes, depreciation and amortization (EBITDA) margins and the discount rate used in calculating the present value of future cash flows.

The Group's disclosures are included in Notes 2, 6 and 20 to the consolidated financial statements.

Audit Response

We obtained and reviewed the relevant contracts and agreements pertaining to the transaction. We obtained and reviewed management's assessment of ACEN's loss of control over ACEHI Netherlands considering the control criteria under Philippine Financial Reporting Standard 10, *Consolidated Financial Statements* and joint control criteria under Philippine Financial Reporting Standard 11, *Joint Arrangements*.

We sent instructions to the statutory auditors of ACRI to perform an audit on the relevant financial information of ACRI for the purpose of the Group's consolidated financial statements. These audit instructions cover their scope of work, risk assessment procedures, audit strategy and reporting responsibilities. We discussed with ACRI statutory auditors about their key audit areas, planning and execution of audit procedures, significant areas of estimation and judgment, and results of their work for the year ended December 31, 2023. We reviewed the working papers of the statutory auditor of ACRI, specifically the procedures performed in evaluating the methodology and assumptions used by management in the determination of the fair value of the retained interest. We also performed independent testing of the methodology and assumptions used by management. These assumptions include forecasted revenue growth rates, EBITDA margins and discount rate.

For the gain on the deconsolidation, we reviewed the procedures performed on testing management's accounting for the loss of control transaction by checking the deconsolidation of ACEHI Netherlands's assets and liabilities as at the date of loss of control.



We recomputed the gain on deconsolidation based on the consideration price received against the carrying amount of the net assets of ACEHI Netherlands as at the date of loss of control and recomputed the gain on remeasurement of retained interest based on the fair value of the retained interest against the carrying value of the remaining investment. We also reviewed the presentation and disclosures in the notes to the consolidated financial statements.

Impairment Testing of Goodwill arising from Acquisition of UPC-AC Energy Australia HK Ltd.

The Group has goodwill amounting to ₱20,578.20 million arising from its acquisition of UPC-AC Energy Australia HK Ltd. (UPC-ACE Australia) that is required to be tested for impairment at least annually under PFRS.

The impairment testing of goodwill is a key audit matter because it requires management to make significant judgment and is based on assumptions which are subject to higher level of estimation uncertainty, specifically the estimated future cash flows of the related cash-generating units, forecasted revenue growth rate, earnings before interest, taxes, depreciation and amortization (EBITDA) margins and the discount rate used in calculating the present value of future cash flows.

The Group's disclosures are included in Note 10 to the consolidated financial statements.

Audit Response

We reviewed the working papers of the statutory auditor of ACRI. Specifically, we reviewed the procedures performed in evaluating the methodology and assumptions used by management. These assumptions include revenue growth rates, EBITDA margins and discount rate. We compared the key assumptions used, such as forecasted revenue growth rates and gross margin, prices in the energy spot market against the historical performance of the cash generating unit and industry outlook and other relevant external data. We involved our internal specialist in evaluating the parameters used in the determination of the discount rate against market data.

We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect in the determination of the recoverable amounts of goodwill.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditor's report.

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



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

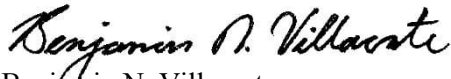
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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

The engagement partner on the audit resulting in this independent auditor's report is
Benjamin N. Villacorte.

SYCIP GORRES VELAYO & CO.



Benjamin N. Villacorte

Partner

CPA Certificate No. 111562

Tax Identification No. 242-917-987

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10082034, January 6, 2024, Makati City

March 11, 2024



ACEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 25)	₱39,696,662	₱34,630,011
Accounts and notes receivable (Notes 5, 22 and 25)	26,065,692	30,503,231
Fuel and spare parts - at cost	964,053	806,986
Financial assets at fair value through profit or loss (FVTPL) (Notes 5 and 26)	1,938,497	42,863
Current portion of:		
Input value added tax (VAT)	2,059,734	2,132,179
Creditable withholding taxes	102,984	940,403
Other current assets (Notes 11 and 25)	750,493	966,907
Total Current Assets	71,578,115	70,022,580
Noncurrent Assets		
Investments in:		
Associates and joint ventures (Note 6)	30,098,617	24,766,433
Other financial assets at amortized cost (Note 7)	21,633,799	21,260,907
Financial assets at FVTPL (Note 26)	1,932,975	1,260,023
Financial assets at fair value through other comprehensive income (FVOCI) (Note 26)	5,799,323	366,844
Property, plant and equipment (Note 8)	88,928,251	58,398,228
Right-of-use assets (Note 9)	8,213,704	3,726,647
Accounts and notes receivable - net of current portion (Notes 5, 22 and 25)	12,689,042	16,387,729
Goodwill and other intangible assets (Note 10)	23,165,368	23,268,743
Net of current portion:		
Input VAT	3,120,200	2,336,747
Creditable withholding taxes	2,513,774	752,317
Deferred income tax assets - net (Note 21)	2,122,081	1,730,194
Other noncurrent assets (Notes 11 and 25)	13,138,251	8,495,171
Total Noncurrent Assets	213,355,385	162,749,983
TOTAL ASSETS	₱284,933,500	₱232,772,563

(Forward)



	December 31	
	2023	2022
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12, 22 and 25)	₱16,145,386	₱13,322,569
Short-term loans (Notes 13 and 25)	1,500,000	2,900,000
Current portion of:		
Long-term loans (Notes 13, 25 and 26)	1,289,104	719,385
Lease liabilities (Notes 9, 25 and 26)	850,953	258,562
Income and withholding taxes payable	241,667	479,435
Due to stockholders (Note 22)	16,585	16,585
Total Current Liabilities	20,043,695	17,696,536
Noncurrent Liabilities		
Notes payable (Notes 13, 25 and 26)	32,003,794	32,093,314
Long-term loans - net of current portion (Notes 13, 25 and 26)	44,485,573	28,051,903
Lease liabilities - net of current portion (Notes 9, 25 and 26)	7,505,848	4,206,459
Pension and other employee benefits	368,827	76,997
Deferred income tax liabilities - net (Note 21)	805,902	226,268
Other noncurrent liabilities (Note 14)	6,344,004	827,643
Total Noncurrent Liabilities	91,513,948	65,482,584
Total Liabilities	111,557,643	83,179,120
Equity		
Common shares (Notes 1 and 15)	39,691,895	39,691,895
Redeemable preferred shares (Notes 1 and 15)	25,000	—
Additional paid-in capital (Notes 1 and 15)	132,295,689	107,492,243
Other equity reserves (Note 15)	(59,450,345)	(56,585,740)
Unrealized fair value loss on equity instruments at FVOCI	(268,000)	(114,566)
Unrealized fair value gain on derivative instruments designated as hedges – net of tax (Note 25)	588,519	326,676
Remeasurement loss on defined benefit plans - net of tax	(32,821)	(43,910)
Accumulated share in other comprehensive loss of associates and joint ventures (Note 6)	(85,483)	(5,794)
Cumulative translation adjustments (Note 15)	5,864,713	7,449,690
Retained earnings (Note 15)	24,871,807	19,551,839
Treasury shares (Note 15)	(28,657)	(28,657)
Total equity attributable to equity holders of the Parent Company	143,472,317	117,733,676
Non-controlling interests (Note 15)	29,903,540	31,859,767
Total Equity	173,375,857	149,593,443
TOTAL LIABILITIES AND EQUITY	₱284,933,500	₱232,772,563

See accompanying Notes to Consolidated Financial Statements.



ACEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Figures)

	Years Ended December 31		
	2023	2022	2021
REVENUES			
Revenue from sale of electricity (Note 16)	₱36,181,426	₱34,995,488	₱25,878,039
Rental income	68,857	68,469	61,466
Dividend income	—	3,635	11,725
Other revenues	248,850	170,959	130,211
	36,499,133	35,238,551	26,081,441
COSTS AND EXPENSES			
Costs of sale of electricity (Note 17)	31,730,082	34,183,239	21,469,733
General and administrative expenses (Note 18)	7,470,884	3,901,817	2,785,549
	39,200,966	38,085,056	24,255,282
INTEREST AND OTHER FINANCE CHARGES (Note 19)	(1,930,265)	(2,357,531)	(1,694,380)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES (Note 6)	1,765,239	937,834	1,952,753
OTHER INCOME - NET (Note 20)	12,255,831	18,201,992	5,723,640
INCOME BEFORE INCOME TAX	9,388,972	13,935,790	7,808,172
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)			
Current	492,330	415,325	297,689
Deferred	(210,032)	(1,077,423)	(155,552)
	282,298	(662,098)	142,137
NET INCOME	₱9,106,674	₱14,597,888	₱7,666,035
Net Income Attributable To:			
Equity holders of the Parent Company	₱7,396,140	₱13,055,119	₱5,250,972
Non-controlling interests	1,710,534	1,542,769	2,415,063
	₱9,106,674	₱14,597,888	₱7,666,035
Basic/Diluted Earnings Per Share (Note 23)	₱0.17	₱0.33	₱0.18

See accompanying Notes to Consolidated Financial Statements.



ACEN CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands, Except Per Share Figures)**

	Years Ended December 31		
	2023	2022	2021
NET INCOME	₱9,106,674	₱14,597,888	₱7,666,035
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>			
Cumulative translation adjustments	(1,508,828)	7,780,911	3,155,451
Unrealized fair value gain (loss) on derivative instruments designated as hedges - net of tax	261,843	362,555	(47,029)
	(1,246,985)	8,143,466	3,108,422
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>			
Net changes in the fair value of equity instruments at FVOCI	(153,434)	(24,477)	(44,909)
Remeasurement gain (loss) on defined benefit plans - net of tax	11,089	(25,265)	(17,437)
	(142,345)	(49,742)	(62,346)
	(1,389,330)	8,093,724	3,046,076
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES (Note 6)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>			
Cumulative translation adjustment	(71,365)	—	—
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	4,111	45,224	104,994
Interest rate swap	14,596	—	—
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>			
Remeasurement (loss) gain on defined benefit plans - net of tax	(27,031)	7,628	(54,608)
	(79,689)	52,852	50,386
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(1,469,019)	8,146,576	3,096,462
TOTAL COMPREHENSIVE INCOME	₱7,637,655	₱22,744,464	₱10,762,497
Total Comprehensive Income Attributable To:			
Equity holders of the Parent Company	₱5,850,972	₱21,188,277	₱8,281,629
Non-controlling interests	1,786,683	1,556,187	2,480,868
	₱7,637,655	₱22,744,464	₱10,762,497

See accompanying Notes to Consolidated Financial Statements.



ACEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company														
	Common Shares (Note 15)	Additional Paid-in Capital - Common Shares (Note 15)	Redeemable Preferred Shares (Note 15)	Additional Paid-in Capital - Redeemable Preferred Shares (Note 15)	Other Equity Reserves (Note 15)	Unrealized Fair Value (Loss) Gain on Equity Instruments at FVOCI	Unrealized Fair Value Gain (Loss) on derivative instruments designated as hedge – net of tax	Remeasurement (Loss) Gain On Defined Benefit Plans – net of tax	Accumulated Share in Other Comprehensive (Loss) Income of Associates and Joint Ventures (Note 6)	Cumulative Translation Adjustments (Note 15)	Retained Earnings (Note 15)	Treasury Shares (Note 15)	Total	Non-controlling Interests (Note 15)	Total Equity
Balances at January 1, 2023	₱39,691,895	₱107,492,243	₱–	₱–	(₱56,585,740)	(₱114,566)	₱326,676	(₱43,910)	(₱5,794)	₱7,449,690	₱19,551,839	(₱28,657)	₱117,733,676	₱31,859,767	₱149,593,443
Net income	–	–	–	–	–	–	–	–	–	–	7,396,140	–	7,396,140	1,710,534	9,106,674
Other comprehensive income (loss)	–	–	–	–	–	(153,434)	261,843	11,089	(79,689)	(1,584,977)	–	–	(1,545,168)	76,149	(1,469,019)
Total comprehensive income (loss)	–	–	–	–	–	(153,434)	261,843	11,089	(79,689)	(1,584,977)	7,396,140	–	5,850,972	1,786,683	7,637,655
Dividends declared	–	–	–	–	–	–	–	–	–	–	(2,069,015)	–	(2,069,015)	(1,882,833)	(3,951,848)
Issuance of capital stock	–	–	25,000	24,975,000	–	–	–	–	–	–	–	–	25,000,000	–	25,000,000
Share issuance costs	–	–	–	(171,554)	–	–	–	–	–	–	–	–	(171,554)	–	(171,554)
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	(2,864,605)	–	–	–	–	–	–	–	(2,864,605)	(1,860,077)	(4,724,682)
Others	–	–	–	–	–	–	–	–	–	–	(7,157)	–	(7,157)	–	(7,157)
	–	–	25,000	24,803,446	(2,864,605)	–	–	–	–	–	(2,076,172)	–	19,887,669	(3,742,910)	16,144,759
Balances at December 31, 2023	₱39,691,895	₱107,492,243	₱25,000	₱24,803,446	(₱59,450,345)	(₱268,000)	₱588,519	(₱32,821)	(₱85,483)	₱5,864,713	₱24,871,807	(₱28,657)	₱143,472,317	₱ 29,903,540	₱173,375,857
Balances at January 1, 2022	₱38,338,527	₱98,043,831	₱–	₱–	(₱56,604,532)	(₱90,089)	₱6,228	(₱24,436)	₱29,723	(₱359,910)	₱8,707,301	(₱28,657)	₱88,017,986	₱29,950,776	₱117,968,762
Net income	–	–	–	–	–	–	–	–	–	–	13,055,119	–	13,055,119	1,542,769	14,597,888
Other comprehensive income (loss)	–	–	–	–	–	(24,477)	320,448	(25,265)	52,852	7,809,600	–	–	8,133,158	13,418	8,146,576
Total comprehensive income (loss)	–	–	–	–	–	(24,477)	320,448	(25,265)	52,852	7,809,600	13,055,119	–	21,188,277	1,556,187	22,744,464
Dividends declared	–	–	–	–	–	–	–	–	–	–	(2,298,950)	–	(2,298,950)	(1,504,247)	(3,803,197)
Issuance of capital stock	1,320,746	9,237,832	–	–	–	–	–	–	–	–	–	–	10,558,578	–	10,558,578
Grants through Employee Stock Ownership Plan	32,622	210,580	–	–	–	–	–	–	–	–	–	–	–	243,202	243,202
Change due to loss of control	–	–	–	–	–	–	–	5,791	–	–	–	–	5,791	–	5,791
Business combination	–	–	–	–	–	–	–	–	(88,369)	–	88,369	–	–	–	–
Non-controlling interest arising from a business combination	–	–	–	–	–	–	–	–	–	–	–	–	–	1,947,104	1,947,104
Effects of common control business combination	–	–	–	–	121,830	–	–	–	–	–	–	–	121,830	(105,192)	16,638
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	(110,463)	–	–	–	–	–	–	–	(110,463)	15,139	(95,324)
Others	–	–	–	–	7,425	–	–	–	–	–	–	–	7,425	–	7,425
	1,353,368	9,448,412	–	–	18,792	–	–	5,791	(88,369)	–	(2,210,581)	–	8,527,413	352,804	8,880,217
Balances at December 31, 2022	₱39,691,895	₱107,492,243	₱–	₱–	(₱56,585,740)	(₱114,566)	₱326,676	(₱43,910)	(₱5,794)	₱7,449,690	₱19,551,839	(₱28,657)	₱117,733,676	₱31,859,767	₱149,593,443

(Forward)



Attributable to Equity Holders of the Parent Company

	Common Shares (Note 15)	Additional Paid-in Capital - Common Shares (Note 15)	Redeemable Preferred Shares (Note 15)	Additional Paid-in Capital - Preferred Shares (Note 15)	Other Equity Reserves (Note 15)	Unrealized Fair Value (Loss) Gain on Equity Instruments at FVOCI	Unrealized Fair Value Gain (Loss) on derivative instruments designated as hedge – net of tax	Remeasurement (Loss) Gain On Defined Benefit Plans – net of tax	Accumulated Share in Other Comprehensive (Loss) Income of Associates and Joint Ventures (Note 6)	Cumulative Translation Adjustments	Retained Earnings (Note 15)	Treasury Shares (Note 15)	Total	Non-controlling Interests (Note 15)	Total Equity
Balances at January 1, 2021	₱13,706,957	₱8,692,555	₱–	₱–	₱28,662,357	₱143,625	₱57,409	(₱6,999)	(₱229,844)	(₱3,453,708)	₱6,349,082	(₱40,930)	₱53,880,504	₱50,398,831	₱104,279,335
Net income (loss)	–	–	–	–	–	–	–	–	–	–	5,250,972	–	5,250,972	2,415,063	7,666,035
Other comprehensive income (loss)	–	–	–	–	–	(44,909)	(51,181)	(17,437)	50,386	3,093,798	–	–	3,030,657	65,805	3,096,462
Total comprehensive income (loss)	–	–	–	–	–	(44,909)	(51,181)	(17,437)	50,386	3,093,798	5,250,972	–	8,281,629	2,480,868	10,762,497
Dividends declared	–	–	–	–	–	–	–	–	–	–	(1,195,787)	–	(1,195,787)	(2,231,038)	(3,426,825)
Issuance of capital stock	24,623,381	89,851,457	–	–	–	–	–	–	–	–	–	–	114,474,838	–	114,474,838
Reissuance of treasury shares	–	127,746	–	–	–	–	–	–	–	–	–	67,457	195,203	–	195,203
Grants through Employee Stock Ownership Plan	8,189	52,360	–	–	–	–	–	–	–	–	–	–	60,549	–	60,549
Stock issuance costs	–	(680,287)	–	–	–	–	–	–	–	–	–	–	(680,287)	–	(680,287)
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	–	–	(55,184)	(55,184)	–	(55,184)
Reversal of unrealized fair value gain upon redemption	–	–	–	–	–	(25,906)	–	–	–	–	–	–	(25,906)	–	(25,906)
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	(985,702)	–	–	–	–	–	–	–	(985,702)	(313,598)	(1,299,300)
Capital redemption of non-controlling interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	(20,386,275)	(20,386,275)
Capital infusion of a non-controlling interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	1,988	1,988
Effects of common control business combination	–	–	–	–	(84,281,187)	(162,899)	–	–	209,181	–	(1,696,966)	–	(85,931,871)	–	(85,931,871)
	24,631,570	89,351,276	–	–	(85,266,889)	(188,805)	–	–	209,181	–	(2,892,753)	12,273	25,855,853	(22,928,923)	2,926,930
Balances at December 30, 2021	₱38,338,527	₱98,043,831	₱–	₱–	(₱56,604,532)	(₱90,089)	₱6,228	(₱24,436)	₱29,723	(₱359,910)	₱8,707,301	(₱28,657)	₱88,017,986	₱29,950,776	₱117,968,762

See accompanying Notes to Consolidated Financial Statements.



ACEN CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱9,388,972	₱13,935,790	₱7,808,172
Adjustments for:			
Interest and other finance charges (Note 19)	1,930,265	2,357,531	1,694,380
Depreciation and amortization (Notes 17 and 18)	1,573,470	2,178,408	2,005,865
Interest and other financial income (Note 20)	(7,070,391)	(5,639,184)	(4,376,158)
Equity in net income of associates and joint ventures (Note 6)	(1,765,239)	(937,834)	(1,952,753)
Pension and other employee benefits	302,920	(19,463)	12,056
Unrealized foreign exchange (gains) losses - net	22,705	(100,538)	49,230
Employee stock ownership plan expense (Note 15)	—	31,161	3,553
Dividend income	—	(3,635)	(11,725)
Provision for (reversal of):			
Impairment loss on:			
Other financial assets at amortized cost (Notes 7 and 18)	1,860,969	1,284,409	—
Property, plant and equipment - net (Notes 8, 18 and 20)	4,569	41,444	211,405
Advances to contractors, net (Notes 11, 18 and 20)	6,385	(1,256)	(22,447)
Probable losses on deferred exploration costs (Notes 10 and 18)	—	584	23,379
Expected credit losses (Notes 5 and 18)	1,124,734	(13,755)	873
Loss (gain) on:			
Remeasurement of retained interest (Notes 6 and 20)	(3,433,328)	—	—
Change due to loss of control of subsidiaries (Note 2, 6, and 20)	(1,062,030)	121,107	—
Settlement of development loan (Notes 5 and 20)	(515,000)	—	—
Sale of financial asset at FVTPL (Note 20)	(49,929)	—	—
Recovery of tax credit certificate on real property tax (Note 20)	(8,538)	—	(69,154)
Fair value adjustment on financial asset at FVTPL (Note 20)	262,383	124,513	—
Discount on long-term receivables (Note 20)	33,594	82,508	—
Settlement of derivatives (Notes 20 and 25)	31,268	(297,342)	(41,802)
Sale of property and equipment (Note 20)	3,872	7,049	(1,095)
Remeasurement of previously held interest (Notes 20 and 24)	—	(10,921,026)	—
Sale of inventories and by-product (Note 20)	—	(32,953)	(24,733)
Divestment of associate or joint venture (Notes 2, 6 and 20)	—	(734,672)	(59,443)
Unrealized commodity swaps (Note 20)	—	(1,647)	—
Bargain purchase (Note 20)	—	(138)	—
Sale of noncurrent assets held for sale (Note 20)	—	8,400	—
Write-off of FVOCI (Note 20)	—	500	—
Operating income before working capital changes	2,641,651	1,469,961	5,249,603
Decrease (increase) in:			
Accounts and other receivable	201,862	(998,413)	(1,120,936)
Fuel and spare parts	(157,067)	(139,581)	(74,486)
Other current assets and CWT	(1,154,082)	(1,945,311)	(606,418)
Increase in accounts payable and other current liabilities	583,600	3,772,606	324,303
Cash generated from operations	2,115,964	2,159,262	3,772,066
Interest received	1,492,833	202,706	124,485
Income and withholding taxes paid	(421,764)	(66,062)	(472,425)
Net cash flows from operating activities	3,187,033	2,295,906	3,424,126
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment (Note 8)	(25,803,451)	(20,717,831)	(5,816,321)
Loans to related parties	(8,825,351)	(20,319,739)	(27,374,988)
Investment in financial assets at FVTPL	(6,672,399)	(912,534)	(402,680)
Investment in financial assets at FVOCI	(5,496,726)	—	—
Investments in associates and joint venture, net (Note 6)	(4,592,106)	(2,996,379)	(536,189)
Investments in redeemable preferred shares (Note 7)	(2,433,046)	(3,571,739)	(866,258)
Issuance of convertible loans (Note 7)	(1,807,639)	(2,807,214)	(6,542,561)
Subscription deposits (Note 7)	(1,467,305)	(180,448)	(3,150,370)
Other intangible assets (Note 10)	(85,653)	(1,471)	(19,766)
Investment properties	—	—	(109,910)

(Forward)



	Years Ended December 31		
	2023	2022	2021
Proceeds from:			
Collection of loans to related parties	₱17,111,928	₱25,251,588	₱7,488,683
Sale of investments in financial assets at FVTPL	4,131,285	—	—
Change due to loss of control, net of cash surrender (Note 2)	3,945,443	5,494,611	—
Redemption of convertible loan (Note 7)	2,341,774	14,508	791,328
Redemption of redeemable preferred shares (Note 7)	323,987	—	—
Return of capital from a joint venture (Note 6)	228,312	—	—
Investments in subsidiaries, net of cash acquired (Note 24)	53,165	(4,033,180)	—
Sale of property, plant and equipment	13,408	3,933	19,445
Termination of short-term investments (Note 11)	528	67,782	(68,310)
Divestment of investment in associate (Note 6)	—	734,672	—
Sale of noncurrent assets held for sale (Note 20)	—	193,525	4,963
Redemption of financial assets at FVOCI	—	—	12,687,858
Dividends received from:			
Investments in associates and joint ventures (Note 6)	1,362,464	2,222,356	1,693,682
Financial assets at FVOCI	—	3,635	11,725
Interest received	4,544,222	4,200,750	1,599,069
Increase in other noncurrent assets, non-current portion of input VAT and CWT	(1,771,430)	(6,984,890)	(2,478,046)
Net cash flows used in investing activities	(24,898,590)	(24,338,065)	(23,068,646)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Issuance of capital stock (Notes 15 and 28)	25,000,000	10,558,578	27,581,162
Availment of long-term debts (Notes 13 and 28)	17,586,442	23,012,509	848,276
Availment of short-term debts (Notes 13 and 28)	9,000,000	23,259,020	3,000,000
Issuance of notes payable (Note 13)	—	10,000,000	20,383,600
Reissuance of treasury shares	—	—	195,202
Capital infusion of non-controlling interest in subsidiaries (Note 15)	—	—	1,988
Payments of:			
Short-term loans (Notes 13 and 28)	(10,400,000)	(20,359,020)	(7,635,000)
Acquisition of non-controlling interest (Note 15)	(4,724,682)	(95,324)	(280,500)
Cash dividends (Notes 15 and 28)	(3,951,848)	(3,803,197)	(3,410,239)
Interest on short-term and long-term loans (Note 28)	(3,065,790)	(1,955,949)	(1,165,047)
Long-term loans (Notes 13 and 28)	(541,690)	(7,387,050)	(2,188,811)
Lease liabilities (Note 9)	(523,233)	(93,035)	(285,855)
Interest on lease liabilities (Note 9)	(250,092)	(198,050)	(164,416)
Stock issuance costs (Note 15)	(171,554)	—	(680,287)
Debt issue cost (Note 13)	(55,125)	(390,065)	(133,396)
Capital redemption of non-controlling interest in subsidiary (Note 15)	—	—	(20,386,275)
Treasury shares (Note 15)	—	—	(55,184)
Decrease in due to stockholders	—	—	(18,272)
Increase (decrease) in other noncurrent liabilities	(1,002,976)	(1,040,364)	1,016,196
Net cash flows from financing activities	26,899,452	31,508,053	16,623,142
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(121,244)	(1,281,312)	1,389,636
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,066,651	8,184,582	(1,631,742)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	34,630,011	26,445,429	28,077,171
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱39,696,662	₱34,630,011	₱26,445,429

See accompanying Notes to Consolidated Financial Statements.



ACEN CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information

ACEN CORPORATION, (“ACEN” or “the Parent Company”) incorporated on September 8, 1969 and registered with the Philippine Securities and Exchange Commission (“SEC”), is engaged in power generation and trading, oil and mineral exploration, development and production. The Parent Company is a licensed Retail Electricity Supplier (“RES”). As a RES, the Parent Company is allowed to supply electricity to the contestable market pursuant to the Electric Power Industry Reform Act (“EPIRA”). Other activities of the Parent Company include investing in various operating companies and financial instruments. ACEN and its subsidiaries are referred to as “the Group”.

The direct parent company (or intermediate parent company) of ACEN is AC Energy and Infrastructure Corporation (“ACEIC”), a wholly owned subsidiary of Ayala Corporation (“AC”). AC is a publicly listed company which is 47.86% owned by Mermac, Inc. (ultimate parent company), and the rest by the public. AC is a listed entity incorporated in the Philippines.

As at December 31, 2023 and 2022, ACEIC owns 57.83% and 57.74%, respectively, of ACEN’s total outstanding shares of stock.

On the same date, the SEC approved the proposed amendments to ACEN’s By-Laws and are intended to reflect the change in corporate name and principal office of ACEN.

On March 3, 2022, Bureau of Internal Revenue (BIR) Certificate of Registration was updated.

On July 20, 2022, the amendment to the Articles of Incorporation was approved by the SEC.

Amendment of Articles of Incorporation

On March 7, 2023, during the regular meeting, the Parent Company’s Board of Directors (BOD) approved the amendment to the Seventh Article of the Articles of Incorporation to reclassify 100.00 million unissued Common Shares into Redeemable Preferred Shares, with par value of ₱1.00 per share.

On April 24, 2023, during the annual special stockholder’s meeting, the stockholders representing at least 2/3 of the Parent Company’s authorized capital stock approved the amendment.

On May 23, 2023, ACEN filed the Registration Statement with the Securities and Exchange Commission for the Shelf Registration of up to 50 million preferred shares and the proposed public offer and sale of up to 2 million of such preferred shares.

On June 9, 2023, the SEC approved ACEN Amended Articles of Incorporation.

The consolidated financial statements were approved and authorized for issuance by the BOD on March 11, 2024.



2. Material Accounting Policy Information

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), equity instruments at fair value through other comprehensive income (FVOCI) and derivative financial instruments that have been measured at fair value. The consolidated financial statements are presented in Philippine peso which is the Parent Company's functional and presentation currency. All values are rounded to the nearest thousands ('000), except par values, per share amounts, number of shares and when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring its accounting policies in line with the Parent Company's accounting policies.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while any resulting gain or loss is recognized in the consolidated statement of income. Any investment retained is recognized at fair value.

NCI represents the interests in the subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from equity attributable to holders of the Parent Company. NCI shares in losses even if the losses exceed the NCI in the subsidiary.



The consolidated financial statements comprise the Parent Company and the following subsidiaries of the Group:

Subsidiaries	Principal Activities	Percentage of Ownership (%)			
		2023		2022	
		Direct	Indirect	Direct	Indirect
ACEN International, Inc. ("ACEN International")	International investment holding	100.00	—	100.00	—
ACEN Renewables International Pte. Ltd. ("ACRI") ^a	International investment holding	—	100.00	—	100.00
ACEN Cayman Limited ("ACEN Cayman") ^b	International investment holding	—	100.00	—	100.00
ACEN Investments HK Limited ("ACEN HK") ^c	International investment holding	—	100.00	—	100.00
UPC-AC Energy Australia (HK) Ltd. ("UPC-ACE Australia")	Power generation	—	100.00	—	80.00
ACEHI Netherlands B.V.*	Investment holding	—	75.76	—	100.00
ACEN Finance Limited ("ACEN Finance") ^b	Investment holding	100.00	—	100.00	—
Bulacan Power Generation Corporation ("Bulacan Power")	Power generation	100.00	—	100.00	—
CIP II Power Corporation ("CIPP")	Power generation	100.00	—	100.00	—
Guimaras Wind Corporation ("Guimaras Wind")	Wind power generation	100.00	—	100.00	—
One Subic Oil Distribution Corporation	Distribution of petroleum products	100.00	—	100.00	—
One Subic Power Generation Corporation ("One Subic Power")	Power generation	—	100.00	—	100.00
ENEX Energy Corp. ("ENEX")	Oil, gas, and geothermal exploration	75.92	0.40	75.92	0.40
Palawan55 Exploration & Production Corporation ("Palawan55")	Oil and gas exploration	30.65	52.93	30.65	52.93
Buendia Christiana Holdings Corp. ("BCHC")	Investment holding	100.00	—	100.00	—
ACE Shared Services, Inc. ("ACES")	Shared services	100.00	—	100.00	—
Giga Ace 1, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 2, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 3, Inc. ("Giga Ace 3")	Power generation	100.00	—	100.00	—
Giga Ace 4, Inc. ("Giga Ace 4")	Power generation	100.00	—	100.00	—
Giga Ace 5, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 6, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 7, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 8, Inc. ("Giga Ace 8")	Power generation	100.00	—	100.00	—
Giga Ace 9, Inc. ("Giga Ace 9")	Power generation	100.00	—	100.00	—
Giga Ace 10, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 11, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 12, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 14, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 15, Inc.	Power generation	100.00	—	100.00	—
Negros Island Solar Power, Inc. ("ISLASOL")	Solar power generation	—	60.00	—	60.00
San Carlos Solar Energy, Inc. ("SACASOL")	Solar power generation	—	100.00	—	100.00
Monte Solar Energy, Inc. ("MONTESOL")	Solar power generation	96.00	4.00	96.00	4.00
ACE Endeavor, Inc. ("ACE Endeavor")	Investment holding and management	94.00	6.00	94.00	6.00
Visayas Renewables Corp. ("VRC")	Investment holding	—	100.00	—	100.00
San Julio Land Development Corporation	Leasing and land development	—	100.00	—	100.00
LCC Bulk Water Supply, Inc.	Water supply and distribution	—	100.00	—	100.00
MCV Bulk Water Supply Inc.	Water supply and distribution	—	100.00	—	100.00
SCC Bulk Water Supply Inc.	Water supply and distribution	—	100.00	—	100.00
HDP Bulk Water Supply Inc.	Water supply and distribution	—	100.00	—	100.00
Ingrid2 Power Corp.	Advisory/Consultancy	—	100.00	—	100.00
Ingrid3 Power Corp. ("Ingrid3")	Advisory/Consultancy	—	100.00	—	100.00
Ingrid4 Power Corp.	Advisory/Consultancy	100.00	—	100.00	—
Ingrid5 Power Corp.	Advisory/Consultancy	100.00	—	100.00	—
Ingrid6 Power Corp.	Advisory/Consultancy	100.00	—	100.00	—
Solienda Inc.	Leasing and land development	—	100.00	—	100.00
Gigasol 1, Inc.	Power generation	—	100.00	—	100.00
Gigasol 2, Inc.	Power generation	—	100.00	—	100.00
Gigasol 3, Inc. ("Gigasol 3")	Power generation	—	100.00	—	100.00
Gigasol 4, Inc.	Power generation	100.00	—	100.00	—
Gigasol 5, Inc.	Power generation	100.00	—	100.00	—
Gigasol 6, Inc.	Power generation	100.00	—	100.00	—
Gigasol 7, Inc.	Power generation	100.00	—	100.00	—
Gigasol 8, Inc.	Power generation	100.00	—	100.00	—
Gigasol 9, Inc.	Power generation	100.00	—	100.00	—
Gigasol 10, Inc.	Power generation	100.00	—	100.00	—
GigaWind1 Inc.	Power generation	—	100.00	—	100.00
GigaWind2 Inc.	Power generation	—	100.00	—	100.00

(Forward)



Subsidiaries	Principal Activities	Percentage of Ownership (%)			
		2023		2022	
		Direct	Indirect	Direct	Indirect
GigaWind3 Inc.	Power generation	100.00	—	100.00	—
GigaWind4 Inc.	Power generation	100.00	—	100.00	—
GigaWind5 Inc.	Power generation	100.00	—	100.00	—
GigaWind6 Inc. ^d	Power generation	100.00	—	100.00	—
GigaWind7 Inc. ^e	Power generation	100.00	—	100.00	—
SolarAce1 Energy Corp. (“SolarAce1”)	Power generation	95.00	5.00	95.00	5.00
SolarAce2 Energy Corp. (“SolarAce2”)	Power generation	—	100.00	—	100.00
SolarAce3 Energy Corp.	Power generation	—	100.00	—	100.00
SolarAce4 Energy Corp.	Power generation	—	100.00	—	100.00
AC Subic Solar, Inc.	Power generation	—	100.00	—	100.00
AC Laguna Solar, Inc.	Power generation	—	100.00	—	100.00
AC La Mesa Solar, Inc.	Power generation	—	100.00	—	100.00
Bataan Solar Energy, Inc. (“BSEI”)	Power generation	—	100.00	—	100.00
Santa Cruz Solar Energy, Inc. (“SCSE”)	Power generation	—	100.00	—	100.00
Pagudpud Wind Power Corp. (“PWPC”)	Investment holding	—	100.00	—	100.00
Bayog Wind Power Corp. (“BWPC”)	Power generation	40.00	60.00	40.00	60.00
Manapla Sun Power Development Corporation (“MSPDC”)	Leasing and land development	36.37	63.63	36.37	63.63
ACE Renewables Philippines, Inc.	Investment holding	100.00	—	100.00	—
NorthWind Power Development Corporation (“NorthWind”)	Wind power generation	51.73	48.27	51.73	48.27
Viage Corporation	Investment holding	100.00	—	100.00	—
ACTA Power Corporation	Coal power generation	100.00	—	100.00	—
UAC Energy Holdings Pty Ltd	Investment holding	—	100.00	—	100.00
Buduan Wind Energy Co, Inc.	Power generation	—	100.00	—	100.00
Caraballo Mountains UPC Asia Corporation	Power generation	—	100.00	—	100.00
Pangasinan UPC Asia Corporation	Power generation	—	100.00	—	100.00
Sapat Highlands Wind Corporation	Power generation	—	100.00	—	100.00
UPC Mindanao Wind Power Corp.	Power generation	—	100.00	—	100.00
Itbayat Island UPC Asia Corporation	Power generation	—	100.00	—	100.00
Laguna Central Renewables, Inc.	Power generation	—	100.00	—	100.00
Laguna West Renewables, Inc.	Power generation	—	100.00	—	100.00
Suyo UPC Asia Corporation	Power generation	—	100.00	—	100.00
Natures Renewable Energy Devt. Corporation (“NAREDCO”)	Power generation	92.74	3.56	60.00	—
Sinocalan Solar Power Corp. (Sinocalan)	Power generation	100.00	—	100.00	—
Adlao Energy Corporation ^f	Power generation	100.00	—	—	—
Zephyrus Energy Corporation ^f	Power generation	100.00	—	—	—
Aeolus Energy Corporation ^f	Power generation	100.00	—	—	—
Agueo Energy Corporation ^f	Power generation	100.00	—	—	—
Amman Energy Corporation ^f	Power generation	100.00	—	—	—
Aryaman Energy Corporation ^f	Power generation	100.00	—	—	—
Belenos Energy Corporation ^f	Power generation	100.00	—	—	—
Paivatar Energy Corporation ^f	Power generation	100.00	—	—	—
Laonsina Energy Corporation ^f	Power generation	100.00	—	—	—
Electryone Energy Corporation ^f	Power generation	100.00	—	—	—
Abagat Energy Corporation ^g	Power generation	100.00	—	—	—
Alinaga Energy Corporation ^g	Power generation	100.00	—	—	—
Amaterasu Energy Corporation ^g	Power generation	100.00	—	—	—
Banawag Energy Corporation ^g	Power generation	100.00	—	—	—
Liadlaw Energy Corporation ^g	Power generation	100.00	—	—	—
Oxylus Energy Corporation ^g	Power generation	100.00	—	—	—
Paddak Energy Corporation ^h	Power generation	100.00	—	—	—
Paros Energy Corporation ^h	Power generation	100.00	—	—	—
Silak Energy Corporation ^h	Power generation	100.00	—	—	—
Vayu Energy Corporation ^h	Power generation	100.00	—	—	—
YMP Telecom Power Inc.	Industrial instrumentations	100.00	—	—	—
YMP Industrial Power Inc.	Industrial instrumentations	100.00	—	—	—

^a No longer a subsidiary in 2023 and accounted as joint venture (see Note 2)

^a Incorporated in Singapore

^b Incorporated in Cayman Islands

^c Incorporated in Hong Kong

^d Incorporated on March 16, 2022

^e Incorporated on June 23, 2022

^f Incorporated on June 15, 2023

^g Incorporated on November 21, 2023

^h Incorporated on November 22, 2023



Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company's investments in subsidiaries, associates and joint ventures is the Philippines.

Except as discussed below, the voting rights held by the Parent Company in its investments in subsidiaries are in proportion to its ownership interests.

The following were the changes in the Group structure in 2023:

Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited ("UPCAPH") and Mr. Anton Rohner ("Rohner") in ACEN Australia Pty. Ltd. ("ACEN Australia"; formerly, UPC Renewables Australia Pty. Ltd.)

On February 1, 2023, ACEN Renewables International (ACRI) and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-ACE Australia, which completes the second and final tranche of ACRI's acquisition of ACEN Australia.

The acquisition results in the full ownership by ACEN of the 521 MW New England solar farm and the 520 MW Stubbo solar farm in Australia, as well as the development pipeline of ACEN Australia spanning New South Wales (NSW), Tasmania, Victoria, and South Australia (see Note 15).

Investment in UPC Philippines

On March 31, 2023, the Group finalized the accounting for the acquisition of UPC Philippine companies. The fair values of assets and liabilities approximate their carrying values. Goodwill arising from the acquisition amounted to ₱118.36 million (see Notes 10 and 24).

Sale of shares in ACEHI Netherlands B.V.

On July 10, 2023, ACRI completed the sale of 2,424 ordinary shares representing 24.24% of the outstanding capital stock of ACEHI Netherlands B.V. ("ACEHI Netherlands"), to Star Energy Oil & Gas Pte Ltd. ("SEOG", a third party) for \$69.80 million which is a commercially agreed price between a willing buyer and seller. ACEHI Netherlands is a Dutch holding company that has a 19.80% ownership interest in the Salak and Darajat geothermal power plants in Indonesia, a 655.5 MW power plant in West Java, Indonesia. On the other hand, SEOG is part of the Star Energy group, which is ACEN's current partner for the Salak and Darajat geothermal power plants in Indonesia.

The sale transaction resulted in the Group's loss of control over ACEHI Netherlands.

The Group's 75.76% retained interest in ACEHI Netherlands will be accounted for as a joint venture starting July 10, 2023 where both ACRI and SEOG are equally represented in the Board and all matters shall be approved unanimously by both shareholders. The Group's indirect interest in Salak and Darajat (Indonesia) decreased from 19.80% to 15.00% (see Note 6).

ACEHI Netherlands accounts are classified in the Group's consolidated financial statement as follows:

- a. Statement of financial position accounts as at September 30, 2023 were deconsolidated.
- b. Income statement accounts for the period January 1 to June 30, 2023 are included in the consolidated statement of income.



The net assets of ACEHI Netherlands as at June 30, 2023 and proceeds from divestment are as follow:

	In US\$	In PHP
Assets		
Cash	\$73	₱4,121
Investment in Associate	169,446	9,586,397
Accumulated equity in Associate	38,728	2,174,109
	208,247	11,764,627
Liabilities		
Accounts payable and other current liabilities	51	2,895
Total identifiable net assets	208,196	11,761,732
Percentage sold to SEOG		24.24%
Net assets sold to SEOG	50,467	2,851,044
Currency translation adjustment	–	36,490
Less cash consideration	69,811	3,949,564
Gain on disposal of investment (Note 20)	\$19,344	₱1,062,030

After the sale to SEOG, the Group has partially divested its interest in ACEHI Netherlands. The deconsolidation resulted in a gain which is recognized under “Other income – net” account in the consolidated statement of income (see Note 22).

The Group remeasured its 75.76% retained interest in ACEHI Netherlands using the fair market value of the sale transaction with SEOG and resulted in a remeasurement gain. The remeasurement gain was calculated using the transaction price on the 24.24%-interest sale to SEOG. The transaction price represents the fair value of the interest sold and negotiated on an arm's length basis between unrelated, ready, willing, and able parties. It is also based on a discounted cash flows based on inputs and assumptions of ACRI. The testing of the inputs and assumptions behind the revaluation gain were finalized as of December 31, 2023.

	In US\$	In PHP
Retained interest (75.76%)	\$157,729	₱8,910,688
Fair value of retained interest	218,188	12,344,016
Remeasurement gain (Note 20)	\$60,459	₱3,433,328

Net cash inflow on acquisition is as follows:

	In US\$	In PHP
Cash consideration	\$69,811	₱3,949,564
Less cash surrendered with the subsidiary ^(a)	73	4,121
Net cash inflow	\$69,738	₱3,945,443

^(a)Cash surrendered with the subsidiary is included in cash flows from investing activities.

Belenos Energy Corporation (Belenos) Share Purchase Agreement and Facility Agreement

On December 22, 2023, Belenos, a wholly owned subsidiary of ACEN, signed a Share Purchase Agreement for the acquisition of YMP Telecom Power Inc. (YMP Telecom) and its affiliate, YMP Industrial Power Inc. (YMP Industrial), through purchase of 100% of the outstanding shares held by Yoma Micro Power (S) Pte. Ltd. (see Note 24).



On the same date, ACEN, as the lender, signed a Facility and Security Agreement for ACEN to provide a credit facility in the aggregate amount of up to ₱200 million in favor of YMP Telecom, as the borrower, for the purpose of funding development costs of certain energy efficiency and its renewable energy projects.

The following were the changes in the Group structure in 2022:

Acquisition of additional 50% interest in UPC-AC Energy Australia (HK) Ltd. (“UPC-ACE Australia”)

On May 23, 2018, ACEIC participated in the Australian renewables market through a joint venture with international renewable energy developer, UPC Renewables. The Group invested US\$30.00 million (₱1,519.1 million) for 50% ownership in UPC’s Australian business and also provided US\$200.0 million facility to fund project equity.

Additional investments were made in 2021 amounting to US\$5.75 million (₱278.60 million).

In March 2022, the Group acquired additional 50% interest in UPC-ACE Australia for an aggregate consideration of US\$87.80 million (₱4,556.82 million).

On March 11, 2022, ACRI, and UPC Renewables Asia Pacific Holdings Ltd. (UPCAPH) and Mr. Rohner (collectively “the UPC AU Sellers”) signed a Share Purchase Agreement for the Group’s acquisition of 50% effective ownership interest of UPCAPH and Mr. Rohner in UPC-ACE Australia.

On March 21, 2022, ACRI, UPCAPH, and Mr. Rohner signed separate instruments of transfer for the transfer to ACRI of UPCAPH’s 7,150 ordinary shares in UPC-ACE Australia for US\$78.34 million (₱4,070.40 million) and Rohner’s 1,000,054 ordinary class B shares in UPC-ACE Australia for US\$9.36 million (₱486.42 million), thereby completing the first tranche of the acquisition. The aggregate consideration paid by ACRI to UPCAPH and Mr. Rohner is US\$87.70 million (₱4,556.82 million) (see Note 24).

On November 8, 2022, UPC Renewables, executed proxy rights in favor of ACRI, providing ACRI with 100% voting rights in the consolidated group of UPC-ACE Australia. Consequently, the Group consolidated UPC-ACE Australia (see Note 24).

UPC-ACE Australia is a holding company of ACRI and UPCAPH for Australia energy and power projects and investment.

ACEN Australia, a subsidiary of UPC-ACE Australia, started the construction of 520MW New England Solar Farm (NESF) located in Uralla, New South Wales and 520MW Stubbo Solar Farm (Stubbo) located in Stubbo, New South Wales. ACEN Australia also has further development portfolio located in Tasmania, Victoria and South Australia.

The Group remeasured its previously held interest in UPC-ACE Australia based on its acquisition date fair value which resulted in a remeasurement gain of US\$189.67 million (₱10,921.03 million) (see Note 22).

A series of transactions entered into by ACRI together with UPCAPH and Mr. Rohner for the investment UPC-ACE Australia were accounted for as a single transaction and resulted in control acquisition. Detailed information on the accounting for ownership interest in UPC-ACE Australia is disclosed in Note 24.



Acquisition of 100% interest in UPC Philippine renewable companies and businesses

On March 18, 2022, ACEN, its wholly owned subsidiary ACE Endeavor, UPC Philippines Wind Investment Co. BV (“UPC Philippines”), and Ms. Stella Marie L. Sutton (“Sutton”) signed a Share Purchase Agreement for the Group’s acquisition of the 100% ownership interest of UPC Philippines and Ms. Sutton’s in their Philippine renewable companies and businesses (see Note 24).

Acquisition of shares in Sinocalan Solar Power Corp. (Sinocalan)

On November 29, 2022, ACEN, Sungrow Power Renewables Corp. (Sungrow), and Havilah AAA Holdings Corp. (“Havilah”) signed an agreement for the sale and purchase of Sungrow’s and Havilah’s shares and/or subscription rights in Sinocalan Solar Power Corp. (Sinocalan) to ACEN. (see Note 24).

Acquisition of 60% interest in NAREDCO

On March 24, 2022, ACEN, ACE Endeavor, CleanTech Renewable Energy 4 Corp. (“CREC4”), and NAREDCO executed a Shareholder’s Agreement for the acquisition for a collective 60% interest in NAREDCO. NAREDCO owns and is currently constructing a 133MW solar power plant (Phase 1) in Lal-lo, Cagayan. The total capacity of the solar power plant is 200MW.

Cancellation of the Property-for-Shares Swap between ENEX and ACEN, Stock Rights Offering, Follow-On Offering, and Shelf Registration

On October 18, 2021, the BOD of ACEN approved the transitioning of ACEN’s power generation portfolio to 100% renewable energy by 2025. For this purpose, the BOD of ACEN approved the infusion of certain thermal assets into ENEX in the form of a property-for-share swap.

On the same date, the ENEX BOD approved the property-for-share swap with ACEN whereby ACEN will assign 100% of its equity in Palawan55 Exploration & Production Corporation (Palawan55), Bulacan Power Generation Corporation (Bulacan Power), One Subic Power Generation Corporation (One Subic Power), CIP II Power Corporation (CIP II), and Ingrid3 Power Corp. (Ingrid3), valued at ₱3.390.76 million, in exchange for 339 million primary shares to be issued by ENEX to ACEN at a price of ₱10.00 per share, as supported by a fairness opinion from FTI Consulting Philippines, Inc. and subject to compliance with applicable regulatory requirements.

As a result of the issuance of primary shares to ACEN, the ENEX BOD also approved the conduct of a Stock Rights Offer (SRO) of up to 105,000,000 of ENEX’s shares at ₱10.00 per share, subject to regulatory approvals. The ACEN BOD approved the underwriting of this SRO in relation to the share swap.

On December 29, 2021, ENEX and ACEN signed the Deed of Assignment wherein ENEX will issue 339,076,058 shares of stock in ENEX to ACEN at an issue price of ₱10 per share in exchange for the following properties of ACEN: (a) 3,064,900 common shares in Palawan55 with a par value of ₱100 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in Bulacan Power representing 100% of the issued and outstanding shares in Bulacan Power; (c) 6,351,000 common shares in CIP II with a par value of ₱50 per share representing 100% of the issued and outstanding shares in CIP II; (d) 3,600,000 redeemable preferred shares in Ingrid3, a special purpose vehicle for the development of a new power project, with a par value of ₱1 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid 3; and (e) 33,493,366 common shares in One Subic Power with a par value of ₱1 per share representing 17.13% of the issued and outstanding shares in One Subic Power.

After the property-for-share swap, ACEN’s total direct and indirect interest in ENEX is expected to go up from 76.32% to 89.78%, prior to the conduct of the SRO.



On June 3, 2022, ACEN BOD approved the cancellation of the property-for-share swap and Deed of Assignment between ACEN and ENEX due to unfavorable market conditions. As a result, the Request for Confirmation of the Valuation of the Asset in exchange for the shares filed with the SEC, and the Issuance of the Certificate Authorizing Registration filed with the Bureau of Internal Revenue are being withdrawn.

On the same date, ENEX's BOD also approved the cancellation of the conduct of a Stock Rights Offer of up to 105,000,000 of ENEX's shares at ₱10.00 per share; the cancellation of the issuance of up to 74,000,000 shares of the ENEX pursuant to ENEX's planned follow-on offering ("FOO") at an FOO price range of ₱10.00 to ₱11.84 per share; and the cancellation of filing by ENEX with the SEC of a registration statement covering a three-year shelf registration of up to 650,000,000 primary common shares.

Full divestment of the South Luzon Thermal Energy Corporation (SLTEC) coal plant using the Energy Transition Mechanism (ETM)

a. Divestment in SLTEC

On October 18, 2021, the BOD of the Parent Company approved and authorized management to work towards the early retirement of SLTEC coal plant by 2040 using an ETM, which includes the redemption, retirement and sale of common and redeemable preferred shares held by ACEN.

On April 8, 2022, SLTEC refinanced the existing ₱9,800.00 million SLTEC loan and upsized it by ₱3,900.00 million pursuant to the Amended and Restated Omnibus Loan and Security Agreement ("AROLSA") executed on April 11, 2022.

On April 11, 2022, SLTEC applied with the SEC for the reduction in authorized capital stock ("ACS") from 35,830,250 common shares to 832,500 common shares. On the same date, SLTEC applied for the amendment of features of the SLTEC redeemable preferred shares from voting to non-voting. Both applications were approved on October 7, 2022.

SLTEC redeemed all of the redeemable preferred shares held by the Parent Company for a total redemption price of ₱3,583.03 million in three tranches: (1) 32,000,000 on October 21, 2022, (2) 2,480,000 on November 7, 2022 and (3) 1,350,250 also on November 7, 2022.

On October 28, 2022, SLTEC retired 34,997,750 common shares held by ACEN at par value of ₱100/share or a total of ₱3,499.78 million. After retirement, the Parent Company held the remaining 832,500 common shares of SLTEC.

On November 7, 2022, SLTEC redeemed 3,830,250 common shares held by ACEN at par value for a total redemption price of ₱383.03 million.

On November 7, 2022, the Parent Company and ETM Philippines Holdings Inc. ("EPHI") (a third party) executed a share purchase agreement covering the sale of 832,500 common shares with a purchase price of ₱83.25 million (equivalent to ₱100/share). The deed of absolute sale was executed on the same date.

After sale to EPHI, ACEN has fully divested its interest in SLTEC. ACEN recognized loss of ₱121.11 million which represents the difference between the total SLTEC carried in ACEN of ₱7,287.16 million and proceeds from divestment of ₱7,166.05million.



SLTEC accounts have been classified in the Group's consolidated financial statement as at December 31, 2022 as follows:

- a. Balance sheet accounts were deconsolidated.
- b. Income statement accounts for the period January 1 to October 31, 2022 are included in the consolidated statement of income.

The net assets of SLTEC as at October 31, 2022 and proceeds from divestment are as follow:

Assets	
Cash and cash equivalents	₱1,671,439
Accounts and notes receivable	1,080,420
Fuel and spare parts	857,660
Other current assets	733,748
Property, plant and equipment (Note 8)	14,221,341
Other noncurrent assets	442,220
	<u>19,006,828</u>
Liabilities	
Accounts payable and other current liabilities	₱1,759,669
Income and withholding taxes payable	30,090
Long-term loans	13,380,340
Deferred income tax liabilities	45,911
Pension and other employee benefits	9,227
Equity	
Remeasurement loss on defined benefit plans	(5,791)
	<u>15,219,446</u>
Total identifiable net assets	3,787,382
Add redemption of ACEN shares	6,947,775
Less:	
GSIS investments	(2,200,000)
InLife investments	(1,000,000)
EPHI investments	(248,000)
Net assets attributable to ACEN	7,287,157
Less cash consideration	7,166,050
Loss on deconsolidation (Note 20)	<u>(₱121,107)</u>

After the sale to EPHI, the Group has fully divested its interest in SLTEC. The acquisition resulted in a loss which is recognized under "Other income – net" account in the consolidated statement of income (see Note 20).

Net cash inflow on acquisition is as follows:

Cash consideration	₱7,166,050
Less cash surrendered with the subsidiary ^(a)	1,671,439
Net cash inflow	<u>₱5,494,611</u>

^(a)Cash surrendered with the subsidiary is included in cash flows from investing activities.

The Group also paid donor's tax amounting to ₱6.90 million which is presented as "Others" under "General and administrative expenses" in the consolidated statement of income.



- b. Execution of Option Agreements between ACEN and InLife, GSIS and EPHI to implement the overall energy transition mechanism for SLTEC

On October 24, 2022 and November 7, 2022, the Parent Company executed separate Option Agreements with InLife, GSIS and EPHI, (collectively the “Investors”) involving SLTEC, following the issuance of SLTEC redeemable preferred shares to these Investors and purchase by EPHI of the common shares.

The Option Agreements entitle ACEN and the Investors, severally, to exercise call and put options, respectively, based on certain pre-agreed conditions, to enable the early retirement of the coal plant by 2040, and its transition to cleaner technology. The call options for common and redeemable preferred shares are exercisable only beginning 2031 to 2040, while the put option on redeemable preferred shares is exercisable only on 2040. Both options are accounted as derivative asset and liability.

The Option Agreements do not give ACEN control over SLTEC as at December 31, 2022 as these exercisable beginning 2031 only.

- c. Administration and Management Agreement (“AMA”) and Operations and Maintenance Agreement (“O&M Agreement”) with SLTEC (Note 17)

Executed on October 4, 2019, ACEN and SLTEC entered into an AMA granting ACEN the exclusive right and obligation to administer and manage all of the net available output of SLTEC’s power plant and ACEN’s obligation to supply and deliver the necessary coal to generate electricity at an agreed price, subject to certain adjustments. On April 11, 2022, ACEN and SLTEC terminated the AMA and executed a new AMA where, in addition to ACEN’s right and obligation to administer and manage the entire capacity of SLTEC, ACEN shall pay SLTEC regardless of availability based on a pricing formula that will ensure SLTEC has sufficient cash to cover debt service and distributions to shareholders.

On April 11, 2022, ACEN entered into an Operations and Maintenance Agreement (“O&M Agreement”) with SLTEC, wherein ACEN shall provide operation, maintenance, and administrative services to SLTEC to ensure the proper and efficient operation and maintenance of the power plant. The O&M Agreement is valid for a period of five (5) years effective from April 11, 2022 and shall automatically renew for successive five (5) year terms from April 11, 2022 until December 25, 2040.

The AMA and O&M does not give ACEN control over SLTEC. The rights of ACEN and the terms and conditions under this agreements are subject to review and approval of SLTEC BOD. The agreement shall have a term of until December 25, 2040 or such period as may be agreed by the parties.

Material partly-owned subsidiaries with material economic ownership interest

The consolidated financial statements include additional information about subsidiaries that have NCI that are material to the Group. Management determined material partly-owned subsidiaries as those with balance of NCI greater than 5% of the total NCI and those subsidiaries which type of activities engaged in are important to the Group as at the end of the year.



The principal place of business of the subsidiaries are as follows:

ISLASOL

The registered office address and principal place of business of ISLASOL are Emerald Arcade, F.C. Ledesma St., San Carlos City, Negros Occidental.

ACEN Cayman

The registered office of ACEN Cayman is maintained by Maples Corporate Services Limited of PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

UPC-AC Energy Australia (HK) Limited (UPC-ACE Australia)

UPC-ACE Australia, a subsidiary of ACRI, is a company incorporated and domiciled in Hong Kong, with principal address Suite 1201, 12th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

UAC Energy Holdings Pty Ltd (UACH)

UACH, a subsidiary of ACRI, is a company incorporated and domiciled in Australia, with principal address Suite 2, Level 2, 13-17 Castray Esplanade, Battery Point TAS 7004. Following ACRI's gaining control over UPC-ACE Australia, the Parent Company resulted to owning 100% indirect interest in UACH which resulted to increase in NCI amounting to ₱105.19 million (Note 15).

The summarized financial information of these subsidiaries is provided below. This information is based on the amounts before intercompany eliminations.

2023		ISLASOL	ACEN Cayman
Proportion of equity interests held by NCI		40.00%	99.99%
Voting rights held by NCI		34.00%	—
Accumulated balances of NCI		₱1,313,376	₱28,791,389
Net income (loss) allocated to NCI		113,915	1,660,608
Comprehensive income (loss) allocated to NCI		113,915	1,889,786
Dividends paid to NCI		—	1,882,833
	UPC-ACE		
2022	Australia	ISLASOL	ACEN Cayman
Proportion of equity interests held by NCI	20.00%	40.00%	99.99%
Voting rights held by NCI	20.00%	34.00%	—
Accumulated balances of NCI	₱1,894,901	₱1,199,461	₱28,784,436
Net income (loss) allocated to NCI	(51,752)	81,936	1,528,770
Comprehensive income (loss) allocated to NCI	(51,108)	81,936	1,499,431
Dividends paid to NCI	—	—	1,504,247



Summarized financial information of these subsidiaries are as follows:

2023	ISLASOL	ACEN Cayman	
	(In Thousands)		
Statements of financial position			
Current assets	₱1,754,627	₱10,590	
Noncurrent assets	2,735,005	30,619,610	
Current liabilities	360,373	—	
Noncurrent liability	1,886,904	—	
Statements of comprehensive income (loss)			
Revenues	₱731,172	₱1,650,064	
Cost and expenses	(476,067)	(338)	
Other income	9,129	3,647	
Provision for (benefit from) income tax	41,878	—	
Profit (loss) attributable to:			
Equity holders of the Parent	108,441	(7,235)	
Non-controlling interests	113,915	1,660,608	
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent	108,441	(7,212)	
Non-controlling interests	113,915	1,889,786	
Statements of cash flows			
Operating activities	553,796	221,304	
Investment activities	(11,654)	1,650,064	
Financing activities	(62,631)	(1,875,309)	
Net increase (decrease) in cash and cash equivalents	₱479,511	(₱3,941)	
2022	ISLASOL	UPC-ACE Australia	ACEN Cayman
	(In Thousands)		
Statements of financial position			
Current assets	₱1,111,093	₱771,997	₱234,037
Noncurrent assets	2,531,400	24,590,707	31,277,680
Current liabilities	(176,574)	(9,825,777)	—
Noncurrent liability	(4,260,882)	(5,297,215)	—
Statements of comprehensive income (loss)			
Revenues	₱650,196	₱—	₱—
Cost and expenses	410,834	(362,929)	—
Other income (expenses)	2,553	(235,899)	—
Provision for (benefit from) income tax	490	259,553	—
Profit (loss) attributable to:			
Equity holders of the parent	159,490	(344,889)	(29,017)
Non-controlling interests	81,936	(51,752)	1,528,770
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent	159,490	(325,115)	(29,020)
Non-controlling interests	81,936	(51,108)	1,499,431
Statements of cash flows			
Operating activities	₱447,009	₱3,387,349	(₱539)
Investment activities	(12,781)	(10,935,711)	1,529,342
Financing activities	(812,970)	4,455,262	(1,529,339)
Net increase (decrease) in cash and cash equivalents	(₱378,742)	(₱3,093,100)	(₱536)



2021	ISLASOL	UACH	ACEN Cayman
	(In Thousands)		
Statements of financial position			
Current assets	₱1,460,466	₱9,234	₱210,322
Noncurrent assets	2,782,655	—	28,078,022
Current liabilities	358,046	8,978	—
Noncurrent liability	4,142,951	—	—
Statements of comprehensive income (loss)			
Revenues	₱584,169	₱62,078	₱2,296,944
Cost and expenses	460,113	1,627	975
Other income (expenses)	(1,549)	2,110	—
Provision for (benefit from) income tax	(1,068)	18,769	—
Profit (loss) attributable to:			
Equity holders of the parent	62,125	33,325	61,652
Non-controlling interests	61,450	10,467	2,234,317
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent	62,125	33,493	61,655
Non-controlling interests	61,450	10,523	2,295,915
Statements of cash flows			
Operating activities	₱3,220,217	₱227,563,498	(₱974,005)
Investment activities	(2,819,911)	(218,517,586)	2,522,677,052
Financing activities	863,711	—	(2,359,374,541)
Net increase in cash and cash equivalents	₱1,264,017	₱9,045,912	₱162,328,506

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective as at January 1, 2023. Unless otherwise indicated, adoption of the new standard did not have an impact on the 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 to the Practice Statement provide non-mandatory guidance. The amendments have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the 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.

- 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 material impact to the Group's consolidated financial statements.

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. The adoption of future accounting standards is not expected to have a material impact on the Group's consolidated financial statements.



Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *Lack of exchangeability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Summary of Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the Group's consolidated financial statements, unless otherwise indicated.

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the Group elects to measure the NCI in the acquiree using the proportionate share of the acquiree's fair value of identifiable assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

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

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group report in the consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. However, the measurement period shall not exceed one year from the acquisition date.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognized in the consolidated statement of income. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.



Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

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

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Business Combination of Entities under Common Control

Combination of entities under common control are accounted for by applying the pooling-of-interests method. The pooling-of-interests method generally involved the following:

- The assets and liabilities of the combining entities are reflected in the consolidated financial statements at their carrying amounts. No adjustments are made to reflect fair value or recognize any new assets or liabilities at the date of combination. The only adjustments that are made are those adjustments to harmonize the accounting policies.
- No new goodwill is recognized as a result of the combination. The only goodwill that is recognized is any existing goodwill relating to either of the combining entities. Any difference between the consideration paid or transferred and the entity acquired is reflected within equity.
- The consolidated statement of income, comprehensive income and cash flows reflect the result of the combining entities in full, irrespective of when the combination takes place.
- Comparative financial information are presented as if the entities had always been combined, or on date the common control existed on the combining entities, whichever comes earlier.
- The effects of any intercompany transactions are eliminated to the extent possible.

Remeasurement of Previously Held Interest

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss.

In prior reporting periods, the Group may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income shall be recognized on the same basis as would be required if the Group had disposed directly of the previously held equity interest.



UPC-ACE Australia remeasures all identifiable assets that it had rights to, and liabilities that it had obligations for, relating to the previously held interest, immediately before it obtains control. The UPC-ACE Australia remeasures its previously held interests in all identifiable assets and liabilities, regardless of whether it recognized those assets and liabilities in its financial statements before obtaining control.

The Group derecognizes its investment asset in an entity in its consolidated financial statements when it achieves control.

Presentation of Consolidated Financial Statements

The Group has elected to present all items of recognized income and expense in two statements: a statement displaying components of profit or loss (consolidated statement of income) and a second statement beginning with profit or loss and displaying components of OCI (consolidated statement of comprehensive income).

Fair Value Measurement

The Group measures financial assets at FVTPL, FVOCI and derivative financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Investment properties
- Quantitative disclosures of fair value measurement hierarchy (see Note 26)
- Financial instruments (including those carried at amortized cost, (see Note 25))

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or,
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described in Note 26, based on the lowest level input that is significant to the fair value measurement as a whole.



For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Financial Instruments – Classification and Measurement

Classification of Financial Assets

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at FVTPL
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

Contractual Cash Flows Characteristics

If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding.

In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

Business Model

The Group's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.



The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

Financial Assets at Amortized Cost

A financial asset is measured at amortized cost if (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortization is included in "Other income-net" in the consolidated statement of income and is calculated by applying the EIR to the gross carrying amount of the financial asset, except for (i) purchased or originated credit-impaired financial assets and (ii) financial assets that have subsequently become credit-impaired, where, in both cases, the EIR is applied to the amortized cost of the financial asset. Losses arising from impairment are recognized in "Provision for probable losses" in the consolidated statement of income.

As at December 31, 2023 and 2022, the Group's financial assets at amortized cost includes cash and cash equivalents, short-term investments, accounts and other receivable, development loans, debt replacements, other loan and interest receivable under Accounts and notes receivable, Other financial assets at amortized cost and deposits under Other Noncurrent Assets (see Notes 4, 5, 7, 11 and 25).

Financial Assets at FVOCI

Debt instruments

A financial asset is measured at FVOCI if (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As at December 31, 2023 and 2022, the Group does not have debt instruments at FVOCI.



Equity instruments

The Group may also make an irrevocable election to measure at FVOCI on initial recognition investments in equity instruments that are neither held for trading nor contingent consideration recognized in a business combination in accordance with PFRS 3. Amounts recognized in OCI are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends on such investments are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

Dividends are recognized in profit or loss only when:

- the Group's right to receive payment of the dividend is established
- it is probable that the economic benefits associated with the dividend will flow to the Group; and
- the amount of the dividend can be measured reliably.

As at December 31, 2023 and 2022, the Group's investments in quoted and unquoted equity securities and golf club shares are classified as financial asset at FVOCI.

Financial Assets at FVTPL

Financial assets at FVTPL are measured at fair value unless these are measured at amortized cost or at FVOCI. Included in this classification are debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the consolidated statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the consolidated statement of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Group may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

Trading gains or losses are calculated based on the results arising from trading activities of the Group, including all gains and losses from changes in fair value for financial assets and financial liabilities at FVTPL, and the gains or losses from disposal of financial investments.

As at December 31, 2023 and 2022, the Group has Compulsorily Convertible Debentures, listed equity instrument and Unit Investment Trust Funds (UITFs) accounted as FVTPL.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, forward commodity contracts and commodity options, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation



At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument.
- The effect of credit risk does not ‘dominate the value changes’ that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the consolidated statement of income. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statement of income.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in consolidated statement of income.

The Group entered into a commodity options derivative financial instrument, specifically, a 20-year Long-Term Energy Supply Agreement (“LTESA”) for its New England Solar and Stubbo Solar projects at the New South Wales Government’s first renewable energy and storage auction to manage its exposure from electricity spot prices (see Notes 3, 11 and 14).

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.



The Group uses forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized as other expense and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

The Group entered into fuel and coal swap contracts as a hedge of its exposure to price risk on its purchases (see Note 25).

Classification of Financial Liabilities

Financial liabilities are measured at amortized cost, except for the following:

- financial liabilities measured at FVTPL;
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- financial guarantee contracts;
- commitments to provide a loan at a below-market interest rate; and
- contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at FVTPL, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.



As at December 31, 2023 and 2022, the Group has not designated any financial liability at FVTPL.

The Group's accounts payable and other current liabilities (excluding derivative liability and statutory payables), due to stockholders, short-term and long-term loans, deposit payables and other noncurrent liabilities are classified as financial liabilities measured at amortized cost under PFRS 9 (see Notes 12, 13, 14 and 25).

Derecognition of Financial Assets and Financial Liabilities

Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or,
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset; or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Modification of Contractual Cash Flows

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

When the modification of a financial asset results in the derecognition of the existing financial asset and the subsequent recognition of the modified financial asset, the modified asset is considered a 'new' financial asset. Accordingly, the date of the modification shall be treated as the date of initial recognition of that financial asset when applying the impairment requirements to the modified financial asset.



Financial liability

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

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

There are no offsetting of financial assets and financial liabilities or any similar arrangements that warrants disclosure in the Group's consolidated financial statements as at December 31, 2023 and 2022.

Impairment of Financial Assets

PFRS 9 introduces the single, forward-looking "expected loss" impairment model, replacing the "incurred loss" impairment model under PAS 39.

The Group recognizes ECL on debt instruments that are measured at amortized cost and FVOCI. No ECL is recognized on equity investments.

ECLs are measured in a way that reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial assets migrate through the following three (3) stages based on the change in credit quality since initial recognition:

Stage 1: 12-month ECL

For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL – not credit-impaired

For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.



Stage 3: Lifetime ECL – credit-impaired

Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

Loss Allowance

For accounts and other receivable, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognized a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For cash and cash equivalents, the Group applies the low credit risk simplification. The investments are considered to be low credit risk investments as the counterparties have investment grade ratings. It is the Group's policy to measure ECLs on such instruments on a 12-month basis based on available probabilities of defaults and loss given defaults. The Group uses the ratings published by a reputable rating agency to determine if the counterparty has investment grade rating. If there are no available ratings, the Group determines the ratings by reference to a comparable bank.

For all debt financial assets other than accounts and other receivable, ECLs are recognized using general approach wherein the Group tracks changes in credit risk and recognizes a loss allowance based on either a 12-month or lifetime ECLs at each reporting date.

Loss allowances are recognized based on 12-month ECL for debt investment securities that are assessed to have low credit risk at the reporting date. A financial asset is considered to have low credit risk if:

- the financial instrument has a low risk of default
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Determining the Stage for Impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-months ECL.

Write-off policy

The Group writes-off a financial asset and any previously recorded allowance, in whole or in part, when the asset is considered uncollectible, it has exhausted all practical recovery efforts and has concluded that it has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.



Fuel and Spare Parts

Fuel and spare parts are stated at the lower of cost or net realizable value (NRV). Cost is determined using the moving average method. NRV is the current replacement cost of fuel and spare parts.

Previously, the Group determined the cost using the first-in, first-out method. In 2021, the Group elected to change accounting policy on the inventory costing from first-in, first-out (FIFO) method to moving average method applied retrospectively. The restatements have no material impact on the Group's total assets, total liabilities and equity as at the beginning of earliest period presented.

Non-current Assets Held for Sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification under PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated or amortized once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Property, Plant and Equipment

Property, plant and equipment, except land, is stated at cost, net of accumulated depreciation and impairment losses. Such cost includes the cost of replacing a part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred.

Land is stated at cost, net of accumulated impairment losses, if any.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The depreciation of property and equipment, except land, begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases when the assets are fully depreciated or at the earlier of the date that the item is classified as held for sale (or included in the disposal group that is classified as held for sale) in accordance with PFRS 5, and the date the item is derecognized.



The estimated useful lives used in depreciating the Group's property, plant and equipment are as follows:

Category	In Years
Land improvements	40
Buildings and improvements	6-25
Machinery and equipment:	
Wind towers and equipment	25
Power plant	20
Power barges	10
Others	10-40
Tools and other miscellaneous assets	5-10
Transportation equipment	3-5
Office furniture, equipment and others	3-10

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the periods and methods of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. These are adjusted prospectively, if appropriate.

Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

Construction in progress includes cost of construction and other direct costs and is stated at cost less any impairment in value. Construction in progress is not depreciated until such time as the relevant assets are completed and ready for operational use.

Leases

The Group applied PFRS 16, *Leases* on January 1, 2019.

PFRS 16 supersedes PAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under PFRS 16 is substantially unchanged under PAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in PAS 17. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.



The Group adopted PFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the remaining lease term. The lease payments include fixed payments (including in-substance fixed payments, as applicable) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group has elected to use the two exemptions proposed by the standard on the following contracts:

- a. Lease contracts for which the lease terms ends within 12 months from the date of initial application
- b. Lease contracts for which the underlying asset is of low value

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.



The Group has the option to renew the lease contract for an additional term subject to the mutual agreement with the lessors. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Deferred taxes

Upon adoption of PFRS 16, the Group has adopted the modified retrospective approach for accounting the transition adjustments and has elected to recognize the deferred income tax assets and liabilities pertaining to lease liabilities and right-of-use assets on a gross basis.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization on that asset shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalization shall be determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate used by the Group is the weighted average of the borrowing costs applicable to the borrowings that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period shall not exceed the amount of borrowing costs incurred during that period.

All other borrowing costs are expensed in the period in which these occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign Currency Denominated Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized as "Foreign exchange gain - net" under "Other income - net" in the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair values are determined. The gains or losses arising on translation of non-monetary items measured at fair value are treated in line with the recognition of the gains or losses on the change in fair values of the items (i.e., translation differences on items which the fair value gains or losses are recognized in OCI or in profit or loss are also recognized in OCI or in profit or loss, respectively).



The functional currency of ACEN Cayman, ACRI, ACEN Finance and ACEN HK is the US Dollar (US\$). As of the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date and their statement of income accounts are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in the consolidated statement of comprehensive income and reported as a separate component of equity as “Cumulative Translation Adjustments.” (Note 15)

Interests in Joint Arrangements

Joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group’s share in the net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is collectively assessed for impairment.

The consolidated statement of income reflects the Group’s share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group’s share in profit or loss of the associate or the joint venture is shown in the consolidated statement of income outside operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate or joint venture.

If the Group’s share in losses of an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share of further losses.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.



After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

The consolidated financial statements include additional information about associates and joint ventures that are material to the Group (see Note 6). Management determined material associates and joint ventures as those associates and joint ventures where the Group's carrying amount of investments is greater than 5% of the total investments and advances in associates and joint ventures as at the end of the year.

Investment Properties

Investment properties are carried at cost, including transaction costs, net of accumulated depreciation. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognized either when disposed of or when permanently withdrawn from use and no future economic benefit is expected from disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Leasehold and water rights

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.



Intangible assets with finite lives are amortized over their economic useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

The useful lives of leasehold and water rights are assessed as finite. The amortization expense on leasehold and water rights are recognized as “Depreciation and amortization” under “Cost of sale of electricity” account in the consolidated statement of income.

Deferred Exploration Costs

The Group follows the full cost method of accounting for exploration costs determined based on each SC area. Under this method, all exploration costs relating to each SC are deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities, net of any allowance for impairment losses.

Expenditures for mineral exploration and development work on mining properties are also deferred as incurred, net of any allowance for impairment losses. These expenditures are provided with an allowance when there are indications that the exploration results are negative. These are written-off against the allowance when the projects are abandoned or determined to be unproductive. When the exploration work results are positive, the net exploration costs, and subsequent development costs are capitalized and amortized from the start of commercial operations.

Development Costs

Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in expenses. During the period of development, the asset is tested for impairment annually. Development costs is presented under “Other noncurrent assets” in the consolidated statement of financial position.



Advances for Land Acquisitions

Advances for land acquisitions are carried at less impairment losses, if any and is classified as current or non current based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended for. Advances for land acquisition is presented under “Other noncurrent assets” in the consolidated statement of financial position.

Impairment of Non-financial Assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired in accordance with PAS 36. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group’s CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth (5th) year.

Impairment losses are recognized in the consolidated statement of income in the expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset’s or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

The following assets have specific characteristics for impairment testing:

Property, Plant and Equipment and Investment Properties

For property, plant and equipment and investment properties, the Group assesses for impairment based on impairment indicators such as evidence of internal obsolescence or physical damage.



Investments in Associates and Interest in a Joint Venture

The Group determines at the end of each reporting period whether there is any objective evidence that the investments in associates and interest in a joint venture are impaired. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the investments in associates and interests in joint ventures, and their carrying amounts.

Goodwill and Developments Costs

Goodwill and development costs are tested for impairment annually and more frequently when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill and development costs by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill and development costs relate. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Right-of-Use Assets and Leasehold and water rights

Right of use assets and leasehold and water rights with finite useful lives are tested for impairment when circumstances indicate that the carrying value may be impaired.

Deferred Exploration Costs

Deferred exploration costs are reassessed for impairment on a regular basis. An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6,

Exploration for and Evaluation of Mineral Resources, are as follows:

- The period for which the Group has the right to explore in the specific area has expired or will expire in the near future and is not expected to be renewed.
- Substantive expenditure on further exploration and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- When a service contract where the Group has participating interest in is permanently abandoned; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, impairment loss is measured, presented, and disclosed in accordance with PAS 36, *Impairment of Assets*.

Contract Liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liability is recognized as revenue when the Group performs under the contract.



Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as “Other income” in the consolidated statement of income.

Asset Retirement Obligation

The Group is legally required under a lease agreement to dismantle certain machinery and equipment and restore the leased site at the end of the lease contract term. The Group recognizes the fair value of the liability for this obligation and capitalizes the present value of these costs as part of the balance of the related property, plant and equipment accounts, which are being depreciated on a straight-line basis over the shorter of the useful life of the related asset or the lease term. The liability is subsequently carried at amortized cost using the EIR method with the related interest expense recognized in the consolidated statement of income.

Pensions and Other Post-employment Benefits

Defined Benefit Plan

ACEN Retirement Plan for Plants is a hybrid retirement plan which has funded defined benefit features and matching defined contribution features covering all regular and permanent employees. Benefits under the defined benefit features of the plan are based on the employee’s final plan salary and years of service. The defined benefit provisions of the ACEN Retirement Plan for Plants is patterned from the Phinma Jumbo Retirement Plan, which is the former retirement plan of the Group.

Effective January 1, 2020, the matching defined contribution features of the plan covers all regular and permanent employees. Starting on the date of membership of an employee in the Plan, the Group shall contribute to the retirement fund a percentage of the member’s salary as defined when a Member opts to contribute to the plan. Benefits are based on the percentage of the total amount of contributions and investment returns credited to the personal retirement account (PRA) of the member at the time of separation. The Retirement Plan meets the minimum retirement benefit specified under Republic Act 7641.

The retirement fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Retirement Committee is responsible for investment strategy of the plan.

The hybrid retirement plan currently covers for participating entities: ACEN, Bulacan Power, CIPP, One Subic Power, Guimaras Wind, and any subsidiary and affiliate of ACEN that may subsequently adopt and participate in the Plan.



NorthWind, ACES, BWPC and ISLASOL currently operate their separate and distinct funded, noncontributory, defined benefit retirement plan with separately administered funds. Other entities are covered by Republic Act (R.A.) 7641, otherwise known as “The Philippine Retirement Law”, which provides for qualified employees to receive a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of R.A. 7641. The cost of providing benefits is determined using the projected unit credit method.

The Defined Benefit Obligation (DBO)/Actuarial Accrued Liability (AAL) is the actuarial present value of expected future payments required to settle the obligation resulting from employee service in current and prior periods. The calculation of the DBO/AAL assumes that the plan continues to be in effect and that estimated future events (including salary increases, turnover and mortality) occur. DBO differs from AAL only in the use of discount rate to compute the present value of expected future payments. The discount rate for DBO is based on the single weighted average discount rate which is based on the bootstrapped PHP-BVAL rates as mandated by PAS 19 at various tenors for intermediate durations were interpolated. The rates were then weighted by the expected benefits payments at those durations to arrive at the single weighted average discount rate while the expected rate of return on plan assets is used as the discount rate in computing AAL for funding.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which these occur. Remeasurements are not reclassified to the consolidated statement of income in subsequent periods.

Past service costs are recognized in the consolidated statement of income on the earlier of:

- the date of the plan amendment or curtailment; or,
- the date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The Group recognizes the following changes in the net defined benefit obligation under “Cost of sale of electricity” and “General and administrative expenses” accounts in the consolidated statement of income:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when these are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.



Other long-term benefits

Vacation and sick leaves are recognized as a liability when these are accrued to the employees. Unused vacation and sick leave credits shall be converted to cash upon separation of employee. Leave expected to be settled wholly before twelve months after the end of the annual reporting period is reclassified to short-term benefits.

Capital Stock

Capital stock represents the portion of the paid-in capital representing the total par value of the shares issued.

Capital stock is measured at par value for all shares issued. When the shares are sold at premium, the difference between the proceeds and the par value is recognized as additional paid-in capital. Direct costs incurred related to the equity issuance are deducted from equity, net of any related tax benefits. If additional paid-in capital is not sufficient, the excess is charged against retained earnings.

Additional Paid-in Capital (APIC)

APIC represents the amount paid in excess of the par value of the shares issued. An entity typically incurs various costs in issuing or acquiring its own equity instruments. Those costs, net of tax, might include registration and other regulatory fees, amounts paid to legal, accounting and other professional advisers, printing costs and stamp duties. In accordance with PAS 32, *Financial Instruments: Presentation*, the transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Accounted also in the APIC are dividends declared by the transferee entities in the common control transaction with ACEIC between October 10, 2019 to June 20, 2020 which the Parent Company has beneficial economic interests already based on the Deed of Assignment. These are accounted for as equity contributions from ACEIC and are recorded as APIC.

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the acquisition, reissuance or retirement of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Share options exercised during the reporting period are satisfied with treasury shares.

Stock Options and Grants

Stock option and grants are accounted for in accordance with PFRS 2, that is, the cost of stock option awards is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the binomial method. The cost of such awards is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. The cumulative expense that is recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of income for a period represents the movement in cumulative expense recognized as at the beginning and end of the period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.



Where the terms of the award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee as measured at the date of modification.

Where the stock option is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the preceding paragraph.

If the outstanding options are dilutive, its effect is reflected as additional share dilution in the computation of diluted earnings per share.

Other Equity Reserves

Other equity reserves are made up of equity transactions other than capital contributions such as share in equity transactions of associates and joint ventures and difference between considerations paid or transferred and the net assets of the entity acquired through business combinations involving entities under common control.

Retained Earnings

Retained earnings include all current and prior period results of operations as reported in the consolidated statement of income, net of any dividend declaration and adjusted for the effects of changes in accounting policies as may be required by PFRS's transitional provisions.

Other Comprehensive Income (OCI)

OCI are items of income and expense that are not recognized in determining the profit or loss for the year in accordance with PFRS. OCI includes remeasurement gain (loss) on retirement plan, net of related taxes, unrealized fair value gain (loss) on equity instruments at FVOCI, unrealized fair value gain (loss) on derivative instruments designated as hedges, net of related taxes, and cumulative translation adjustments.

Cash Dividend and Non-cash Dividend to Equity Holders of the Parent Company

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the Parent Company when the distribution is authorized, and the distribution is no longer at the discretion of the Group. A corresponding amount is recognized directly in equity.

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded acting as principal in all its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognized.



Sale of Electricity

Sale of electricity is consummated whenever the electricity generated by the Group is transmitted through the transmission line designated by the buyer, for a consideration. Revenue from sale of electricity is based on sales price. Sales of electricity using bunker fuel are composed of generation fees from spot sales to the WESM and supply agreements with third parties and are recognized monthly based on the actual energy delivered.

Starting December 27, 2014, sales of electricity to the WESM using wind are based on the Feed in Tariff (FIT) rate under the FIT System and are recognized monthly based on the actual energy delivered. Meanwhile, revenue from sale of electricity through ancillary services to National Grid Corporation of the Philippines (NGCP) is recognized monthly based on the capacity scheduled and/or dispatched and provided. Revenue from sale of electricity through Retail Supply Contract (RSC) is composed of generation charge from monthly energy supply with various contestable customers and is recognized monthly based on the actual energy delivered. The basic energy charges for each billing period are inclusive of generation charge and retail supply charge.

The Group identified the sale of electricity (power generation, trading and ancillary services) where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract. The performance obligation qualifies as a series of distinct services that are substantially the same and have the same pattern of transfer. The Group concluded that the revenue should be recognized overtime since the customers simultaneously receives and consumes the benefits as the Group supplies electricity.

Retail supply also qualifies as a series of distinct services which is accounted for as one performance obligation since the delivery of energy every month is a distinct service which is recognized over time and have the same measure of progress.

For power generation and trading and retail supply, the Group uses the actual kwh dispatched which are also billed on a monthly basis.

For ancillary services, the Group determined that the output method is the best method in measuring progress since actual energy is supplied to customers. The Group recognizes revenue based on contracted and actual kilowatt hours (kwh) dispatched which are billed on a monthly basis.

Amounts Reimbursed to Customers

Certain revenue contracts with customers provide for the sale of any unutilized electricity to the WESM. The proceeds are recorded as reduction in "Revenue from sale of electricity" in the consolidated statement of income.

Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature.

Dividend Income

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders of the investees approve the dividend.



Other revenues

Other revenues include management fees and revenue from water distributions. Management fees are recognized for services rendered when earned. Revenue from water distributions arise from water supply contracts which include production and water fees and are recognized per cubic meter based on actual consumption.

Claims on business interruptions and property damage

Income is recognized when an acknowledgment for the proposed claims is received from insurers. The income arises from unplanned shutdown of an insured property which resulted to business interruptions and property damage.

Other Income

Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Group through an increase in asset or reduction in liability that can be measured reliably.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decreases of assets or incurrence of liabilities that result in decrease in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized when incurred.

Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretations and establishes provisions where appropriate.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Deferred Income Tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



Deferred income tax assets are recognized for all deductible temporary differences, including carryforward benefits of unused net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) which can be deducted against future RCIT due to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from unused NOLCO can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

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

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the consolidated statement of income.

Creditable Withholding Taxes (CWT)

CWTs are carried at the amount withheld by the customers for services provided by the Group. CWTs are recognized when payments are received from customers and the related withholding taxes were made. CWTs can be utilized as credits against the Group's income tax liability provided these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation and may also be reduced by impairment losses, if any. CWTs, which are expected to be utilized as payment for income taxes within 12 months are classified as current, otherwise, these are classified as noncurrent assets.



Value-added Tax (VAT)

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and,
- When receivables and payables are stated with the amount of VAT included

The amount of VAT recoverable from the taxation authority is recognized as “Input VAT”, while VAT payable to taxation authority is recognized as “Output VAT”. Output VAT is recorded based on the amount of sale of electricity billed to third parties. Any amount of output VAT not yet collected as at reporting period are presented under “Accounts payable and other current liabilities” account in the consolidated statement of financial position.

Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants do not include government assistance whose value cannot be reasonably measured.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate, which in the case of grants related to assets require setting up the grant as deferred income or deducting it from the carrying amount of the asset.

Expiry at maturity is a form of settlement even though there is no additional exchange of consideration.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed based on weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock dividends declared during the year. Diluted earnings (loss) per share is computed as if the stock options were exercised as at the beginning of the year and as if the funds obtained from exercise were used to purchase common shares at the average market price during the year. Outstanding stock options will have a dilutive effect under the treasury stock method only when the fair value of the underlying common shares during the period exceeds the exercise price of the option. Where the outstanding stock options have no dilutive effect and the Group does not have any potential common share nor other instruments that may entitle the holder to common shares, diluted earnings (loss) per share is the same as basic earnings (loss) per share.

Segment Reporting

The Group’s operating businesses are organized and managed separately according to its geographic areas of operations, with each segment representing a strategic business unit that serves different markets.

Previously, the operating businesses are organized and managed separately according to its related services. Financial information on operating segments and the restatement following a change in composition of reportable segments are presented in Note 27 to the consolidated financial statements.



Contingencies

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. If it is probable that an outflow of resources embodying economic benefits will occur and the liability's value can be measured reliably, the liability and the related expense are recognized in the consolidated financial statements.

Contingent assets are not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it is virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the consolidated financial statements.

Events After the Reporting Period

Post year-end events that provide additional information about the Group's position as at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Significant Accounting Judgment, Estimates and Assumptions

The preparation of the accompanying consolidated financial statements in conformity with PFRSs requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated taking into consideration the Group's historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances including the impact of COVID-19.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Classification of Government Grants

The Group, through ACEN Australia, entered into Long Term Energy Service Agreements (LTESA) with New South Wales (NSW) Australian Government that gives the generator the right, but not the obligation, to enter into a strip of two-year electricity swap contracts ("Swaptions").

LTESA meet the definition of a derivative instrument as their value changes with reference to changes in the Australia's National Electricity Market (NEM) spot price of energy, no upfront cost to enter into the contract and the value of the contracts will be settled in the future (see Notes 11 and 14).



The Group uses commodity options derivative financial instruments to hedge its commodity price risks. Potential sources of hedge ineffectiveness in the hedging relationship were as follows:

- a. Credit risk
- b. Fixed price CPI escalation
- c. Changes in generation forecast
- d. Annual payment cap
- e. Clawback mechanism

In the event the swaptions are not exercised, the net profit or loss impact will be a non-cash item given no exchange of cash occurred at inception and will occur over the life of the arrangement.

The Group also assessed the transaction is accounted as government grant since the LTESA was granted by the NSW Australian Government to support its initiative on promoting renewable energy and providing long-term revenue certainty for investors and developers of clean energy projects through the electricity swap contracts.

Classification of listed equity instruments

ACEN received listed equity shares as partial payment of development loan (see Note 5). The Group's business model over the listed equity instruments is neither to hold-to-collect nor hold-to-collect-and-sell, but for trading. The fair value changes are recognized directly in profit or loss.

Assessment of Joint Control over Joint Ventures

The Group's investments in joint ventures are structured in separate incorporated entities (see Note 6). The investments in ACEHI Netherlands B.V. (ACEHI Netherlands), Philippine Wind Holdings Corp. ("PhilWind"), North Luzon Energy Corp. (NLR), BIM Renewable Energy Joint Stock Company (BIMRE), UPC Power Solutions LLC (UPC Power) and Monsoon Wind B.V. (Monsoon Wind) are accounted for as investments in joint venture since the fundamental business and operational matters requires unanimous consent from all parties (see Note 6).

Even though the Group holds various percentage of ownership in interests on these arrangements, their respective joint arrangement agreement requires unanimous consent from all parties to the agreement for the relevant activities identifies. In addition, the Group considers the number of its Board seats in its incorporated entity. Further, the Group and the parties to the agreement only have rights to the net assets of the joint venture through the term of the contractual agreements. Considering these factors, management assessed that it has joint control over the entity.

Determination of Acquisition Date in Business Combinations

The acquisition date is the date the acquirer obtains control of the acquiree, generally the specified closing or completion date of the business combination.

The date on which control passes is a matter of fact. In determining the acquisition date, the Group considers all the terms and conditions of the arrangements and their economic effects. One or more of pertinent facts and circumstances surrounding a business combination are considered in assessing when the acquirer has obtained control of the acquiree:

- When the consideration is transferred;
- When acquiree shares or underlying net assets are acquired;
- When the acquirer is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee;
- Agreement date designed to achieve an overall commercial effect of business combination and economically justified by the parties;



The date on which the Group obtains control over UPC-ACE Australia is the date on which the Group legally transfers the consideration, acquires the assets, and assumes the liabilities of UPC-ACE Australia.

Management assessed that ACRI obtained control over UPC-ACE Australia upon UPCAPH's execution of proxy rights in favor of ACRI on November 8, 2022. Management assessed that at the time of control, its previously held interest was at 80% and that its fair value was determined based on management's valuation.

Assessment of Loss of Control Over a Subsidiary

The Group determined that it has control over its subsidiaries (see Note 2) by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

The following were also considered:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual agreements;
- The Group's voting rights and potential voting rights.

Management has exercised significant judgement in assessing that the Group has lost control over SLTEC on the basis of the following:

- It does not any have voting and economic rights over SLTEC
- The call option is considered non-substantive as it exercisable beginning 2031-2040 only
- The AMA and O&M agreements are considered service contracts arrangements (see Note 2)

As at December 31, 2022, the Group lost its control over SLTEC following the sale of SLTEC's common and preferred shares to qualified third-party investors (Note 2).

Assessment of Acquisitions as Business Combinations

Where asset is acquired through the acquisition of corporate interests, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the asset.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Otherwise, corporate acquisitions are accounted for as business combinations. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

The acquisitions of the Group were accounted for as business combinations (see Note 24).



Write-off of Claims from PEMC Multilateral Agreements

In December 2013, there were elevated WESM prices because of a Malampaya outage. As a result, the ERC issued an Order imposing administered/regulated pricing, which was lower than the WESM rate at that time. ACEN was a net buyer and already paid these higher WESM prices to PEMC for purchased power. In July 2022, the Supreme Court declared the administered / regulated pricing void and upheld the December 2013 Meralco rate hike for recovery of costs. In October 2022, the Supreme Court denied all Motion of Reconsiderations. As of March 11, 2024, the ERC has not yet issued guidance on the method of implementation of these adjustments.

In 2022, with the Supreme Court's denial, the management deemed to write off the Group's claims from PEMC Multilateral Agreements which include noncurrent receivable amounting to ₱1,185.60 million (see Note 5), booked as additional cost of purchased power for the net buyer position, while noncurrent payable amounting ₱115.07 million booked as additional revenue for the net seller position.

While it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, a reliable estimate cannot be made yet since ERC has yet to instruct IEMOP to recalculate the rates and issue adjustments.

Determination of Transaction Price from Sale of Electricity

The adjustment of the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction price changed. In 2020, the Group recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021. In 2023, 2022 and 2021, while waiting for the approval of the 2021 FIT rates, management assessed that the approved 2020 FIT rates represent the best estimate of the transaction price the Group will be entitled to in exchange of the delivered energy.

Recognition of Deferred Tax Liabilities on Taxable Temporary Differences Arising from Investments in Foreign Subsidiaries

The Group did not recognize deferred tax liabilities on the temporary differences arising from undistributed earnings, cumulative translation adjustment, and OCI accounts of its foreign subsidiaries since management believes that the timing of the reversal of these taxable temporary differences can be controlled by the Group and the management does not expect reversal of these temporary differences in the foreseeable future.

Classification as Other Financial Assets at Amortized Cost

Other financial assets at amortized cost include redeemable preferred shares and convertible loans which the Group has assessed as debt instruments. These are held by the Group within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows which are reflective of basic lending arrangements (see Notes 5 and 7).

Classification of Preferred Shares as Equity Instrument

The Parent Company's redeemable preferred shares is classified as equity instrument since it has the option but not contractual obligation to redeem in whole or in part of the shares. The Series A Preferred Shares and Series B Preferred Shares are perpetual, cumulative, non-voting, non-participating, non-convertible, re-issuable and redeemable at the option of the Parent Company. There is no contractual obligation on the issued preferred shares that would require to deliver cash or other financial asset or financial liability to the holders of the instrument (see note 15).



Management's Use of Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair Value Measurement of Commodity Options

In the estimation of fair value of the LTESA Swaptions, a commodity option hedge instrument, the Group used option pricing techniques which resulted in a Day 1 derivative asset, even if no premium was paid (see Note 11).

Remeasurement of Retained Interests in a Loss of Control Transaction

In the determination of fair value of the retained interest in ACEHI Netherlands, Management determined the appropriate techniques and inputs for fair value measurements. The remeasurement gain was calculated using the transaction price on the 24.24%-interest sale to SEOG. The transaction price represents the fair value of the interest sold and negotiated on an arm's length basis between unrelated, ready, willing, and able parties. It was also based on a discounted cash flows based on inputs and assumptions of ACRI to establish the fair value of retained interests (see Note 2).

Remeasurement of Previously-Held Equity Interest in a Business Combination

In business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

The fair value of previously held interest is based on the transaction price stated on the Sale and Purchase Agreement which is a commercial agreement between the parties involved who are not considered as related parties and negotiated on an arm's length basis.

The Group remeasured its interest in UPC-ACE Australia, previously a joint venture, to fair value as a result of its step-acquisition upon obtaining control (see Note 24).

Purchase Price Allocation and Goodwill Impairment Assessment

The Group made several acquisitions in 2022 accounted for using the acquisition method which require extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at acquisition date. It also requires the acquirer to recognize gain on bargain purchase or goodwill. The Group's acquisitions have resulted in goodwill. See Notes 10 and 24 for related balances.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred; the Group re-assesses whether it has correctly identified all the assets acquired, and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.



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

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

The Group performs impairment testing annually and the Group estimates the recoverable amount as the higher of the fair value less costs to sell and value-in-use. This requires an estimation of the recoverable amount which is the fair value less costs to sell or value-in-use of the CGU to which the goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows for the cash generating unit and to choose a suitable discount rate in order to calculate the present value of cash flows (see Note 10).

Measurement of Expected Credit Losses

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If in a subsequent period, asset quality improves and any previously assessed significant increase in credit risk also reverses since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

As at December 31, 2023 and 2022, the Group assessed that for its financial assets such as cash and cash equivalents, there has been no SICR since origination and is assessed as low credit risk based on published information of comparable entities. For accounts and other receivable, the Group used provision matrix in estimating its ECL. A broad range of forward-looking information were considered as economic inputs, such as GDP growth, inflation rates, unemployment rates, interest rates and BSP statistical indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. While these model inputs including forward-looking information are revised, the ECL models, and definitions of default remain consistent with prior periods (see Notes 5 and 7).

Fair Value Measurement of Financial Assets at FVTPL and FVOCI

In the estimation of fair value of investments recorded as financial assets at FVTPL and FVOCI, management needs to determine the appropriate techniques and inputs for fair value measurements. The Group uses the discounted cash flow technique for unquoted instruments, published net asset value (NAV) for investments in Unit Investment Trust Funds (UITFs) and quoted prices for publicly traded shares in estimating the fair value of the financial assets at FVTPL and FVOCI.



Impairment Assessment of Non-financial Assets

The Group reviews investments in associates and joint venture, investment properties, property, plant and equipment, right-of-use assets, and intangible assets for impairment of value. Impairment for goodwill is assessed at least annually. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group has evaluated the conditions and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. In doing this, the Group has reviewed the key assumptions in its previous annual impairment assessment to assess whether any changes to the assumptions within that impairment assessment would result in an impairment loss as at December 31, 2023. Except for the matters discussed in Notes 8 and 9, based on the Group's review of key assumptions, management has assessed that there were no significant changes in the assumptions used and therefore no impairment losses were recognized in 2023 and 2022 (see Notes 6, 8, 9 and 11).

Recognition of Deferred Tax Assets

The Group reviewed its business and operations including its estimated impact on macroeconomic environment, the market outlook and the Group's operations. As such, the Group assessed its ability to generate sufficient taxable income in the future that will allow realization of net deferred tax assets.

As a result, the carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax assets will be applied. The Group assessed that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized (see Note 21).

Assessment of Contingencies

The Group is currently involved in various legal proceedings and assessments for local and national taxes (see Note 29). The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The final settlement of these may result in material adverse impact on the Group's consolidated financial statements. The Group also invokes limited disclosures on certain matters due to their prejudicial nature.

4. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand and in banks	₱13,769,005	₱11,205,281
Cash equivalents	25,927,657	23,424,730
	₱39,696,662	₱34,630,011

Cash in banks earn interest at the respective bank deposit rates for its peso and dollar accounts.

Cash equivalents are made for varying periods between one day and three months depending on the immediate cash requirements for the Group and earn interest at the respective short-term deposit rates.



Cash in bank includes ₱8,827.83 million restricted cash in escrow account as part of the proceeds from the issuance of preferred shares (Note 15). Pursuant to the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies of the PSE, all funds to be raised by an applicant company must be held in escrow and shall not be released for any purpose other than the disclosed intended purpose and in accordance with the timetable of expenditures (the “Escrow Requirement”).

Interest income earned on cash and cash equivalents in 2023, 2022 and 2021 at the range of, 0.06% to 6.25%, 1.25% to 5.55%, and 0.90% to 1.21%, respectively, amounted to ₱1,586.52 million, ₱285.20 million and ₱129.55 million, respectively (see Note 20).

5. Accounts and Notes Receivable

This account consists of:

	2023	2022
Accounts and other receivable	₱12,406,056	₱11,938,538
Notes receivable (Note 22)		
Debt replacement loan	13,440,859	20,294,774
Development loan	5,863,298	8,299,937
Other loan	2,130,751	1,352,543
Accrued interest receivable	6,206,348	5,173,012
	40,047,312	47,058,804
Allowance for expected credit losses	1,292,578	167,844
	38,754,734	46,890,960
Less noncurrent portion	12,689,042	16,387,729
Current portion	₱26,065,692	₱30,503,231

Accounts and other receivable

This account consists of:

	2023	2022
Trade receivables		
Third party		
Independent Electricity Market Operator of the Philippines (“IEMOP”)	₱6,459,485	₱3,995,641
RES Buyer	519,629	3,630,872
National Transmission Corporation (“TransCo”)	1,915,230	1,772,553
National Grid Corporation of the Philippines (“NGCP”)	91,670	146,922
Philippine Electricity Market Corporation (“PEMC”)	10,262	51,025
Others	423,084	63,258
Other receivables		
Third party	1,600,430	1,387,897
Related party (Note 22)	1,386,266	890,370
	12,406,056	11,938,538

(Forward)



	2023	2022
Allowance for expected credit losses	₱152,312	₱167,844
	12,253,744	11,770,694
Less noncurrent portion	1,971,453	1,507,126
Current portion	₱10,282,291	₱10,263,568

Trade Receivables

Trade receivables mainly represents receivables from IEMOP, TransCo, PEMC, and from bilateral customers. Trade receivables consists of interest-bearing and non-interest-bearing receivables. The terms are generally thirty (30) to sixty (60) days.

Noncurrent trade receivables consist of FIT system adjustment that is expected to be realized beyond 12 months after the end of the reporting period. FIT system adjustments are discounted using the PHP BVAL reference rates – Government Securities with imputed credit spread of 0.18% - 0.20% on top of the BVAL, based on the annual credit spread of 10-12bps was used to compute for the discounted Net Receivable as of December 2023. The PHP credit spread was derived as the difference between comparable government-owned and controlled companies' rate less risk-free rate.

Receivables from NGCP

Receivables from NGCP are from Ancillary Services Procurement Agreements (ASPA), facilitating contingency and dispatchable reserves for the Luzon Grid.(see Note 16).

Receivables from PEMC Multilateral Agreements

In December 2013, there were elevated WESM prices because of a Malampaya outage. As a result, ERC issued an Order imposing Administered/Regulated Pricing, which was lower than the WESM rates at the time. The receivables from PEMC Multilateral Agreements is the refundable amount from the PEMC arising from recalculation of November and December 2013 spot prices as directed by the ERC. In 2014, ACEN, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN Group recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.51 million. Collections are presented as “Trade payables” under “Other noncurrent liabilities”.

In 2022, the Supreme Court declared the administered regulated pricing void and upheld the December 2013 Meralco hike for recovery costs. In October 2022, the Supreme Court denied all Motions for Reconsideration.

In 2022, the Group has reversed its receivables amounting to ₱1,185.60 million and recorded additional cost of purchased power of equivalent amount. The unpaid cost of purchased power is presented as “Trade payables” under accounts payable and other current liabilities.

As of March 11, 2024, the ERC has not yet issued guidance on the method of implementation of these adjustments.



Notes receivable

This account consists of:

	2023	2022
Debt replacement - related party (Note 22)	₱13,440,859	₱20,294,774
Development loan:		
Third party	3,721,365	5,845,766
Related party (Note 22)	2,141,933	2,454,171
Other loans:		
Third party	1,742,382	1,009,077
Related party (Note 22)	388,369	343,466
	21,434,908	29,947,254
Allowance for expected credit losses (Note 18)	812,633	—
	20,622,275	29,947,254
Less noncurrent portion	6,745,824	11,974,612
Current portion	₱13,876,451	₱17,972,642

Debt replacement

Debt replacement facilities are provided to related parties to fund investment requirements for renewable power plants while under construction and undergoing implementation or release of project financing from financial institutions (see Note 22).

a. Greencore Power Solutions 3, Inc. (Greencore 3) (Joint Venture)

On February 4, 2021, the Group, Citicore Solar Energy Corporation (CSEC), Endeavor and Greencore 3 entered into an interest-bearing Omnibus Agreement amounting to ₱2,680.00 million in order to finance a 50MW solar power plant in Mexico, Pampanga (Arayat Phase 1). On February 9, 2022, the Omnibus Agreement was amended to increase the loan facility to ₱2,860.00 million and extended the maturity from March 1, 2023, to June 30, 2023. On December 20, 2023, the Omnibus Agreement was amended to extend the maturity date from June 30, 2023, to June 30, 2024 and increase the fixed interest rate from 7.00% to 15.00% on all amounts outstanding after June 30, 2023, until all amounts are paid.

As of December 31, 2023 and 2022, the outstanding debt replacement for Arayat Phase 1 amounts to ₱2,595.70 million.

On May 25, 2022, the Group, CSEC, Endeavor and Greencore 3 entered into an interest-bearing Omnibus Agreement amounting to ₱1,990.00 million in order to finance a 30MW solar power plant in Mexico, Pampanga (Arayat Phase 2). The maturity of the loan is on June 30, 2023. On December 20, 2023, the Omnibus Agreement was amended to extend the maturity date from June 30, 2023 to June 30, 2024 and increase the fixed interest rate from 7.00% to 15% on all amounts outstanding after June 30, 2023, until all amounts are paid.

As of December 31, 2023 and 2022, the outstanding debt replacement for Arayat Phase 2 amounts to ₱1,878.84 million and ₱1,630.25 million, respectively.



b. Wind Power Hoa Dong (Hoa Dong) and Wind Power Lac Hoa (Lac Hoa) (Joint Venture)

On April 4, 2022, the Group entered into an interest-bearing loan facility with Hoa Dong and Lac Hoa to provide bridge financing and to partially fund the construction of the Soc Trang Wind projects. The interest-bearing loan has a total facility of US\$41.59 million for Hoa Dong and US\$47.41 million for Lac Hoa and bears an annual fixed rate payable. Principal is payable in full on June 1, 2024, in case of third-party financing or in tranches every first calendar quarter of the fourth period or every end of the calendar quarter, until full payment of the loan in case of no third-party refinancing.

As at December 31, 2023 and 2022, the outstanding balance of the interest-bearing loan receivables from Hoa Dong amounted to US\$41.59 million (₹2,302.78 million) and US\$41.59 million (₹2,318.79 million), respectively.

As at December 31, 2023 and 2022, the outstanding balance of the interest-bearing loan receivables from Lac Hoa amounted to US\$47.41 million (₹2,625.15 million) and US\$47.41 million (₹2,643.40 million), respectively.

c. Asian Wind Power 1 HK (Asia Wind 1) (Joint Venture)

In 2020, the Group and Asia Wind 1 entered into an interest-bearing debt replacement facility to provide bridge financing during the construction of Dai Phong Wind Project in Vietnam for an aggregate principal amount of US\$61.00 million. The loan is repayable on earlier of 12 months from commissioning date or upon project financial close. On June 27, 2023, the debt replacement facility maturity date was amended to August 31, 2023. On August 31, 2023, the debt replacement facility maturity date was amended to September 14, 2023. On September 11, 2023, the debt replacement facility maturity date was amended to September 29, 2023. On September 27, 2023, the debt replacement facility maturity date was amended to September 29, 2035.

As at December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to US\$26.59 million (₹1,472.29 million) and US\$55.38 million (₹3,087.43 million) respectively.

d. Asian Wind Power 2 HK (Asia Wind 2) (Joint Venture)

In 2020, the Group entered into an interest-bearing Pref B Facility with Asian Wind 2 to provide bridge financing to fund the construction of 42MW wind project in Vietnam, for an aggregate principal amount of US\$54.00 million. The loan is repayable on earlier of Project Financial Close, or 5 business days from the date from drawdown of Debt Replacement Facility, or 25th anniversary from drawdown date.

As at December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to US\$20.91 million (₹1,157.89 million), and US\$43.68 million (₹2,435.26 million), respectively.

e. NEFIN Limited (NEFIN) (Joint Venture)

On January 6, 2022, the Group and NEFIN Limited entered into an interest-bearing debt replacement facility to NEFIN Limited to provide bridge financing and partially fund the development and construction of NEFIN rooftop solar projects for an aggregate principal of US\$35.00 million. The loan is repayable on earlier of 24 months from first issuance date or upon securing project financing or debt financing of NEFIN Limited.



As at December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to US\$ 14.30 million (₱791.51 million) and US\$ 10.31 million (₱574.83 million), respectively.

f. Ingrid Power Holdings, Inc. (Ingrid) (Joint venture)

On December 27, 2022, the Group and Ingrid entered into a facility agreement amounting to ₱1,250.00 million in order to fund working capital requirements in relation to the operation of its 150MW Pililia diesel power plant in Pililia Rizal. The loan bears an annual fixed interest rate and is payable upon maturity.

Promissory notes executed in relation to the facility agreement were made on:

Date	Amount	Original Maturity Date	Extended Maturity Date
December 28, 2022	₱200,000,000	June 27, 2023	August 30, 2023
January 11, 2023	₱300,000,000	July 10, 2023	October 31, 2023
January 27, 2023	₱300,000,000	July 26, 2023	June 30, 2024

As at December 31, 2023 and 2022, the outstanding debt replacement amounts to ₱300.00 million and ₱200.00 million, respectively.

g. Vietnam Wind Energy Limited (VWEL) (Joint Venture)

In 2020, the Group and VWEL entered into an interest-bearing facility with an aggregate principal of US\$10.00 million, to provide bridge financing to fund the construction of 60MW wind project in Vietnam. The loan is repayable 20 years from relevant drawdown date.

As at December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to US\$5.10 million (₱283.48 million) and US\$1.07 million (₱59.61 million), respectively.

h. PT Dewata ACEN Renewables Indonesia (Dewata) (Joint Venture)

On September 8, 2023, the Group and Dewata entered into a joint venture to invest in PT Dewata ACEN Renewables Indonesia for the development, construction and operation of solar, battery energy storage systems and wind projects in Indonesia, with a facility amount of \$0.75 million.

As at December 31, 2023, the receivable amount is US\$0.60 (₱33.21 million).

i. BIM Wind Joint Stock Company (BIM Wind) (Joint Venture)

A debt replacement facility to BIM Wind, to provide bridge financing to fund the construction of the 88MW wind project in Vietnam for an aggregate principal amount of \$45.00 million. The loan is repayable upon maturity 5 months from initial utilization date. On May 19, 2021, the short-term debt replacement facility was refinanced to a long-term facility with an aggregate principal amount of \$91.00 million and a 10-year maturity from the utilization date.

On August 12, 2021, the long-term debt replacement facility was amended to increase in aggregate principal amount to \$102.0 million. The interest-bearing loan was paid on January 18, 2023.

As at December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to nil and US\$ 85.19 million (₱4,749.49 million), respectively.



Debt replacement bear interest ranging from 7.00% to 15.00% per annum and 8.00% to 12.00% per annum for the years ended December 31, 2023 and 2022, respectively.

Development Loan

Development loan facilities are provided to related parties and third parties to fund the development of renewable power plant projects.

a. UPC-AC Energy Solar Limited (UPC-ACE Solar) (Joint Venture)

In 2019, the Group and UPC-ACE Solar entered into an interest-bearing loan agreement with an aggregate amount of US\$20.00 million to fund development of projects across India, Taiwan, and Korea. The loan is repayable 10 years from first utilization date.

As at December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to US\$14.57 million (₱806.69 million) and US\$ 20.00 million (₱1,115.10 million) respectively.

b. Yoma Strategic Investments (Yoma) (Affiliate)

In 2019, the Group and Yoma, signed a term sheet, which includes an interest-bearing loan for the development of Yoma Micro Power. The interest-bearing loan has a total facility of US\$25.00 million and bears an annual fixed interest and payable upon maturity. The loan is covered by a Guarantee Agreement between the Group (as “Lender”) and Yoma (as “Guarantor”). The Guarantee Agreement stands as security for the prompt and complete payment, where the Guarantor irrevocably and unconditionally undertake that in case of default, the Guarantor shall pay the Lender the guaranteed obligations as if the Guarantor instead of the Borrower were expressed to be the principal obligor without any further proof or condition and without any investigation or enquiry. The loan is repayable upon maturity on June 30, 2023.

On October 31, 2023, it was extended to December 31, 2023. As of December 31, 2023, there is an ongoing negotiation on the restructuring of the Agreement.

As at December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to US\$24.02 million (₱1,329.82 million), and US\$24.02 million (₱1,339.07 million), respectively.

c. Huntington Renewables Investment Limited (Huntington) (Third Party)

On December 18, 2023, the Group and Huntington entered into term loan facility agreement, to fund the acquisition of a stake in BIM Energy Holding Corporation, with an aggregate principal amount of US\$64.50 million. The loan is repayable on June 21, 2024.

As at December 31, 2023, the receivable amount is US\$64.50 million (₱3,571.37 million).

d. Provincia Investments Corporation (Provincia) (Third Party)

In 2021, the Group and Provincia Investments Corporation (“Provincia”) entered into an interest-bearing term loan facility to fund its various acquisition of project sites for solar power projects. The interest-bearing loan has a total facility of ₱1,000.00 million and bears annual fixed interest rate and payable upon maturity. On July 2, 2021, Provincia made an initial drawdown amounting ₱150.00 million. The principal and interest of the loan are payable on July 2, 2026.



On January 25, 2023, the Group, Provincia and Solar Philippines Power Project Holdings, Inc. (Solar PH) entered into definitive agreements whereby ACEN receives 500 million shares of SP New Energy Corporation (“SPNEC”), a listed company which is an affiliate of Solar PH (which SPNEC shares had a market value of approximately ₱660.00 million as of January 24, 2023) as (a) pre-payment for part of the development loan principal, (b) payment of interest, (c) consideration for the arrangement and security amendment by which the Group released its pledge over shares owned by Solar PH in SPNEC, and (d) allow further drawdown by Provincia from the existing ₱1,000.00 million loan facility.

As at December 31, 2023, Provincia drew additional ₱150.00 million from its development loan facility.

The Group recognized ₱515.00 million gain from the partial settlement of development loan in 2023 (see Note 20).

The SPNEC shares held by the Group for trading purposes amounted to ₱501.82 million and is classified as financial assets at fair value through profit or loss in the consolidated statements of financial position. The Group recognized gain on sale of SPNEC shares amounting to ₱37.34 million and nil in 2023 and 2022, respectively and is presented under “Gain on sale of financial asset at FVTPL” in Note 20 to the consolidated financial statements.

As at both December 31, 2023 and 2022, the outstanding receivable amounted to ₱150.00 million.

e. ACEN-Silverwolf Pte. Ltd (ACEN-Silverwolf) (Joint Venture)

On May 31, 2023, the Group and ACEN-Silverwolf entered into an interest-bearing loan agreement with an aggregate amount of USD\$2.00 million to fund renewable energy projects located in Taiwan.

As at December 31, 2023, the receivable amount is US\$0.10 million (₱5.42 million).

f. UPC Renewables Asia Pacific Holdings Ltd. (UPCAPH) (Third Party)

In 2019, the Group and UPCAPH entered into an interest-bearing loan facility agreement to fund the development of renewable energy and energy storage projects in the Asia Pacific, with an aggregate principal amount of US\$33.00 million. The loan is repayable upon maturity on January 31, 2023. The interest-bearing loan of US\$29.30 million (₱1,489.56 million) was paid in 2022.

In 2022, the Group and UPCAPH entered into an interest-bearing loan facility to fund the payment of UPCAPH Subscription Agreement, with an aggregate principal amount of \$85.40 million. The loan is repayable on completion of the second and final tranche of the Company’s acquisition of ACEN Australia. In February 2023, the principal amount and interest were fully paid amounting to US\$85.39 million (₱4,641.85 million).

As at December 31, 2023 and 2022, the receivable amount is nil and US\$85.39 million (₱4,760.97 million), respectively.



g. BEHS Joint Stock Company (BEHS) (Third Party)

In 2020, the Group and BEHS entered into an interest-bearing short-term loan replacement facility for the implementation of BEHS' business plans. The facility has an aggregate principal amount of US\$9.00 million. The loan is repayable 11 months from the initial drawdown date. In May 2021, the ST loan replacement facility was refinanced by a Term Loan Facility, with the same aggregate principal amount and with a new maturity date of June 2023.

As at December 31, 2023 and 2022, the receivable amount is nil and US\$10.23 million (P570.56 million), respectively.

h. BIM Energy Holdings (BIMEH) (Third Party)

In 2020, the Group and BIMEH entered into an interest-bearing short-term loan replacement facility for the implementation of BIMEH's business plans. The facility has an aggregate principal amount of US\$21.00 million. The loan is repayable 11 months from the initial drawdown date. In May 2021, the short-term loan replacement facility was refinanced by a Term Loan Facility, with the same aggregate principal amount and with a new maturity date of June 2023.

As at December 31, 2023, the receivable amount is nil and US\$6.53 million (P364.23 million), respectively.

i. AC Energy and Infrastructure Corporation (ACEIC) (Intermediate Parent Company)

On May 14, 2021, ACEN and ACEIC entered into an uncommitted interest-bearing short-term loan facility. The principal and interest are payable within one year from the drawdown date.

The outstanding balance of interest-bearing loan of US\$189.00 million (P9,596.29 million) was fully settled on May 27, 2022.

Development loans bear interest ranging from 4.00% to 10.85% per annum for both years ended December 31, 2023 and 2022.

Other Loan

Other loans receivable from third parties includes long term loan receivables for land acquisitions. There are interest bearing and matures 1-2 years upon drawdown.

Other loans bear interest ranging from 3.00% to 12.00% per annum for both the years ended December 31, 2023 and 2022.

Accrued interest receivable:

This account consists of:

	2023	2022
Debt replacements:		
Related party (Note 22)	P1,446,884	P1,081,212
Development loans:		
Third party	107,832	43,705

(Forward)



	2023	2022
Related party (Note 22)	₱198,534	₱389,231
Other financial assets at amortized cost – Related party (Note 22)		
Redeemable preferred shares	3,473,000	2,487,852
Convertible loans	761,760	1,071,551
Other loans:		
Third party	26,487	31,846
Related party (Note 22)	33,788	1,875
Trade receivables		
Third party	148,995	60,332
Related party (Note 22)	9,068	5,408
	6,206,348	5,173,012
Allowance for expected credit losses	327,633	–
	5,878,715	5,173,012
Less noncurrent portion	3,971,765	2,905,991
Current portion	₱1,906,950	₱2,267,021

Allowance for expected credit loss

For the year ended December 31, 2023, the Group recognized allowance for impairment loss in development loan to UPC-AC Energy Solar Limited (UPC-ACE Solar) for its principal and interest amounting to US\$13.98 million (₱812.63 million) and US\$6.05 million (₱327.63 million), respectively. Net reversals of other credit losses in the current period 2023 amounted to ₱15.53 million (Notes 18 and 22).

Interest income

The Group earns interest income from its accounts and notes receivable amounting to:

	2023	2022	2021
<i>Debt replacements</i>			
Related Paty			
BIM Wind	₱130,266	₱380,250	₱248,334
Lac Hoa	343,065	96,629	–
Greencore 3	495,884	228,241	57,387
Hoa Dong	301,196	86,371	–
Asian Wind 1	283,695	269,291	208,839
Asian Wind 2	224,807	199,560	233,424
Ingrid	76,405	12,367	–
NEFIN Limited	47,487	26,480	–
VWEL	37,355	59,043	306,768
BIMRE	–	10,370	186,173
	1,940,160	1,368,602	1,240,925
<i>Development Loans</i>			
Related Paty			
UPC-ACE Solar	102,677	95,725	80,211
Yoma	53,314	52,427	48,324
UPC-ACE Australia	14,664	7,087	–
ACEIC	–	107,000	141,568
TBC	–	60,390	56,572
(Forward)			



	2023	2022	2021
Third Party			
BEHS	₱35,456	₱49,887	₱34,868
Provincia	15,260	12,000	5,786
BIMEH	11,261	9,982	78,590
Huntington	6,472	—	—
UPCAPH	3,116	60,203	118,988
NEFIN Solar	—	—	5,665
Others	1,962	—	—
	244,182	454,701	570,572
<i>Other Loans</i>			
Related Party			
BrightNight India, B.V. (BrightNight)	29,677	—	—
Others	3,833	1,876	—
Third Party			
Cleantech	51,986	—	—
Others	—	15,802	11,220
	85,496	17,678	11,220
<i>Accounts and other Receivables</i>			
Third Party	76,698	38,096	125,075
	₱2,346,536	₱1,879,077	₱1,947,792

6. Investments in Associates and Joint Ventures

The Group's investment in associates and joint ventures and the corresponding effective percentage of ownership are shown below:

	Percentage of ownership		Carrying amount	
	2023	2022	2023	2022
Investments in associates:				
Solar NT Holdings Pte. Ltd. (SUPER)	49.00	—	₱2,558,351	₱—
Maibarara Geothermal, Inc. (MGI)	25.00	25.00	909,694	823,357
PT Puri Prakarsa Batam	40.00	—	166,026	—
Star Energy Geothermal (Salak-Darajat) B.V. (Salak-Darajat)	—	19.80	—	11,550,597
Others	various	various	8,056	8,056
			3,642,127	12,382,010
Interests in joint ventures:				
ACEHI Netherlands B.V. (ACEHI Netherlands)	75.76	—	12,667,764	—
Philippine Wind Holdings Corporation (PhilWind)	69.81	69.81	5,987,605	5,779,741
North Luzon Renewable Energy Corp. (NLR)	33.30	33.30	2,492,401	2,306,315
BIM Renewable Energy Joint Stock Company (BIMRE)	30.00	30.00	1,861,039	1,802,627

(Forward)



	Percentage of ownership		Carrying amount	
	2023	2022	2023	2022
Ingrid Power Holdings, Inc. (Ingrid)	50.00	50.00	₱968,535	₱1,168,629
UPC Power Solutions LLC (UPC Power)	83.33	83.33	562,624	32,367
Greencore Power Solutions 3, Inc. (Greencore 3)	50.00	50.00	434,936	216,729
NEFIN Limited (NEFIN)	50.00	50.00	419,280	520,173
Monsoon Wind B.V. (Monsoon Wind)	25.00	—	163,339	—
BrightNight India, B.V. (BrightNight)	50.00	—	160,904	—
Others	various	various	738,063	557,842
			26,456,490	12,384,423
			₱30,098,617	₱24,766,433

The details and movements of investments in associates and joint ventures accounted for under the equity method are as follows:

	2023	2022
Investment in associates and joint ventures		
Acquisition costs:		
Balance at beginning of year	₱22,557,032	₱19,908,130
Additions	4,592,106	7,575,323
Gain from remeasurement (Notes 2 and 20)	3,433,328	—
Divestment	(2,260,215)	(94,339)
Return of capital	(228,312)	—
Cumulative translation adjustment	(290,764)	1,974,366
Effect of business combination	—	(6,963,673)
Others*	278,156	157,225
Balance at end of year	28,081,331	22,557,032
Accumulated equity in net earnings (losses):		
Balance at beginning of year	2,216,754	1,422,007
Equity in net income of associates and joint ventures	1,765,239	937,834
Dividends received	(1,362,464)	(2,222,356)
Divestment	(515,201)	94,339
Acquisition of control	—	1,984,930
Balance at end of year	2,104,328	2,216,754
Accumulated share in other comprehensive income (loss):		
Balance at beginning of year	(5,794)	29,723
Cumulative translation adjustment	(71,365)	—
Remeasurement gain (loss) on defined benefit plans – net of tax	(27,031)	7,628
Interest rate swap	14,596	—
Unrealized fair value gain on derivative instruments designated as hedges – net of tax	4,111	45,224
Effect of business combinations (Note 24)	—	(88,369)
Balance at end of year	(85,483)	(5,794)
Accumulated impairment losses		
Balance at beginning and end of year	(1,559)	(1,559)
Total investments	₱30,098,617	₱24,766,433

*Others pertain to conversions from financial assets at FVTPL (₱276.30 million) and financial assets at amortized cost (₱1.86 million) (see Note 7) in 2023, while conversions from financial assets at amortized cost (₱134.23 million) (see Note 7) and from other noncurrent asset (₱23.00 million) in 2022.



Investments in Associates

Unless otherwise stated, no dividend was received for the years ended December 31, 2023 and 2022, respectively.

a. Solar NT Holdings Pte. Ltd. (SUPER)

On January 28, 2022, the Group, through its wholly-owned subsidiary ACEV and Super Solar Energy Company Limited through its wholly-owned subsidiary Super Energy Group (Hong Kong) Co., Limited (“Super HK”), executed the Share Purchase Agreement for the 49% acquisition of interest in SUPER. The sale is subject to conditions precedent and has a transaction value of US\$ 165.00 million. SUPER will have direct and indirect subsidiaries which operate nine solar farms in Vietnam with total generating capacity of 837MW. Super Solar Energy Company Limited is a premier renewable energy developer and investor, based in Thailand. The principal place of business and country of incorporation of SUPER is in Singapore.

On June 26, 2023, ACEV completed the first phase of the secondary share acquisition and executed the amended and restated Share Purchase Agreement and Shareholders Agreement. US\$51.00 million (₱2,815.20 million) out of the US\$165.00 million consideration was paid on the same date and the remaining phases of the transaction are expected to be completed within the year.

As of December 31, 2023, the Group infused US\$51.00 million (₱2,815.20 million) and US\$0.10 million (₱5.65 million) directly attributable costs.

b. Maibarara Geothermal, Inc. (MGI)

MGI was incorporated in 2010 and operates a 32MW geothermal power plant in Sto. Tomas, Batangas. Its principal place of business and country of incorporation is in Philippines.

c. PT Puri Prakarsa Batam

On March 10, 2022, the Group, through ACRI, entered into a Framework Agreement with Puti Puri Usaha Kencana (“PUK”), PT Trisurya Mitra Bersama (“TMB”), PT Griya Usaha (“GU”), PT Suryagen Griya Intitama, and PT Puri Energi Kencana, to jointly develop projects in Indonesia. The principal place of business and country of incorporation of PT Puri Prakarsa Batam is in Indonesia..

On August 30, 2023, the Group, through ACRI’s wholly owned subsidiary ACEN Indonesia Investments Holdings Pte. Ltd., TMB and PT Puri Prakarsa Batam (“PPB”), executed a shareholders’ agreement to jointly develop a 660MW photovoltaic project located in Pulau Luma Besar, Indonesia.

As of December 31, 2023, the Group infused US\$3.02 million (₱170.83 million) through subscription of common shares.

d. TBC

In 2018, the Group acquired 25% interest in TBC, a regional development and operations company that has platform of wind projects in Southeast Asia. Its principal place of business and country of incorporation is in Singapore.



In September 2022, the Group disposed its 25% interest in TBC to Jetfly Asia Pte. Ltd. For a total consideration of \$12.77 million (₱734.67 million) which resulted to a gain on divestment of same amount since the carrying amount is nil (Note 20).

Interest in Joint Ventures

Unless otherwise stated, no dividend was received for the years ended December 31, 2023 and 2022, respectively.

a. ACEHI Netherlands B.V. (ACEHI Netherlands)

In 2017, the Group acquired an interest in Salak-Darajat, an investment holding company incorporated in Netherlands, with assets and operations in Salak and Darajat geothermal fields in West Java, Indonesia, with a combined capacity of 637MW of steam and power through ACEHI Netherlands B.V.(ACEHI Netherlands). Its principal place of business and country of incorporation is in Indonesia.

On July 3, 2023, ACRI signed a share purchase agreement with SEOG, for the sale by ACRI of its 24.24% equity share in ACEHI Netherlands to SEOG.

Upon completion of the transaction, ACEHI Netherlands' Board of Directors shall consist equal representations from both shareholders. Furthermore, all matters relating to ACEHI Netherlands, shall be approved unanimously by both shareholders, thereby making ACRI loses its control, and reclassifying ACEHI Netherlands as joint venture (Note 2).

The carrying amount of the 24.24% investment that was derecognized amounted to US\$41.08 million (₱2,260.15 million). Following deconsolidation of ACEHI Netherlands, the investment of the Group in Salak and Darajat previously presented under "Investments in associates" is reclassified to "Investment in joint ventures" through ACEHI Netherlands.

The Group received dividends from Salak-Darajat amounting to US\$11.88 million (₱655.78 million) and US\$26.53 million (₱1,479.29 million) in 2023 and 2022, respectively.

b. Philippine Wind Holdings Corporation (PhilWind) and North Luzon Renewable Energy Corp. (NLR)

In 2013, ACEN signed an Investment Framework Agreement and Shareholder's Agreement with UPC Philippines Wind Holdco I BV and the Philippine Investment Alliance for Infrastructure fund (PINAI) to develop 81MW wind power project in Ilocos North through North Luzon Renewable Energy Corporation (NLR).

The principal place of business and country of incorporation of PhilWind and NLR is in Philippines.

In 2020, ACEN purchased all the shares of PINAI in PhilWind for ₱2,573.30 million through its wholly owned subsidiary, Giga Ace 1. Giga Ace 1 was incorporated in 2019 and is engaged in the power generation business, both from renewable and non-renewable energy sources.

In 2021, the Group made additional investment of ₱1,775.59 million.

On March 18, 2022, ACEN and UPC Philippines Holdco I BV executed a Deed of Absolute Sale of Shares covering 16,668 common shares and 740 preferred shares representing 33% ownership in NLR for ₱2,385.27 million.



PhilWind directly and indirectly owns 67.00% of NLR through its 38.00% direct interest and 28.70% indirect interest through its 100.00% owned subsidiary, Ilocos Wind Energy Holdings Co., Inc.

The Group received dividends from PhilWind amounting to ₱471.00 million and ₱542.32 million in 2023 and 2022, respectively.

The Group received dividends from NLR amounting to ₱74.32 million and ₱30.46 million in 2023 and 2022, respectively.

c. BIM Renewable Energy Joint Stock Company (BIMRE) and BIM Energy Holdings (BIMEH)

In 2018, the Group entered into a 30-70 joint venture agreement with BIM Group to develop, construct, and operate a 300MW Solar Farm in Ninh Thuan Province, Vietnam, through BIMRE and BIMEH. Its principal place of business and country of incorporation is in Vietnam.

BIMRE and BIMEH is currently operating a 375MW and 30MW wind power plant, respectively.

The Group has joint control over BIM Renewable Energy Joint Stock Company, BIM Energy Joint Stock Company and BIM Wind Energy Joint Stock Company by virtue of the requirement for unanimous consent from both Shareholders over key decision areas and material transactions through various reserved matters.

The Group received dividends from BIMRE and BIMEH amounting to US\$2.92 million (₱161.37 million) and US\$2.76 million (₱156.35 million) in 2023 and 2022, respectively.

d. Ingrid Power Holdings, Inc. (Ingrid)

In 2021, the Group executed a subscription agreement with Axia Power Holdings Philippines Corp. for a 50% interest in Ingrid Power Holdings, Inc. to develop, construct, and operate a 150MW diesel power plant in Pililia Rizal. Its principal place of business and country of incorporation is in the Philippines.

e. UPC Power Solutions LLC (UPC Power)

On May 13, 2022, the group through its subsidiary ACEN USA LLC, entered into a Limited Liability Company Agreement (LLCA) with UPC Solar & Wind Investments LLC and Pivot Power Management to pursue opportunities and acquire operating wind projects in the USA and explore strategies for extending their useful life through preventive maintenance and repowering. The partnership resulted to 83.33% ownership interest in UPC Power Solutions LLC.

The Group has joint control over UPC Power Solutions LLC because all fundamental decisions and matters require unanimous approval of all partners.

As of December 31, 2023 and 2022, the Group infused US\$14.52 million (₱814.71 million) and US\$0.76 million (₱41.87 million) including directly attributable cost of US\$0.44 million (₱25.75 million), respectively.



f. Grencore Power Solutions 3, Inc. (Grencore 3)

On February 21, 2022, the Group entered into a 50-50 joint venture with Citicore Renewable Energy Corporation (“CREC”) to develop, construct, and operate a 50MW solar power plant in Arayat and Mexico, Pampanga. Its principal place of business and country of incorporation is in the Philippines.

g. NEFIN Limited (NEFIN) and NEFIN Asset Management Pte. Ltd.

On January 6, 2022, the Group entered into a 50-50 joint venture with Canis Majoris Holding Limited (“NEFIN”) to invest in NEFIN Limited and NEFIN Asset Management Pte. Ltd. NEFIN is a leading solar photovoltaic developer and investor in carbon neutrality solutions and the joint venture company will develop, construct and operate rooftop solar projects across Asia. Its principal place of business and country of incorporation is in Hong Kong.

h. Monsoon Wind B.V. (Monsoon Wind)

On February 24, 2023, the Group signed a Shareholder’s Agreement with Mitsubishi Corporation (MC) for the development, construction, and operations of Monsoon Wind Power Project, a 600MW wind power plant in Southern Loa PDR. Investment resulted to 50% ownership interest in Monsoon Wind.

The Group has joint control over Monsoon Wind by virtue of the requirement for simple majority from both shareholders over key decision areas and material transactions through various reserve matters.

As of December 31, 2023, the Group infused \$6.92 million (₱380.53 million) and US\$0.22 million (₱12.18 million) directly attributable costs, with a return of capital amounting to \$4.20 million (₱228.31 million).

In connection with the MC and the Group’s investment in the project, the parties also agreed to infuse funding into Impact Wind Investment Limited (Impact Wind) pursuant to the Party B Financing Bond Subscription and Shareholder’s Agreement executed on February 24, 2023. As of December 31, 2023, the Group subscribed to Impact Wind’s Party B Financing Bonds amounting to US\$25.64 million (₱1,419.45 million; see Note 7).

i. BrightNight India, B.V. (BrightNight)

On March 10, 2023, the Group signed a Shareholder’s Agreement with US-based renewable power company, BrightNight to develop, construct and operate large-scale hybrid wind-solar and round-the- clock renewable power projects in India with over 1,200MW pipeline.

The Group has joint control over BrightNight India B.V. by virtue of the requirement for unanimous consent from both shareholders over key decision areas and material transactions through various reserve matters.

In 2023, subscription deposit in BrightNight amounting to US\$0.50 million (₱27.32 million) was reclassified from subscription deposit to investment in joint venture (see Note 7).

As of December 31, 2023, the Group infused US\$5.30 million (₱289.86 million) and US\$0.43 million (₱23.69 million) directly attributable costs.



The summarized financial information of material associates and joint ventures of the Group, and the reconciliation with the carrying amounts of the investments in the consolidated financial statements are shown below:

2023 (Amounts in millions, except otherwise stated)

	PhilWind	NLR	Ingrid	BIMRE	ACEHI Netherlands	Greencore 3	MGI	SUPER
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Joint Venture	Joint Venture	Associate	Associate
Functional currency	PHPP	PHPP	PHPP	VND (in billions)	US\$	PHPP	PHPP	US\$
Dividends received	₱471.00	₱74.32	₱—	₱ 67.95	\$11.88	₱—	₱—	\$—
Summarized Statements of Financial Position:								
Cash and cash equivalents	₱575.31	₱320.23	₱162.44	₱233.12	\$248.94	₱744.53	₱565.01	₱12.85
Other current assets	2,746.70	1,655.31	856.20	738.50	95.10	206.83	365.57	12.80
Noncurrent assets	16,257.43	9,689.02	1,084.21	5,136.81	2,628.10	4,828.05	4,610.36	224.32
Total assets	19,579.44	11,664.56	2,102.85	6,108.43	2,972.14	5,779.41	5,540.94	249.97
Accounts and other payables	675.07	630.43	398.69	9.92	5.38	225.94	298.71	4.92
Short-term loans	—	—	300.00	—	—	4,474.54	—	—
Lease liabilities – current portion	1.04	1.04	8.48	—	0.81	—	1.31	—
Long-term loan – current portion	494.16	485.80	—	—	44.00	—	399.53	12.40
Other current liabilities	376.08	175.85	—	487.87	34.86	—	—	0.38
Lease liabilities – net of current portion	40.01	40.01	29.41	—	1.10	—	—	0.06
Long-term loan – net of current portion	9,018.69	6,350.55	—	3,685.76	989.96	—	1,173.33	147.54
Other noncurrent liabilities	160.84	158.60	1.28	657.77	648.19	235.25	12.38	9.03
Total Liabilities	10,765.89	7,842.28	737.86	4,841.32	1,724.29	4,935.73	1,885.26	174.33
Equity	₱8,813.55	₱3,822.28	₱1,364.99	₱1,267.11	\$1,247.85	₱843.68	₱3,655.68	\$75.64
Share in equity	₱2,722.98	₱1,308.20	₱682.83	₱452.74	\$226.20	₱434.94	₱909.69	\$45.60
Notional goodwill	3,264.62	1,184.20	285.71	363.00	2.58	—	—	0.60
Carrying value of investments in functional currency	₱5,987.60	₱2,492.40	₱968.54	₱815.74	\$228.78	₱434.94	₱909.69	\$46.20
Carrying value of investments in Philippine Peso	₱5,987.60	₱2,492.40	₱968.54	₱1.87	₱12,865.62	₱434.94	₱909.69	₱2,543.98
CTA	—	—	—	(0.01)	(197.86)	—	—	14.37
Carrying value of investments in reporting currency	₱5,987.60	₱2,492.40	₱968.54	₱1.86	₱12,667.76	₱434.94	₱909.69	₱2,558.35



	PhilWind	NLR	Ingrid	BIMRE	ACEHI Netherlands	Greencore 3	MGI	SUPER
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Joint Venture	Joint Venture	Associate	Associate
Functional currency	PHPP	PHPP	PHPP	VND (in billions)	US\$	PHPP	PHPP	US\$
Summarized Statements of Comprehensive Income:								
Revenue	₱3,178.18	₱2,439.14	₱616.11	₱1,310.37	\$398.42	₱953.98	₱1,106.40	\$34.87
Depreciation and amortization	365.26	365.26	143.1	282.98	43.788	0.31	296.46	16.54
Interest income	118.66	69.33	9.64	28.37	5.827	0.21	22.23	0.09
Interest expense	408.4	408.4	84.96	564.84	44.864	290.36	106.97	15.9
Income tax expense	145.69	145.68	1.81	45.28	90.298	73.61	26.8	0.17
Other cost and expense	420.16	355.66	776.67	59.34	73.75	153.07	312.97	10.27
Net income (loss)	1,720.01	1,094.81	(400.07)	329.56	139.89	436.42	340.97	(8.10)
Other comprehensive (loss) income	(2.18)	(2.18)	(0.11)	–	(2.78)	–	2.18	(1.44)
Total comprehensive income (loss) at functional currency	₱1,717.83	₱1,092.63	(₱400.18)	₱329.56	\$137.11	₱436.42	₱343.15	(\$9.54)
Group's share in total comprehensive income (loss) at functional currency	₱678.87	₱260.40	(₱200.09)	₱98.87	\$23.61	₱218.21	₱86.34	(\$4.90)
Total comprehensive income (loss) in Philippine Peso	₱1,717.83	₱1,092.63	(₱400.18)	₱0.78	₱7,630.86	₱–	₱343.15	(₱501.84)
Group's share in total comprehensive income (loss) in Philippine Peso	₱678.87	₱260.40	(₱200.09)	₱0.23	₱1,312.90	₱218.21	₱86.34	(₱276.87)

2022 (Amounts in millions, except otherwise stated)

	PhilWind	NLR	Ingrid	BIMRE	Salak-Darajat	MGI
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Associate	Associate
Functional currency	PHPP	PHPP	PHPP	VND (in billions)	US\$	PHPP
Dividends received	₱542.32	₱30.46	₱–	₱466.98	\$26.53	₱–
Summarized Statements of Financial Position:						
Cash and cash equivalents	₱2,619.09	₱ 562.09	₱ 208.60	₱105.65	\$94.09	₱ 290.73
Other current assets	1,343.97	962.05	2,360.51	699.93	230.47	665.47
Noncurrent assets	7,641.90	9,946.35	1,177.90	5,418.33	2,495.76	4,730.37
Total assets	11,604.96	11,470.50	3,747.01	6,223.91	2,820.32	5,686.57

(Forward)



	PhilWind	NLR	Ingrid	BIMRE	Salak-Darajat	MGI
Accounts and other payables	₱ 34.85	₱ 406.01	₱ 1,105.01	₱ 26.69	₱ 5.65	₱ 370.49
Short-term loans	—	—	800.00	—	—	—
Lease liabilities - current portion	0.78	0.78	5.74	—	1.46	1.32
Long-term loan - current portion	331.69	331.69	—	412.89	38.00	394.77
Other current liabilities	444.14	58.14	29.72	11.64	48.48	—
Lease liabilities - net of current portion	41.33	41.33	42.19	—	1.47	1.58
Long-term loan - net of current portion	6,989.05	6,989.05	—	4,001.19	1,032.74	1,591.21
Other noncurrent liabilities	145.81	147.88	0.23	610.46	659.23	16.87
Total Liabilities	7,987.65	7,974.88	1,982.89	5,062.87	1,787.03	2,376.24
Equity	₱3,617.31	₱3,495.61	₱1,764.12	₱1,161.04	\$ 1,033.29	₱3,310.33
Share in equity	₱2,515.12	₱1,122.12	₱882.92	₱348.31	\$204.59	₱ 823.36
Notional goodwill	3,264.62	1,184.20	285.71	363.00	2.04	—
Carrying value of investments in functional currency	₱5,779.74	₱2,306.32	₱1,168.63	₱711.31	\$206.63	₱823.36
Carrying value of investments in Philippine Peso	₱5,779.74	₱2,306.32	₱1,168.63	₱0.73	₱11,383.82	₱823.36
CTA	—	—	—	1.07	166.78	—
Carrying value of investments in reporting currency	₱5,779.74	₱2,306.32	₱1,168.63	₱1.80	₱11,550.60	₱823.36
Summarized Statements of Comprehensive Income:						
Revenue	₱2,170.93	₱2,222.16	₱3,328.21	₱1,204.47	\$ 371.77	₱972.92
Depreciation and amortization	358.32	367.47	141.35	282.98	42.36	270.71
Interest income	31.21	22.60	0.19	18.78	1.93	12.75
Interest expense	273.26	272.51	17.93	331.09	0.40	149.99
Income tax expense	122.58	121.03	29.82	18.38	98.64	15.40
Other cost and expense	398.28	461.94	3,222.91	271.37	109.61	377.64
Net income (loss)	987.28	976.61	(83.99)	281.87	118.83	146.43
Other comprehensive income	—	—	—	—	0.29	—
Total comprehensive income (loss) at functional currency	₱987.28	₱976.61	(₱83.99)	₱281.87	\$119.12	₱146.43
Group's share in total comprehensive income (loss) at functional currency	₱556.39	₱51.39	(₱42.03)	₱83.95	\$23.91	₱38.32
Total comprehensive income (loss) in Philippine Peso	₱987.28	₱976.61	(₱83.99)	₱0.65	₱6,641.61	₱146.43
Group's share in total comprehensive income (loss) in Philippine Peso	₱556.39	₱51.39	(₱42.03)	₱0.19	₱1,306.48	₱38.32



2021 (Amounts in millions, except otherwise stated)

	PhilWind	Ingrid	UPC-ACE Australia	AAR	Salak-Darajat	BIMRE
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Associate	Joint venture
Functional currency	PHP	PHP	US\$	VND (in billions)	US\$	VND (in billions)
Summarized Statements of Comprehensive Income:						
Revenue	₱2,892.55	₱451.08	\$—	₱525.07	\$349.70	₱1,165.48
Depreciation and amortization	372.47	35.94	—	128.28	35.11	282.90
Interest income	26.33	0.06	—	—	—	19.62
Interest expense	287.43	0.57	12.15	349.14	0.36	345.94
Income tax expense	49.99	1.76	—	0.64	85.98	17.65
Other cost and expenses	391.00	445.66	3.55	76.59	113.16	38.12
Net income (loss)	1,765.33	(32.91)	(15.70)	(29.58)	115.09	461.25
Other comprehensive income	648.77	—	(1.82)	—	(5.54)	—
Total comprehensive income (loss) at functional currency	₱2,414.10	(₱32.91)	(\$17.52)	(₱29.58)	\$109.55	₱461.25
Group's share in total comprehensive income (loss) at functional currency	₱974.01	(₱16.46)	(\$8.76)	(₱14.79)	\$21.69	₱138.37
Total comprehensive income (loss) in Philippine Peso	₱2,414.10	(₱32.91)	(₱880.36)	(₱0.07)	₱5,504.25	₱1.06
Group's share in total comprehensive income (loss) in Philippine Peso	₱974.01	(₱16.46)	(₱439.64)	(₱0.02)	₱1,052.08	₱0.32

In 2022, the Group's share in total comprehensive loss for UPC- AC Energy Australia (HK) Limited totaled ₱1,023.06 million prior to business combination.



7. Investments in Other Financial Assets at Amortized Cost

The Group's investment in other financial assets at amortized cost are shown below:

	2023	2022
Redeemable preferred shares		
AMI AC Renewables Corporation (AAR)	₱6,943,641	₱6,991,917
UPC-AC Energy Solar Limited (UPC-ACE Solar)	4,323,868	4,332,163
BIM Wind Joint Stock Company (BIM Wind)	2,232,294	2,074,683
NEFIN Limited (NEFIN)	1,713,369	1,142,420
Impact Wind Investments Limited (Impact Wind)	1,419,454	—
BIM Renewable Energy Joint Stock Company (BIMRE)	1,350,290	1,359,678
UPC Renewables Asia III Ltd. (UPC Asia III)	1,210,630	1,219,047
BIM Energy Joint Stock Company (BIME)	235,610	237,248
	19,429,156	17,357,156
Subscription deposits		
Beacon Capital Holdings Limited	1,356,565	—
UPC Renewables Asia Pacific Holdings Pte. Limited (UPCAPH)	110,740	—
BIM Wind Joint Stock Company (BIM Wind)	—	293,479
Suryagen Capital Pte. Ltd. (Suryagen)	—	139,388
	1,467,305	432,867
Convertible loans		
Vietnam Wind Energy Limited (VWEL)	2,113,578	2,118,690
Asian Wind Power 1 HK Ltd (Asian Wind 1)	900,549	1,449,630
Asian Wind Power 2 HK Ltd (Asian Wind 2)	868,589	1,186,973
	3,882,716	4,755,293
	24,779,177	22,545,316
Allowance for expected credit losses	3,145,378	1,284,409
Balance at end of year	₱21,633,799	₱21,260,907

Investments in redeemable preferred shares and subscription deposits

The rollforward analysis of this account follows:

	2023		
	Redeemable Preferred Shares	Subscription Deposit	Total
Balances at beginning of year	₱17,357,156	₱432,867	₱17,790,023
Additions	2,433,046	1,467,305	3,900,351
Conversion	176,219	(176,222)	(3)
Redemption	(74,752)	(249,236)	(323,988)
Reclassification			
Financial asset at FVOCI	(353,340)	—	(353,340)
Investment in joint venture	(1,859)	—	(1,859)
Cumulative translation adjustment	(107,314)	(7,409)	(114,723)
	19,429,156	1,467,305	20,896,461
Allowance for impairment	878,429	—	878,429
Balances at end of year	₱18,550,727	₱1,467,305	₱20,018,032



2022

	Redeemable Preferred Shares	Subscription Deposit	Total
Balances at beginning of year	₱10,944,931	₱1,821,552	₱12,766,483
Additions	3,571,739	180,448	3,752,187
Conversion	1,899,834	(1,899,834)	—
Reclassification to investment in joint venture	—	(134,228)	(134,228)
Cumulative translation adjustment	940,652	464,929	1,405,581
	17,357,156	432,867	17,790,023
Allowance for impairment	—	—	—
Balances at end of year	₱17,357,156	₱432,867	₱17,790,023

Investments in redeemable preferred shares

a. AMI AC Renewables Corporation (AAR)

Redeemable Class A and Class B preference shares in AAR are entitled to dividends at fixed base rate annually, commencing from January 22, 2018. The shares are redeemable only by cash at the issuer's option on "first in first out" basis but no earlier than the 5th year from subscription date. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commercial operations.

AAR owns a combined 80 MW of Solar Farm in Khan Hoa and Dak Lak Province, Vietnam.

In 2022, the Group converted its subscription deposits to Class A preferred shares for a total US\$3.25 million (₱168.79 million).

As at December 31, 2023 and 2022, the carrying amount is US\$125.40 million (₱6,943.64 million), and US\$125.40 million (₱6,991.92 million), respectively.

b. UPC-AC Energy Solar Limited (UPC-ACE Solar)

In 2021 and 2020, the Group entered into different Share Subscription Agreement with UPC-ACE Solar to subscribe the latter's Class A redeemable preferred shares. The redeemable Class A Preferred shares are non-voting shares entitled to dividends at fixed, cumulative, and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in, first out" basis. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years from commercial operations.

UPC-ACE Solar owns and operate the 50MW (70MWdc) Paryapt Solar Plant located in Gujarat Province and 100MW (140MWdc) Sitara Solar Plant located in Rajasthan Province in India. Both projects achieved commercial operations in April 2021 and May 2021, respectively. UPC-ACE Solar also owns Masaya Solar, 420MWp solar farm in the Central Indian state of Madhya Pradesh currently under construction.

In 2022, the Group subscribed to Class A Redeemable preferred shares for a total of \$46.20 million (₱2,417.40 million).



On March 31, 2023, the Group subscribed to redeemable Class B preference shares of UPC-ACE Solar amounting to US\$6.50 million (₹353.34 million) which was subsequently reclassified to financial assets at FVOCI. The unquoted equity investments represent investment in the India Projects that are engaged in wind power generation and operation.

For the year ended December 31, 2023, the Group provided ECL provision amounting to \$15.47 million (₹878.43 million) (see Note 18).

As at December 31, 2023 and 2022, the carrying amount is US\$62.23 million (₹3,445.44 million), and US\$77.70 million (₹4,332.16 million), respectively.

c. BIM Wind Joint Stock Company (BIM Wind)

On December 21, 2021, the Group converted deposit for future equity in BIM Wind into 300,000 redeemable preference shares. The redeemable preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis no later than the end of the operations of the project which is expected in 20 years from commercial operations.

BIM Wind owns and operates an 88 MW wind project in the Province Ninh Thuan, Vietnam.

In 2023 and 2022, the Group converted its subscription deposits to redeemable preferred shares for a total of \$3.14 million (₹176.22 million) and \$29.53 million (₹1,731.04 million), respectively.

As at December 31, 2023 and 2022, the carrying amount is US\$40.32 million (₹2,232.29 million), and US\$37.21 million (₹2,074.68 million), respectively.

d. NEFIN Limited (NEFIN)

Construction Equity RPS in NEFIN Limited are non-voting shares entitled to a fixed, cumulative compounding dividends annually and are not entitled to any additional dividends. The shares are redeemable only by cash at the issuer's option.

NEFIN installs utility-scale rooftop solar projects, commercial and industrial renewable energy systems.

In 2023, total subscriptions amounted to US\$10.45 million (₹582.13 million).

As at December 31, 2023 and 2022, the carrying amount is US\$30.94 million (₹1,713.37 million), and US\$20.49 million (₹1,142.42 million), respectively.

e. Impact Wind Investments Limited (Impact Wind)

In February 2023, the Group entered into a Party B Financing Bond Subscription Agreement with Mitsubishi Corporation, and Monsoon Wind B.V. to subscribe to Party B Financing to fund the construction of 600MW Monsoon Wind Project (see Note 6). The financing has an aggregate total amount of US\$80.40 million of which, US\$65.00 million is allocated to the Group. The Party B Financing has a fixed interest rate, payable on March 31, 2043.

In 2023, total subscriptions amounted to US\$27.01 million (₹1,497.57 million) with redemption of US\$1.38 million (₹74.75 million).



As at December 31, 2023, the carrying amount is US\$25.64 million (₱1,419.45 million).

f. BIM Renewable Energy Joint Stock Company (BIMRE)

On November 4, 2019, the Group converted deposit for future equity in BIMRE into 3,437,000 redeemable Class A preference shares and 3,437,000 redeemable Class B preference shares. The redeemable Class A and Class B preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date and no later than the end of the operations of the project which is expected in 20 years from commercial operations. In 2020, the Group converted its subscription deposit to 928,093 Redeemable Class A and 928,093 Redeemable Class B shares.

BIMRE owns 300 MW of Solar Farm in Ninh Thuan Province, Vietnam.

As at December 31, 2023 and 2022, the carrying amount is US\$24.39 million (₱1,350.29 million), and US\$24.39 million (₱1,359.68 million), respectively.

g. UPC Renewables Asia III Ltd. (UPC Asia III)

Redeemable Class A preference shares in UPC Asia III are non-voting shares and are redeemable at the holder's option within 30 days from earlier of July 15, 2035 or date as soon as funds are realized by UPC Asia III or its subsidiaries. The shares are entitled to dividends at fixed, cumulative and compounding rate annually, commencing from January 11, 2017.

UPC Asia III owns 75 MW Wind Farm in South Sulawesi, Indonesia.

As at December 31, 2023 and 2022, the carrying amount is US\$21.86 million (₱1,210.63 million), and US\$21.86 million (₱1,219.05 million), respectively.

h. BIM Energy Joint Stock Company (BIME)

On November 4, 2019, the Group also converted deposit for future equity in BIME into 343,700 redeemable Class A preference shares and 343,700 redeemable Class B preference shares. The redeemable Class A and Class B preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commercial operations.

BIME owns 30 MW of Solar Farm in Ninh Thuan Province, Vietnam.

As at December 31, 2023 and 2022, the carrying amount is US\$4.26 million (₱235.61 million), and US\$4.26 million (₱237.25 million), respectively.

Subscription Deposits

a. Beacon Capital Holdings Limited

On December 18, 2023, the Group entered into a Reservation Agreement with Beacon Capital Holdings Limited and Huntington Renewable Investments Limited, to acquire 49% equity stake



in BIM Energy Holdings, BIM Group's holding company for renewable projects in Vietnam. The transaction is subject to condition precedents, including regulatory approval in Vietnam. As part of the transaction, the Group, provided a reservation deposit amounting to US\$24.50 million (₱1,356.57 million).

b. UPC Renewables Asia Pacific Holdings Pte. Limited (UPCAPH)

On December 13, 2023, the Group entered into an agreement with UPC Renewables Asia Pacific Holdings Pte Ltd, for the 49% acquisition of 3 late-stage development projects in Indonesia, with a combined potential capacity of 320MW. The projects are located in South Sulawesi, Sukabumi, and Lombok. As part of the transaction, the Group, provided a subscription deposit amounting to \$2.00 million.

As at December 31, 2023, the carrying amount is US\$2.00 million (₱110.74 million).

c. BIM Wind Joint Stock Company (BIM Wind)

On July 7, 2020, the Group entered into a Share Subscription and Deposit Agreement for non-interest deposit with BIM Wind.

Subscriptions amounting to \$3.14 million (₱176.22 million) was converted in 2023.

Subscriptions amounting to \$2.12 million (₱119.34 million) was collected in 2023.

As at December 31, 2023 and 2022, remaining unconverted subscription deposit amounted to nil and \$5.26 million (₱293.48 million), respectively.

d. Suryagen Capital Pte. Ltd. (Suryagen)

On March 10, 2022, Framework Agreement Term Sheet Between ACRI and PT Puri Usaha Kencana, Pt Trisurya Mitra Bersama, PT Griya Usaha, PT Suryagen Griya Intitama and PT Puri Energi Kencana was entered into for the joint development of projects in Indonesia. Pursuant to the term sheet, ACRI infused US\$2.50 million (₱129.90 million) to Suryagen Capital Pte Ltd as a non-refundable subscription deposit convertible into common shares investment upon execution of the investment definitive documentation.

Subscriptions amounting to \$2.50 million (₱129.90 million) was redeemed in 2023.

As at December 31, 2023 and 2022, nil and \$2.50 million (₱139.39 million) of deposits remain outstanding, respectively.

Convertible loans

The rollforward analysis of this account follows:

	2023	2022
Balance at beginning of year	₱4,755,293	₱13,319,476
Additions	1,807,639	2,807,214
Redemptions	(2,341,774)	(14,508)

(Forward)



	2023	2022
Reclassified from receivables from a related party	₱–	₱74,446
Effect of business combination (Note 24)	–	(12,951,246)
Cumulative translation adjustment	(338,442)	1,519,911
	3,882,716	4,755,293
Allowance for impairment (Note 18)	2,266,949	1,284,409
Balance at end of year	₱1,615,767	₱3,470,884

a. Vietnam Wind Energy Limited (VWEL)

On April 17, 2020, the Group entered into an agreement with VWEL, to make available a convertible term loan facility in an aggregate amount of US\$38.00 million (₱1,841.67 million). The Group, from time to time until maturity date, has an irrevocable right to convert all or part of the conversion amount into redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. The redeemable preferred shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends, redeemable at the issuer's option. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years of drawn down date.

As at December 31, 2023 and 2022, the outstanding loan amounted to nil and US\$14.96 million (₱834.28 million), respectively.

b. Asian Wind Power 1 HK Ltd (Asian Wind 1)

On April 12, 2019, AC Energy Vietnam Investments 2 Pte. Ltd. Entered into an agreement with Asian Wind 1 to make available a convertible term loan facility in aggregate principal amount not exceeding US\$26.00 million (₱1,260.09 million). The Group, from time to time until 25th anniversary of drawdown date, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years of drawn down date.

In 2022, convertible loan amounting to US\$1.43 million (₱74.45 million) was reclassified to debt replacement loans.

On September 29, 2023, repaid the outstanding convertible loan facility amounting to US\$26.00 million (₱1,318.77 million).

On September 27, 2023, ACEN Vietnam Investments Pte. Ltd., and Asian Wind Power 1 HK Ltd, entered into an agreement to make available a Convertible Preferred C facility in aggregate principal amount of US\$16.26 million (₱920.15 million), payable on July 31, 2040. The Group has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the



end of the operations of the relevant projects which is expected in 20 years from commissioning date.

As at December 31, 2023 and 2022, the outstanding loan US\$16.26 million (₱900.55 million) and US\$26.00 million (₱1,449.63 million), respectively.

c. Asian Wind Power 2 HK Ltd (Asian Wind 2)

On March 25, 2020, the Group entered into an agreement with Asian Wind 2, to make available a convertible term loan facility in an aggregate amount not exceeding \$23,000,000. The Group, from time to time until 25th anniversary of drawdown date, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A redeemable preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years of drawn down date.

In 2022, redemptions amounted to US\$0.26 million (₱14.51 million).

On September 29, 2023, repaid the outstanding convertible loan facility amounting to US\$21.29 million (₱1,023.00 million).

On September 27, 2023, ACEN Vietnam Investments Pte. Ltd., and Asian Wind Power 2 HK Ltd, entered into an agreement to make available a Convertible Preferred C facility in aggregate principal amount of US\$15.69 million (₱887.49 million), payable on October 31, 2041. The Group, from time to time, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commissioning date.

As at December 31, 2023 and 2022, the outstanding loan US\$15.69 million (₱868.59 million) and US\$21.29 million (₱1,186.97 million), respectively.

d. Investment in UPC-ACE Australia

On April 22, 2020, the Group entered into an agreement with UPC-ACE Australia, to make available a convertible term loan facility in an aggregate principal amount of \$48.50 million (₱2,350.55 million) for NESF Project. On January 6, 2021, the Group entered an amended the convertible loan facility to increase the principal amount by \$111,500,000 for Facility B Limit and \$160,000,000 for Facility C limit. The Group, from time to time until maturity date, has an irrevocable right to convert all or part of the conversion amount into redeemable preference shares at \$1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. The redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 30 years of drawn down date.



In 2022, total amount drawn from the loan amounted to US\$50.78 million (P2,807.21 million) which was subsequently reclassified as part of the Group's interest upon acquisition of control over UPC-ACE Australia (see Note 24).

Convertible loans amounting to US\$228.98 million (P12,951.25 million) was eliminated as effect of the Group's acquisition of control over UPC-ACE Australia (see Note 24).

In determining the ECL, the Group has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments operate, in assessing if there is a significant increase in credit risk, as well as estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, and the loss upon default in each case.

In 2023, the Group recognized additional allowance for impairment loss of US\$15.47 million (P878.43 million) in redeemable preferred shares in UPC-ACE Solar and US\$17.73 million (P982.54 million) convertible loan to VWEL, respectively (Note 18).

As at December 31, 2023 and 2022, the Group provided ECL provision amounting to \$56.24 million (P3,145.38 million) and \$23.04 million (P1,284.41 million), respectively (see Note 18).

Other financial assets at amortized cost bear interest ranging from 8% to 14% per annum and 8.50% to 14.00% per annum for the years ended December 31, 2023 and 2022, respectively.

Interest income

The Group earns interest income from its investments in redeemable preferred shares and convertible loans amounting to (Note 20):

	2023	2022	2021
<i>Redeemable preferred shares</i>			
AAR	P907,287	P842,187	P580,140
UPC-ACE Solar	554,893	427,498	125,539
BIM Wind	383,421	510,227	60,311
UPC Asia III	256,680	231,016	201,851
BIMRE	180,476	175,757	156,615
NEFIN	128,350	33,724	—
Impact Wind	67,283	—	—
BIME	31,562	30,736	27,439
	2,509,952	2,251,145	1,151,895
<i>Convertible loans</i>			
VWEL	277,924	—	242,268
Asian Wind 1	178,097	206,486	170,716
Asian Wind 2	171,365	170,195	133,736
UPC-ACE Australia	—	847,085	600,198
	627,386	1,223,766	1,146,918
	P3,137,338	P3,474,911	P2,298,813



8. Property, Plant and Equipment

The roll forward of this account follows:

	2023							
	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Tools and Other Miscellaneous Assets	Office Furniture, Equipment and Others	Construction in Progress	Total
Cost								
Balance at beginning of year	₱1,630,642	₱746,608	₱21,225,288	₱171,700	₱1,581,570	₱200,112	₱39,903,473	₱65,459,393
Additions	269,189	29,085	339,128	84,962	88,100	115,213	25,255,883	26,181,560
Capitalization of borrowing cost	—	—	1,852,968	—	—	—	—	1,852,968
Transfer to/from other noncurrent assets	(15,682)	—	506	—	—	—	3,016,519	3,001,343
Transfer from advances to contractors	—	—	—	—	—	—	500,669	500,669
Acquisition from business combination (Note 24)	—	—	18,458	—	—	10,475	12,892	41,825
Disposals and retirement	—	—	(8,721)	(23,667)	—	(770)	—	(33,158)
Reclassification	—	—	(1,956,535)	8,482	1,956,025	(378)	(7,594)	—
Cumulative translation adjustments	(86)	—	(662)	(13)	(3,862)	(4)	83,698	79,071
Balance at end of year	1,884,063	775,693	21,470,430	241,464	3,621,833	324,648	68,765,540	97,083,671
Accumulated depreciation								
Balance at beginning of year	41,588	107,284	5,856,960	48,433	401,776	108,865	—	6,564,906
Depreciation (Notes 17 and 18)	11,211	65,423	838,702	47,020	72,659	70,623	—	1,105,638
Disposals and retirement	—	—	(5,193)	(9,915)	—	(770)	—	(15,878)
Reclassifications	—	—	(61,421)	(10)	61,420	11	—	—
Cumulative translation adjustments	—	—	445	(743)	—	224	—	(74)
Balance at end of year	52,799	172,707	6,629,493	84,785	535,855	178,953	—	7,654,592
Accumulated impairment loss								
Balance at beginning of year	—	—	81,071	—	—	—	415,188	496,259
Provision for impairment loss (Note 18)	—	—	—	—	—	—	4,569	4,569
Balance at end of year	—	—	81,071	—	—	—	419,757	500,828
Net Book Value	₱1,831,264	₱602,986	₱14,759,866	₱156,679	₱3,085,978	₱145,695	₱68,345,783	₱88,928,251



	2022							
	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Tools and Other Miscellaneous Assets	Office Furniture, Equipment and Others	Construction in Progress	Total
Cost								
Balance at beginning of year	₱1,606,519	₱8,248,059	₱31,518,952	₱102,770	₱827,755	₱215,878	₱4,289,097	₱46,809,030
Additions	418,717	176,150	469,146	77,681	337,654	65,110	19,892,534	21,436,992
Capitalization of borrowing cost	—	—	—	—	747,775	—	—	747,775
Acquisition from business combination (Note 24)	155,040	—	48,922	17,846	—	3,143	14,487,778	14,712,729
Disposals and retirement	—	—	(6,870)	(7,408)	(29)	(3,784)	—	(18,091)
Change due to loss of control (Note 2 and 24)	(550,763)	(7,813,633)	(11,046,675)	(20,157)	(253,516)	(92,981)	(34,104)	(19,811,829)
Reclassification	—	136,032	230,434	(1,443)	(73,604)	11,670	(303,089)	—
Currency translation adjustments	1,129	—	11,379	2,411	(4,465)	1,076	1,571,257	1,582,787
Balance at end of year	1,630,642	746,608	21,225,288	171,700	1,581,570	200,112	39,903,473	65,459,393
Accumulated depreciation								
Balance at beginning of year	31,456	2,034,951	7,658,927	38,851	429,613	121,854	—	10,315,652
Depreciation (Notes 17 and 18)	10,806	316,320	1,322,795	26,478	109,531	52,899	—	1,838,829
Disposals and retirement	—	—	(1,647)	(2,813)	—	(2,664)	—	(7,124)
Change due to loss of control (Note 2)	(674)	(2,243,987)	(3,164,294)	(14,773)	(109,131)	(57,629)	—	(5,590,488)
Reclassifications	—	—	34,585	—	(28,237)	(6,348)	—	—
Currency translation adjustments	—	—	6,594	690	—	753	—	8,037
Balance at end of year	41,588	107,284	5,856,960	48,433	401,776	108,865	—	6,564,906
Accumulated impairment loss								
Balance at beginning of year	—	—	81,071	—	—	—	373,744	454,815
Provision for impairment loss (Note 18)	—	—	—	—	—	—	41,444	41,444
Balance at end of year	—	—	81,071	—	—	—	415,188	496,259
Net Book Value	₱1,589,054	₱639,324	₱15,287,257	₱123,267	₱1,179,794	₱91,247	₱39,488,285	₱58,398,228



In 2023 and 2022, the Group invested significant CAPEX related to the following projects:

Project	Capacity (MW)	Location	% Completion	
			2023	2022
Pagudpud Wind	160	Ilocos Norte, Philippines	98%	90%
San Marcelino Solar (Phase 1 and 2)	385	Zambales, Philippines	98%	68%
San Marcelino Solar (Phase 3)	200	Zambales, Philippines	<1%	–
Cagayan North Solar (Phase 1)	133	Lal-lo Cagayan, Philippines	98%	60%
Palauig 2 Solar	300	Zambales, Philippines	31%	5%
Pangasinan Solar	60	Pangasinan, Philippines	60%	<1%
New England Solar Farm 1	521	Uralla, New South Wales, Australia	98%	79%
Stubbo Solar	520	Central Western Tablelands, New South Wales, Australia	23%	2%

In 2023 and 2022, the Group incurred additions amounting to ₱28,034.53 million and ₱22,184.77 million, respectively. Additionally, in 2023 and 2022, property, plant, and equipment acquired through business combination amounted to ₱41.83 million and ₱14,712.73 million (see Note 24).

Unpaid balances in the total additions amounted to ₱378.11 million and ₱1,949.59 million in 2023 and 2022, respectively.

Borrowing cost capitalized to property, plant, and equipment amounted to ₱1,852.97 million and ₱747.78 million for the years ended December 31, 2023 and 2022, respectively. The capitalization rate used to determine the borrowing cost eligible for capitalization is 5.38% and 4.99% in 2023 and 2022, respectively.

Mortgaged Property and Equipment

NorthWind's Land, Wind Turbine Generator, Building and Machinery with carrying value of ₱1,853.11 million and ₱2,020.18 million as at December 31, 2023 and 2022, respectively, included under "Machinery and Equipment" account is mortgaged as security for a long-term loan (see Note 13).

Guimaras Wind's wind farm with carrying value of ₱3,374.16 million and ₱3,500.05 million as at December 31, 2023 and 2022, respectively, included under "Machinery and Equipment" account is mortgaged as security for the long-term loan (see Note 13).

MONTESOL's solar power plant with a carrying value of ₱849.97 million as at December 31, 2023 included under "Buildings and Improvements" and "Machinery and Equipment" account is mortgaged as security for the long-term loan (see Note 13).

Contractual commitments

The Group has commitments for property, plant and equipment, which are contracted for but not provided for in the consolidated financial statements amounting to ₱45,096.84 million and ₱28,812.08 million as at December 31, 2023 and 2022, respectively.

Total depreciation charged to operations amounted to ₱934.09 million, ₱1,668.05 million and



₱1,495.08 million in 2023, 2022 and 2021, respectively. The amount charged to “General and administrative expenses” account amounted to ₱171.54 million, ₱170.78 million and ₱79.10 million in 2023, 2022 and 2021, respectively (see Notes 17 and 18).

The Group has no significant property, plant and equipment which are temporarily idle as at December 31, 2023 and 2022.

The Group’s fully depreciated property, plant and equipment which are still in use as at December 31, 2023 and 2022 amounted to ₱2,058.59 million and ₱1,898.23 million, respectively.

9. Right-of-Use Assets and Lease Liabilities

The rollforward of these accounts follows:

	2023					
	Right-of-Use Assets					Lease Liabilities
	Land and Easement Rights	Land and Power plants	Office Space and Parking Slots	Land and Office Building	Total	
As at January 1, 2023	₱159,478	₱1,966,849	₱921,258	₱679,062	₱3,726,647	₱4,465,021
New lease agreements	856,214	535,823	381,739	2,357,117	4,130,893	3,913,668
Amortization expense (Notes 17 and 18)	(11,150)	(101,735)	(143,415)	(51,684)	(307,984)	–
Remeasurement	19	376,324	(4,685)	337,924	709,582	384,807
Reclassifications	10,573	–	–	(10,573)	–	–
Interest expense (Note 19)	–	–	–	–	–	250,092
Capitalized interest (amortization)	(17,640)	(8,291)	(27,446)	(66,521)	(119,898)	208,695
Payments	–	–	–	–	–	(773,325)
Foreign exchange adjustments	–	–	(375)	74,839	74,464	(92,157)
As at December 31, 2023	₱997,494	₱2,768,970	₱1,127,076	₱3,320,164	₱8,213,704	₱8,356,801
Less current portion	–	–	–	–	–	850,953
Noncurrent portion	₱997,494	₱2,768,970	₱1,127,076	₱3,320,164	₱8,213,704	₱7,505,848

	2022					
	Right-of-Use Assets					Lease Liabilities
	Land and Easement Rights	Land and Power plants	Office Space and Parking Slots	Land and Office Building	Total	
As at January 1, 2022	₱155,423	₱815,512	₱935,360	₱229,184	₱2,135,479	₱2,696,252
New lease agreements	–	149,743	130,465	1,896	282,104	263,077
Amortization expense (Notes 17 and 18)	(9,088)	(14,781)	(144,269)	(11,726)	(179,864)	–
Remeasurements	(433)	69,123	(13,488)	8	55,210	(73,692)
Reclassifications	13,576	(486,466)	13,190	459,700	–	–
Interest expense (Note 19)	–	–	–	–	–	198,050
Payments	–	–	–	–	–	(291,085)
Acquired through business combination (Note 24)	–	1,323,557	–	–	1,323,557	1,485,756
Foreign exchange adjustments	–	110,161	–	–	110,161	186,663
As at December 31, 2022	₱159,478	₱1,966,849	₱921,258	₱679,062	₱3,726,647	₱4,465,021
Less current portion	–	–	–	–	–	258,562
Noncurrent portion	₱159,478	₱1,966,849	₱921,258	₱679,062	₱3,726,647	₱4,206,459

There was no indicator of impairment identified on the right-of-use asset of the Group as at December 31, 2023 and 2022.



Lease Commitments

Lease with Laguna Lake Development Authority (LLDA)

On August 8, 2023, the Group signed a Renewable Energy Contract Area Utilization (RECAU) agreement with Laguna Lake Development Authority (LLDA) to lease 800 hectares of Renewable Energy Areas (REAs) in Laguna, Philippines for a floating solar project with 800 MW capacity. The project will be situated on Laguna Lake, the Philippines' largest freshwater lake, that could contribute a substantial ~1,000MW to ACEN's growing renewables capacity.

The term of the lease shall be 25 years commencing from the signing of the contract and may be renewed for a maximum of 25 years subject to terms and conditions as mutually agreed by the Lessor and the Group. Upon signing of the contract, the Group was required to pay a total of ₱1,440.00 million, to be settled based on the scheduled payment tranches until 2025. Upon payment of the initial bid fee, the Group was given the exclusive right to use the lake to build, construct projects for renewable energy within the area. Upon commercial operation, the Lessee is also required to pay an annual user's fixed fee until the expiration of the lease agreement, subject to compounded increase of 2% per year.

New England Solar Farm Stage 2

Between February and November, 2023, ACEN Australia entered into several lease agreements with third parties totalling 2,331 acres of land located in Uralla, NSW as site for the construction and operation of the proposed 320-megawatt renewable energy project.

The term of the leases shall be for a period of 30 years, with a fixed annual rental payment of \$721.08 per acre of leased area per annum, exclusive of GST. The rental fee shall be subject to annual adjustment of whichever is higher between 3% per annum and CPI. The period of lease may be extended, under the same terms and conditions, at the sole discretion of ACEN Australia for up to another 20 years. It is a requirement that ACEN Australia returns the leased area to the landholder in substantially the same condition it was in at the Commencement date.

Stubbo Solar Farm

Between February and August, 2023, ACEN Australia entered into several lease agreements with third parties totalling 4,077 acres of land located in Stubbo, NSW as site for the construction and operation of the proposed 400-megawatt (MW) large scale solar project approved by the NSW Department of Planning, Industry and Environment in July 2021.

The term of the lease shall be for a period of 30 years, with a fixed annual rental payment totalling \$1.1M, exclusive of GST. The rental fee shall be subject to an annual adjustment of CPI. The period of lease may be extended, under the same terms and conditions, at the sole discretion of ACEN Australia for up to another 20 years. It is a requirement that ACEN Australia returns the leased area to the landholder in substantially the same condition it was in at the Commencement date.

SACASOL's Contract of Lease for Land Phases 1A & 1B

On March 7, 2014, SACASOL entered into a lease agreement with a third party for the lease of 35 hectares of land located in Barangay Punao, San Carlos City, Negros Occidental as site for the construction and operations of the Phase 1A and Phase 1B solar power plant projects. Upon execution of the agreement, SACASOL shall hold the land area delineated for Phase 1A for a period of 25 years. The area delineated for Phase 1B shall be held for the remaining term of the agreement upon the receipt of notice by SACASOL.



On June 18, 2020, SACASOL had its lease modified with lessor. The modification amends the timing of payment and the basis of the annual escalation rate, which is now every 10th day of January, and is based on the average of the available and published inflation rates of the CPI for the immediately preceding twelve-month period, respectively. The lease modification did not result in a separate lease.

SACASOL's Contract of Lease for Land – Phases 1C and 1D

On October 21, 2014, SACASOL entered into a lease agreement with a third party for the lease of 32.4214 hectares of land located in Barangay Punao, San Carlos City, Negros Occidental as site for the construction and operations of Phases 1C and 1D solar power plant projects. Upon execution of the agreement, SACASOL shall hold the land area for a period of 25 years.

On June 18, 2020, SACASOL had its lease modified with lessor. The modification amends the timing of payment and the basis of the annual escalation rate, which is now every 10th day of January, and is based on the average of the available and published inflation rates of the CPI for the immediately preceding twelve-month period. The lease modification did not result in a separate lease.

ISLASOL's Contract of Lease for Land – Phases 2A & 2B

Part of ISLASOL's acquisition of certain solar power plant projects from SACASOL is the lease agreement with a third party executed on June 5, 2014 for the lease of 24.4258 hectares of land located at La Carlota City, Negros Occidental as site for the construction and operations of Phases 2A and 2B solar power plant projects of the Company. Upon execution of the agreement, the Company shall hold the land area delineated for a period of 25 years. The lease may be subjected to re-negotiation upon written notice served upon the lessor by ISLASOL not earlier than one (1) year but not later than six (6) months before the expiration of the original period of lease. The extension of lease shall be in writing executed by both parties three (3) months before the expiration of the original period of lease.

Another lease agreement with third party was executed on May 6, 2015 for the lease of approximately 180,331.76 sq.m. of land located at La Carlota City, Negros Occidental. Upon execution of the agreement, ISLASOL shall hold the land area delineated for a period of 25 years. The lease may be subjected to re-negotiation upon written notice served upon the Lessor by the lessees not earlier than 1 year but not later than 6 months before the expiration of the original period of lease. The extension of lease shall be in writing executed by both parties 3 months before the expiration of the original period of lease

Solaracel's Contract of Lease for Land

On September 30, 2019, Solaracel entered into a lease agreement with a related party Ayala Land, Inc., Crimson Field Enterprises Inc., and Red Creek Properties Inc., for 106.59 hectares of land located in Barangay San Andres, Alaminos, Laguna as site for the construction and operation of its solar power facility.

The term of the lease shall be for a period of 21 years, with a fixed monthly rental payment of per square meter, exclusive of VAT. The rental fee shall be subject to annual adjustment of whichever is higher between 3% per annum and the rate of increase of real property tax where the property is located. The period of lease may be extended, under the same terms and conditions, at the sole discretion of Solaracel for up to another 21 years.

BCHC's Contract of Lease for Land

On April 22, 2020 BCHC entered into a lease agreement with a third party for 13.95 hectares of land located in Batangas II, Mariveles, Bataan. The term of the sublease shall be for a period of 25 years, with a fixed monthly rental payment per square meter, exclusive of VAT. The period of lease may be extended, under the same terms and conditions at the sole discretion of BCHC for up to another 25 years.



On September 2, 2020, the property was subleased by BCHC to BSEI to develop, operate and maintain a 5MW RE Laboratory facility. The term of the sublease shall be for a period of 7 years, with a fixed monthly rental payment square meter, exclusive of VAT. The period of lease may be extended, under the same terms and conditions at the sole discretion of BSEI for up to another 25 years.

On November 20, 2020, an Agreement on the Deed of Assignment of Lease was signed between BCHC and ACEIC. ACEIC agreed to assign its rights and obligations for the land leased with Tabangao Realty Inc (TRI) entered in March 23, 2018 for an approximately 177,774 square meters situated in Brgy. Malaya, Pililla, Rizal.

10. Goodwill and Other Intangible Assets

The rollforward of this account follows:

	2023				
	Goodwill	Deferred Exploration Costs	Leasehold and Water Rights	Other Intangible Assets	Total
Cost:					
Balance at beginning of year	₱21,190,542	₱143,212	₱185,347	₱2,301,466	₱23,820,567
Additions/Cash calls	—	55	—	85,598	85,653
Acquired from business combination (Note 24)	218,201	—	—	—	218,201
Recoveries from consortium partner	—	(2,856)	—	—	(2,856)
Cumulative translation adjustment	(244,525)	—	—	—	(244,525)
Balance at end of year	21,164,218	140,411	185,347	2,387,064	23,877,040
Accumulated amortization:					
Balance at beginning of year	₱—	₱—	₱48,877	₱416,886	₱465,763
Amortization (Notes 17 and 18)	—	—	8,120	151,728	159,848
Balance at end of year	—	—	56,997	568,614	625,611
Allowance for impairment:					
Balance at beginning and end of year	—	86,061	—	—	86,061
Net book value	₱21,164,218	₱54,350	₱128,350	₱1,818,450	₱23,165,368

	2022				
	Goodwill	Deferred Exploration Costs	Leasehold and Water Rights	Other Intangible Assets	Total
Cost:					
Balance at beginning of year	₱246,605	₱141,741	₱185,347	₱2,193,812	₱2,767,505
Additions/Cash calls	—	1,471	—	3,982	5,453
Acquired from business combination (Note 24)	21,665,700	—	—	103,672	21,769,372
Cumulative translation adjustment	(721,763)	—	—	—	(721,763)
Balance at end of year	21,190,542	143,212	185,347	2,301,466	23,820,567
Accumulated amortization:					
Balance at beginning of year	—	—	40,757	265,291	306,048
Amortization (Notes 17 and 18)	—	—	8,120	151,595	159,715
Balance at end of year	—	—	48,877	416,886	465,763
Accumulated impairment:					
Balance at beginning of year	—	85,477	—	—	85,477
Impairment (Note 18)	—	584	—	—	584
Balance at end of year	—	86,061	—	—	86,061
Net book value	₱21,190,542	₱57,151	₱136,470	₱1,884,580	₱23,268,743



Goodwill and Leasehold water rights

In 2023, additions to goodwill are from acquisitions of Sinocalan and YMP amounting to ₱114.00 million and ₱104.20 million, respectively (see Note 24).

In 2022, additions to goodwill are from acquisitions of UPC-ACE Australia, and UPC Philippines, amounting to ₱21,544.49 million and ₱118.36 million, respectively (see Note 24).

The considerations paid for these combinations effectively included amounts in relation to the benefits of expected synergies and future market growth. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impairment Testing of Goodwill

The Group performs its impairment test annually and when circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the related cash-generating unit (CGU). The value in use calculation requires the Group to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

The CGU of the Group are comprised of:

- Philippines
 - a. Operating plants – ISLASOL and One Subic Power
 - b. Development – ACE Endeavor, Sinocalan and YMP
 - c. Development – UPC Philippines
 - d. International – UPC-ACE Australia

The goodwill arising from the acquisitions in Sinocalan, YMP, UPC-ACE Australia and UPC Philippines are from the established capabilities of its assembled workforce which include:

- Pre-development and development – involving site acquisition, permitting and studies to get the project to a shovel ready state;
- Construction – including sourcing of investors as well as managing the construction of power plants; and
- Operations – covering management of power plants in lieu of the investors for a fee

Further, the above acquisition included projects in its pipeline with a view of development projects (new and from the pipeline) for the Group. Through this acquisition, the Group is able to have the capability to develop projects end-to-end from permits and feasibility studies, all the way to construction and operations.

Currently, the assembled workforce oversees the pre-development and development of several potential sites for its projects are within the Philippines and Australia.

Key assumptions used in the value-in-use calculations

The recoverable amount is based on the value in use calculations using cash flow projections from the financial budget approved by ACEN management covering the period the CGU is expected to be operational. Based on management assessment, there is no impairment loss to be recognized on goodwill as of December 31, 2023 and 2022 despite reduction in forecasted tariff prices for contracted and merchant renewable power plant. The pre-tax discount rate used is the weighted average cost of capital of comparable entities. The value-in-use computation is most sensitive to the discount rate and growth rate applied to the cash flow projections.



- Philippines
 - Operating plants
 - Forecasted revenue growth (**2023: 2%-10%**; 2022: 2%-10%)
 - EBITDA margin (**2023: 2%-10%**; 2022: 2%-10%)
 - Discount rate (**2023: 10.08%**; 2022: 11.16%)
 - Development
 - Forecasted revenue growth (**2023: 2%-10%**; 2022: 2%-10%)
 - EBITDA margin (**2023: 2%-10%**; 2022: 2%-10%)
 - Discount rate (**2023: 8.48%**; 2022: 11.16%)
- International – UPC-ACE Australia
 - Forecasted revenue growth (**2023: 2%-10%**; 2022: 2%-10%)
 - EBITDA margin (**2023: 2%-10%**; 2022: 2%-10%)
 - Discount rates (**2023: 7.18%-8.32%**; 2022: 8.42%-9.08%)

The pre-tax discount rate used in the updated analysis range from 8.69% - 13.92% for Philippines and 7.18% - 8.32% for International which is based on weighted average cost of capital of comparable entities. The growth rate ranges from (6.00%) – 11.00%. The value-in-use computation is most sensitive to the discount rate and growth rate applied to the cash flow projections.

- Forecasted revenue growth – Revenue forecasts are management’s best estimates considering factors such as historical/industry trend, tariffs, target market analysis, government regulations and other economic factors.

EBITDA margin – It is a measure of a firm’s profit that includes all expenses except interest, depreciation and income tax expenses. It is the difference between operating revenues and operating expenses. EBITDA was adjusted for tax, depreciation and changes in net working capital and maintenance capital expenditures in arriving the free cash flow.

- Discount rates – represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Based on management’s assessment, recoverable amount exceeded the carrying amount of the CGU. No impairment loss was recognized on goodwill as at December 31, 2023 and 2022.

Other Intangible Assets

Intangible assets amounting to ₱2,191.81 million arising from an identifiable FIT contract with useful life of 13 years was recognized from the acquisition of SACASOL in 2020. The carrying amount as at December 31, 2023 and 2022 amounted to ₱1,623.20 million and ₱1,774.93 million, respectively.



11. Other Assets

Other current asset

This account consists of:

	2023	2022
Prepaid expenses	₹340,170	₹202,565
Advances to contractors	262,358	145,163
Derivative asset (Note 26)	177,828	617,139
Short-term investments	—	528
Other current assets	2,703	27,693
	783,059	993,088
Less allowance for impairment loss (Note 18)	32,566	26,181
	₹750,493	₹966,907

Other noncurrent asset

This account consists of:

	2023	2022
Derivative assets (Note 26)	₹6,269,689	₹—
Development costs	3,649,457	5,723,562
Advances to suppliers	1,649,900	1,722,023
Advances for land acquisition	1,247,725	809,975
Others	321,480	239,611
	₹13,138,251	₹8,495,171

Derivative assets include the 20-year Long Term Energy Supply Agreements (LTESA) secured by ACEN Australia for its solar projects at the New South Wales (NSW) Government's first renewable energy and storage auction amounting to AU\$139.21 million (US\$93.24 million; ₹5,162.81 million). (see Note 26).

LTESAs for ACEN Australia's 720 MW (936 MWdc) New England Solar Project (NESF 1 and NESF 2) and 400 MW (520 MWdc) Stubbo Solar Project (Stubbo) were secured through the NSW Consumer Trustee's inaugural tender for renewable generation and long duration storage.

LTESA gives the generator the right, but not the obligation, to enter into a strip of two-year electricity swap contracts from July 1, 2026 to June 30, 2047 (referred to as "Swaptions"). If a Swaption is exercised the swap would settle based on the difference between the LTESA fixed price (subject to annual CPI escalation) and the Australia's National Electricity Market (NEM) spot rate for each MWh of energy produced. The generator receives spot from Australian Energy Market Operator (AEMO), then pays spot to the Scheme Financial Vehicle (SFV) and receives fixed from SFV.

The LTESA contract comprises of a series of ten consecutive swaptions that would deliver a two-year swap if exercised. Each swaption must be exercised in the period of 6-12 months to the swap effective date. If none of the swaptions are exercised then no cash is exchanged between the SFV and the generator over the life of the arrangement, and the claw back mechanism will come into effect. If SFV has been the net payer under the LTESA; and dispatch weighted average price is above its repayment threshold price per contract, then NESF or Stubbo must pay SFV the repayment amount. The repayment money is capped at the amount previously received by NESF or Stubbo during the swaption.



Maturity date of LTESA for NESF and Stubbo is on June 30, 2046 and June 30, 2047, respectively.

Consequently, unearned revenue is recognized in the consolidated statements of financial position amounting to AU\$139.78 million (US\$93.63 million; ₱5,184.18 million) (Note 14) which is accounted for as government grant. The LTESA was granted by the NSW Government to support its initiative on promoting renewable energy and providing long-term revenue certainty for investors and developers of clean energy projects.

There are no unfulfilled conditions or contingencies attached to these grants.

This will be amortized on a straight-line basis over as other income upon start of two-year electricity swap contract.

Development costs include expenditures related to the development phase of renewable power plant project. These include direct expenses that will be reclassified as part of property, plant and equipment upon start of construction of the project. These costs are not depreciated or amortized until such time as the relevant assets are completed and available for use. Development costs include ₱1,323.65 million acquired during business combination in 2022 (see Notes 24 and 28).

Advances to suppliers consist of advance payments for construction costs which will be capitalized to property, plant and equipment once fully rendered by the suppliers.

Advances for land acquisition pertain to partial payments to landowners and service providers related to the acquisition of various property for future renewable projects.

12. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
Nontrade payables	₱4,285,756	₱1,231,305
Accrued expenses	3,827,849	4,979,108
Due to related parties (Note 22)	3,195,376	1,782,157
Trade payables	3,095,742	3,701,024
Output VAT - net	1,294,739	1,280,631
Retention payable	388,404	158,105
Derivative liability (Note 25)	10,563	3,012
Others	46,957	187,227
	₱16,145,386	₱13,322,569

Nontrade payable consist of obligation to third party vendors arising from transactions other than the regular course of business and are noninterest bearing which are normally settled within the next year. The account also includes those owed to employees, and refundable deposits.

Accrued expenses include billings not yet received from suppliers for construction costs. These are accrual of project costs such as equipment charges, materials labor, overhead and provision for repair and maintenance. Accrued expenses include construction costs, insurance, sick and vacation leave accruals, station use and One Subic Power's variable rent for lease with SBMA and accruals for incentive pay and operating expense such as security fee, plant repairs and maintenance.



Accounts payable and accrued expenses are noninterest-bearing and are normally settled on thirty (30) to sixty (60)-day terms. Other current liabilities are non-interest bearing and are normally settled within one year.

Trade payables pertain to payables to contractors and suppliers for the services rendered and materials used for operations of the power plants.

Output VAT represents VAT recognized as at year-end based on sale of electricity billed to third parties and are normally settled within one month.

13. Short-term Loans, Long-term Loans, and Notes Payable

Short-term Loans

This account consists of:

	2023	2022
As at beginning of year	₱2,900,000	₱—
Availments	9,000,000	23,259,020
Payments	(10,400,000)	(20,359,020)
As at end of year	₱1,500,000	₱2,900,000

Interest range of short-term loan from local banks is 5.52% to 6.50% and 2.20% to 4.25% in 2023 and 2022, respectively.

Total interest expense recognized on short-term loans for the years ended December 31, 2023, 2022 and 2021 amounted to ₱174.58 million, ₱179.92 million and ₱52.73 million, respectively (see Note 19).



Long-term Loans

This account consists of:

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
ACEN								
₱1,500.00 million Loan A	₱1,175.00 million	January 11, 2017	July 11, 2029	6.50% per annum	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x* Based on ACEN consolidated year-end balances. Tested semi-annual *On August 24, 2022, lender approved amendment to financial covenants. Previously, covenant included minimum DSCR 1.00x; maximum DE ratio of 1.50x; and minimum current ratio of 1.00x. These changes were formalized in the Amended and Restated Term Loan Agreement executed subsequently on January 29, 2024.	₱611,313	₱692,425
₱5,000.00 million Loan B	₱5,000.00 million	November 15, 2019	November 14, 2029	5.0505% per annum for the first 5 years; repricing for the succeeding five (5) years is the average of the 5-year BVAL, three (3) days prior to repricing date, plus an agreed margin, with the sum divided by 0.95	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual	4,789,473	4,842,105
₱7,000.00 million Loan C	₱500.00 million ₱1,000.00 million	July 15, 2020 August 24, 2020	July 15, 2030 July 15, 2030	5.00% per annum 5.00% per annum	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances.	6,907,000	4,476,000



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
	₱1,000.00 million ₱2,000.00 million ₱2,500.00 million	June 10, 2022 November 15, 2022 January 13, 2023	July 15, 2030 July 15, 2030 July 15, 2030	5.066% per annum; repricing for the 4th and 7th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin 7.1720% per annum; repricing for the 3rd and 6th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin 6.4580% per annum; repricing on the 4th and 7th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin	Principal and interest payable quarterly	Tested semi-annual		
₱4,500.00 million Loan D	₱805.00 million ₱2,000.00 million ₱1,695.00 million	March 30, 2021 February 28, 2022 April 11, 2022	March 30, 2031 March 30, 2031 March 30, 2031	7.00% per annum 7.00% per annum 7.00% per annum Floating interest rate repriced on every succeeding semi-annual period. Can be converted to fixed up to the 2nd anniversary of initial drawdown.	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual	4,477,500	4,500,000



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
₱10,000.00 million Loan E	₱3,000.00 million ₱3,000.00 million	December 13, 2022 January 27, 2023	December 13, 2032 December 13, 2032	6.2481% per annum 6.9129% per annum Floating interest rate repriced on every succeeding semi-annual period. Can be converted to fixed up to the 1st anniversary of initial drawdown.	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual	6,000,000	3,000,000
₱10,000.00 million Loan F	₱250.00 million	August 17, 2023	August 17, 2033	7.0891% per annum for the first 2 years; repricing for the 2nd, 4th, 6th, and 8th anniversaries is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	250,000	—
₱5,000.00 million Loan G	₱500.00 million	October 24, 2023	October 24, 2033	6.6102% per annum Floating interest rate repriced on every succeeding quarterly period. Can be converted to fixed up to 12 months from initial drawdown.	Principal and interest payable quarterly	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	500,000	—
₱20,000.00 million Loan H	₱500.00 million	December 22, 2023	December 22, 2033	6.5000% per annum Floating interest rate can be converted to fixed up to 12 months from initial drawdown; subject to repricing after sixty	Principal and interest payable quarterly	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	500,000	—



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
				(60) months from fixed interest setting date.				
NorthWind								
₱2,300.00 million Loan	₱2,300.00 million	May 29, 2020	May 29, 2032	Fixed at a rate of 5.13% for ten (10) years to be repriced after the 10 th anniversary at a rate equivalent to (a) the 2-year base fixed rate plus an agreed spread	Principal and interest payable semi-annual	Minimum historical DSCR of 1.05 times Based on the stand-alone balances of the borrower. Tested semi-annually.	1,777,670	1,939,360
Guimaras Wind								
₱4,300.00 million Loan	₱4,300.00 million	February 14, 2014	February 14, 2029	6.25%-6.50% fixed rate	Principal and interest payable semi-annual	Minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Based on the stand-alone balances of the borrower. Tested semi-annually.	987,746	1,142,502
Monte Solar Energy, Inc. ("MONTESOL")								
₱600.00 million Loan	₱600.00 million	September 20, 2023	September 20, 2035	Fixed at a rate of 7.15% for two (2) years to be repriced one business day prior to the 2 nd and 7 th anniversary of the initial drawdown date at a rate equivalent to (a) the 5-year Base Rate-Fixed plus an agreed spread, divided by the Interest Premium Factor, or (b) five hundred seventy-five basis points (5.50%), divided by the Interest Premium Factor, whichever is higher	Principal and interest payable semi-annual	Minimum historical DSCR of 1.05 times Distribution DSCR of 1.2 times. Based on the standalone balances of the Borrower. Tested semi-annually.	600,000	—
ACEN Australia Pty Ltd. ("ACEN Australia")								



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
AU\$100 million Loan	AU\$34.54 million	August 18, 2022	August 18, 2027	5.2494% per annum	3 or 6 months with automatic rollover but not to exceed the maturity date	Net DE Ratio of 3.0x. Based on the ACEN Corp consolidated year-end balances. Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level. Semi annually, together with financial statements.	1,646,345	1,299,044
	AU\$0.344 million	February 21, 2023	August 18, 2027	5.2494% per annum				
	AU\$9.00 million	April 12, 2023	August 18, 2027	5.3554% per annum				
	AU\$0.504 million	May 22, 2023	August 18, 2027	5.6667% per annum				
AU\$140 million Loan	AU\$28.36 million	September 16, 2022	September 16, 2027	4.884% per annum	Principal Repayment on Termination Date. Interest payments 3 or 6 months, or any other period greater than 1 month agreed with Lender.	Net DE Ratio of 3.0x. Based on the ACEN Corp consolidated year-end balances. Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level. Semi annually, together with financial statements.	2,810,380	1,066,513
	AU\$11.00 million	January 23, 2023	September 16, 2027	4.8683% per annum				
	AU\$14.00 million	March 16, 2023	September 16, 2027	5.3615% per annum				
	AU\$5.00 million	May 18, 2023	September 16, 2027	5.5114% per annum				
	AU\$2.00 million	June 20, 2023	September 16, 2027	6.0016% per annum				
	AU\$15.00 million	September 4, 2023	September 16, 2027	5.7845% per annum				
AU\$75.00 million Loan	AU\$0.38 million	October 28, 2022	October 28, 2027	6.4275% per annum	Principal Repayment on Termination Date. Interest payments 6 months, or any	Net DE Ratio of 3.0x. Based on the ACEN Corp consolidated year-end balances.	1,571,556	14,101
	AU\$5.00 million	May 17, 2023	October 28, 2027	6.4275% per annum				



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
	AU\$7.00 million	August 24, 2023	October 28, 2027	6.4275% per annum	other period greater than 1 month as agreed with Lender.	Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level. Semi annually, together with financial statements.		
	AU\$15.00 million	September 24, 2023	October 28, 2027	6.4275% per annum				
	AU\$15.00 million	November 5, 2023	October 28, 2027	6.4275% per annum				
AU\$204.54 million Loan	AU\$157.78 million	February 11, 2021	December 22, 2025	2.25% per annum	Principal Repayment based on agreed schedule. Interest payments 3 or 6 months or any such shorter period agreed.	Lock up DSCR. 1.40x, 12 months backward and forward looking	7,560,254	5,933,641
	AU\$6.125 million	January 22, 2023	December 22, 2025			Default DSCR Ratio of 1.15x, 12 months backward and forward looking.		
	AU\$0.699 million	February 22, 2023	December 22, 2025			Secured by Property		
	AU\$6.00 million	March 16, 2023	December 22, 2025			Based on the ACEN consolidated year-end balances.		
	AU\$0.610 million	March 22, 2023	December 22, 2025			Tested quarterly after conversion to operation term facility.		
	AU\$18.00 million	April 24, 2023	December 22, 2025					
	AU\$2.50 million	May 18, 2023	December 22, 2025					
	AU\$2.406 million	June 22, 2023	December 22, 2025					
	AU\$5.00 million	September 4, 2023	December 22, 2025					



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
	AU\$2.844 million	September 22, 2023	December 22, 2025					
	AU\$0.953 million	October 23, 2023	December 22, 2025					
	AU\$0.931 million	November 22, 2023	December 22, 2025					
	AU\$0.969 million	December 22, 2023	December 22, 2025					
AU\$277.00 million Loan	AU\$2.64 million	January 11, 2023	January 6, 2028	5.5217% per annum	Principal Repayment on Termination Date. Interest periods may be selected from one, 3 or 6 months. Or any other period greater than one month as agreed.	Net DE Ratio of 3.0x. Based on the ACEN Corp consolidated year-end balances.	4,950,760	
	AU\$70.00 million	February 3, 2023	January 6, 2028	5.0350% per annum		Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level.		
	AU\$0.86 million	May 3, 2023	January 6, 2028	5.5740% per annum		Semi annually, together with financial statements.		
	AU\$10.00 million	June 20, 2023	January 6, 2028	5.8601% per annum				
	AU\$20.00 million	October 26, 2023	January 6, 2028	6.0326% per annum				
	AU\$25.67 million	December 20, 2023	January 6, 2028	6.0653% per annum				
	AU\$4.322 million	December 21, 2023	January 6, 2028	6.0633% per annum				
Totals							₱45,939,997	₱28,905,691
Less unamortized debt issue cost							165,320	134,403
							45,774,677	28,771,288
Less current portion							1,289,104	719,385
Long-term loans, net of current portion							₱44,485,573	₱28,051,903



The rollforward of this account follows:

	2023	2022
As at beginning of year	₱28,905,691	₱21,154,114
Availment	17,586,442	23,012,509
Payment	(541,690)	(7,387,050)
Assumed through business combination (Note 24)	—	5,499,956
Change due to loss of control (Note 2)	—	(13,594,700)
Cumulative translation adjustments	(10,446)	220,862
	45,939,997	28,905,691
Less unamortized debt issue cost	165,320	134,403
	₱45,774,677	₱28,771,288

Movements in debt issue costs related to the long-term loans follow:

	2023	2022
As at beginning of year	₱134,403	₱211,893
Additions	55,125	261,443
Derecognition	—	(97,864)
Change due to loss of control (Note 2)	—	(214,360)
Amortization/accretion (Note 19)	(24,208)	(26,709)
As at end of year	₱165,320	₱134,403

ACEN

The long-term loans of the Parent Company also contain prepayment provisions as follows:

Description	Prepayment Provision
Loan A	Early redemption is at the option of the issuer exercisable on an interest payment date at par plus break-funding cost. Transaction cost is minimal.
Loan B	ACEN has the option to prepay the loan, wholly or partially at any time during the term, starting twenty-four (24) months from drawdown date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan C	The loan facility contains a prepayment provision which allows the Parent Company to make an optional prepayment, wholly or partially, starting the fifth (5 th) anniversary of the initial drawdown date and on every interest payment date thereafter. The amount payable to the bank shall consist of the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any increase in applicable gross receipts tax (“GRT”) as a result of such prepayment, and any applicable prepayment premium as indicated in the loan agreement.
Loan D	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan, starting on the 4 th interest payment date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.



Description	Prepayment Provision
Loan E	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan starting twenty-four (24) months from the drawdown date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan F	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan on or after the third (3 rd) anniversary of the drawdown date. The amount payable to the bank shall consist of the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any increase in applicable gross receipts tax ("GRT") as a result of such prepayment, and any applicable prepayment premium as indicated in the loan agreement.
Loan G	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan, beginning on the first (1 st) anniversary from the initial drawdown date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan H	ACEN has the option to prepay the loan, wholly or partially at any time during the term, starting twenty-four (24) months from the initial drawdown date. If prepayment is made in a non-interest payment date, it shall be subject to payment of accrued interest thereon and a 2% prepayment penalty of the relevant principal amount prepaid.

The prepayment option on all long-term loans were assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Loan covenant

The Parent Company has complied with all its loan covenants as at December 31, 2023, and 2022.

NorthWind

On May 29, 2020, NorthWind entered into an Omnibus Loan and Security Agreement with a local bank for a long-term loan facility amounting to ₱2,300.00 million. The proceeds of the loan were used to fully repay its senior loan. The loan shall be repaid in 24 sculpted semi-annual amortizations as set forth in the agreement. The interest rate is fixed for the initial period of ten (10) years to be repriced after the 10th anniversary at a rate equivalent to (a) the 2-year base fixed rate plus a spread per annum.

The loan facility contains a prepayment provision which allows NorthWind to make optional prepayment, wholly or partially, any time during the term of the loan. The amount payable to the local bank shall be the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any additional taxes, including additional gross receipts tax ("GRT") as a result of such prepayment, and prepayment penalty as indicated in the loan agreement. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

The loan facility is secured by NorthWind's Land, Wind Turbine Generator, Building and Machinery and Equipment (see Note 8).



Loan Covenants

The loan covenants require NorthWind that the debt service coverage ratio (DSCR) should not fall below 1.05. The Company complied with this covenant as of December 31, 2023 and 2022.

Guimaras Wind

On December 18, 2013, Guimaras Wind entered into a ₱4,300.00 million Term Loan Facility with local banks. The proceeds were used to partially finance the 54 MW San Lorenzo Wind Farm. The loan facility is divided into two tranches amounting to ₱2,150.00 million each Tranche A and Tranche B.

Both tranches have a term of 15 years with semi-annual interest payments starting on the date on which the loan is made. The Tranche A's interest is to be fixed at the higher of 10-year PDS Treasury Fixing (PDST-F) plus a spread of 1.625% or a minimum interest rate of 6.25% for the first 10 years, to be repriced at higher of existing rate or 5-year PDST-F plus a spread of 1.25% for the last 5 years. The Tranche B will be fixed at higher of interpolated 15-year PDST-F plus a spread of 1.625% or a minimum interest rate of 6.5%. The interest rate floor on the loan is an embedded derivative that is required to be bifurcated. In 2013, the Group did not recognize any derivative liability arising from the bifurcated interest floor rate since the fair value is not significant.

The loan facility also contains a prepayment provision which allows Guimaras Wind to make optional prepayment for both Tranche A and Tranche B in the amount calculated by the facility agent as accrued interest and other charges on the loan up to the prepayment date plus, the higher of (a) the principal amount of the loan being prepaid, or (b) the amount calculated as the present value of the remaining principal amortizations and interest payments on the loan being prepaid, discounted at the comparable benchmark tenor. In addition, Guimaras Wind is allowed to prepay the Tranche A loan, without penalty or breakfunding cost, on the interest re-pricing date. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

Under the loan facility agreement, Guimaras Wind must maintain a debt service account into which will be paid the maximum interest forecasted to be due and payable for the next two following payment dates that will fall within the construction period and the amount of debt service after the construction period. The funds in the debt service reserves can be used by Guimaras Wind provided that 30 days prior to payment, the fund is replenished. Debt service reserves are included in the consolidated statement of financial position under "Cash and cash equivalents" (see Note 4).

The loan facility is secured by Guimaras Wind's wind farm (see Note 8).

In addition, as a security for the timely payment, discharge, observance and performance of the obligations, ACEN entered into a Pledge Agreement covering the subscriptions of stocks of ACEN and its nominees.

Loan Covenants

Guimaras Wind has complied with the loan covenants as at December 31, 2023 and 2022. The compliance with the debt covenants is assessed semi-annually. Guimaras Wind shall maintain a minimum DSCR of 1.2x and maximum debt to equity ratio of 70:30.



MONTESOL

On August 17, 2023, the Company entered into an Omnibus Loan and Security Agreement (“OLSA”) with a local bank for a long-term loan facility amounting to ₱600.00 million. The proceeds of the loan shall be used to partially finance MONTESOL’s permanent working capital requirements and for other general corporate purposes. The loan shall be repaid in twenty-four (24) straight-line semi-annual amortizations. The interest rate is fixed for the initial two (2) years, to be repriced one business day prior to the 2nd and 7th anniversary of the initial drawdown date at a rate equivalent to (a) the 5-year Base Rate-Fixed plus a spread of ninety basis points (0.90%), or (b) five hundred seventy-five basis points (5.75%), whichever is higher.

The Omnibus Loan and Security Agreement includes a prepayment clause that allows MONTESOL to make voluntary prepayments, whether in full or in part, at any point during the term of loan. The amount payable in respect of any prepayment of the loan shall be comprised of: (i) any accrued interest on the principal amount of the loan to be prepaid; (ii) the principal amount of the loan to be prepaid; (iii) prepayment penalty as set forth in the OLSA; and (iv) any additional taxes, including additional GRT, resulting from such prepayment. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

On December 4, 2023, the repricing floor rate was amended from five hundred seventy-five basis points (5.75%) to five hundred fifty basis points (5.50%).

Loan Covenants

MONTESOL has complied with the loan covenants as at December 31, 2023. Compliance with the debt covenants is assessed annually. MONTESOL shall maintain a minimum DSCR of 1.05x.

ACEN and SLTEC signing of Amended and Restated Omnibus Loan and Security Agreement, Administration and Management Agreement (“AROLSA”), and Operations and Maintenance Agreement

On April 11, 2022, ACEN, as share security grantor, and its subsidiary SLTEC, as borrower, signed an AROLSA for the refinancing of the 246MW SLTEC Circulating Fluidized Bed thermal power plant under an energy transition financing with local banks.

ACEN and SLTEC also signed an Operations and Maintenance Agreement, and Administration and Management Agreement for ACEN’s administration, control, and management of the entire capacity of the SLTEC power plant.

The Amended and Restated OLSA increased the facility from ₱11,000.00 million (₱9,800.00 million of which was outstanding at that time) to ₱13,700.00 million, which will be used to refinance the existing loan, finance the partial redemption of SLTEC shares held by ACEN upon regulatory approval, and fund transaction-related costs. ACEN, in turn, shall use the proceeds of the equity redemption to reinvest in renewable energy projects.

Total amount drawn in 2022 amounted to ₱13,594.70 million.

Following the divestment in SLTEC on November 7, 2022, the outstanding balance of ₱13,380.34 million was deconsolidated (Note 2).



ACEN Australia

- a. On August 18, 2022, the Group and a bank, executed a Common Provisions Agreement and a Facility Agreement for an AU\$100.00 million (US\$68.10 million) green long-term revolving loan facility.

Total loan drawn from a facility as of December 31, 2023 amounted to AU\$44.40 million (US\$29.73 million; ₱1,646.35 million). The facility will mature on August 18, 2027.

- b. On September 15, 2022, the Group and a bank entered into an Accession Letter to include the bank as a Lender under the Common Provisions Agreement for an AU\$140.00 million (US\$95.40 million) green term loan facility.

Total loan drawn from a facility as of December 31, 2023 amounted to AU\$75.80 million (US\$50.76 million; ₱2,810.38 million). The facility will mature on September 15, 2027.

- c. On October 28, 2022, the Group executed a facility agreement with a bank for an AU\$75.00 million (US\$51.10 million) green term loan facility.

Total loan drawn from a facility as of December 31, 2023 amounted to of AU\$42.40 million (US\$28.38 million; ₱1,571.56 million). The facility will mature on October 28, 2027.

These green long-term revolving and term loan facilities are part of the Group's aim to raise an initial issuance of over AU\$600.00 million (US\$408.90 million) to support the development of the Group's projects in Australia. All the loans are secured by a guarantee from ACEN. As at December 31, 2023, the Group had available AU\$296.00 million (US\$201.70 million) under the committed bank facilities of which all conditions precedent had been met.

- d. The Group entered into a Syndicated Facility Agreement amounting to AU\$204.54 million (US\$139.40 million) last December 21, 2020. The proceeds of the loan shall be initially used for the construction and eventually for the operation of the 400MW Ac New England Solar Farm Project in New South Wales at conversion date. The Term Facility will be repaid based on an agreed repayment schedule ending in September 2040. The interest rate structure for the facility is a floater based on BBSY bid plus a margin applicable during the plant's construction period with a step up in margins during operations. The facility requires the borrower to enter into a hedging agreement and under such arrangement the floating rate of the loan was swapped for a fixed rate of 2.90%

On February 11, 2021, the Group executed the New England Solar Farm Syndicated Facility Agreement with a group of banks.

The Syndicated Facility Agreement includes a prepayment clause allowing the company to make voluntary prepayments, whether in full or in part, subject to the achievement of various project milestones.

Total loan drawn from a facility as of December 31, 2023 amounted to AU\$203.90 million (US\$136.54 million; ₱7,560.25 million). The facility will mature on December 22, 2025.

This syndicated loan is secured by the Group's property. As at December 31, 2023, the Group had available AU\$0.70 million (US\$0.50 million) under the syndicated facility in respect of which all conditions precedent had been met.



The corporate and syndicated loan facilities prices off an interest ranging from 1.71% to 6.43% per annum.

On December 7, 2023, the Group executed a facility agreement with a bank for a total of US\$100.00 million of term facility, with a maturity date of December 7, 2028. As at December 31, 2023, there are no drawdowns from this facility.

On December 7, 2023, the Group executed a facility agreement with a bank for a total of AU\$75.0 million, with a maturity date of December 7, 2028. As at December 31, 2023, there are no drawdowns from this facility.

Loan covenant

ACEN Australia has complied with all its loan covenants as at December 31, 2023, and 2022.

Total interest expense recognized on long-term loans amounted to P1,160.94 million, P1,293.12 million and P1,061.08 million for the years ended December 31, 2023, 2022 and 2021 respectively (see Note 19).

Notes payable

The rollforward of this account follows:

	2023	2022
Principal		
Balance at beginning of year	P30,383,600	P20,383,600
Additions	–	10,000,000
Balance at end of year	P30,383,600	30,383,600
Debt issue cost		
Balance at beginning of year	198,773	114,939
Additions	–	128,622
Amortization (Note 21)	(64,069)	(44,788)
Balance at end of year	134,704	198,773
Cumulative translation adjustment	1,754,898	1,908,487
	P32,003,794	P32,093,314

Medium Term Note (MTN) Programme

On August 31, 2021, ACEN Finance established its Medium-Term Note Programme with an aggregate amount of US\$1,500.00 million. The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including but not limited to, working capital, funding investment activities, development of projects, refinancing and/or repayment of indebtedness and on-lending activities within the Group. Notes to be issued out of the MTN Programme designated as Green Bonds may be allocated towards the financing and/or refinancing of Eligible Green Projects in accordance with certain prescribed eligibility criteria described under ACEN's Green Bond Framework.

The Notes to be issued by ACEN finance under its MTN Programme; may be distributed by way of private or public placement; and will be listed on the Singapore Exchange Securities Trading platform (SGX-ST).



Senior guaranteed undated fixed-for-life notes under the MTN Programme

On September 8, 2021, ACEN Finance issued US\$400.00 million (₱20,383.60 million) senior undated fixed-for-life (non-deferrable) Notes guaranteed by ACEN with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par. An amount equal to the net proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework.

On September 9, 2021, the Notes were listed with the Singapore Exchange Securities Trading platform (SGX-ST).

The net proceeds from the Bonds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects, in accordance with ACEN's Green Bond Framework (GBF), which sets out well-defined guidelines for the use of proceeds for renewable energy (RE) projects, with comprehensive monitoring and reporting commitments. These RE developments can be located in the Philippines and offshore.

For the years ended December 31, 2023, 2022 and 2021 total interest expense and other financing charges recognized amounted to ₱82.77 million (US\$1.49 million), ₱906.45 million (US\$16.62 million) and ₱263.05 million (US\$5.19 million), respectively.

Redemption at the option of the issuer

Subject to applicable law, ACEN Finance may redeem the Notes (in whole but not in part) on the First Redemption Date as specified in the applicable Pricing Supplement; or any Interest Payment Date falling after the First Redemption Date, by giving notice, at redemption price equal to the principal amount of the Notes plus any accrued but unpaid interest.

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants

For as long as the senior guaranteed undated fixed-for-life notes remain outstanding, ACEN Finance Limited and ACEN are required to comply with certain covenants including the creation and permission to subsist only the liens created in respect of the limited recourse project financing of any project company and maintain a maximum net debt to equity ratio of 2.5 to 1.0 based on ACEN consolidated financials. These were complied with by the Group as at December 31, 2023 and December 31, 2022.

ACEN Fixed-Rate ASEAN Green Bonds due 2027

On September 22, 2022, the Parent Company (the Issuer) issued an unsecured-fixed rate Peso Green Bonds with an aggregate principal amounting to ₱10,000.00 million. The proceeds of the issuance will be used to finance investments in various solar power plants. The issue cost amounted to ₱126.28 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Peso Green Bonds due on September 22, 2027 with interest rate of 6.0526% per annum. This is the first tranche offered out of the shelf registration of Peso Green Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Peso Green Bonds is payable quarterly on March 22, June 22, September 22, and December 22.



For the years ended December 31, 2023, 2022 and 2021, the total interest expense recognized on the Peso Green Bonds amounted to ₱53.48 million, ₱166.45 million and nil, respectively.

Redemption at the option of the Issuer

The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding PHP Green Bonds before the relevant Maturity on any one of the following Interest Payment Dates indicated below, or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

1. 12th to 15th Interest Payment Date at Call Option Price of 101.00%
2. 16th to 19th Interest Payment Date at Call Option Price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants

The Peso Green Bonds provide for the Issuer to comply with covenants including incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; effecting any consolidation or merger with other entities where ACEN is not the surviving corporation in such merger or consolidation; and certain other covenants. The Peso Green Bonds requires the Issuer to maintain, for as long as any of the Peso Green Bonds remain outstanding, a Net Debt to Total Equity Ratio of not more than 3.0:1.0. These were complied with for the years ended December 31, 2023 and 2022

14. Other Noncurrent Liabilities

This account consists of:

	2023	2022
Unearned revenues (Note 11)	₱5,184,182	₱—
Asset retirement obligations	757,245	176,056
Nontrade payable	133,351	8,144
Deposit payable	65,016	83,199
Contract liabilities	60,609	68,875
Provision for Employee Benefits / long service leave	39,694	88,486
Derivative liability	12,437	37,500
Retention payable	6,932	77,180
Due to related parties (Note 22)	15	—
Accrued interest expenses	—	272,580
Others	84,523	15,623
	₱6,344,004	₱827,643

Asset retirement obligations (ARO) are from ISLASOL, SACASOL and MONTESOL and include restoration provision for the New England solar farm.



Movements in the provision for asset retirement obligation are as follows:

	2023	2022
Balance at beginning of year	₱176,056	₱168,626
Additions	502,725	—
Interest accretion (7.14% -7.22%)	26,984	7,430
Remeasurement	51,480	—
Balance at end of year	₱757,245	₱176,056

As at December 31, 2023, and 2022, ARO was discounted at the rate of 7.14% to 7.22%. ARO on solar power plants is expected to be settled during the years of 2039 to 2041.

Nontrade payable are payables from over remittance of business interruption claims and environmental laws compliance.

Contract liabilities consist of the deferred connection fee related to ISLASOL and the deferred rental income from ISLASOL, SACASOL, MSPDC and Solienda.

15. Equity

Capital Stock

This account consists of:

Class of share	Common	Redeemable Preferred	Total
Authorized shares	48,300,000,000	100,000,000	48,400,000,000
Par value	₱1	₱1	₱1
Balances at January 1, 2022	38,338,527,174	—	38,338,527,174
Issuance of new shares	1,353,368,499	—	1,353,368,499
Adjustment in grants through Employee Stock Ownership Plan	(900)	—	(900)
Balances at December 31, 2022	39,691,894,773	—	39,691,894,773
Issuance of new shares	—	25,000,000	25,000,000
Balances at December 31, 2023	39,691,894,773	25,000,000	39,716,894,773

The issued and outstanding shares are held by a number of equity holders below:

	2023
Common shares	4,195
Redeemable preferred shares	10



The following table presents the track record of registration of capital stock:

Year Approval	No. of shares Registered	No. of shares Issued	Par Value
Prior to 2005*	1,000,000,000	**840,601,987	₱0.01/1.00
2005	1,000,000,000	264,454,741	1.00
2007	—	552,528,364	1.00
2008	—	4,713,558	1.00
2009	—	304,419	1.00
2010	—	2,022,535	1.00
2011	2,200,000,000	1,165,237,923	1.00
2012	4,200,000,000	2,027,395,343	1.00
2013	—	6,603,887	1.00
2014	—	1,283,332	1.00
2016	—	20,751,819	1.00
2017	—	3,877,014	1.00
2019	—	2,632,000,000	1.00
2020	16,000,000,000	6,185,182,288	1.00
2021	24,000,000,000	24,623,380,967	1.00
2022	—	1,361,556,596	1.00
Total	48,400,000,000	39,691,894,773	

*On April 7, 1997, par value was increased from ₱0.01 to ₱1.00.

**Equivalent number of shares at ₱1.00 par.

Additional Paid-in Capital

The roll forward of this account follows:

Class of share	Additional Paid-In Capital (Amount)		
	Common	Redeemable Preferred	Total
Balances at January 1, 2022	₱98,043,831,426	₱—	₱98,043,831,426
Issuance of capital stock	9,237,831,163	—	9,237,831,163
Grants through Employee Stock Ownership Plan	(5,364)	—	(5,364)
Adjustment in grants through Employee Stock Ownership Plan	210,586,323	—	210,586,323
Balances at December 31, 2022	₱107,492,243,548	₱—	₱107,492,243,548
Issuance of capital stock	—	24,975,000,000	24,975,000,000
Share issuance cost	—	(171,554,704)	(171,554,704)
Balances at December 31, 2023	₱107,492,243,548	₱24,803,445,296	₱132,295,688,844

Series A Preferred Shares and Series B Preferred Shares

On March 7, 2023, the Board of Directors of the Parent Company approved the establishment of a 50,000,000 preferred shares shelf program and the issuance, offer, sale, registration, and listing of up to 25,000,000 preferred shares and on July 25, 2023, adopted resolutions containing the specific terms and conditions of the preferred shares. On August 3, 2023, the SEC issued the Certificate of Filing of Enabling Resolution. The Parent Company's shelf registration is for up to 50,000,000 preferred shares with a par value of ₱1.00 per preferred share to be offered in one or more tranches, which may be comprised of one or more series per tranche, at the discretion of the Parent Company, and to be registered with the Securities and Exchange Commission.



On September 1, 2023, the Parent Company issued and listed on the Main Board of the PSE the first tranche of 25,000,000 preferred shares at an issue price of ₱1,000.00 per share and a par value of ₱ 1.00 per share, for total proceeds of ₱25,000,000 million. The issuance is comprised of two series of preferred shares: 8,341,500 Series A Preferred Shares and 16,658,500 Series B Preferred Shares. The proceeds from the Series A Preferred shares amounted to ₱8,341.50 million and the proceeds from the Series B Preferred shares amounted to ₱16,658.50 million.

The Series A Preferred Shares and Series B Preferred Shares are perpetual, cumulative, non-voting, non-participating, non-convertible, re-issuable and redeemable at the option of the Parent Company.

Dividends on the Series A Preferred Shares will be payable quarterly at an initial dividend rate of 7.1330% per annum, subject to the dividend payment conditions under the terms of the Series A Preferred Shares. The Series A Preferred Shares dividend rate will be subject to a dividend rate re-setting on the fifth year according to the terms of the Series A Preferred Shares.

Dividends on the Series B Preferred Shares will be payable quarterly at a fixed dividend rate of 8.0000% per annum, subject to the dividend payment conditions under the terms of the Series B Preferred Shares. The Series B Preferred Shares dividend rate is fixed and will not be subject to dividend rate re-setting.

The Series A Preferred Shares may be redeemed at the option of the Parent Company starting on the third year. The Series B Preferred Shares may be redeemed at the option of the Parent Company starting on the seventh year.

Stock Rights Offering (SRO)

On November 11, 2020, the BOD of ACEN approved the pricing for, and volume of, the shares that will be issued pursuant to ACEN's stock rights offering. ACEN will issue 2,267,580,434 shares at ₱2.37, and at an entitlement ratio of 1.11 shares:1 offer share subject to requisite approval by the SEC of the details of the offer, including the offer price.

On December 11, 2020, ACEN received the confirmation letter from the SEC that the SRO is exempt from registration requirements under Section 8 of the Code pursuant to Section 10.1 thereof.

On December 16, 2020, the PSE approved ACEN's application for the listing of additional shares of up to 2,267,580,434 common shares subject of the Rights Offer to all stockholders as of the Record Date of January 13, 2021 (the "Record Date"), at ₱2.37 per share comprised of two rounds and a domestic institutional offer.

During the Rights Offer Period from January 18, 2021 to January 22, 2021, ACEN sold, by way of SRO, 2,094,898,876 shares and 172,681,558 shares in first round and second round allocation, respectively, which were subsequently listed with the PSE on January 29, 2021.

Transaction costs include documentary stamp taxes, SEC fees and other costs paid relevant to share issuance amounting to ₱24.13 million were charged to additional paid-in capital account.

Arran Investment Pte Ltd. (Arran) Private Placement

On December 30, 2020, ACEN and ACEIC signed an Investment Agreement with Arran for the latter's investment into ACEN to acquire 17.46% ownership stake on the basis that ACEN's stock rights offering ("SRO") and follow-on offering ("FOO"), and the infusion by ACEIC of its international business (through its offshore subsidiaries) into ACEN have been completed.



On March 18, 2021, Arran subscribed to 4,000,000,000 common shares of ACEN at a price of ₱2.97 per common share through a private placement (the “Private Placement”), for an aggregate value or consideration of ₱11,880.00 million. The subscription price was offered by Arran pursuant to its binding offer on November 10, 2020, and which offer was approved by the BOD of ACEN during its meeting of November 11, 2020.

The Investment was implemented through a combination of subscription to 4,000,000,000 primary shares (via a private placement) and purchase of secondary shares from ACEIC, priced at ₱2.97 per share on a post-SRO basis and is subject to agreed price adjustments. The price for the private placement represents a 25% premium to the BOD-approved SRO price of ₱2.37 per share.

The closing of Arran’s Private Placement is subject to contractual terms and conditions customary for transactions of a similar nature. Since the shares to be issued pursuant to the Private Placement will not exceed 35% of the resulting total subscribed capital stock, it is exempt from pre-emptive rights of existing stockholders pursuant to the second paragraph of Article Seventh of ACEN’s Articles of Incorporation.

On December 10, 2021, ACEIC sold 2,689,521,681 ACEN shares to Arran pursuant to a special block sale to implement the provisions of the Investment Agreement dated December 30, 2020. The price per share (as adjusted pursuant to a pricing mechanism) was agreed upon in the Investment Agreement and is independent of future price movements.

As at December 31, 2021, Arran owns 17.46% of ACEN’s total outstanding shares of stock.

Transaction costs include documentary stamp taxes and SEC fees paid relevant to share issuance amounting to ₱68.48 million were charged to additional paid-in capital account.

Follow-On Offering (FOO)

On December 17, 2020, the BOD of ACEN approved the conduct of an FOO and delegated authority to the Executive Committee to determine the final issue price for the shares to be issued.

On February 4, 2021, acting on the authority delegated by the BOD, ACEN’s Executive Committee approved an FOO price range of ₱6.00-₱6.50 per share for up to 2,000,000,000 common shares (primary).

On February 16, 2021, ACEN submitted a registration statement for up to 2,430,248,617 common shares (primary and secondary shares with over-allotment) with the SEC.

On March 18, 2021, the BOD of ACEN approved the issuance of 1,580,000,000 common shares for the FOO.

On April 29, 2021, the Executive Committee approved the offer price of ACEN’s FOO at ₱6.50 per share.

On May 5, 2021, ACEN received approvals from the PSE and obtained permit to sell from the SEC.

During the retail offer period for the FOO on May 3, 2021 to May 7, 2021, ACEN completed up to 2.01 billion common shares priced at ₱6.50 per share, consisting of 1,580,000,000 primary shares, 330.24 million secondary shares offered by ACEIC and Bulacan Power Generation Corporation (the “Selling Shareholders”), and an over-subscription of 100.00 million secondary shares sold by ACEIC.

The primary shares were listed on the PSE on May 14, 2021.



Transaction costs include documentary stamp taxes, SEC fees and other costs paid relevant to share issuance amounting to ₱189.48 million were charged to additional paid-in capital account.

Acquisition of ACEIC's offshore subsidiaries through share swap

On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares at a subscription price of ₱5.15 per share, or an aggregate subscription price of ₱85,931,872,744.95 in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in ACEN International, Inc. (share swap transaction), which holds ACEIC's international business.

On June 7, 2021, the application for the increase from 24,400,000,000 shares to 48,400,000,000 shares in the authorized capital stock of ACEN was approved by the SEC. Consequently, the closing date of the share swap was on June 7, 2021.

ACEN has complied with all post-approval requirements for the listing of the shares subject of the share-for-share swap transaction as described above. The number of ACEN's listed common shares were accordingly adjusted on October 22, 2021, the listing date.

Subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines

On March 21, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at a price of ₱7.871 per share:

UPCAPH	869,119,204
Anton Rohner ("Rohner") (Collectively UPC-ACE Australia and UPC Australia sellers)	61,630,796
Total ACEN shares to be issued	930,750,000
Subscription price per share	₱7.871
Total subscription price	₱7,325,933,250

On March 22, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at a price of ₱8.2889 per share:

Estanyol Holdings Ltd.	₱153,493,200
Wind City Inc.	142,668,634
Tenggay Holdings Ltd.	70,525,763
UPC Philippines Wind Partners Ltd	19,059,423
Alan Kerr (collectively, the "UPC Philippines Group")	4,248,813
Total ACEN shares subscribed	389,995,833
Subscription price per share	8.2889
Total subscription price	₱3,232,636,460

The subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines to ACEN shares was approved by the BOD of ACEN on October 18, 2021.

The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021. On March 8, 2022, the BOD of ACEN approved a revised list of subscribers constituting the UPC Philippines, including a re-allocation of some of the shares for subscription, which was presented to the stockholders for approval during the 2022 annual stockholders' meeting of ACEN on April 25, 2022.



Employee Stock Ownership Plan (“ESOWN”)

At the Annual Stockholders’ Meeting held on April 19, 2021, stockholders approved the allocation of 960 million common shares to the Employee Stock Ownership Plan (the “Plan”) Plan out of the unsubscribed portion of the ACEN’s capital stock, to be available to qualified employees upon achievement of the Group’s goals and the determination of any variable compensation of grantee. This replaces ACEN’s Stock Grants and Stock Options Plan which does not have any remaining life.

Under the Plan, qualified employees are awarded the option to subscribe to a specified number of ACEN shares based on discounted market price determined by the Personnel and Compensation Committee and are subjected to the Plan’s vesting period. The subscription price is equal to the market price of the shares with a discount determined by the Personnel and Compensation Committee at the time of the grant of the option. Grants under the Plan are exercisable in three annual tranches. Any availment is payable within a maximum period of ten years.

The SEC granted the Plan’s request for exemption from registration pursuant to Section 10.2 of the Securities Regulation Code (SRC) on March 4, 2022.

In 2021, stock options totaling 8,188,997 shares at a subscription price of ₱6.96 per share were granted under the Plan, of which 8,188,097 shares were issued in 2022, resulting to an adjustment of 900 shares in the grants.

On August 19, 2022, ACEN issued 32,622,666 common shares to various employees of the Group through the ESOWN.

Total expense arising from the equity-settled share-based payment transaction (included under General and administrative expenses) amounted to ₱31.16 million and ₱3.55 million in 2022 and 2021, respectively (nil in 2023).

Cumulative Translation Adjustments

This account pertains to cumulative translation adjustments of subsidiaries with functional currency other than the Group’s presentation currency (see Note 2). Exchange differences arising from translation of foreign operations for the period ended December 31, 2023 and 2022 follows:

	2023	2022
ACRI	(\$153,098)	(\$182,506)
ACEN Cayman	(52,907)	(56,323)
Others	(23)	94
Consolidations and eliminations	25,955	105,119
	(\$180,073)	(\$133,616)
Attributable to:		
Equity holders of the Parent	(\$181,448)	(\$133,100)
Non-controlling interest	1,375	(516)
	(\$180,073)	(\$133,616)

Retained Earnings

Retained earnings represent the Group’s accumulated earnings, net of dividends declared. The balance includes accumulated earnings of subsidiaries, joint venture and associates, which are not available for dividend declaration by the Parent Company until these are declared by the investee companies.



Retained earnings not available for dividend declaration are included in the Group's retained earnings to the extent of (a) accumulated equity in undistributed net earnings of consolidated subsidiaries, and associates and joint ventures accounted for under equity method amounting to ₱41,459.53 million and ₱43,529.36 million as at December 31, 2023 and 2022, respectively and (b) the cost of treasury shares amounted to ₱28.66 million as at December 31, 2023 and 2022.

As at December 31, 2023 and 2022, deferred tax liabilities have not been recognized on undistributed earnings of and cumulative translation adjustment of foreign subsidiaries since the timing of the reversal of the temporary difference can be controlled by the Group and management does not expect the reversal of the temporary differences in the foreseeable future. The undistributed earnings and cumulative translation adjustment amounted to US\$669.84 million (₱25,246.02 million) and US\$927.32 million (₱27,983.63 million) as at December 31, 2023 and 2022, respectively.

Dividends

Declaration of cash dividends on common shares

On August 7, 2023, the BOD of ACEN approved the declaration of cash dividends of four centavos (₱0.04) per share on the 39,677,394,773 outstanding shares of ACEN, or a total dividend amounting to ₱1,587.10 million, paid on September 18, 2023, to the shareholders on record as at August 22, 2023.

On March 8, 2022, the BOD of ACEN approved the declaration of cash dividends of ₱0.06 per share on the 38,315,838,177 outstanding shares of ACEN, or a total dividend amounting to ₱2,298.95 million, paid on April 19, 2022, to the shareholders on record as at April 5, 2022.

Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA) Series B Preferred Shares (ACENB)

On November 3, 2023, the BOD of ACEN declared dividends for the fourth quarter of 2023 on ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB), paid on December 1, 2023, to stockholders of record as of November 17, 2023.

	ACENA	ACENB
Dividend Rate	¼ of 7.1330% per annum	¼ of 8.0000% per annum
Dividend Per Share	₱17.8325 per share	₱20.0000 per share
Dividends	₱148,750	₱333,170

Total dividends amounting to ₱481.92 million was paid on November 30, 2023.

Non-controlling Interest (NCI)

The rollforward of this account is as follows:

	2023	2022
Balance at beginning of year	₱31,859,767	₱29,950,776
Net income attributable to NCI	1,710,534	1,542,769
Other comprehensive income attributable to NCI	—	42,108
Cumulative translation adjustments	76,149	(28,690)
Dividends	(1,882,833)	(1,504,247)
Acquisition of NCI	(1,860,077)	15,139
Additions through business combination	—	1,947,104
Effects of common control business combination	—	(105,192)
Balance at end of year	₱29,903,540	₱31,859,767



Dividends

	in US\$	In PHP
2023		
ACEN Cayman Limited (“ACEN Cayman”)	\$34,026	₱1,882,833
2022		
ACEN Cayman Limited (“ACEN Cayman”)	\$27,485	₱1,504,247

In various dates in 2023 and 2022, the BOD of ACEN Cayman Limited declared dividends to shareholder of redeemable preferred shares for a total of \$34.03 million (₱1,882.83 million) and \$27.49 million (₱1,504.25 million), respectively, which was paid during the year of declaration.

Acquisition of non-controlling interest in UPC-ACE Australia

On February 1, 2023, ACRI and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH’s remaining 4,766 ordinary shares in UPC-ACE Australia, which completes the second and final tranche of ACRI’s acquisition of ACEN Australia.

	In US\$	In PHP
Total consideration paid on February 1, 2023	\$85,391	₱4,724,682
Carrying amount of NCI	33,618	1,860,077
Excess of consideration	\$51,773	₱2,864,605

The acquisition of 20% ownership interest resulted to 100% interest in UPC-ACE Australia. The excess of consideration over the carrying amount of the non-controlling interest is recognized under equity reserves.

Acquisition of non-controlling interest in BWPC and SolarAce4

On March 18, 2022, the Group acquired 40.00% ownership interest of the minority stockholders of BWPC at an aggregate amount of ₱93.55 million, and 30.00% ownership interest of the minority stockholders of SolarAce4 at an aggregate amount of ₱1.80 million.

The acquisitions resulted to 100% ownership in BWPC and SolarAce4. The excess of the consideration over the carrying amount of non-controlling interest is recognized under the equity reserves amounting to ₱110.42 million and ₱0.07 million for BWPC and SolarAce4, respectively.

Other Equity Reserves

This account consists of:

	2023	2022
Effect of:		
Common control business combinations	(₱53,269,303)	(₱53,269,303)
Purchase of:		
20% in UPC-ACE Australia shares	(2,864,605)	—
20% in SLTEC	(2,229,587)	(2,229,587)
32% in NorthWind	(723,974)	(723,974)
34% in MSPDC	(261,728)	(261,728)
Various interest in other subsidiaries	(119,486)	(119,486)
Others	18,338	18,338
	(₱59,450,345)	(₱56,585,740)



Capital Management

The primary objective of the Group's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire long-term debts.

No changes were made in the objectives, policies, or processes for the years ended December 31, 2023 and 2022. The Group considers its total equity as capital.

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guarantees, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as at December 31, 2023 and 2022.

16. Revenue from Sale of Electricity

The Group's revenue from rendering of services consists of:

	2023	2022	2021
Revenue from power supply contracts	₱24,969,946	₱22,834,849	₱17,085,312
Revenue from power generation and trading	11,211,480	12,160,639	8,792,727
	₱36,181,426	₱34,995,488	₱25,878,039

Power Supply Agreement with MERALCO

On September 9, 2019, the Parent Company won the bid to supply MERALCO a baseload demand of 200MW from December 26, 2019 until December 25, 2029 subject to the approval of ERC. The Parent Company received a copy of the provisional ERC approval for the contract on January 31, 2020 and the final approval on May 13, 2020 for the baseload.

On September 11, 2019, the Parent Company won the bid to supply MERALCO a baseload demand of 110MW from December 26, 2019 until December 25, 2024 subject to the approval of ERC. The Parent Company received copies of the provisional and final ERC approvals for the contract on January 31, 2020 and June 1, 2020, respectively.

Meralco Baseload PSA

On October 22, 2019, MERALCO and ACEN filed with the ERC a joint application for approval of its baseload Power Supply Agreement ("PSA"). Under the PSA, ACEN will supply, at a fixed rate, 200 MW baseload capacity to MERALCO for ten (10) years from the issuance by the ERC of a provisional approval. Hearings were conducted on January 14, 21, and 28, 2020.

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the baseload PSA between MERALCO and ACEN (the "PA Order"). Under the PA Order, the ERC granted a rate of ₱4.2366/kWh regardless of the plant capacity factor and not subject to any escalation rate.



On February 7, 2020, ACEN filed a Motion for Reconsideration and Urgent Re-evaluation of the Provisionally Approved Rates, arguing among others, for the implementation of the bid parameters of MERALCO, including the inclusion of the plant capacity factor in determining the rate, application of the proposed escalation rate, and retroactive application of the rates.

On May 13, 2020, ACEN received a copy of the Order of the ERC granting ACEN's Motion for Reconsideration ("Order Granting the MR"). The ERC, in its Order Granting the MR, approved a rate of ₱4.2366/kWh at 100% plant capacity factor, allowed 60% of the approved rate to escalate in accordance with ACEN's escalation schedule, and allowed a retroactive recovery of approved rate from December 26, 2019, among others. The Parties have already agreed on the amortization schedule and/or payment schedule for the collection of the retroactive differential adjustment amounting to ₱618.27 million.

Meralco Mid-Merit PSA

On October 22, 2019, MERALCO and ACEN filed with the ERC a joint application for approval of the mid-merit PSA. Under the PSA, ACEN will supply, at a fixed rate, 110 MW mid-merit capacity to MERALCO for five (5) years from the issuance by the ERC of a provisional approval. Hearings were conducted on December 3, 2019, January 14, 21, and 28, 2020.

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the mid-merit PSA between MERALCO and ACEN. Under the PA Order, the ERC granted a rate of ₱4.2366/kWh regardless of the plant capacity factor.

On February 07, 2020, ACEN filed a Motion for Reconsideration and Urgent Re-evaluation of the Provisionally Approved Rates, arguing among others, for the implementation of the bid parameters of MERALCO, including the inclusion of the plant capacity factor in determining the rate and retroactive application of the rates.

On June 1, 2020, ACEN received a copy of the Order of the ERC granting ACEN's Motion for Reconsideration. The ERC, in its Order Granting the MR, approved a rate of ₱4.8763/kWh at 60% plant capacity factor, and allowed a retroactive recovery of approved rate from January 30, 2020, among others. The parties have entered into an agreement for the amortization schedule and/or payment schedule for the collection of the retroactive differential adjustment amounting to ₱158.50 million. As at April 29, 2021, the amount of ₱158.50 million has already been fully collected.

Ancillary Services Procurement Agreements ("ASPA") with NGCP

ACEN Parent

ACEN Parent executed ASPAs with the NGCP. Under the ASPA, the power plants will provide contingency and dispatchable reserves to NGCP to ensure reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five (5) years upon the effectivity of the provisional approval or final approval issued by the ERC. Pending ERC's issuance of a final approval, the provisional approval is extended every year.

Bulacan Power

The ASPA between NGCP and Bulacan Power shall be effective for a maximum of five (5) years, commencing on June 26, 2018 up to June 25, 2023, subject to Annual Performance Evaluation.



On August 31, 2023, Bulacan Power received ERC's Notice of Resolution (Provisional Approval/PA) dated 15 August 2023 to implement the ASPA (DR). Under the ASPA, prior to the implementation of the ASPA, the parties must execute the Implementing Guidelines to reflect the directives of the ERC to the parties in the PA. The Implementing Guidelines was executed in December 2023 which marked the start of BPGC's obligation become available to supply/deliver the ASPA.

On April 19, 2023, Bulacan Power received a Notice of Award to provide Ancillary Services to the Luzon Grid for specific hourly intervals for five (5) years. On June 13, 2023, Bulacan Power filed an Application with ERC for the approval of the ASPA, with prayer for the issuance of provisional authority.

On August 31, 2023, Bulacan Power received ERC's Notice of Resolution (NOR) dated 15 Aug 2023 granting provisional authority to applicants NGCP and Bulacan Power to implement their ASPA for a period of 5 years.

BPGC filed a Motion for Reconsideration (MR) on the NOR as a precautionary measure to preserve its rights to seek a re-evaluation of the resolution of the Honorable Commission and ensure that it will not be declared in default or be deemed to have waived its right to file a motion for reconsideration of the provisional authority once issued.

CIPP

On April 19, 2023, CIPP received a Notice of Award to provide Ancillary Services to the Luzon Grid for specific hourly intervals for five (5) years. On May 02, 2023, NGCP and CIPP executed an ASPA and submitted the same to ERC on June 20, 2023 for approval with prayer for the issuance of provisional authority.

Feed-in-Tariff ("FIT")

San Lorenzo Wind

On June 10, 2015, the San Lorenzo Wind Project ("SLWP") under Guimaras Wind Corporation ("Guimaras Wind") was issued a Certificate of Endorsement ("COE") for FIT Eligibility by the Department of Energy ("DOE").

On December 1, 2015, Guimaras Wind received its Certificate of Compliance ("COC") from the ERC which entitles Guimaras Wind to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of twenty (20) years until December 26, 2034.

Outstanding receivable under the FIT system amounted to ₱485.79 million and ₱507.51 million as at December 31, 2022 and 2021, respectively.

On July 6, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the SLWP's FIT Rate starting 2020 shall be ₱8.59/kWh.

MONTESOL

On June 13, 2016, the DOE, through its issuance of the COE, certified MONTESOL's Solar Farm Project as an eligible project under the FIT system.

On December 28, 2016, MONTESOL received another provisional authority to operate by the ERC dated December 8, 2016 but this time, as a RE generation company, which allows MONTESOL to be entitled to a FIT rate of ₱8.69 for a period of twenty (20) years from March 11, 2016.



On February 6, 2017, MONTESOL received the COC from ERC and accordingly, measured its revenue from energy sales using FIT rate.

On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index (CPI) and foreign exchange variations through Discounted Cash Flows (DCF) Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020. MONTESOL accrued the retroactive net revenue adjustment based on the adjusted FIT rates for the years 2016 (₱8.69/kWh), 2017 (₱8.71/kWh), 2018 (₱9.04/kWh), 2019 (₱9.41/kWh) and 2020 (₱9.82/kWh).

ISLASOL

On October 3, 2014, the Board of Investments (“BOI”) approved ISLASOL’s registration as an RE developer of an 18 MW solar power plant (Phase2A) under Republic Act No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, otherwise known as the Renewable Energy Act of 2008 (the “RE Act”).

On October 7, 2014, the DOE issued the COE for FIT eligibility to endorse the 9MW Phase 1B solar power plant of ISLASOL as an eligible project under the FIT system pursuant to the provisions of the RE Act.

On November 4, 2015, the BOI approved ISLASOL’s registration as an RE developer of a 14MW solar power plant (Phase2B) and a 48MW solar power plant (Phase3) under the Act.

The 14MW and 48MW solar power plants have been completed in 2016 and started commercial operations in March 2016.

SACASOL

On January 7, 2014, the BOI approved the SACASOL’s registration as an RE developer of 22 Megawatt (MW) solar power plants (Phases 1A & 1B) under the Renewable Energy Act of 2008 (the Act).

On December 20, 2014, the BOI approved SACASOL’s registration as an RE developer of 23MW solar power plants (Phases 1C & 1D) under the Act.

Pursuant to Section 7 of the RE Act and Section 5 of its IRR, the ERC adopts and promulgates the FIT Rules. All RE plants shall be deemed eligible upon issuance by the ERC of a COC authorizing them to operate as FIT-eligible RE plants. Eligible RE plants shall be entitled to the appropriate FITs as established.

On June 4, 2014, the DOE issued the COE for FIT eligibility to endorse the 13MW Phase 1A solar power plant of SACASOL as an eligible project under the FIT system pursuant to the provisions of the RE Act.

On February 9, 2015, the ERC granted the COC to Phase 1A solar power plant with a capacity of 13MW, which entitles SACASOL to the FIT rate of ₱9.68/kWh from May 15, 2014 until May 14, 2034. On the same date, ERC granted the COC to Phase 1B solar power plant with a capacity of 9MW, which entitles SACASOL to the FIT rate of ₱9.68/kWh from August 16, 2014 to August 15, 2034.



On September 11, 2015, the DOE issued the COE for FIT eligibility to endorse the 23MW Phases 1C and 1D solar power plants of SACASOL as an eligible project under the FIT system pursuant to the provisions of the Act.

On May 4, 2016, ERC granted the COC to Phases 1C and 1D solar power plants with a capacity of 23MW, which entitles SACASOL to the FIT rate of ₱8.69/kWh from September 6, 2015 to September 5, 2035.

On May 26, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, SACASOL's FIT Rate starting 2020 shall be ₱11.28/kWh for Phase 1A and 1B and ₱10.12/kWh for Phase 1C and 1D solar power plants.

NorthWind Power Development Corporation

On July 31, 2007, NorthWind Power Development Corporation ("NorthWind") and the DOE entered into Negotiated Commercial Contract ("NCC") covering the contract area located in Bangui, Ilocos Norte. As a holder of a valid and existing NCC, NorthWind is deemed provisionally registered as a RE Developer under RA 9513. The provisional authority shall subsist until the issuance by the DOE of a Certificate of Registration ("COR").

On February 26, 2013, the DOE granted NorthWind a COR under Wind Energy Service Contract No. 2012-07-058. The COR served as the basis for its application with the BOI for the grant of incentives under RA 9513. The approval grants an income tax holiday ("ITH") incentive of seven (7) years starting September 2014.

On October 10, 2014, the DOE granted NorthWind a COE for FIT Eligibility (COE-FIT No. 2014-10-001) for its Phase III expansion project. The endorsement was the basis for the ERC to issue a FIT COC on April 13, 2015.

The tariff on the generation of the original twenty (20) turbines (Phases I & II) is a FIT rate specific to NorthWind of ₱5.76/kWh, as approved by the ERC in its decision dated June 30, 2014. In an Order dated November 7, 2017, the ERC granted NorthWind an increase of ₱0.20/kWh, in connection with a Motion for Partial Reconsideration of the Decision dated June 30, 2014, in ERC Case No. 2011-060RC filed by NorthWind on December 5, 2014, thereby increasing the FIT rate specific to Phases I & II from ₱5.76/kWh to ₱5.96/kWh.

The FIT rate specific to NorthWind's Phase I & II is lower than the national FIT rate and is valid for twenty (20) years, less the actual years of operation as provided for under the FIT Rules.

The tariff on the six (6) turbines (Phase III) is at ₱8.53/kWh, subject to adjustments as may be approved by the ERC under the FIT rules. The FIT period on the six (6) turbines shall be from October 10, 2014 to October 8, 2034.

On July 6, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, NorthWind's rate starting 2020 shall be ₱6.52/kWh and ₱8.90/kWh for Phase I & II and Phase III, respectively.

Feed-in-Tariff ("FIT") adjustment

On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index (CPI) and foreign exchange variations through Discounted Cash Flows (DCF)



Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020. The resolution was published in a newspaper of general circulation in the country on November 17, 2020.

Renewable energy subsidiaries under the FIT system which include Guimaras Wind, MSEI, SACASOL, and NorthWind, accrued the retroactive net revenue adjustment amounting to ₱791.48 million. This will be recovered for a period of five (5) years.

NLR, a renewable energy producer and a joint venture through PhilWind, also accrued the retroactive net revenue adjustment amounting to ₱635.51 million.

On February 19, 2021, ERC clarified in its letter to TransCo, the Administrator of the FIT system, by specifying the timing and manner of billing the FIT Adjustment. Actual recovery of arrears shall be for a period of five (5) years. Billing for January 2016 generation period shall start in December 2020, and payment schedule shall start in January 2021, following the five-year recovery period. Moreover, pending the approval of the 2021 FIT-All rate and adjustment of FIT rates, the original approved FIT rates shall be used for the 2021, 2022 and 2023 generation billing. Revenue in 2021, 2022 and 2023 was based on 2020 approved FIT rates in the absence of the 2021 FIT rates. Currently, there's a moratorium on interest on the delayed payments. It is expected that the adjusted FIT rates applicable for 2021 will also be collected in arrears in accordance with the approval of the ERC.

Pre-termination fees

Revenues from power supply contract in 2022 were reduced by pre-termination fees of ₱605.00 million.

17. Costs of Sale of Electricity

This account consists of:

	2023	2022	2021
Costs of purchased power	₱27,272,520	₱24,599,882	₱12,505,904
Fuel	1,522,458	4,957,516	4,787,976
Depreciation and amortization (Notes 8, 9 and 10)	1,207,418	1,918,307	1,806,363
Repairs and maintenance	499,277	712,770	713,507
Taxes and licenses	452,821	643,370	482,929
Salaries and directors' fees	225,486	402,938	396,608
Insurance	137,187	444,825	392,496
Contractor's fee	102,679	149,984	153,965
Transmission costs	96,973	129,206	84,201
Rent	53,844	54,572	33,971
Transportation and travel	22,150	18,142	10,397
Communication	18,494	18,068	17,030
Pension and other employee benefits	8,928	17,333	15,087
Filing fees	5,942	12,025	19,687
Others	103,905	104,301	49,612
	₱31,730,082	₱34,183,239	₱21,469,733



Power Purchase Agreement and Administration and Management Agreement with South Luzon Thermal Energy Corporation (SLTEC)

On October 26, 2011, ACEN entered into a Power Purchase Agreements (PPAs) with SLTEC, wherein SLTEC shall, from Commercial Operations Date and for the duration of the Electricity Supply Period, make available to ACEN all of its Net Dependable Capacity and supply the Net Available Output at the Delivery Point, in accordance with the Electricity Delivery and Dispatch Procedures. ACEN, on behalf of SLTEC, will sell or trade the Commissioning Power, subject to coordination between SLTEC and ACEN on the price/offer, trading volumes and remittance of payment, provided that all costs relating thereto shall be for the exclusive account of SLTEC. ACEN shall pay the electricity fees at the price determined, exclusive of value-added tax which shall be passed on SLTEC to ACEN.

On May 20, 2019, ACEN and SLTEC amended the PPAs to revise the PPA Capacity Fee for both Units 1 and 2 and to extend the term of the PPAs for an additional period of 10 years.

On August 26, 2019, ACEN and SLTEC terminated the PPAs, and on October 4, 2019, ACEN and SLTEC entered into an Administration and Management Agreement (the “Old AMA”) in place of the PPAs. The Old AMA is effective from August 26, 2019 and shall terminate on April 23, 2040 and February 20, 2041 for the Unit 1 and Unit 2, respectively. ACEN and SLTEC terminated the Old AMA, and on April 11, 2022, entered into a new Administration and Management Agreement (the “New AMA”).

The New AMA is effective from April 11, 2022 and shall terminate on December 25, 2040 (“Cooperation Period”). Under the New AMA, ACEN shall have the exclusive right to administer, control, and manage the entire capacity of the Power Plant for the entire duration of the Cooperation Period. ACEN shall likewise have the exclusive right to direct, trade, dispatch, sell or otherwise deal with the Net Output whether to the WESM for both energy and reserve markets, bilateral contracts with contestable customers, distribution utilities, or qualified third parties, as well as contract for or offer related ancillary services to NGCP.

On April 11, 2022, ACEN entered into an Operations and Maintenance Agreement (“O&M Agreement”) with SLTEC, wherein ACEN shall provide operation, maintenance, and administrative services to SLTEC to ensure the proper and efficient operation and maintenance of the power plant. The O&M Agreement is valid for a period of five (5) years effective from April 11, 2022 and shall automatically renew for successive five (5) year terms from April 11, 2022 until December 25, 2040.

Electricity Supply Agreement (ESA) with Maibarara Geothermal, Inc. (MGI)

On September 16, 2011, MGI (the Seller) entered into an ESA with ACEN (the Buyer) in which ACEN offered to purchase all of the 20 MW Maibarara-1 Geothermal Power Plant (M1) facility’s net output and the Seller has agreed to supply the Buyer with the said output under the terms and conditions of the ESA. M1 started commercial operations on February 8, 2014.

On April 26, 2016, MGI and ACEN signed the ESA for the 12 MW Maibarara-2 Geothermal Power Plant (M2) or M2 Expansion Project. M2 started commercial operations on April 30, 2018.

On June 26, 2019, MGI and ACEN executed the Amendment to the Unit 1 ESA and Unit 2 wherein, among others, electricity fees were renegotiated to a uniform electricity fee for M1 and M2 effective upon the Billing Period commencing June 26, 2019. In addition, the said Amendment also provides that M1 wheeling charges shall be for the account of the Buyer after December 25, 2019, while for M2 wheeling charges shall be for the Buyer’s account starting from Commercial Operations Date (April 30, 2018).



Power Purchase and Supply Agreement with GNPowder Dingin Ltd. Co. (GNPD)

On April 22, 2016 and October 25, 2022, ACEN entered into two Power Purchase and Sale Agreement with GNPD for the supply of 80M and 43MW, respectively.

GNPD is a joint venture among Aboitiz Power Corporation, Power Partners Ltd. Co., and ACEIC. ACEIC, which has a 57.83% ownership in ACEN, has an effective 20% economic interest in GNPD.

Power Purchase with Shell Energy Philippines, Inc. (SEPH)

On July 25, 2023, ACEN entered into a Short-Term Power Purchase Agreement with SEPH for a 30MW contracted capacity for a period of 45 calendar days from supply start date or until September 8, 2023.

18. General and Administrative Expenses

This account consists of:

	2023	2022	2021
Provision for impairment of financial assets at amortized cost (Note 7)	₱1,860,969	₱1,284,409	₱—
Salaries and directors' fees	1,453,570	739,212	469,000
Provision for expected credit losses (Note 5)	1,124,734	—	873
Management and professional fees	1,075,700	419,312	712,720
Taxes and licenses	394,528	533,466	752,485
Depreciation and amortization (Notes 8, 9 and 10)	366,052	260,101	199,502
Insurance, dues and subscriptions	191,816	147,325	63,059
Transportation and travel	130,879	67,973	17,258
Contractor's fee	118,874	65,058	28,308
Utilities	96,350	34,829	7,489
Corporate social responsibilities	92,543	82,765	45,273
Pension and other employee benefits	77,407	25,744	21,512
Building maintenance and repairs	67,638	31,730	30,127
Meeting and conferences	42,544	25,185	4,936
Rent	39,807	30,487	13,111
Advertisements	39,646	22,950	27,781
Training and commitment fees	39,528	13,968	5,860
Office supplies	20,530	12,897	5,450
Communication	13,817	11,327	5,215
Provision (reversal) for impairment of advances to contractors (Note 11)	6,385	(1,256)	—
Provision for impairment of property, plant and equipment (Note 8)	4,569	41,444	301,413

(Forward)



	2023	2022	2021
Provision for probable losses on deferred exploration costs (Note 10)	₱—	₱584	₱23,379
Others	212,998	52,307	50,798
	₱7,470,884	₱3,901,817	₱2,785,549

19. Interest and Other Finance Charges

This account consists of:

	2023	2022	2021
Interest expense on:			
Long-term loans (Note 13)	₱1,160,942	₱1,293,116	₱1,061,075
Notes payable (Note 13)	136,254	325,126	263,047
Lease obligations (Note 9)	250,092	198,050	164,416
Short-term loans (Note 13)	174,583	179,919	52,732
Amortization of debt issue cost (Note 13)	88,278	169,361	47,438
Discount in accounts payable	—	—	72,533
Other finance charges	120,116	191,959	33,139
	₱1,930,265	₱2,357,531	₱1,694,380

20. Other Income - Net

This account consists of:

	2023	2022	2021
Interest and other financial income	₱7,070,391	₱5,639,184	₱4,376,158
Gain on remeasurement of retained interest (Notes 2 and 6)	3,433,328	—	—
Gain (loss) on change due to loss of control of subsidiaries (Note 2)	1,062,030	(121,107)	—
Gain on settlement of development loans (Note 5)	515,000	—	—
Guarantee fee income	91,229	347,894	254,405
Foreign exchange gain - net	51,824	122,880	420,811
Gain on sale of financial asset at FVTPL	49,929	—	—
Claims on insurance	45,591	72,993	161,942
Gain on sale of carbon credits	42,520	—	—
Recovery of tax credit certificate on real property tax	8,538	—	69,154

(Forward)



	2023	2022	2021
Fair value loss on financial asset at FVTPL	(P262,383)	(P124,513)	P—
Discount on long-term receivable	(33,594)	(82,508)	—
Gain (loss) on settlement of derivatives - net	(31,268)	297,342	41,802
(Loss) gain on sale of property, plant and equipment	(3,872)	(7,049)	1,095
Gain on remeasurement of previously held interest (Notes 2 and 24)	—	10,921,026	—
Gain on divestment of associate or joint venture (Note 6)	—	734,672	59,443
Guaranteed performance differential	—	62,287	45
Gain on sale of inventories and by-product	—	32,953	24,733
Unrealized gain on commodity swaps	—	1,647	—
Gain on bargain purchase (Note 28)	—	138	—
Loss on sale of noncurrent assets held for sale	—	(8,400)	—
Loss on FVOCI written-off	—	(500)	—
Gain on reversal of impairment of impairment of advances to contractors	—	—	22,447
Others	216,568	313,053	291,605
	P12,255,831	P18,201,992	P5,723,640

Claims on insurance includes claim for business interruptions due to temporary shutdown of the powerplant, as covered by an industrial all-risk (IAR) insurance covering both property damage/repair (PD) and loss of profits due to business interruption (BI). The account also includes property damage claims from the Parent Company, Gigasol3 and NorthWind.

Fair value loss on financial assets at FVTPL is comprised of marked-to-market gains of UITFs (P3.12 million) and loss of unlisted shares Masaya Solar Energy Private Limited (P266.44 million) in 2023.

Gain (loss) on settlement of derivatives pertain to maturities of foreign exchange forward contracts entered by ACEN with various banks and settlement of fuel and coal hedge contracts (Note 25).

Loss on sale of noncurrent assets held for sale in 2022 pertains to various sale transaction of Power Barges 101, 102 and 103 with an aggregate carrying amount of P201.93 million. The sale resulted to a total loss of P8.40 million.

Interest and Other Financial Income

Interest and other financial income arise from cash in banks and short-term deposits, investments in redeemable preferred shares of associates and joint ventures, and from debt replacement and development loans and advances extended to associates and joint ventures.



The details of interest and other financial income are as follows:

	2023	2022	2021
Interest income on:			
Cash in banks and short-term deposits (see Note 4)	₱1,586,517	₱285,196	₱129,553
Accounts and notes receivables (Notes 5 and 7)	2,346,536	1,879,077	1,947,792
Accounts and other receivable	76,698	38,096	125,075
Debt replacements	1,940,160	1,368,602	1,240,925
Development loan	244,182	454,701	570,572
Other loan	85,496	17,678	11,220
Other financial assets at amortized cost (Note 7)	3,137,338	3,474,911	2,298,813
Redeemable preferred shares	2,509,952	2,251,145	1,151,895
Convertible loans	627,386	1,223,766	1,146,918
	₱7,070,391	₱5,639,184	₱4,376,158

ACRI Guarantee Agreement and guarantee fee income

ACRI serves as a guarantor for the following borrowings entered by its related parties which ACRI unconditionally and irrevocably guaranteed. Fees are charged for these guarantee agreements. ACRI assessed that the expected credit loss from its guaranteed obligation of the related parties is nil.

During the year ended December 31, 2022, the Group has entered into various guarantee agreements with the banks for a total of US\$422.30 million, for projects in India, Vietnam and Australia, of which US\$422.30 million is outstanding as of year-end. The purpose of the guarantee is to secure various Standby Letter of Credit (SBLC) and guarantee agreements of the projects as follows:

- Construction SBLCs and guarantees US\$25.30 million;
- Bid and performance bonds US\$7.50 million;
- Performance connection US\$26.86 million;
- SBLC loans US\$181.30 million; and
- Loan guarantees US\$191.40 million

For the years ended December 31, 2023 and 2022, the Group recognized corresponding guarantee fee income amounting to \$1.65 million (₱91.23 million) and to \$6.27 million (₱347.89 million), respectively.

ACEN Australia

On February 17, 2021, NESF FINCO Pty. Ltd., a subsidiary of ACEN Australia issued two bank guarantees to NSW Electricity Operations Pty Ltd (“Transgrid”) to provide security for obligations under the New England Solar Farm Connection Agreement. The total amount of bank guarantees as at December 31, 2023 was US\$176.40 million. The two bank guarantees were procured under the New England Solar Farm Syndicated Facility Agreement.



21. Income Taxes

- a. Current income tax pertains to the following:

	2023	2022	2021
RCIT	₱447,967	₱404,363	₱271,134
MCIT	44,363	10,962	26,555
	₱492,330	₱415,325	₱297,689

- b. The components of the Group's net deferred income tax assets (liabilities) as at December 31 are as follows:

Net deferred tax assets

	2023	2022
Income tax reported in consolidated statements of income		
Deferred income tax assets:		
NOLCO	₱2,145,431	₱1,135,358
Lease liability	545,437	668,666
Accrued expenses	134,635	118,155
MCIT	88,800	88,800
Unamortized discount on long-term receivable	41,723	10,123
Allowance for doubtful accounts and expected credit losses	30,854	29,583
Pension and other employee benefits	21,920	21,243
Asset retirement obligation	19,704	14,257
Unearned revenue	18,281	31,651
Allowance for impairment on property and equipment	17,833	4,758
Unrealized foreign exchange loss	16,310	23,057
Allowance for probable losses on deferred exploration costs	1,724	1,724
Impairment of Input VAT	1,653	—
Allowance for inventory obsolescence	1,528	1,526
Unamortized past service costs	1,129	1,671
Others	8,933	270,215
	3,095,895	2,420,787
Deferred income tax liabilities:		
Right-of-use assets	374,944	517,215
Unrealized foreign exchange gain	68,602	65,775
Accrual of bonuses	60,059	48,365
Unamortized debt issue costs	52,757	52,962
Asset retirement obligation	12,917	—
Unamortized interest cost on payable to APHPC	52	52
Others	480	—
	569,811	684,369
	2,526,084	1,736,418

(Forward)



	2023	2022
Income tax reported in consolidated statements of other comprehensive income	₱—	₱—
<i>Deferred tax asset:</i>		
Derivative liability on forward contracts	14,851	9,375
Remeasurement gain (loss) on defined benefit obligation	13,807	(282)
Derivative liability on hedging	2,641	—
	31,299	9,093
<i>Deferred tax liabilities -</i>		
Derivative asset on hedging	435,302	15,317
Total deferred income tax assets – net	₱2,122,081	₱1,730,194

Net deferred tax liabilities

	2023	2022
Income tax reported in consolidated statement of income		
Deferred income tax assets:		
Lease liability	₱70,950	₱8,871
Unearned revenue	(2,223)	(1,978)
Pension and other employee benefits	—	2,738
Accrued expenses	—	2,716
Unrealized foreign exchange loss	—	1,634
Inventory obsolescence	—	215
Allowance for expected credit losses	—	181
Others	81,451	86,408
	150,178	100,785
Deferred income tax liabilities:		
Unamortized capitalized borrowing costs	485,292	257,042
Right-of-use assets	78,886	13,826
Unrealized foreign exchange gain	22,462	1,940
Unamortized debt issue costs	—	54,245
Others	369,440	—
	956,080	327,053
Total deferred income tax liabilities - net	(₱805,902)	(₱226,268)

The Group's temporary differences and unused NOLCO for which no deferred income tax assets were recognized in the consolidated statements of financial position are as follows:

	2023	2022
NOLCO	₱4,691,482	₱1,639,071
Allowance for impairment loss on property and equipment	3,969,107	—
Accrued expenses	220,851	138,568
Excess MCIT	27,374	27,290
Allowance for credit losses	20,000	20,000
Allowance for probable losses	18,469	18,469
Unrealized foreign exchange loss	3,281	3,281



NOLCO amounted to ₱4,691.48 million and ₱1,639.07 million, as at December 31, 2023 and 2022, respectively. DTAs on various deductible temporary differences and unused NOLCO have not been recognized as management believes it is not probable that sufficient future taxable income will be available against which the related deferred income tax assets can be used.

Temporary differences on asset retirement cost and PFRS 16 adoption are expected to reverse during the income tax holiday period of ISLASOL, SACASOL, and MONTESOL.

As at December 31, 2023 and 2022, NOLCO totaling ₱8,250.91 million and ₱5,711.47 million, respectively, can be claimed as deduction from regular taxable income and MCIT amounting to ₱23.88 million and ₱26.52 million, respectively, can be credited against future RCIT. The movement in NOLCO and MCIT is shown in the tables below:

Year	NOLCO					Expiry
Incurring	Beginning	Additions	Application	Expiration	Ending	Date
2016 ^(a)	₱129,030	₱116,549	(₱17,644)	(₱51,259)	₱176,676	2023
2017 ^(a)	176,676	470,941	—	(48,077)	599,540	2020
2018	599,540	1,449,379	—	(16,177)	2,032,742	2021
2019	2,032,742	1,080,806	—	(9,691)	3,103,857	2022
2020 ^(b)	3,103,857	620,811	(2,589,582)	(470,941)	664,145	2025
2021 ^(b)	664,145	431,693	—	—	1,095,838	2026
2022	1,095,838	5,047,595	—	(431,961)	5,711,472	2025
2023	5,711,472	2,796,612	(257,177)	—	8,250,907	2026

(a) NOLCO from renewable entities which can be carried over for the next 7 consecutive taxable years per RE Act of 2008

(b) RR-15-20 Bayanihan Act 2: NOLCO incurred for the taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five(5) consecutive years

Year	MCIT					Expiry
Incurring	Beginning	Additions	Application	Expiration	Ending	Date
2019	₱9,539	₱748	₱—	(₱351)	₱9,936	2022
2020	9,936	2,648	(8,325)	(1,079)	3,180	2023
2021	3,180	23,885	—	—	27,065	2024
2022	27,065	—	—	(541)	26,524	2025
2023	26,524	—	—	(2,649)	23,875	2026

The reconciliation between the effective income tax rates and the statutory income tax rate follows:

	2023	2022	2021
Applicable statutory income tax rates	25.00%	25.00%	25.00%
Increase (decrease) in tax rate resulting from:			
Income of foreign subsidiary exempt from tax	(19.38)	(27.06)	(14.83)
Net loss (income) under tax holiday	(10.53)	(1.78)	(1.52)
Equity in net income of associates and joint ventures	(4.70)	(1.60)	(6.28)
Financial income subject to final tax	(4.22)	(0.46)	(0.39)
Impact of CREATE on effective tax rates	—	—	(0.75)
Dividend income exempt from tax	(0.01)	(0.01)	(0.04)
Nondeductible expenses	0.47	(7.33)	4.33
Movement in temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized and others	16.38	8.49	(3.70)
Effective income tax rates	3.01%	(4.75%)	1.82%

- a. Applying the provisions of the CREATE Act, the Parent Company and certain subsidiaries of the Group were subjected to either a lower regular corporate income tax rate of 25% or a minimum corporate income tax rate of 1% effective July 1, 2020.



- b. R.A. No. 10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted.

The TRAIN changes the existing tax law and includes several provisions that generally affected businesses on a prospective basis. In particular, management assessed that amendment of Section 148 – Excise tax on manufactured oil and other fuels – which increases the excise tax rates of lubricating oil, diesel fuel oil and bunker fuel oil, among others that are used for the power plants, may have material impact to the operations of the Group. Management has considered the impact of TRAIN in managing the operation hours of its power plants.

- c. Guimaras Wind is a duly registered renewable energy developer under Renewable Energy (RE) Act of 2008, It is entitled to income tax holiday (ITH) for the first seven years of its commercial operations on all its registered activities starting 2015. Under the RE Act, Guimaras Wind can avail a corporate tax rate of 10% after the ITH period. Since Guimaras Wind will avail the 10% after the ITH, the deferred tax asset expected to be reversed after the ITH period were set up at 10%.
- d. ISLASOL is duly registered with the provisions of the Omnibus Investments Code of 1987 last March 29, 2017 which entitled the ISLASOL the incentive to avail ITH for seven years from March 2016, date of actual commercial operation under the administration of BOI. After 7 years of ITH, ISLASOL shall pay a corporate tax of ten percent (10%) on its net taxable income.
- e. SACASOL is duly registered in accordance with the provisions of the Omnibus Investments Code of 1987 last April 7, 2016 which entitled the SACASOL the incentive to avail ITH for seven years from May 2014, date of actual commercial operations under administration of BOI. After 7 years of ITH, SACASOL shall pay a corporate tax of ten percent (10%) on its net taxable income.
- f. MONTESOL is duly registered in accordance with the provisions of the Omnibus Investments Code of 1987 last October 15, 2015 which entitled the MONTESOL the incentive to avail ITH for seven years from March 2016, date of actual commercial operations under administration of BOI. After 7 years of ITH, SACASOL shall pay a corporate tax of ten percent (10%) on its net taxable income.

22. Related Party Transactions

Parties are related if 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. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

In the ordinary course of business, the Group transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses, office space rentals, management service agreements and electricity supply.

ACEN served as the guarantor for the US\$400.00 million senior undated fixed-for-life (non-deferrable) Notes with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par, issued by ACEN Finance on September 8, 2021, under its medium-term note (MTN) Programme. Proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework (see Note 13).



The balances as at December 31, 2023 and 2022 and transactions for the years ended December 31, 2023, 2022 and 2021 are as follows:

a. Transactions with ACEIC, the intermediate parent company

Nature	Amount/ Volume			Outstanding Balance Receivable (Payable)		Terms / Conditions
	2023	2022	2021	2023	2022	
Interest receivable	₱–	₱107,000	₱142,152	₱–	₱–	Non-interest bearing; due and demandable
interest income						
Management fee income	8,634	24,919	34,785	1,580	10,002	Unsecured; no impairment
Management fee (expense)	249,557	26,041	456,026	(280,247)	(23,421)	Non-interest bearing; due and demandable
Transfer of Employee	176,633	–	–	176,633	–	Non-interest bearing; due and demandable
Due from related parties	4,458	–	–	172,030	167,572	Non-interest bearing; due and demandable
Due to related parties	–	–	–	(77,806)	(80,194)	Non-interest bearing; due and demandable

b. Notes Receivables

Related Party	Amount/ Volume			Outstanding Balance		Terms / Conditions
	2023	2022	2021	2023	2022	
Development loans						
<i>Joint Ventures</i>						
UPC-AC Energy Solar Limited (UPC-ACE Solar)	₱–	₱401,436	₱675,294	₱806,694	₱1,115,100	Due in 2023; interest bearing; unsecured; with impairment
ACEN-Silverwolf	5,415	–	–	5,415	–	Due in 2023; interest bearing; unsecured; no impairment
<i>Affiliate</i>						
Yoma Strategic Investments Ltd (“Yoma”)	–	–	–	1,329,824	1,339,071	Due in 2023; interest bearing; unsecured; no impairment
	₱5,415	₱401,436	₱675,294	₱2,141,933	₱2,454,171	
Debt replacements						
<i>Joint Ventures</i>						
Greencore 3	₱248,591	₱2,147,546	₱2,078,400	₱4,474,536	₱4,225,946	Due in 2024; interest bearing; unsecured; no impairment
Lac Hoa	–	2,643,403	–	2,625,150	2,643,403	Due in 2024; interest bearing; unsecured; no impairment
Hoa Dong	–	2,318,792	–	2,302,780	2,318,792	Due in 2024; interest bearing; unsecured; no impairment
Asian Wind 1	–	–	–	1,472,288	3,087,433	Due in 2035; interest bearing; unsecured; no impairment
Asian Wind 2	–	2,737,160	1,360,743	1,157,895	2,435,262	Due 2045 interest bearing; unsecured; no impairment
NEFIN Solar	220,649	574,834	253,870	791,514	574,834	Due in 2024; interest bearing; unsecured; no impairment
Ingrid	600,000	650,000	–	300,000	200,000	Due in 2024; interest bearing; unsecured; no impairment

(Forward)



Related Party	Amount/ Volume			Outstanding Balance		Terms / Conditions
	2023	2022	2021	2023	2022	
VWEL	₱224,279	₱754,669	₱2,553,602	₱283,482	₱59,614	Due in 20 years from date of drawdown; interest bearing; unsecured; no impairment
PT Dewata ACEN Renewables Indonesiaa	33,214	—	—	33,214	—	Due in 2024; interest bearing; unsecured; no impairment
BIM Wind	—	—	5,782,397	—	4,749,490	Due in 2030 interest bearing; unsecured; no impairment
	₱1,326,733	₱11,826,404	₱12,029,012	₱13,440,859	₱20,294,774	
Other Loans						
<i>Joint Venture</i>						
Infineum 4 Energy, Inc.	₱34,360	₱43,466	₱—	₱77,826	₱43,466	Due in 2024; interest bearing; unsecured; no impairment
BrightNight	310,542	—	—	310,542	—	Due in 2024; interest bearing; unsecured; no impairment
Ingrid	—	450,000	—	—	300,000	Due in 2023; interest bearing; unsecured; no impairment
	₱344,902	₱493,466	₱—	₱388,368	₱343,466	

Except for the discussion above, the movement in the notes receivable from related parties are revaluation of US\$ denominated notes receivable to Philippine peso from December 31, 2022, to December 31, 2023.

Receivables from Infineum 4 Energy, Inc.

On January 7, 2022, the ACED, Maraj Energy and Development, Inc. (MEDI) and Infineum 4 entered into an Omnibus Loan and Security Agreement in which the Parent Company will lend a loan amounting to ₱150.00 million to Infineum 4 with an annual interest of 8% payable in full on the repayment date, to be utilized for the purpose of enabling the pre-development and development activities in relation to its proposed floating solar power project in Lake Mapanuepe in San Marcelino, Zambales. The loan shall be made available for a period of two (2) years from the date of the agreement which may be extended upon mutual agreement by the parties.

On March 5, 2024, both parties agreed to extend the availability period one (1) year or from | January 8, 2024 to January 7, 2025 and that the repayment date likewise be extended for another one (1) year from the date of first note. In consideration of the extended availability period and repayment date, the interest rate increased from 8.00% to 11.41% to be applied starting January 8, 2024 to January 6, 2025 on all amounts outstanding.

c. Interest Income and Receivable

This account consists of:

Related Party	Amount/Volume			Outstanding Balance Receivable (Payable)		Terms
	2023	2022	2021	2023	2022	
Other Financial Assets at Amortized Cost (Note 7)						
Redeemable preferred shares	₱2,509,952	₱2,251,145	₱1,151,895	₱3,473,000	₱2,487,852	various dates
Convertible loans	627,386	1,223,766	1,146,918	761,760	1,071,551	various dates
	₱3,137,338	₱3,474,911	₱2,298,813	₱4,234,760	₱3,559,403	

(Forward)



Related Party	Amount/Volume			Outstanding Balance Receivable (Payable)		Terms
	2023	2022	2021	2023	2022	
Development Loans						
Joint Ventures						
UPC-ACE Solar	₱102,677	₱95,725	₱80,211	₱327,633	242,890	various dates
UPC-ACE Australia	14,664	7,087	—	—	—	various dates
Associates						
ACEN-Silverwolf	—	—	—	206	—	various dates
The Blue Circle (TBC)	—	60,390	56,572	—	—	various dates
Affiliate						
Yoma	53,314	52,427	48,324	198,328	146,341	various dates
	₱170,655	₱215,629	₱185,107	₱526,167	389,231	
Debt replacements						
Joint Ventures						
VWEL	37,355	59,043	306,768	465,726	431,899	various dates
Hoa Dong	301,196	86,371	—	439,074	87,504	various dates
Lac Hoa	343,065	96,629	—	387,030	97,896	various dates
NEFIN Solar	47,487	26,480	—	63,448	22,084	various dates
Greencore 3	495,884	228,241	57,387	57,797	276,357	30-day, non-interest bearing
Ingrid	76,405	12,367	—	33,337	9,167	30-day, non-interest bearing
PT Dewata ACEN Renewables Indonesia	—	—	—	472	—	various dates
Asian Wind 1	283,695	269,291	208,839	—	—	various dates
Asian Wind 2	224,807	199,560	233,424	—	67,648	various dates
BIM Wind	130,266	380,250	248,334	—	88,657	various dates
BIMRE	—	10,370	186,173	—	—	various dates
	₱1,940,160	₱1,368,602	₱1,240,925	₱1,446,884	₱1,081,212	
Other Loans						
BrightNight	₱29,677	₱—	₱—	₱29,693	₱—	30-day, non-interest bearing
Others	3,833	1,876	—	4,095	1,875	30-day, non-interest bearing
	₱33,510	₱1,876	₱—	₱33,788	₱1,875	
Trade Receivables						
Affiliates	₱—	₱—	₱—	₱9,068	₱5,408	30-day, non-interest bearing

Allowance for expected credit loss

For the year ended December 31, 2023, the Group recognized allowance for impairment loss in development loan to UPC-AC Energy Solar Limited (UPC-ACE Solar) for its principal and interest amounting to US\$13.98 million (₱812.63 million) and US\$6.05 million (₱327.63 million), respectively (Note 5).

d. Loans Payable

Related Party	Amount / Volume			Outstanding Balance Receivable (Payable)		Terms
	2023	2022	2021	2023	2022	
BPI						
Interest expense / Interest payable	₱2,232	₱6,454	₱2,337	(16,521)	(₱8,834)	30 days, unsecured
Long-term loans	110,257	339,442	112,879	(2,367,909)	(1,766,487)	12 years, interest bearing
Short-term loans	66,492	25,317	—	(1,500,000)	—	63 days, interest bearing



e. Right of Use Assets / Lease Liabilities

The Group entered into lease agreements with Ayala Land, Inc. (ALI) and Fort Bonifacio Development Corporation (FBDC), affiliates, for the use of its office units and parking spaces. Lease with FBDC ended on March 31, 2023.

Related Party	Amortization / Interest Expense			Right-of-use assets / (Lease Liabilities)		Terms
	2023	2022	2021	2023	2022	
ALI						
Right of use Assets (Note 9)	₱144,988	₱114,880	₱93,899	₱1,448,350	₱926,451	10 years, unsecured
Lease Liabilities (Note 9)	65,517	41,550	38,847	(1,639,935)	(1,008,858)	10 years, unsecured
FBDC						
Right of use Assets (Note 9)	–	9,227	9,227	–	4,573	3 years, unsecured
Lease Liabilities (Note 9)	–	182	435	–	(9,771)	3 years, unsecured

f. Other Related Party Transactions

	Amount/Volume			Outstanding Balance Receivable (Payable)		Terms
	2023	2022	2021	2023	2022	
Management fee income	₱138,970	₱46,148	₱53,160	₱112,513	₱ 8,019	30-days, unsecured
Rental income	13,009	17,337	16,737	4,214	2,118	30-days, unsecured
Revenue from power supply contracts	–	33,721	–	–	–	30-days, unsecured
Cost of sale of electricity	(569,485)	911,744	472,004	(103,650)	(92,591)	30-days, unsecured
Due from related parties	–	–	3,465	738,206	422,796	On demand, Unsecured
Due to related parties	–	–	–	2,733,673	(1,585,951)	On demand, Unsecured

Management fee income pertains to service fees billed by the Group to its related parties under common control and joint venture & associates for providing a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/ bookkeeping services, human resources management, manpower related services and other related functions.

Rental income pertains to revenue from sublease agreement with Ingrid.

The Parent Company purchases the entire net electricity output of MGI.

The amount due from a related company pertains mostly from advances including those for project development or reimbursement of expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

The amount due to a related parties pertains to advances, including those for development cost, utilities expense, professional services and other miscellaneous expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

g. Receivables from Employees and Officers

Receivables from officers and employees amounting to ₱301.17 million for both years ended December 31, 2023 and 2022, pertain to housing, car, salary and other loans granted to Group's officers and employees.



h. Payable to Directors and Stockholders

	Amount/Volume			Outstanding Balance Receivable (Payable)		Terms / Conditions
	2023	2022	2021	2023	2022	
Accrued director's and annual incentives						
Directors' fee and annual incentives	₱36,700	₱29,812	₱23,352	(₱2,000)	₱-	On demand, Unsecured
Due to stockholders						
Cash dividends	2,069,015	2,298,950	1,195,787	(16,585)	(16,585)	On demand, Unsecured

Key Management Compensation

Compensation of key management personnel of the Group are as follows:

	2023	2022	2021
Short-term employee benefits	₱59,802	₱54,431	₱64,215
Post-employment benefits	27,750	4,132	2,691
	₱87,552	₱58,563	₱66,906

Identification, Review and Approval of Related Party Transactions

All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

23. Earnings Per Share

Basic and diluted EPS are computed as follows:

	2023	2022	2021
	(In Thousands, Except for Number of Shares and Per Share Amounts)		
Net income attributable to equity holders of Parent Company	₱7,396,140	₱13,055,119	₱5,250,972
Less cumulative preferred share dividends	642,560	-	-
(a) Net income attributable to common shareholders of Parent Company	₱6,753,580	₱13,055,119	₱5,250,972
Common shares outstanding at beginning of year (Note 15)	39,677,394,773	38,324,027,174	13,692,457,210
Weighted average number of:			
Shares issued during the year	-	1,043,557,948	15,719,838,696
(b) Weighted average common shares outstanding	39,677,394,773	39,367,585,122	29,412,295,906
Basic/Diluted earnings per share (a/b)	₱0.17	₱0.33	₱0.18



On June 7, 2021, upon the SEC's approval of increase in ACS from 24.4 billion to 48.4 billion shares, 16,685,800,533 shares of ACEN were issued to ACEIC through the offshore share swap transaction (see Note 15).

The SRO enabled the then minority shareholders to increase their shareholdings on account of the dilution of their existing share ownership as a result of the ACEIC onshore share swap transaction.

For the years ended December 31, 2023, 2022 and 2021, except for ESOWN, the Parent Company does not have any material potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings per share is the same as basic earnings per share for the years ended December 31, 2023, 2022 and 2021.

24. Business Combinations

2023 Business Combinations

Investment in YMP Telecom Power Inc.

On December 22, 2023, Belenos Energy Corporation ("Belenos"), a wholly owned subsidiary of ACEN, signed a Share Purchase Agreement for the acquisition of YMP Telecom Power Inc. (YMP Telecom) and its affiliate, YMP Industrial Power Inc. (YMP Industrial), through purchase of 100% of the outstanding shares held by Yoma Micro Power (S) Pte. Ltd. in each of these companies for the purpose of building and operating solar-powered solutions for telecommunication towers and commercial and industrial solar power solutions in the Philippines.

The following are the fair values of the identifiable assets and liabilities of YMP Telecom and YMP Industrial as at the date of acquisition:

Assets	
Cash and cash equivalents	₱188,165
Accounts and notes receivable - net	12,453
Other current assets	2,424
Property, plant and equipment	41,825
	<u>244,867</u>
Liabilities	
Accounts payable and other current liabilities	327,531
Deferred income tax liabilities - net	537
	<u>328,068</u>
Total identifiable net liabilities	(83,201)
Less cost of acquisition	21,000
Goodwill arising on acquisition (see Note 10)	<u>₱104,201</u>

Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under Goodwill in the consolidated statements of financial position. None of the goodwill recognized is expected to be deductible for income tax purposes.

Consideration transferred was paid in cash on transaction date.



Net cash inflow on acquisition is as follows:

Cash consideration	₱21,000
Less cash acquired with the subsidiary ^(a)	(188,165)
Net cash inflow	₱167,165

^(a)Cash acquired with the subsidiary is included in cash flows from investing activities.

If the acquisition had taken place at the beginning of 2023, revenue contribution for the year ended December 31, 2023, would have been nil and the additional contribution to the net loss attributable to ACEN would have amounted to ₱52.80 million.

Initial accounting for the acquisition of YMP Telecom and YMP Industrial has only been provisionally determined as the acquisition occurred close to the end of reporting period. At the date of finalization of these consolidated financial statements, the necessary market valuations and other calculations have not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

2022 Business Combinations

Investment in UPC-AC Energy Australia (HK) Limited (UPC-ACE Australia)

On March 11, 2022, the Group, UPCAPH and Mr. Rohner (collectively "the UPC AU Sellers") signed a Share Purchase Agreement for the Group's acquisition of 50% effective ownership interest of UPCAPH and Mr. Rohner in UPC-AC Energy Australia (HK) Limited ("UPC-ACE Australia").

On March 21, 2022, ACRI, UPCAPH, and Mr. Rohner signed separate instruments of transfer for the transfer to ACRI of UPCAPH's 7,150 ordinary shares in UPC-ACE Australia for US\$78.34 million (₱4,070.40 million) and Rohner's 1,000,054 ordinary class B shares in UPC-ACE Australia for US\$9.36 million (₱486.42 million), thereby completing the first tranche of the acquisition. The aggregate consideration paid by ACRI to UPCAPH and Mr. Rohner is US\$87.70 million (₱4,556.82 million).

As a result of the first tranche, the Group owns 80% of UPC-ACE Australia.

On November 8, 2022, UPCAPH, executed proxy rights in favor of the Group, providing the ACRI with 100% voting rights in the consolidated group of UPC-ACE Australia.

UPC-ACE Australia is a holding company for Australia energy and power projects and investment.

ACEN Australia Pty Ltd. ("ACEN Australia"), a subsidiary of UPC-ACE Australia, started the construction of 520MW New England Solar Farm (NESF) located in Uralla, New South Wales and 520MW Stubbo Solar Farm (Stubbo) located in Stubbo, New South Wales. ACEN Australia also has further development portfolio located in Tasmania, Victoria and South Australia.

The Group remeasured its previously held interest in UPC-ACE Australia based on its acquisition date fair value which resulted in a remeasurement gain of \$189.67 million (₱10,921.03 million) (Notes 6 and 20).



The fair value of the identifiable assets and liabilities, net of eliminations, at October 31, 2022 acquisition date were (in thousands):

	In US\$	In PHP
Current assets		
Other receivables	\$3,556	₱192,080
Prepayments	10	519
Cash and bank balances	12,779	690,251
Non-current assets		
Investment in associates and joint ventures	775	41,866
Derivative financial instrument	3,239	174,935
Plant and equipment (Note 8)	269,713	14,568,821
Development costs under other non-current assets (Note 11)	24,505	1,323,653
Right-of-use assets	24,503	1,323,557
Intangible assets	1,919	103,672
	340,999	18,419,354
Non-current liabilities		
Lease liabilities	(27,506)	(1,485,756)
Provisions	(1,919)	(103,657)
Other liabilities	(581)	(31,365)
Current liabilities		
Loans and borrowings	(101,821)	(5,499,956)
Other payables	(289)	(15,597)
Amount due to related parties	(40,541)	(2,189,843)
Other liabilities	(496)	(26,809)
Total identifiable net assets	\$167,846	₱9,066,371

Part of eliminated transaction of the Group with UPC-ACE Australia includes \$228.98 million (₱12,951.25 million) convertible loans (see Note 7).

The fair value of the receivables approximates their carrying amounts. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

	In US\$	In PHP
Total consideration	\$505,926	₱28,664,849
Add non-controlling interest	33,569	1,946,009
Less fair value of assets acquired and liabilities assumed	(167,846)	(9,066,371)
Goodwill arising on acquisition (Note 10)	\$371,649	₱21,544,487

The cost of the business combination is made up as follows:

	In US\$	In PHP
Cash	\$87,699	₱4,556,824
Convertible loan (Note 8)	228,982	12,951,246
Fair value of equity interest in UPC-ACE Australia before business combination	189,245	11,156,779
Total consideration	\$505,926	₱28,664,849



The fair value of equity interest in UPC-ACE Australia before business combination includes \$1.76 million (₱88.37 million) (see Note 6) other comprehensive income share from remeasurement of pension and various legal and consulting fees amounting to US\$0.27 million (₱14.69 million). The reclassified convertible loan amounting to US\$50.78 million (₱2,807.21 million) was included as part of the convertible loan (see Note 7).

Goodwill arose in the acquisition of UPC-ACE Australia because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies and future market growth. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The non-controlling interest (20%) in UPC-ACE Australia recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to US\$33.57 million (₱1,946.01 million) (see Note 15). The fair value approximates the carrying amounts.

Net cash outflow on acquisition is as follows:

	In US\$	In PHP
Total cash consideration paid in cash	\$87,699	₱4,556,824
Less cash acquired with the subsidiary ^(a)	(12,779)	(690,251)
Net cash outflow	\$74,920	₱3,866,573

^(a)Cash acquired with the subsidiary is included in cash flows from investing activities.

Included in the profit and loss for the year is \$0.09 million loss attributable to the additional business generated by UPC-ACE Australia. No revenue for the period from UPC-ACE Australia.

Had the business combination been effected at January 1, 2022, the additional revenue reduction for the year ended December 31, 2023 would have been \$15.31 million (₱900.21 million), and the additional reduction to the profit for the year would have been \$6.55 million (₱384.99 million).

Initial accounting for the acquisition of UPC-ACE Australia has only been provisionally determined as the acquisition close to the end of the reporting period. At the date of finalization of consolidated financial statements, the necessary market valuations and other calculations has not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values. On December 31, 2023, the Group finalized the accounting for the acquisition of UPC-ACE Australia. The fair values of assets and liabilities approximate their carrying values.

Investment in UPC Philippines

On March 18, 2022, ACEN, its wholly owned subsidiary, ACE Endeavor, UPC Philippines, and Stella Marie L. Sutton (collectively "the Sellers") signed an agreement for the sale and purchase of UPC Philippine's and Ms. Sutton's share and/or subscription rights in the following companies to ACEN and ACE Endeavor:

- 40% interest in NLR, the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte (see Note 6),
- 39.98% interest in BWPC, the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte (see Note 18), and



- 100% in development and pipeline vehicle companies (collectively referred to as “Target Companies”):
 - Buduan Wind Energy Co, Inc.,
 - Caraballo Mountains UPC Asia Corporation,
 - Pangasinan UPC Asia Corporation,
 - Sapat Highlands Wind Corporation,
 - UPC Mindanao Wind Power Corp.,
 - Itbayat Island UPC Asia Corporation,
 - Laguna Central Renewables, Inc.,
 - Laguna West Renewables, Inc.,
 - Suyo UPC Asia Corporation, and
 - SolarAce 4 Energy Corp. (“SolarAce 4”)

Prior to the acquisition of 39.98% in BWPC, ACEN indirectly owned 60.00% interest through its wholly owned subsidiary, Pagudpud Wind Power Corp. The acquisition resulted to 100.00% interest in BWPC and is accounted for as an acquisition of non-controlling interest.

Prior to the acquisition of the subscription rights in SolarAce4, ACEN indirectly owned 100.00% interest through its wholly owned subsidiary, Gigasol2, Inc. The acquisition of the subscription rights, upon approval by the SEC of the pending application for increase in authorized capital stock, will represent 30% of the total issued and common shares and total redeemable preferred shares in SolarAce4, and resulted to 100.00% interest in SolarAce4 and is accounted for as an acquisition of non-controlling interest (see Note 15).

The following are the fair values of the identifiable assets and liabilities of the Target Companies as at the date of acquisition:

Assets	
Cash and cash equivalents	₱2,690
Accounts and notes receivable	727
Input value added tax	2,649
Property, plant and equipment (Note 11)	202
Other noncurrent assets	71,762
	78,030
Liabilities	
Accounts payable and other current liabilities	3,428
Income and withholding taxes payable	27
Other noncurrent liabilities	187,764
	191,219
Total identifiable net liabilities	(113,189)
Less cost of acquisition	5,167
Goodwill arising on acquisition (Note 10)	₱118,356

Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under Goodwill in the consolidated statements of financial position. None of the goodwill recognized is expected to be deductible for income tax purposes.

Consideration transferred was paid in cash on transaction date.



Net cash outflow on acquisition is as follows:

Cash consideration	₱5,167
Less cash acquired with the subsidiary ^(a)	2,690
Net cash outflow	₱2,477

^(a)Cash acquired with the subsidiary is included in cash flows from investing activities.

If the acquisition had taken place at the beginning of 2022, revenue contribution for the year ended December 31, 2022, would have been ₱0.01 million and the additional contribution to the net loss attributable to ACEN would have amounted to ₱2.04 million.

Following the ACEN BOD approval made on October 18, 2021, whereby ACEN and Endeavor will acquire interest in UPC Philippine companies, the Sellers will in turn subscribe to up to 390.00 million common shares of ACEN with subscription price of ₱ 11.32/share, subject to adjustments. The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021.

Consequently, on March 22, 2022, ACEN signed Subscription Agreements with the Sellers for 389,995,833 ACEN shares for subscription price per share of ₱8.2889 per share (see Note 15).

On March 31, 2023, the Group finalized the accounting for the acquisition of UPC Philippine companies. The fair values of assets and liabilities approximate their carrying values. Goodwill arising from the acquisition amounted to ₱118.36 million (see Note 10).

Investment in Sinocalan

On November 29, 2022, ACEN, Sungrow, and Havilah signed an agreement for the sale and purchase of Sungrow's and Havilah's shares and/or subscription rights in Sinocalan to ACEN.

Sinocalan is the developer of the proposed ~60MWp solar power plant in San Manuel, Pangasinan.

On December 16, 2022, ACEN signed the following documents:

1. Deed of Absolute Sale of Shares with Sungrow for the acquisition by ACEN of Sungrow's 4,400 Class A Common Shares in Sinocalan;
2. Deed of Absolute Sale of Shares with Havilah for the acquisition by ACEN of Havilah's 600 Class B Common Shares in Sinocalan;
3. Deed of Assignment of Subscription Rights with Havilah for the acquisition by ACEN of Havilah's subscription rights to 6,000 Class B Common Shares in Sinocalan; and
4. Subscription Agreement with Sinocalan for the subscription by ACEN to 600,000 Redeemable Preferred Shares B ("RPS B"), to be issued out of the increase in ACS of Sinocalan.

On January 10, 2023, ACEN signed Deed of Assignment of Subscription Rights with Sungrow for the acquisition of Sungrow's subscription rights to 400,000 Redeemable Preferred Shares A ("RPS A"), to be issued out of the increase in authorized capital stock of Sinocalan.



The following are the fair value of the identifiable assets and liabilities of Sinocalan as at the date of acquisition:

Assets	
Cash and cash equivalents	₱268
Input value added tax	92
Property, plant and equipment	143,706
Other noncurrent assets	20,352
	<u>164,418</u>
Liabilities	
Accounts payable and other current liabilities	₱17
Income and withholding taxes payable	3
	<u>20</u>
Total identifiable net assets	164,398
Less cost of acquisition	278,398
Goodwill arising on acquisition (Note 10)	<u>₱114,000</u>

Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under Goodwill in the consolidated statements of financial position. None of the goodwill recognized is expected to be deductible for income tax purposes (Note 10).

Initial accounting for the acquisition of Sinocalan in 2022 has only been provisionally determined as the acquisition occurred close to the end of reporting period, resulted to a gain on bargain purchase amounting to ₱0.14 million (Note 20).

Consideration transferred was paid in cash on transaction date.

Net cash outflow on acquisition in 2023 and 2022 is as follows:

	2023	2022
Cash consideration*	₱114,000	₱164,398
Less Cash acquired with the subsidiary ^(a)	–	268
Net cash outflow	<u>₱114,000</u>	<u>₱164,130</u>

^(a)Cash acquired with the subsidiary is included in cash flows from investing activities.

If the acquisition had taken place at the beginning of 2022, revenue contribution for the year ended December 31, 2022, would have been ₱0.01 million and the additional contribution to the net loss attributable to ACEN would have amounted to ₱0.09 million.

25. Financial Risk Management Objectives and Policies

Objectives and Investment Policies

The funds of the entities are held directly by the Group and are managed by the Corporate Finance and Treasury Group (“CFT”).



All cash investments of the Group are carried and governed by the following principles, stated in order of importance:

- Preservation of invested cash
- Liquidity of invested cash; and
- Yield on invested cash. Under no circumstance will yield to trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments

The CFT manages the funds of the Group and invests them in highly liquid instruments such as short-term deposits, marketable instruments, corporate promissory notes and bonds, government bonds, and trust funds denominated in Philippine peso and U.S. dollar. It is responsible for the sound and prudent management of the Group's financial assets that finance the Group's operations and investments in enterprises.

CFT focuses on the following major risks that may affect its transactions:

- Foreign exchange risk
- Credit or counterparty risk
- Liquidity risk
- Interest rate risk

Corporate Planning and Investor Relations ("CPIR") focuses on the following major risks that may affect its transactions:

- Market risk
- Equity price risk

Commercial Operations ("CO") focuses on commodity price risk.

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Group.

Risk Management Process

Foreign Exchange Risk

The Group defines foreign exchange risk as the risk of realizing reduced operating cash flows and/or increasing the volatility of future earnings from movements in foreign exchange. The risk is measured based on potential downside impact of market volatility to operating cash flows and target earnings.

Foreign exchange risk is generally managed in accordance with the Natural Hedge principle and further evaluated through:

- Continual monitoring of global and domestic political and economic environments that have impact on foreign exchange;
- Regular discussions with banks to get multiple perspectives on currency trends/forecasts; and
- Constant updating of the foreign currency holdings gains and losses to ensure prompt decisions if the need arises.

In the event that a Natural Hedge is not apparent, the Group endeavors to actively manage its open foreign currency exposures through:

- Trading by spot conversions; or
- Entering into derivative forward transactions on a deliverable or non-deliverable basis to protect values.



The Group's significant foreign currency-denominated financial assets and financial liabilities as at December 31 are as follows:

	2023	2022
	U.S. Dollar (US\$)	U.S. Dollar (US\$)
Financial Assets		
Cash and cash equivalents	\$288,622	\$433,954
Other receivables	370,703	492,919
	659,325	926,873
Financial Liabilities		
Accounts payable and other current liabilities	(173,920)	(64,476)
Notes payable and loans-term loans	(722,412)	(284,620)
	(896,332)	(349,096)
Net foreign currency-denominated assets (liabilities)	(\$237,007)	\$577,777
Peso equivalent	(P13,168,109)	P32,424,845

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were P55.56 to US\$1.00 December 31, 2023 and P56.12 to US\$1.00 as at December 31, 2022.

The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's profit before tax (due to the changes in the fair value of monetary assets and liabilities) in periods presented. The possible changes are based on the survey conducted by management among its banks. There is no impact on the Group's equity other than those already affecting the profit or loss. The effect on profit before tax already includes the impact of derivatives.

Pertinent Period	Increase (Decrease) in Foreign Exchange Rate	US\$
	(P0.50)	118,504
	(1.00)	237,007
December 31, 2023	0.50	(118,504)
	1.00	(237,007)
	(P0.50)	(P288,889)
	(1.00)	(577,777)
December 31, 2022	0.50	288,889
	1.00	577,777

For subsidiaries with functional currency in US\$, financial assets and liabilities are translated into Philippine peso, presentation currency of the Group using closing exchange rate prevailing at the reporting date, and respective income and expenses at the average rate for the period. These include the assets and liabilities of ACRI and its subsidiaries composed of dollar denominated investments in associates and joint ventures, accounts and other payables, and notes payable with US\$ functional currency, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and the respective income and expenses at the average rate for the period. Assets and liabilities of ACEN Cayman Limited, ACEN HK and ACEN Finance which are in US\$ functional currency was likewise translated to the Group's presentation currency.



The exchange difference arising on the translation are recognized in OCI under “Cumulative Translation Adjustments”. See below for the carrying amounts.

	2023	
	Peso	US\$
Cash and cash equivalents	₱13,762,449	\$248,554
Receivables	20,149,499	363,906
Investments in:		
Associates and joint ventures	19,083,118	344,647
Other financial assets at amortized cost	21,633,799	390,713
Financial asset at FVTPL	7,731,998	139,642
	82,360,863	1,487,462
Accounts payable and other current liabilities	9,629,365	173,909
Notes payable	39,999,949	722,412
Net foreign currency position	₱32,731,549	\$591,141

	2022	
	Peso	US\$
Cash and cash equivalents	₱24,035,474	\$431,091
Receivables	28,183,114	505,481
Investments in:		
Associates and joint ventures	67,285,242	1,206,802
Other financial assets at amortized cost	22,952,511	411,667
Financial asset at FVTPL	1,260,023	22,599
	143,716,364	2,577,640
Accounts payable and other current liabilities	(5,684,034)	(101,947)
Notes payable	(30,529,271)	(547,561)
Net foreign currency position	₱107,503,059	\$1,928,132

The following are the sensitivity rates used in reporting foreign currency risk internally to key management personnel. The sensitivity rates represent management’s assessment of the reasonably possible change in foreign exchange rates.

		Increase (decrease) in Peso per foreign currency	Effect on income before income tax
December 31, 2023	US\$	(\$0.50)	(295,571)
		(1.00)	(591,141)
		0.50	295,571
		1.00	591,141
December 31, 2022	US\$	(\$0.50)	(₱964,067)
		(1.00)	(1,928,133)
		0.50	964,067
		1.00	1,928,133

Credit or Counterparty Risk

The Group defines Credit or Counterparty Risk as the risk of sustaining a loss resulting from a counterparty’s default to a transaction entered with the Group.

Credit or counterparty risk is managed through the following:

- Investments are coursed through or transacted with duly accredited domestic and foreign banks subject to investment limits per counterparty as approved by the Board.



- Discussions are done on every major investment by CFT before it is executed subject to the Group's Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and CFT Finance Managers supervise major transaction executions.
- Market and portfolio reviews are done at least once a week and as often as necessary should market conditions require. Monthly reports are given to the CFO with updates in between these reports as needed.
- A custodian bank for Philippine peso instruments and foreign currency instruments has been appointed based on its track record on such service and the bank's financial competence.

With respect to credit risk arising from the receivables of the Group, its exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

2023						
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade and other receivables						
<i>Current:</i>						
Trade receivables	₱4,399,914	₱819,759	₱281,793	₱2,521,277	₱50,196	₱8,072,939
Due from related parties	6,028,005	234	5,032	5,685,385	—	11,718,656
Others	5,175,257	1,397	8,302	1,139,336	84,864	6,409,156
<i>Noncurrent</i>						
Trade receivables	—	—	—	132,295	1,157,518	1,289,813
Due from related parties	10,626,653	102,868	89,307	799,583	—	11,618,411
Receivables from third parties	696,762	—	—	241,574	—	938,336
	₱26,926,591	₱924,258	₱384,434	₱10,519,450	₱1,292,578	₱40,047,311

2022						
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade and other receivables						
<i>Current:</i>						
Trade receivables	₱7,686,667	₱461,360	₱—	₱171,351	₱60,433	₱8,325,811
Due from related parties	13,950,580	6,536	4,211	1,011,690	—	14,947,017
Others	6,798,294	155,960	17,020	174,266	84,864	7,230,404
<i>Noncurrent</i>						
Trade receivables	459,132	346,404	—	424,367	22,547	1,252,720
Due from related parties	13,559,933	264	—	534,004	—	14,094,201
Receivables from third parties	1,013,367	2,609	—	47,380	—	1,063,356
	₱43,467,973	₱973,133	₱21,231	₱2,363,058	₱167,844	₱46,913,509

The Group uses the following criteria to rate credit risk as to class:

Class	Description
Class A	Customers with excellent paying habits
Class B	Customers with good paying habits
Class C	Unsecured accounts

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, short-term investments, financial assets at FVOCI and derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.



The Group's assessments of the credit quality of its financial assets are as follows:

- Cash and cash equivalents, short-term investments and derivative assets were assessed as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.
- Listed and unlisted financial assets at FVOCI were assessed as high grade since these are investments in instruments that have a recognized foreign or local third-party rating or instruments which carry guaranty or collateral.

There are no significant concentrations of credit risk within the Group.

Maximum exposure to credit risk of financial assets not subject to impairment

The gross carrying amount of financial assets not subject to impairment also represents the Group's maximum exposure to credit risk which mainly pertains to financial assets at FVOCI amounting to ₱5,799.32 million and ₱366.84 million as at December 31, 2023 and 2022, respectively.

Maximum exposure to credit risk of financial assets subject to impairment

The gross carrying amount of financial assets subject to impairment are as follows:

	2023	2022
<i>Financial Assets at Amortized Cost (Portfolio 1)</i>		
Cash and cash equivalents	₱39,696,662	₱34,630,011
Short-term investments	—	528
Under "Receivables" account		
Current:		
Trade receivables	8,022,743	9,649,612
Due from related parties	11,718,656	14,947,017
Others	6,324,293	7,315,267
Noncurrent:		
Trade receivables	164,971	1,230,172
Due from related parties	11,585,735	14,094,201
Receivables from third parties	938,336	1,063,355
Other financial assets at amortized cost	21,633,799	22,545,316
Under "Other Noncurrent Assets" account		
Deposits	161,373	109,718
	₱100,246,568	₱105,585,197

The Group's maximum exposure to credit risk are as follows:

	2023				
		Lifetime ECL			
Grade	12-month Stage 1	Stage 2	Stage 3	Simplified Approach	Total
High	₱20,536,109	₱—	₱—	₱459,036	₱20,995,145
Standard	42,282	—	—	1,536,887	1,579,169
Substandard	—	—	—	—	—
Default	—	113,857	—	—	113,857
Gross carrying amount	20,578,391	113,857	—	1,995,923	22,688,171
Less loss allowance	—	—	—	—	—
Carrying amount	₱20,578,391	₱113,857	₱—	₱1,995,923	₱22,688,171



	2022				
	Lifetime ECL				
Grade	12-month Stage 1	Stage 2	Stage 3	Simplified Approach	Total
High	₱29,473,652	₱–	₱–	₱32,273	₱29,505,925
Standard	–	–	–	1,573,540	1,573,540
Substandard	–	–	–	–	–
Default	–	–	–	–	–
Gross carrying amount	29,473,652	–	–	1,605,813	31,079,465
Less loss allowance	–	–	–	–	–
Carrying amount	₱29,473,652	₱–	₱–	₱1,605,813	₱31,079,465

Simplified Approach

Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix):

	2023					
		Days Due				
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.64%	1.72%	2.12%	4.67%	6.04%	
Estimated total gross carrying amount at default	₱3,472,406	₱735,036	₱268,369	₱284,065	₱1,629,354	₱6,389,230
Expected credit loss	₱22,272	₱12,671	₱5,678	₱13,278	₱98,413	₱152,312

	2022					
		Days Due				
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	7.53%	
Estimated total gross carrying amount at default	₱3,001,808	₱1,979,507	₱40,807	₱51,757	₱2,229,003	₱7,302,882
Expected credit loss	₱—	₱—	₱—	₱—	₱167,844	₱167,844

Liquidity Risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price.

Liquidity risk is managed through:

- Asset and Liability Management principle. Short-term assets are used to fund short-term liabilities while major investments, capital expenditures and long-term assets are funded by long-term liabilities.
- Detailed cash flow forecasting and continuous monitoring of the weekly and monthly cash flows as well as frequent updates of the annual plans of the Group.
- Investment maturities being spread on a weekly, monthly, and annual basis as indicated in the Group's plans. Average duration of investments does not exceed one (1) year.
- Setting up working capital lines to address unforeseen cash requirements that may cause pressure to liquidity.



	2023					Total
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year to 5 Years	More than 5 Years	
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	₱4,786,861	₱2,545,347	₱49,290	₱133,351	₱—	₱7,514,849
Retention payable	80,542	1,446	306,416	6,932	—	395,336
Accrued expenses ^a	3,522,924	1,521	303,245	159	—	3,827,849
Accrued interest	—	—	—	—	—	—
Due to related parties	2,245,231	725,675	224,470	15	—	3,195,391
Others	41,219	814	4,924	84,523	—	131,480
Derivative Liability	—	10,563	—	12,437	—	23,000
Short-term loans	—	1,500,000	—	—	—	1,500,000
Due to stockholders	16,585	—	—	—	—	16,585
Lease liabilities ^b	—	159,857	1,183,734	3,467,918	12,590,733	17,402,242
Long-term loans ^c	—	593,851	1,535,146	20,934,687	34,828,021	57,891,705
Notes payable	—	—	—	33,949,492	—	33,949,492
Other noncurrent liabilities ^d	—	—	—	5,249,198	—	5,249,198
	₱10,693,362	₱5,539,074	₱3,607,225	₱63,838,712	₱47,418,754	₱131,097,127

^a Excluding current portion of vacation and sick leave accruals.

^b Gross contractual payments.

^c Including contractual interest payments.

^d Excluding contract liabilities.

	2022					Total
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year to 5 Years	More than 5 Years	
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	₱5,293,784	₱654,599	₱247,315	₱8,144	₱—	₱6,203,842
Retention payable	12,946	35,220	109,939	—	—	158,105
Accrued expenses ^a	1,930,807	1,993,145	786,139	—	—	4,710,091
Accrued interest	210,510	—	—	272,580	—	483,090
Due to related parties	1,782,157	—	—	—	—	1,782,157
Others	187,227	—	—	—	—	187,227
Derivative Liability	—	3,012	—	—	—	3,012
Short-term loans	—	—	2,900,000	—	—	2,900,000
Due to stockholders	—	—	—	16,585	—	16,585
Lease liabilities ^b	—	96,609	238,677	1,452,701	3,177,193	4,965,180
Long-term loans ^c	—	282,312	1,212,849	14,963,582	20,202,233	36,660,976
Notes payable	—	—	—	35,522,654	—	35,522,654
Other noncurrent liabilities ^d	—	—	—	827,643	—	827,643
	₱9,417,431	₱3,064,897	₱5,494,919	₱53,063,889	₱23,379,426	₱94,420,562

^a Excluding current portion of vacation and sick leave accruals.

^b Gross contractual payments.

^c Including contractual interest payments.

^d Excluding contract liabilities.

As at December 31, 2023 and 2022, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	2023				Total
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	
Loans and receivables:					
Current:					
Cash and cash equivalents	₱39,696,662	₱—	₱—	₱—	₱39,696,662
Short-term investments	—	—	—	—	—
Accounts and Notes Receivables:					
Accounts and other receivable	7,451,131	1,204,573	1,761,647	—	10,417,351

(Forward)



	2023				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Notes receivable	₱8,872,038	₱26,249	₱4,978,164	₱—	₱13,876,451
Interest receivable	1,806,672	15,519	84,759	—	1,906,950
<i>Noncurrent:</i>					
Receivables:					
Accounts and other receivable	—	—	—	1,988,705	1,988,705
Notes receivable	—	—	—	7,558,457	7,558,457
Interest receivable	—	—	—	4,299,398	4,299,398
Derivative assets	—	—	177,828	6,269,689	6,447,517
Other financial assets at amortized cost	—	—	—	21,633,799	21,633,799
Financial assets at FVOCI:					
Quoted	—	—	—	—	—
Unquoted	—	—	—	300	300
	₱57,826,503	₱1,246,341	₱7,002,398	₱41,750,348	₱107,825,590

	2022				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
<i>Current:</i>					
Cash and cash equivalents	₱34,630,011	₱—	₱—	₱—	₱34,630,011
Short-term investments	—	—	—	—	—
Accounts and Notes Receivables:					
Accounts and other receivable	9,161,537	236,161	1,011,167	—	10,408,865
Notes receivable	13,232,751	421,179	4,318,712	—	17,972,642
Interest receivable	2,267,020	—	—	—	2,267,020
<i>Noncurrent:</i>					
Receivables:					
Accounts and other receivable	—	—	—	1,529,673	1,529,673
Notes receivable	—	—	—	11,974,612	11,974,612
Interest receivable	—	—	—	2,905,991	2,905,991
Derivative assets	—	—	—	617,139	617,139
Other financial assets at amortized cost	—	—	—	22,545,316	22,545,316
Financial assets at FVOCI:					
Quoted	—	—	—	1,822	1,822
Unquoted	—	—	—	365,022	365,022
	₱59,291,319	₱657,340	₱5,329,879	₱39,939,575	₱105,218,113

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2023 and 2022, the Group has fixed rate financial instruments measured at fair value.

The Group's exposure to interest rate risk relates primarily to long-term debt obligations that bear floating interest rate. The Group generally mitigates risk of changes in market interest rates by constantly monitoring fluctuations of interest rates and maintaining a mix of fixed and floating interest-bearing loans. Specific interest rate risk policies are as follows:

Market Risk

Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rates and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.



Equity Price Risk

Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets at FVTPL and financial assets at FVOCI.

Commodity Price Risk

Cash flow hedges

The Group defines Commodity Price Risk as the risk of realizing reduced profit margins and/or increasing the volatility of future earnings that are affected by the pricing variability and uncertainty in coal and fuel supply and any associated foreign exchange risk. The risk is measured based on potential downside impact of market volatility to target earnings.

To manage Commodity Price Risk, the Group develops a Coal and Fuel Hedging Strategy aimed to:

- Manage the risk associated with unexpected increase in coal and fuel prices which affect the target Profit & Loss of the Group
- Determine the Hedge Item and appropriate Hedging Instrument to use, including but not limited to price, amount and tenor of the hedge to reduce the risk to an acceptable level
- Reduce Mark-to-Market impact of hedges by qualifying the hedging transaction for hedge accounting

Only the Group's Chief Executive Officer, Chief Finance Officer and Philippine Chief Operating Officer (PH COO) are authorized to make coal and bunker fuel oil hedging decisions for the Group. All executed hedges go through a stringent approval process to justify the tenor, price and volume of the hedge to be undertaken.

Monitoring and assessment of the hedge effectiveness and Coal and Fuel Hedging Strategy are reviewed periodically by the Commercial Operations. Continuation, addition, reduction and termination of existing hedges are decided by the Head of CO and any material change in permissible hedging instrument, counterparties and limits are elevated to the BOD for approval.

The Group purchases coal and bunker fuel oil on an ongoing basis for its operating activities in the thermal energy power generators, composed of SLTEC (by virtue of the AMA) and other diesel power plants (CIPP, One Subic Power, Bulacan Power). The increased volatility in coal and fuel oil price over time led to entering in commodity swap contracts. The forecasted volumes are determined based on each plant's projected operating capacity, plant availability, required monthly consumption and storage capacity.

These contracts are expected to reduce the volatility attributable to price fluctuations. Hedging the price volatility of forecast coal and bunker fuel oil purchases is in accordance with the risk management strategy outlined by the Board.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity swap contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity swap contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.



The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange and commodity swap contracts:

	Maturity						
	< 1 month	1-3 months	4-6 months	7-9 months	10-12 months	>12 months	Total
As at December 31, 2023							
Foreign exchange forward contracts							
Notional amount (\$000)	\$17,161	15,159	\$6,560	\$—	\$—	\$—	\$38,880
Average forward rate (\$/₱)	55.47	55.42	55.43	—	—	—	
Coal							
Notional amount (in Metric Tons)	1,200	—	—	—	—	—	1,200
Notional amount (in \$000)	(\$95)	\$—	\$—	\$—	\$—	\$—	(\$95)
Average hedged rate (\$ per Metric ton)	\$168.22	\$—	\$—	\$—	\$—	\$—	
As at December 31, 2022							
Foreign exchange forward contracts							
Notional amount (\$000)	\$10,600	\$4,115	\$—	\$—	\$—	\$—	\$14,715
Average forward rate (\$/₱)	55.63	56.78	—	—	—	—	
Fuel							
Notional amount (in Metric Tons)	16,800	—	—	—	—	—	16,800
Notional amount (in \$000)	(\$461)	\$—	\$—	\$—	\$—	\$	(\$461)
Average hedged rate (\$ per Metric ton)	327.97	—	—	—	—	—	
Coal							
Notional amount (in Metric Tons)	9,000	—	—	—	—	1,950	10,950
Notional amount (in \$000)	\$846	\$—	\$—	\$—	\$—	\$39	\$885
Average hedged rate (\$ per Metric ton)	\$408.63	\$—	\$—	\$—	\$—	\$—	

The impact of the hedging instruments on the consolidated statements of financial position are as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
As at December 31, 2023				
Foreign exchange forward contracts	\$17,161	(10,563)	Accounts payable and other current liabilities	(10,563)
Commodity swap contracts – Coal	\$1,200	(5,277)	Other noncurrent liabilities	(3,958)
As at December 31, 2022				
Foreign exchange forward contracts	\$14,715	(3,012)	Accounts payable and other current liabilities	(£3,012)
Commodity swap contracts – Fuel	\$16,800	11,604	Other current assets	8,703
Commodity swap contracts – Fuel		(37,500)	Other noncurrent liabilities	(28,125)
Commodity swap contracts – Coal	\$10,950	49,666	Other current assets	35,603



The impact of hedged items on the consolidated statements of financial position are as follows:

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
As at December 31, 2023			
Highly probable forecast purchases	(P10,563)	P—	P—
Coal purchase	(3,958)	—	—
As at December 31, 2022			
Highly probable forecast purchases	P55,500	(P51,722)	P—
Highly probable forecast purchases	(3,012)	—	—
Fuel purchase	8,703	—	—
Fuel purchase	(28,125)	—	—
Coal purchase	35,603	—	—

The effect of the cash flow hedge in the consolidated statements of comprehensive income are as follows:

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in consolidated statements of comprehensive income	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
As at December 31, 2023						
Foreign exchange forward contracts	(P10,563)	P—	P—	P—	P—	P—
Commodity swap contracts - Coal	(3,958)	—	—	—	—	—
As at December 31, 2022						
Foreign exchange forward contracts	P—	(P3,012)	Other income (expense)	P—	P—	P—
Foreign exchange forward contracts	55,500	—	Unrealized fair value gains on derivative instruments designated as hedges	—	—	—
Commodity swap contracts - Fuel	8,703	—	Unrealized fair value gains on derivative instruments designated as hedges	—	—	—
Commodity swap contracts - Fuel	(28,125)	—	Unrealized fair value gains on derivative instruments designated as hedges	—	—	—
Commodity swap contracts - Coal	35,603	—	Unrealized fair value gains on derivative instruments designated as hedges	—	—	—

Monitoring of Risk Management Process

Risk management is regarded as a core competency, thus review of processes and approval processes including periodic audit are practiced and observed as follows:

- Enterprise risk assessments are refreshed on an annual basis. Risk assessments at the plant level are also conducted for operational risks. Insurance coverage is also reviewed annually by the Insurance Committee.



- Monthly Treasury meetings are scheduled where approved strategies, limits, mixes are challenged and rechallenged based on current and forecasted developments on the financial and political events.
- Monthly management reports are submitted to the Operations Management Committee that includes updates from the various business and functional units, including market updates. This includes updates on financials, leverage, operations, health and safety, human resources, sustainability, and other risk areas.
- Annual planning sessions are conducted to set the targets for the Group, and these are revisited at midyear to review the progress and risks related to the accomplishment of these targets.
- Annual teambuilding sessions are organized as a venue for the review of personal goals, corporate goals and professional development.
- One on one coaching sessions are scheduled to assist, train and advise personnel.
- Periodic review of Treasury risk profile and control procedures.
- Periodic specialized audit is performed to ensure active risk oversight.

Capital Management

The primary objective of the Group's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire long-term debts.

Statutory debt consists of short-term and long-term debts of the Group. Net statutory debt includes short-term and long-term debts less cash and cash equivalents, short-term investments and restricted cash. The Group considers its total equity (including redeemable preferred shares) as capital.

	2023	2022
Short-term debt (Note 13)	₱1,500,000	₱2,900,000
Long-term debt (Note 13)	77,778,471	60,864,602
Total statutory debt	79,278,471	63,764,602
Less:		
Cash and cash equivalent (Note 4)	30,868,829	34,630,011
Short-term investments (Note 11)	—	528
Restricted cash (Note 4)	8,827,833	—
Net statutory debt	39,581,809	29,134,063
Total equity	173,375,857	149,593,443
Debt to equity	45.73%	43.40%
Net debt to equity	22.83%	19.83%

The Group closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keep the compliance of these covenants into consideration. The Group is not subject to externally imposed capital requirements.



26. Fair Values

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at December 31, 2023 and 2022:

	2023			
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVTPL	₱3,871,472	₱501,822	₱3,369,650	₱–
Financial assets at FVOCI	5,799,323	–	5,799,323	–
Other financial assets at amortized cost	21,633,799	–	–	21,633,799
Derivative asset*	6,447,517	–	1,284,709	5,162,808
Refundable deposits**	167,101	–	–	161,373
Trade receivables***	738,798	–	–	779,816
Receivables from third parties****	10,262	–	–	10,262
	₱38,668,272	₱501,822	₱10,453,682	₱27,748,058
Liabilities				
Notes payable	₱32,003,794	₱–	₱–	₱29,589,780
Long-term debt	44,485,573	–	–	44,224,717
Deposit payables and other liabilities*****	65,016	–	–	65,016
Derivative liability*****	23,000	–	23,000	–
Lease liabilities	7,505,848	–	–	8,820,127
	₱84,083,231	₱–	₱23,000	₱82,699,640

* Included under "Other current assets" account.

** Included under "Other noncurrent assets" account.

*** Included under "Receivables" and "Other noncurrent assets" accounts and pertain to FIT adjustments and multilateral agreement with PEMC

**** Included under "Receivables"

***** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.

***** Included under "Other noncurrent Liabilities"

	2022			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVTPL	₱1,302,886	₱—	₱1,302,886	₱—
Financial assets at FVOCI	366,844		366,844	—
Other financial assets at amortized cost	21,260,907	—		18,623,291
Derivative asset*	617,139	—	617,139	—
Refundable deposits**	109,718	—	—	109,608
Trade receivables***	906,343	—	—	937,789
Receivables from third parties****	51,025	—	—	51,025
	₱24,614,862	₱—	₱2,286,869	₱19,721,713
Liabilities				
Notes payable	₱32,093,314	₱—	₱—	₱28,638,196
Long-term debt	28,771,288	—	—	28,282,078
Deposit payables and other liabilities*****	92,667	—	91,522	—
Derivative liability	37,500	—	37,500	—
Lease liabilities	4,465,021	—	—	3,391,140
	₱65,459,790	₱—	₱129,022	₱60,311,414

* Included under "Other current assets" account.

** Included under "Other noncurrent assets" account.

*** Included under "Receivables" and "Other noncurrent assets" accounts and pertain to FIT adjustments and multilateral agreement with PEMC

**** Included under "Receivables"

***** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.

***** Included under "Other noncurrent Liabilities"



The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investment, Receivables, Accounts Payable and Other Current Liabilities and Due to Stockholders

The carrying amounts of cash and cash equivalents, short-term investment, receivables, accounts payable and other current liabilities and due to stockholders approximate their fair values due to the relatively short-term maturities of these financial instruments.

Financial Asset at FVTPL and FVOCI

Quoted financial assets at FVOCI and FVTPL, specifically for publicly traded shares held by the Group, were measured using market prices and classified as Level 1.

Quoted financial assets at FVTPL, specifically investments in unit investment trust funds (UITFs) held by the Group were measured using the funds' net asset value (NAV) and classified as Level 2. The Group recognized UITF amounting to ₱1,436.68 million and nil for the years ended December 31, 2023 and 2022, respectively.

Unquoted financial assets at FVTPL and FVOCI, specifically debt and equity instruments held by the Group were measured using the discounted cash flow technique in estimating the fair value of the financial instruments. Based on the financial performance and financial position of the investee entity which is a related party investment company, management estimates the amount and timing of the future cash inflow arising from redemption of preferred shares. Financial assets at FVTPL classified as Level 2 includes Compulsorily Convertible Debentures of Masaya Solar Energy Private Limited amounting to ₱1,932.98 million and ₱1,302.89 million for the years ended December 31, 2023 and 2022, respectively. In 2023, financial assets at FVOCI consists of new investments in Redeemable Preference Share in UPC-ACE Solar, BrightNight and PT Puri Prakarsa Batam amounting to US\$41.66 million (₱2,306.82 million), US\$51.00 million (₱2,823.87 million) and US\$6.04 million (₱334.20 million), respectively. The Group recognized financial assets at FVOCI classified as Level 2 amounting to ₱5,799.32 million and ₱366.84 million for the years ended December 31, 2023 and 2022, respectively.

Other Financial Assets at Amortized Cost

This includes investments in redeemable preferred shares and convertible loans. The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread.



Noncurrent trade receivables, Receivables from third parties, Refundable Deposits, Deposits Payable and Other Liabilities

Estimated fair value is based on present value of future cash flows discounted using the prevailing BVAL rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Long-Term Loans

The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows ranged from 1.03% to 8.88% and 1.03% to 9.13% as at December 31, 2023 and 2022, respectively.

Notes Payable

The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows is 6.07% and 6.47% as at December 31, 2023 and 2022, respectively.

Derivative asset and liability

The fair value of the derivative asset and liability is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for risks existing at the end of each reporting period. The following table gives information about how the fair values of derivative asset are determined (in particular, the valuation technique(s) and inputs used).

Derivative asset	Valuation technique
Long-term Energy Supply Agreement	Discounted cash flow. Valuation requires the use of long dated energy valuation volumes and long dated energy and LGC price curves
Interest rate swaps	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparts

There were no significant unobservable inputs used in the valuation of the derivative assets on Long-term Energy Supply Agreement and interest rate swaps.

There were no transfers between levels in the fair value hierarchy in 2023 and 2022.

27. Operating Segment Information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.



For management purposes, the Group is organized into the following business units:

- Philippines, which includes:
 1. Retail Electricity Supply (RES) or Commercial Operations (CO)
 2. Renewables - generation, transmission, distribution, and supply of electricity using renewable sources such as solar, wind, and geothermal resources
 3. Thermal - generation, transmission, distribution, and supply of electricity using conventional way of energy generation
 4. Project development
 5. Leasing
 6. Bulk water supply, and
 7. Petroleum and exploration – pursued 75.92% owned subsidiary, ENEX Energy Corp.
- International represents the operations of ACRI, which is the holding company for all offshore investments, which includes businesses from Australia, Vietnam, Indonesia, India and rest of the world. This includes earnings from the operations of ACEN Australia, international renewable investments, as well as project development expenses, financing activities, and overhead expenses for the various renewable power projects in the pipeline.
- Parent and Others represents operations of the Parent Company (excluding Commercial Operations) including its financing entities such as ACEN Finance Limited and ACEN Cayman Ltd.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on (1) operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statement referred to by management as “Core Operating Earnings” and (2) selected attributable financial information, specifically attributable earnings before interest, taxes, depreciation, and amortization (EBITDA) and attributable debt of renewable energy projects.

Statutory EBITDA is the sum of the consolidated (1) revenues, (2) cost and expenses excluding depreciation and amortization and provision for impairment, (3) equity in net income of associates and joint ventures and (4) other income – net (excluding gain on previously held interest, unrealized foreign exchange gain/loss, fair value loss on financial asset at FVTPL).

Attributable EBITDA is the sum of (1) statutory EBITDA, and (2) nonconsolidated operating projects’ EBITDA multiplied by ACEN’s economic interest less (1) equity in net income of associates and joint ventures, and (2) less interest and other financial income from other financial assets at amortized cost (this is presented under other income – net in the consolidated statements of income). This is not equivalent to the statutory EBITDA of the Group.

Operating projects’ EBITDA follows the same definition as the statutory EBITDA.

Nonconsolidated projects are investments in associates and joint ventures and investments in other financial assets at amortized cost of the Group.

Statutory net debt is the sum of consolidated (1) short-term loans, (2) long-term loans, and (3) notes payable less consolidated cash and cash equivalents.

Attributable net debt is the sum of (1) statutory net debt and (2) nonconsolidated operating projects’ net debt which is debt less cash multiplied by ACEN economic interest.

Statutory and attributable net debt includes recourse and non-recourse debt Nonconsolidated operating projects’ net debt excludes intercompany loans wherein the Group is the lender. These are



debt replacement, development loans and investment in other financial assets at amortized cost in the consolidated statements of financial position of the Group.

Revenue earned from a single external customer amounted to ₱13,328 million and ₱11,880 million in 2023 and 2022, respectively, which accounted for more than 10% of the consolidated revenues from external customers, arising from sales in the Philippine Segment.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment results are shown net of transfers between operating segments. Those transfers are eliminated in consolidation.

The following tables regarding operating segments present revenue and income information for the years ended December 31, 2023, 2022 and 2021 and assets and liabilities as at December 31, 2023, 2022, and 2021:

	For the year ended December 31, 2023			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱35,350,698	₱830,728	₱—	₱36,181,426
Rental income	68,857	—	—	68,857
Other revenues	9,400	36,498	202,952	248,850
	35,428,955	867,226	202,952	36,499,133
Costs and expenses				
Costs of sale of electricity	31,730,082	—	—	31,730,082
General and administrative expenses	254,382	4,662,779	2,553,723	7,470,884
	31,984,464	4,662,779	2,553,723	39,200,966
Interest and other finance charges	(408,353)	(53)	(1,521,859)	(1,930,265)
Equity in net income of associates and joint ventures	1,023,766	752,124	(10,651)	1,765,239
Other income - net	867,394	10,252,232	1,136,205	12,255,831
Net income (loss) before income tax	4,927,298	7,208,750	(2,747,076)	9,388,972
Provision for (benefit from) income tax	937,785	(320,731)	(334,756)	282,298
Segment net income (loss)	₱3,989,513	₱7,529,481	(₱2,412,320)	₱9,106,674
Other disclosures:				
Depreciation and amortization	₱1,315,345	₱53,457	₱204,668	₱1,573,470
Capital expenditures	13,243,269	12,012,614	—	25,255,883
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	10,954	—	—	10,954
Statutory EBITDA	6,249,919	5,964,269	(1,673,325)	10,540,863
Attributable EBITDA	7,174,278	13,294,402	(1,662,674)	18,806,006
Statutory Cash	14,743,597	1,507,428	23,445,637	39,696,662
Statutory Debt	3,350,857	18,539,295	57,388,319	79,278,471
Statutory Net Debt (Cash)	(11,392,740)	17,031,867	33,942,682	39,581,809
Attributable Cash	15,524,271	6,593,490	23,445,637	45,563,398
Attributable Debt	10,960,857	72,023,312	57,388,319	140,372,488
Attributable Net Debt	(4,563,414)	65,429,822	33,942,682	94,809,090
	As at December 31, 2023			
Operating assets	₱41,772,249	₱85,942,407	₱157,218,844	₱284,933,500
Operating liabilities	₱18,550,582	₱32,530,461	₱60,476,600	₱111,557,643
Investments in associates and joint ventures	₱10,882,646	₱19,215,971	₱—	₱30,098,617



The reconciliation of statutory and attributable EBITDA, cash, debt follows:

	Philippines	International	Parent and Others	Consolidated
Revenues	₱35,428,956	₱867,226	₱202,951	₱36,499,133
Cost and expenses (exc. depreciation and amortization and provision for impairment)	(30,717,499)	(1,633,953)	(2,485,327)	(34,836,779)
Equity in net income of associates and joint ventures	1,023,766	752,124	(10,650)	1,765,240
Other income – net (excluding gain on previously held interest, unrealized foreign exchange gain/loss, fair value loss on financial asset at FVTPL)	514,696	5,978,872	619,701	7,113,269
Statutory EBITDA	₱6,249,919	₱5,964,269	(₱1,673,325)	₱10,540,863

	Philippines	International	Parent and Others	Consolidated
Statutory EBITDA	₱6,249,919	₱5,964,269	(₱1,673,325)	₱10,540,863
Nonconsolidated operating projects' EBITDA	1,948,125	11,078,225	–	13,026,350
Equity in net income of associates and joint ventures	(1,023,766)	(752,124)	10,651	(1,765,239)
Interest and other financial income from other financial assets at amortized cost	–	(2,995,968)	–	(2,995,968)
Attributable EBITDA	₱7,174,278	₱13,294,402	(₱1,662,674)	₱18,806,006

	Philippines	International	Parent and Others	Consolidated
Short-term loans	₱–	₱–	₱1,500,000	₱1,500,000
Long-term loans	3,350,857	18,539,295	23,884,525	45,774,677
Notes payable	–	–	32,003,794	32,003,794
Statutory debt	3,350,857	18,539,295	57,388,319	79,278,471
Statutory cash and cash equivalent	14,743,597	1,507,428	23,445,637	39,696,662
Statutory net debt (cash)	(₱11,392,740)	₱17,031,867	₱33,942,682	₱39,581,809

	Philippines	International	Parent and Others	Consolidated
Statutory net debt (cash)	(₱11,392,740)	₱17,031,867	₱33,942,682	₱39,581,809
Statutory debt	3,350,857	18,539,295	57,388,319	79,278,471
Statutory cash and cash equivalent	14,743,597	1,507,428	23,445,637	39,696,662
Nonconsolidated operating projects' Attributable debt	7,610,000	53,484,017	–	61,094,017
Attributable cash	780,674	5,086,062	–	5,866,736
Gross attributable debt	10,960,857	72,023,312	57,388,319	140,372,488
Attributable net debt (cash)	(₱4,563,414)	₱65,429,822	₱33,942,682	₱94,809,090

As of December 31, 2023 limited recourse and non-recourse for statutory debt amounts to ₱12,815.90 million and ₱66,462.71 million, respectively. Some of the international attributable debt is covered by guarantees (see Note 20).



For the year ended December 31, 2022				
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱34,995,488	₱—	₱—	₱34,995,488
Rental income	68,469	—	—	68,469
Dividend income	—	3,635	—	3,635
Other revenues	79,282	28,586	63,091	170,959
	35,143,239	32,221	63,091	35,238,551
Costs and expenses				
Costs of sale of electricity	34,183,239	—	—	34,183,239
General and administrative expenses	655,629	1,830,939	1,415,249	3,901,817
	34,838,868	1,830,939	1,415,249	38,085,056
Interest and other finance charges	(1,101,532)	(1,067,837)	(188,162)	(2,357,531)
Equity in net income of associates and joint ventures	783,095	154,739	—	937,834
Other income - net	381,292	17,692,343	128,357	18,201,992
Net income (loss) before income tax	367,226	14,980,527	(1,411,963)	13,935,790
Benefit from income tax	(338,523)	(81,862)	(241,713)	(662,098)
Segment net income (loss)	₱705,749	₱15,062,389	(₱1,170,250)	₱14,597,888
Other disclosures:				
Depreciation and amortization	₱1,949,062	₱16,673	₱212,673	₱2,178,408
Capital expenditures	25,808,545	24,774,169	—	50,582,714
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	40,188	—	—	40,188
Statutory EBITDA	4,207,095	4,970,905	(348,000)	8,830,000
Attributable EBITDA	5,158,000	9,513,000	(348,000)	14,323,000
Statutory Cash	9,585,873	5,638,645	19,405,494	34,630,011
Statutory Debt	3,064,131	8,313,299	52,387,172	63,764,602
Statutory Net Debt (Cash)	(6,521,742)	2,674,654	32,981,679	29,134,591
Attributable Cash	10,036,025	5,788,861	19,405,493	35,230,379
Attributable Debt	8,921,731	47,165,821	52,387,570	108,475,122
Attributable Net Debt (Cash)	(1,114,294)	41,376,960	32,981,679	73,244,745

As at December 31, 2022				
Operating assets	₱37,606,942	₱92,551,857	₱102,613,764	₱232,772,563
Operating liabilities	₱11,531,664	₱36,852,019	₱34,795,437	₱83,179,120
Investments in associates and joint ventures	₱10,392,685	₱14,373,748	₱—	₱24,766,433

The reconciliation of statutory and attributable EBITDA, cash, debt follows:

	Philippines	International	Parent and Others	Consolidated
Revenues	₱35,143,239	₱32,221	₱63,091	₱35,238,551
Cost and expenses (exc. depreciation and amortization and provision for impairment)	(31,822,135)	(532,444)	(1,201,992)	(33,556,571)
Equity in net income of associates and joint ventures	783,095	154,739	—	937,834
Other income – net (excluding gain on previously held interest, unrealized foreign exchange gain/loss, fair value loss on financial asset at FVTPL)	102,896	5,316,389	790,901	6,210,186
Statutory EBITDA	₱4,207,095	₱4,970,905	(₱348,000)	₱8,830,000



	Philippines	International	Parent and Others	Consolidated
Statutory EBITDA	₱4,207,095	₱4,970,905	(₱348,000)	₱8,830,000
Nonconsolidated operating projects' EBITDA	1,734,000	9,010,236	–	10,744,236
Equity in net income of associates and joint ventures	(783,095)	(154,739)	–	(937,834)
Interest and other financial income from other financial assets at amortized cost	–	(4,313,402)	–	(4,313,402)
Attributable EBITDA	₱5,158,000	₱9,513,000	(₱348,000)	₱14,323,000

	Philippines	International	Parent and Others	Consolidated
Short-term loans	₱–	₱–	₱2,900,000	₱2,900,000
Long-term loans	3,064,131	8,313,299	17,394,858	28,771,288
Notes payable	–	–	32,093,314	32,093,314
Statutory debt	3,064,131	8,313,299	52,387,172	63,764,602
Statutory cash and cash equivalent	9,585,873	5,638,645	19,405,494	34,630,011
Statutory net debt (cash)	(₱6,521,742)	₱2,674,654	₱32,981,678	₱29,134,591

	Philippines	International	Parent and Others	Consolidated
Statutory net debt (cash)	(₱6,521,742)	₱2,674,654	₱32,981,679	₱29,134,591
Statutory debt	3,064,131	8,313,299	52,387,172	63,765,000
Statutory cash and cash equivalent	9,585,873	5,638,645	19,405,493	34,630,011
Nonconsolidated operating projects' Attributable debt	5,857,600	38,852,522	–	44,710,122
Attributable cash	450,152	150,216	–	600,368
Gross attributable debt	8,921,731	47,165,821	52,387,172	108,475,122
Attributable net debt (cash)	(₱1,114,294)	₱41,376,960	₱32,981,679	₱73,244,745

As of December 31, 2022 limited recourse and non-recourse for statutory debt amounts to ₱11,377.43 million and ₱52,387.57 million, respectively. Some of the international attributable debt is covered by guarantees (see Note 20).

For the year ended December 31, 2021				
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱25,878,039	₱–	₱–	₱25,878,039
Rental income	61,466	–	–	61,466
Dividend income	–	11,725	–	11,725
Other revenues	20,316	46,685	63,210	130,211
	25,959,821	58,410	63,210	26,081,441
Costs and expenses				
Costs of sale of electricity	21,469,733	–	–	21,469,733
General and administrative expenses	1,036,059	1,254,785	494,705	2,785,549
	22,505,792	1,254,785	494,705	24,255,282
Interest and other finance charges	(812,861)	(320,170)	(561,349)	(1,694,380)
Equity in net income of associates and joint ventures	1,126,943	825,810	–	1,952,753
Other income - net	(762,868)	5,601,000	885,509	5,723,640

(Forward)



	For the year ended December 31, 2021			
Net income (loss) before income tax	₱3,005,243	₱4,910,265	(₱107,336)	₱7,808,172
Provision for (benefit from) income tax	277,183	37,625	(172,671)	142,137
Segment net income	₱2,728,060	₱4,872,640	₱65,335	₱7,666,035
Other disclosures:				
Depreciation and amortization	₱1,856,163	₱51	₱149,651	₱2,005,865
Capital expenditures	13,517,192	19,718,901	–	33,236,093
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	301,413	–	–	301,413
	As at December 31, 2021			
Operating assets	₱64,282,801	₱90,206,146	₱16,672,440	₱171,161,387
Operating liabilities	₱18,064,751	₱21,165,040	₱13,962,834	₱53,192,625
Investments in associates and joint ventures	₱7,762,008	₱13,596,293	₱–	₱21,358,301

Adjustments and Eliminations

Interest on parent loans and other financial income, including fair value gains and losses on financial assets, are not allocated to individual segments as the underlying instruments are managed on a group basis. Likewise, certain operating expenses and finance-related charges are managed on a group basis and are not allocated to operating segments. Allocable operating expenses have been allocated as applicable.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Other income - Net includes interest and other financial income from investments in redeemable preferred shares of associates and joint ventures and from development loans and advances to these associates and joint ventures, guarantee fee income, reversal of allowance for impairment of advances to contractors and impairment of investments in joint venture, tax credits on real property taxes, gain (loss) on derivatives, gain on sale of by-product, claims on insurance, foreign exchange gain (loss), gain (loss) on sale of property, plant and equipment, mark-to market gains, fees on advisory services, and other miscellaneous income (expense) which are allocated to operating segments.

Capital expenditures consist of additions to property, plant and equipment. Investments and advances consist of investments and cash advances to the Group's associates and joint ventures.

28. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Non-cash additions to property, plant and equipment	₱378,109	₱1,466,936
Set-up of ROU assets from new lease agreements	2,714,723	282,104
Reclassifications to (from):		
Property, plant and equipment	3,502,012	186,683
Creditable withholding taxes	837,419	(337,737)
Investments in associates and joint ventures	278,156	148,975
Other noncurrent assets	(3,574,135)	(936,776)

(Forward)



	2023	2022
Investments in other financial assets at amortized cost	(P355,199)	(P59,782)
Financial assets at FVTPL	(276,297)	–
Noncurrent assets held for sale	–	(1,539)
Changes due to business combinations (Note 24):		
Property, plant and equipment	41,825	14,712,729
Right-of-use assets	–	1,323,557
Other noncurrent assets	–	1,323,653
Goodwill and other intangible assets	–	103,672
Investments in other financial assets at amortized cost (Note 7)	–	(12,951,246)
Investments in associates and joint ventures	–	(4,578,944)
Changes due to loss of control (Note 2):		
Property, plant and equipment	–	(14,221,341)
Other noncurrent assets	–	(319,293)
Creditable withholding taxes	–	(117,954)
Input VAT – net of current portion	–	(4,973)

Movements in the Group's liabilities from financing activities for the years ended December 31, 2023 and 2022 are as follows:

	January 1, 2023	Availments/ Proceeds	Payments	Others	December 31, 2023
Current portion of:					
Short-term loans	P2,900,000	P9,000,000	(P10,400,000)	P–	P1,500,000
Long-term loans	719,385	–	(541,690)	1,111,409	1,289,104
Lease liabilities	258,562	–	(773,325)	1,365,716	850,953
Interest payable	483,090	–	(3,065,790)	3,444,864	862,164
Due to stockholders	16,585	–	(3,951,848)	3,951,848	16,585
Noncurrent portion of:					
Notes payable	32,093,314	–	–	(89,520)	32,003,794
Long-term loans	28,051,903	17,586,442	–	(1,152,772)	44,485,573
Lease liabilities	4,206,459	–	–	3,299,389	7,505,848
Other noncurrent liabilities	827,643	–	(1,002,975)	6,519,336	6,344,004
Total liabilities from financing activities	P69,556,941	P26,586,442	(P19,735,628)	P18,450,270	P94,858,025

	January 1, 2022	Availments/ Proceeds	Payments	Others	December 31, 2022
Current portion of:					
Short-term loans	P–	P23,259,020	(P20,359,020)	P–	P2,900,000
Long-term loans	824,488	–	(7,387,050)	7,281,947	719,385
Lease liabilities	536,950	–	(291,085)	12,697	258,562
Interest payable	448,919	–	(1,955,949)	1,990,120	483,090
Due to stockholders	16,585	–	(3,801,730)	3,801,730	16,585
Noncurrent portion of:					
Notes payable	20,195,054	10,000,000	–	1,898,260	32,093,314
Long-term loans	20,117,733	23,012,509	–	(15,078,339)	28,051,903
Lease liabilities	2,159,302	–	–	2,047,157	4,206,459
Other noncurrent liabilities	2,736,920	–	(1,040,364)	(868,913)	827,643
Total liabilities from financing activities	P47,035,951	P56,271,529	(P34,835,198)	P1,084,659	P69,556,941



Long term loans include those assumed through business combination with carrying amounts of AU\$138.29 million (US\$ 88.47 million) Construction facility loan under NESF Syndicated Facility Agreement, AU\$10.50 million (US\$ 6.71 million) green long-term revolving loan with DBS Bank Australia (“DBS Bank”), AU\$10.00 million (US\$ 6.40 million) green term loan with MUFG Bank, Ltd., Sydney Branch (“MUFG Bank”) and AU\$0.38 million (US\$ 0.24 million) green term loan facility agreement with Clean Energy Finance Corporation (“CEFC”) were assumed as a result of acquisition of control over UPC-ACE Australia (see Note 24).

Others includes the amortization of debt issue costs, interest expense, capitalized borrowing costs, foreign exchange gains/losses and the effect of reclassification of non-current portion to current due to passage of time.

29. Provisions and Contingencies

Tax assessments:

On August 20, 2014, ACEN distributed cash and property dividends in the form of shares in ENEX after securing SEC’s approval of the registration and receipt of CAR from the BIR.

On October 22, 2014, ACEN received from the BIR a Formal Letter of Demand (“FLD”), assessing ACEN for a total donor’s tax due of ₱157.75 million inclusive of penalty and interest up to September 30, 2014.

On November 21, 2014, ACEN and its independent legal counsel filed an administrative protest in response to the FLD, on the following grounds:

1. The dividend distribution is a distribution of profits by ACEN to its stockholders and not a “disposition” as contemplated under Revenue Regulations Nos. 6-2008 and 6-2013 which would result in the realization of any capital gain of ACEN;
2. ACEN did not realize any gain or increase its wealth as a result of the dividend distribution; and,
3. There was no donative intent on the part of ACEN.

On May 27, 2015, ACEN received from the BIR a Final Decision on Disputed Assessment (“FDDA”) denying the protest.

On June 25, 2015, ACEN filed with the Court of Tax Appeals (“CTA”) a Petition for Review seeking a review of the FDDA and requesting the cancellation of the assessment.

In its decision dated September 28, 2018, the CTA Third Division granted ACEN’s petition and ordered the cancellation and withdrawal of the FLD (the “CTA Third Division Decision”). On January 18, 2019, the CTA denied the Commissioner of Internal Revenue’s (“CIR”) motion for reconsideration (“CTA Resolution”). On February 22, 2019, the CIR filed a petition for review with the CTA *en banc* seeking the reversal of the CTA Third Division’s Decision and CTA Resolution. On July 21, 2020, the CTA *en banc* upheld the CTA Third Division Decision and denied the CIR’s petition. The CIR filed a motion for reconsideration dated August 26, 2020. In response, ACEN filed its Comment/ Opposition. As at March 11, 2024, the CIR’s motion for reconsideration has not been resolved by the CTA *en banc*.



Claims for tax refund

- a. On May 19, 2022, Guimaras Wind Corporation (“Guimaras Wind”) received a copy of the Decision of the CTA En Banc dated May 17, 2022 denying Guimaras Wind’s Petition for Review for lack of merit. The CTA En Banc affirmed the decision dated January 3, 2020 and Resolutions dated July 1, 2020 and September 23, 2020, both rendered by the CTA Third Division, which partially granted Guimaras Wind’s claim for the refund of or the issuance of a tax credit certificate in the reduced amount of ₱16,149,514, out of the total amount claimed of ₱335,759,253, representing Guimaras Wind’s excess and unutilized input value-added tax for Q3 and Q4 of 2014 and Q1 and Q2 of 2015. Guimaras Wind filed its Motion for Reconsideration (MR) to the CTA En Banc on June 3, 2022.

On June 27, 2022, Guimaras Wind received a Resolution from the CTA En Banc directing Guimaras Wind to file its Comment to the MR filed by the Commissioner of Internal Revenue within five (5) days from receipt of the said Resolution. Consequently, Guimaras Wind complied with the Resolution and filed its Comment to the CTA En Banc on July 4, 2022.

On January 17, 2023, the CTA En Banc issued a Resolution reiterating its Decision dated May 17, 2022, which in turn affirmed the CTA Third Division’s Decision limiting Guimaras Wind’s entitlement to refund to a reduced amount of ₱16,149,514.

The CTA En Banc held that the Certificate of Endorsement (COE) from the Department of Energy (DOE) and the Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC) are both required in order for Guimaras Wind to properly avail of VAT zero-rating incentives. The CTA En Banc also rejected Guimaras Wind’s position that its application for COC should be deemed “provisionally approved” six months from the filing of its application for a COC with the ERC.

On February 3, 2023, Guimaras Wind filed a Motion for Extension of Time to File Petition for Review on Certiorari with the Supreme Court. On March 6, 2023, the Company filed the Petition.

On January 24, 2024, the Supreme Court Third Division issued a Resolution requiring Guimaras Wind to file a Comment to the Petition for Review filed by the Commissioner of Internal Revenue within ten (10) days from receipt of the notice. Guimaras Wind filed the Comment on February 10, 2024. There is no decision or resolution as of date.

- b. On April 12, 2017, San Carlos Solar Energy Inc. (“SACASOL”) filed a Petition for Review with the CTA regarding the disallowed claim of 2015 input VAT amounting to ₱40.62 million. On February 3, 2021, the CTA denied SACASOL’s Petition for Review on the ground that SACASOL failed to establish that its sales qualify for VAT zero-rating because SACASOL did not present any proof that it was issued a DOE Certificate of Endorsement (“COE”), on a per transaction basis. On February 26, 2021, SACASOL filed a Motion for Reconsideration (“MR”), on the basis that there is no legal requirement for the COE to be on a per transaction basis for the VAT zero-rating of SACASOL’s sales, and the VAT zero-rated sales were never disputed considering the partial grant by the BIR of SACASOL’s claim for unutilized input VAT attributable to VAT zero-rated sales.

On May 6 and 20, 2021, SACASOL filed Supplemental Motions to admit additional evidence which included a DOE letter and certification confirming that a COR on a per transaction basis is not required for purposes of VAT zero-rating of RE Sales of RE Developers and such document is not actually being issued by the DOE. On September 22, 2021, CTA Third Division issued a resolution denying the Motion for Reconsideration.



On February 2, 2023, SACASOL filed a Petition for Review before the CTA En Banc.

On April 27, 2023 CTA En Banc denied SACASOL Petition for Review on the basis of jurisdictional grounds. The CTA En Banc denied the Petition on the ground that the CTA Third Division purportedly has no jurisdiction to entertain the judicial claim for refund for being filed beyond the 120+30 day mandatory and jurisdictional period. The CTA En Banc counted the 120-day period from November 3, 2016 - the date when SACASOL filed its administrative claim for refund, and noted that the BIR only had until March 3, 2017 to decide the said claim. The CTA En Banc then held that since SACASOL did not receive an adverse decision from the BIR by March 3, 2017, the law considers the administrative claim as denied. According to the Decision, SACASOL had 30 days from March 3, 2017 or until April 3, 2017 to seek judicial redress. Since the Petition was only filed on April 12, 2017, the CTA is deprived of jurisdiction to hear the case.

On May 19, 2023, SACASOL filed its MR on the ground that (i) Sec 112(c) does not require that the BIR acts and the taxpayer receives the decision within the 120 days; and (ii) SACASOL should be able to file the judicial claim within 30 days from receipt of the decision, as long the decision was made within the 120-day period.

On January 12, 2024, SACASOL received CTA EN Banc Resolution denying the and reiterated its earlier ruling that CTA has no jurisdiction for failure of SACASOL to file its judicial claim for refund within the 120+30 days period from the filing of its administrative claim. The CTA En Banc ruled that the issues in the MR were already addressed, discussed and found wanting in its earlier Decision. On 25 January 2024, SACASOL filed Petition for Extension to File Petition for Review with the Supreme Court. As at March 11, 2024, SACASOL have not received any orders from the Supreme Court relating to the case.

Provisions and Contingencies

NorthWind Power Development Corporation (“NorthWind”) is a party to several cases involving the assessment and collection by the Provincial Treasurer of Ilocos Norte of real property tax (“RPT”) on the wind turbine generators, civil works, equipment, machinery, and transmission lines of NorthWind located in the Municipality of Bangui. NorthWind was assessed RPT at a rate of two percent (2%) or an aggregate amount of ₱147.23 million for years 2017 to 2021. NorthWind paid under protest the RPT thereon and filed a protest questioning the imposition of 2% tax rate on its Renewable Energy (“RE”) facilities. Under Republic Act 9513 or the RE Law, realty and other taxes on civil works, equipment, machinery, and other improvements of a Registered RE Developer actually and exclusively used for RE facilities shall not exceed 1.5% of their original cost less accumulated normal depreciation or net book value. All protests filed by NorthWind to the Provincial Treasurer from 2017 to 2023 were denied.

As at March 11, 2024, the 2017 to 2023 RPT protest, regarding an aggregate amount of ₱193.40 million, is still pending decision with the LBAA of Ilocos Norte.

Compliance with Must Offer Rule

On October 4, 2018, CIPP, One Subic Power, Bulacan Power and the Parent Company received a letter from PEMC for pending investigation of trading intervals covering periods from 2014 to 2018. The scope of the investigation covers possible non-compliance with the Must Offer Rule (MOR) and with the Real-Time Dispatch (RTD) or System Operator Instructions.

On October 28, 2020 and August 17, 2021, the PEMC Board cleared CIP and found no breaches from August 2014 to December 2015. On June 3, 2022, the PEMC Board cleared One Subic Power and found no breaches for the period May- December 2014 period. In the May 2022 meeting, PEMC met with trading participants with pending investigations and discussed a shortened process in the



investigation while at the same time ensuring due process for all participants. The shortened process will adopt the current PEMC process of frequently flagging the trading participant of the intervals under investigation and requesting for immediate replies and dispensing with lengthy discussions in its investigation reports.

On July 7, 2023, the PEMC Board issued a Notice on Investigation Report which approves the imposition of penalty amounting to ₱700,000 against One Subic Power for breach of MOR. The said breaches were broken down as follows: four breaches in 2014, one breach in 2015, one breach in 2016, and one breach in 2019.

In the May 5, 2023 PEM Board Action letter, the PEM Board cleared Bulacan Power of 10,821 trading intervals, and released its findings and found NO breaches for Bulacan Power for said trading intervals during the January 2015-December 2015 and January 2016-December 2016 investigation periods.

As for CIP II, no breach was found for all the trading intervals from 2014-2021. The PEMC Board issued a Certification dated 24 July 2023 certifying that the investigation cases have been closed and finally disposed of by PEMC.

Refund of Market Transaction Fee from PEMC

On July 9, 2020, the ERC issued its Decision on ERC Case 2015-160 RC ordering PEMC to refund the over collection in the Market Transaction Fee (MTF) in 2016 and 2017. The ERC determined the over collection by getting the variance between the MTF collected in 2016 and 2017, and the ERC-Approved Budget of PEMC for the same period. The total refund was determined at ₱433.20 million which shall be apportioned among all the Luzon and Visayas participants. The ERC has directed PEMC to implement the refund over twelve (12) months beginning the next billing month upon receipt of the relevant Decision.

The PEMC filed a motion for reconsideration with the ERC. In an Order promulgated on June 11, 2021, the ERC resolved to deny the motion for reconsideration filed by the. The market level fee approved by the ERC in its Decision of July 2020 was implemented by the Independent Electricity Market Operator of the Philippines for the WESM market fee collection for the calendar year 2021.

30. Events After the Reporting Period

Below are the events after the reporting period which are treated as non-adjusting events as at December 31, 2023:

Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA) Series B Preferred Shares (ACENB)

On February 8, 2024, the BOD of ACEN approved the declaration of the first quarter of 2024 cash dividends on the ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB):

	ACENA	ACENB
Dividend Rate	¼ of 7.1330% per annum	¼ of 8.0000% per annum
Dividend Per Share	₱17.8325 per share	₱20.0000 per share
Dividends	₱148,750	₱333,170

Total dividends amounting to ₱481.92 million was paid on February 29, 2024.



ACEN and Barito enter new partnership in Indonesia wind projects

On December 15, 2023, ACEN (through ACEN Investments HK Limited (“ACEN HK”), a subsidiary of ACEN Renewables International) and Barito Renewables (through PT Barito Wind Energy (“Barito Wind”)) signed a Sale and Purchase Agreement (SPA) with UPC Renewables Asia Pacific Holdings for the acquisition of late-stage wind development assets in Indonesia.

On January 3, 2024, with all conditions having been satisfied under the Sale and Purchase Agreements, transaction Closing was achieved by the parties and ACEN HK has completed the acquisition of shares in the three late-stage wind development assets, with a combined potential capacity of 320 MW, that are located in South Sulawesi (Sidrap 2), Sukabumi and Lombok provinces in Indonesia, at an acquisition price that is less than 10% of the book value of ACEN.

Following the signing of the respective Share Transfer Deeds, Barito Wind will own 51% of the three development assets, while ACEN HK will own the remaining 49%. Total investment cost amounted to US\$17.15 million (₱965.17 million) and accounted for as investment in a associate.

Issuance of Corporate Guarantee in support of ACEN Cayman

On January 12, 2024, ACEN as Guarantor to its subsidiary, ACEN Cayman, executed Parent Company Guarantees in favor of ACEN Cayman’s lenders: (a) Philippine National Bank for US\$140.00 million, and (b) Rizal Commercial Banking Corporation for US\$180.00 million. This loan obtained by ACEN Cayman shall be used to redeem the redeemable preferred shares held by AC Energy Finance International Limited (“ACEFIL”) in ACEN Cayman; the proceeds will in turn be used by ACEFIL to redeem its maturing green bonds.

Following redemption of the redeemable preferred shares held by ACEFIL using the proceeds from ACEN Cayman lenders, non-controlling interest will be reduced by US\$352.00 million. The difference between redeemable preferred shares redeemed and proceeds from ACEN Cayman lenders of US\$32.00 million will be from cash on hand of ACRI.

Proceeds from ACEN Cayman lenders will be classified as liabilities in the consolidated statements of financial position.

Issuance of Corporate Guarantee in support of the Australia Projects

On February 26, 2024, ACEN, as the Guarantor to its subsidiary ACEN Australia Pty Ltd. (“ACEN Australia”), executed Facility Agreements with ACEN Australia, and each of Australia and New Zealand Banking Group Limited (“ANZ”), and Westpac Banking Corporation (“WBC”). Each bank is providing a green term loan facility with a limit of AUD 75 million. ANZ and WBC also entered into an Accession Letters to include ANZ and WBC as Lenders under the Common Provisions Agreement dated 18 August 2022, as amended through an Amending Deed on 6 January 2023 (with ACEN Australia, DBS Bank Ltd., Australia Branch, MUFG Bank, Ltd., Sydney Branch, Clean Energy Finance Corporation, Bank of China (Hong Kong) Limited, Bank of China (Hong Kong) Limited – Manila Branch, CTBC Bank Co., Ltd, Singapore Branch, CTBC Bank (Philippines) Corporation, Standard Chartered Bank, Australia Branch, and ACEN as Guarantor to ACEN Australia).



Signing of Shareholders' and Investment Agreement with BrightNight APAC B.V for renewable energy projects in the Philippines

On March 7, 2024, ACEN, and its wholly-owned subsidiary, Paivatar ("Paivatar"), signed a Shareholders' and Investment agreement with BrightNight APAC B.V for the ownership and management of Paivatar as the designated renewable energy platform for the development, construction, and operation of utility-scale renewable energy projects in the Philippines.

Amendment to Articles of Incorporation

On March 11, 2024 the BOD of ACEN, approved the amendment of Articles of Incorporation to remove "distribution" from the Primary Purpose.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
ACEN Corporation
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner,
Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACEN CORPORATION and subsidiaries, as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in this Form 17-A and have issued our report thereon dated March 11, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Benjamin N. Villacorte
Partner

CPA Certificate No. 111562

Tax Identification No. 242-917-987

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025

PTR No. 10082034, January 6, 2024, Makati City

March 11, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
ACEN Corporation
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner,
Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACEN CORPORATION and subsidiaries, as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated March 11, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Benjamin N. Villacorte

Partner

CPA Certificate No. 111562

Tax Identification No. 242-917-987

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025

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March 11, 2024



ACEN CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FORM 17-A, ITEM 7

	<u>Page No.</u>
Consolidated Financial Statements	
Statement of Management's Responsibility for Consolidated Financial Statements	Exhibit A
Report of Independent Public Accountants	Exhibit A
Consolidated Statements of Financial Position as at December 31, 2023 and December 31, 2022	Exhibit A
Consolidated Statements of Income for the years ended December 31, 2023 and 2022	Exhibit A
Consolidated Statements of Comprehensive Income for the years ended December 31, 2023 and 2022	Exhibit A
Consolidated Statements of Changes in Equity for the years ended December 31, 2023 and 2022	Exhibit A
Consolidated Statements of Cash Flows for the years ended December 31, 2023 and 2022	Exhibit A
Notes to Consolidated Financial Statements	Exhibit A
Supplementary Schedules	
Report of Independent Public Accountants on Supplementary Schedules	
A. Financial Assets	Attachment I
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties) *	Not Applicable
C. Accounts Receivable and Payable from Related Parties which are eliminated during the consolidation of financial statements	Attachment I
D. Long-Term Debt	Attachment I
E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)	Attachment I
F. Guarantees of Securities of Other Issuers*	Not Applicable
G. Capital Stock	Attachment I
Reconciliation of Retained Earnings Available for Dividend Declaration	Attachment II
Map of Relationships of the Companies within the Group	Attachment III
Financial Soundness Indicators	Attachment IV
Schedule for Listed Companies with a recent Offering of Securities to the Public	Attachment V
<i>*These schedules are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or notes to consolidated financial statements.</i>	

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2023

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at fair value through profit or loss (FVTPL)		₱3,871,472	₱3,871,472	₱-
Financial assets at fair value through other comprehensive income (FVOCI)		5,799,323	5,799,323	-
Investments in other financial assets at amortized cost				
Redeemable preferred shares				
Investment in AAR		6,943,641	6,943,641	907,287
Investment in UPC- ACE Solar		4,323,868	4,323,868	554,893
Investment in BIM Wind		2,232,294	2,232,294	383,421
Investment in NEFIN		1,713,369	1,713,369	128,350
Investment in Impact Wind		1,419,454	1,419,454	67,283
Investment in BIMRE		1,350,290	1,350,290	180,476
Investment in UPC Asia III		1,210,630	1,210,630	256,680
Investment in BIME		235,610	235,610	31,562
Subscription deposits				
Investment in Beacon Capital Holdings Limited		1,356,565	1,356,565	-
Investment in UPCAPH		110,740	110,740	-
Convertible loans				
Investment in Vietnam Wind		2,113,578	2,113,578	277,924
Investment in Asian Wind 1		900,549	900,549	178,097
Investment in Asian Wind 2		868,589	868,589	171,365
		24,779,177	24,779,177	3,137,338
Allowance for expected credit losses		3,145,378	3,145,378	
		21,633,799	21,633,799	3,137,338
Loans and receivables				
Cash and cash equivalents		39,696,662	39,696,662	285,195
Trade and other receivables		17,352,502	17,352,502	111,166
Long-term receivables		21,402,231	21,402,231	2,235,369
		78,451,395	78,451,395	2,631,730
Derivative assets		6,447,517	6,447,517	-
		₱116,203,506	₱116,203,506	₱5,769,068

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2023

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Current	Non Current	Balance at End of Year
			Amount Collected	Amount Written-Off			
Not Applicable: The Company has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2023 equal to or above the established threshold of the Rule.							

Attachment I

ACEN CORPORATION AND SUBSIDIARIES

Schedule C.1 Accounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

December 31, 2023

Name and Designation of Creditor	Balance at Beginning of Period	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amount Collected	Amount Written-Off			
Subsidiaries:							
ACE Endeavor, Inc.	₱1,511,430,578	₱5,292,797,109	(₱5,223,797,109)	₱–	₱1,580,430,578	₱–	₱1,580,430,578
ACEN International, Inc.	1,108,371,903	22,839,477	(22,839,477)	–	1,108,371,903	–	1,108,371,903
ACE Shared Services, Inc.	162,532,137	56,667,217	(56,660,916)	–	162,538,438	–	162,538,438
Gigasol 3, Inc.	131,997,435	116	(116)	–	131,997,435	–	131,997,435
One Subic Power Generation Corporation	72,929,743	90,488	(90,488)	–	72,929,743	–	72,929,743
SolarAce1 Energy Corp.	65,320,717	147,172	(147,172)	–	65,320,717	–	65,320,717
Bulacan Power Generation Corporation	63,208,894	84,616,739	(84,616,739)	–	63,208,894	–	63,208,894
Gigasol 2, Inc.	35,178,550	2,666,500,238	(2,666,500,238)	–	35,178,550	–	35,178,550
CIP II Power Corporation	22,361,329	128,449	(128,449)	–	22,361,329	–	22,361,329
Buendia Christiana Holdings Corp.	15,267,591	28,220,000	(21,420,000)	–	22,067,591	–	22,067,591
ACE Renewables Philippines, Inc.	11,526,978	35,089,200	(35,089,200)	–	11,526,978	–	11,526,978
Negros Island Solar Power, Inc.	5,513,919	62,785	(62,785)	–	5,513,919	–	5,513,919
San Carlos Solar Energy, Inc.	3,073,848	1,281	(1,281)	–	3,073,848	–	3,073,848
Bayog Wind Power Corp.	1,486,649	12	(9)	–	1,486,652	–	1,486,652
Giga Ace 4, Inc.	1,399,622	25,777	(25,777)	–	1,399,622	–	1,399,622
NorthWind Power Development Corporation	895,266	16,942	(16,942)	–	895,266	–	895,266
Others	228,390	29,126,654	(25,287,557)	–	4,067,487	–	4,067,487
	₱3,212,723,549	₱8,216,329,656	(₱8,136,684,255)	₱–	₱3,292,368,950	₱–	₱3,292,368,950

Attachment I

ACEN CORPORATION AND SUBSIDIARIES

Schedule C.2. Accounts Payable from Related Parties which are Eliminated During the Consolidation of Financial Statements

December 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-current	Balance at End of Period
			Amount Paid	Amount Written-Off			
Subsidiaries:							
SolarAce1 Energy Corp.	₱3,283,387,543	₱6,217,874,851	(₱6,110,132,394)	₱—	₱3,391,130,000	₱—	₱3,391,130,000
Gigasol 3, Inc.	1,459,012,548	1,856,853,026	(1,840,683,026)	—	1,475,182,548	—	1,475,182,548
Santa Cruz Solar Energy, Inc.	426,991,287	6,295,861,047	(5,540,288,448)	—	1,182,563,886	—	1,182,563,886
Gigasol 2, Inc.	1,038,400,000	2,502,756,962	(2,502,756,962)	—	1,038,400,000	—	1,038,400,000
ACE Endeavor, Inc.	572,881,748	5,138,588,549	(5,138,588,549)	—	572,881,748	—	572,881,748
Giga Ace 8, Inc.	256,959,323	946,699,318	(792,490,227)	—	411,168,414	—	411,168,414
Giga Ace 4, Inc.	286,897,530	804,025,792	(698,577,752)	—	392,345,570	—	392,345,570
Bataan Solar Energy, Inc.	183,320,221	577,879,648	(546,125,215)	—	215,074,654	—	215,074,654
Bulacan Power Generation Corporation	63,202,763	2,642,954,187	(2,613,820,881)	—	92,336,069	—	92,336,069
Manapla Sun Power Development Corporation	57,988,645	207,107,867	(187,049,667)	—	78,046,845	—	78,046,845
One Subic Power Generation Corporation	63,803,750	3,287,920,352	(3,276,628,658)	—	75,095,444	—	75,095,444
Gigasol 1, Inc.	59,650,000	15,512,835	(9,786,360)	—	65,376,475	—	65,376,475
Giga Ace 7, Inc.	48,524,425	110,711,508	(110,711,508)	—	48,524,425	—	48,524,425
Palawan55 Exploration & Production Corporation	45,284,639	1,020,672	(811,533)	—	45,493,778	—	45,493,778
SolarAce3 Energy Corp.	29,306,888	62,408,759	(62,350,559)	—	29,365,088	—	29,365,088
Buendia Christiana Holdings Corp.	27,902,829	1,580,384,198	(1,580,219,243)	—	28,067,784	—	28,067,784
Others	123,414,255	10,029,227,747	(9,250,499,785)	—	902,142,217	—	902,142,217
	₱8,026,928,394	₱42,277,787,318	(₱40,261,520,767)	₱—	₱10,043,194,945	₱—	₱10,043,194,945

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule D. Long-Term Debt
December 31, 2023

Title of Issue and Type of Obligation		Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in related Balance Sheet	Amount shown under Caption "Long-Term Debt" in related Balance Sheet	Interest Rate	Maturity Date
<u>ACEN</u>	Bank loan A	₱1,500,000,000	₱95,485,549	₱515,827,308	6.50%	July 11, 2029
	Bank loan B	5,000,000,000	52,631,579	4,736,842,105	5.05%	November 14, 2029
	Bank loan C	7,000,000,000	84,000,000	6,823,000,000	5.00% - 7.17%	July 15, 2030
	Bank loan D	4,500,000,000	45,000,000	4,432,500,000	7.00%	March 30, 2031
	Bank loan E	10,000,000,000	—	6,000,000,000	6.25% - 6.91%	December 13, 2032
	Bank loan F	10,000,000,000	5,250,000	244,750,000	7.09%	August 17, 2033
	Bank loan G	5,000,000,000	—	500,000,000	6.61%	October 24, 2033
	Bank loan H	20,000,000,000	—	500,000,000	6.50%	December 22, 2033
	Unamortized debt issue costs		282,367,128 (18,157,720)	23,752,919,413 (132,603,408)		
			264,209,408	23,620,316,005		
<u>Guimaras</u> <u>Wind</u>	Bank loan A	2,150,000,000	83,676,750	410,196,025	5.80%-6.25%	February 14, 2029
	Bank loan B	2,150,000,000	83,676,750	410,196,025	6.25%-6.50%	February 14, 2029
	Unamortized debt issue costs		167,353,500 (1,532,116)	820,392,050 (3,266,201)		
			165,821,384	817,125,849		
<u>NorthWind</u>	Bank loan	2,300,000,000	170,660,000	1,607,010,000	5.13%	May 29, 2032
	Unamortized debt issue costs		(1,874,981)	(7,258,930)		
			168,785,019	1,599,751,070		
MONTESOL	Bank of the Philippine Islands	600,000,000	50,004,000	549,996,000	7.15%	September 20, 2035
	Unamortized debt issue costs		(609,279)	(17,359)		
			49,394,721	549,978,641		
<u>ACEN</u> <u>Australia</u> <u>Pty. Ltd.</u>	Bank loan A	AU\$100,000,000	—	1,646,344,940	5.25% - 5.67%	August 18, 2027
	Bank loan B	AU\$140,000,000	—	2,810,380,282	4.86% - 6.00%	September 16, 2027
	Bank loan C	AU\$75,000,000	—	1,571,556,386	6.43%	October 28, 2027
	Bank loan D	AU\$204,540,000	640,893,485	6,919,359,311	2.25%	December 22, 2025
	Bank loan E	AU\$277,000,000	—	4,950,760,454	5.04% - 6.07%	January 6, 2028
	Unamortized debt issue costs		640,893,485	17,898,401,373		
			—	—		
			640,893,485	17,898,401,373		
Long-term loans			₱1,289,104,017	₱44,485,572,938		

Title of Issue and Type of Obligation		Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in related Balance Sheet	Amount shown under Caption "Long-Term Debt" in related Balance Sheet	Interest Rate	Maturity Date
<u>ACEN Finance</u>	Green bonds	US\$400,000,000	P=	P20,383,600,000	4.00%	Senior undated fixed-for-life (non-deferrable) Notes with fixed coupon of 4.00% for life, with no step-up and no reset, priced at par.
	Unamortized debt issue costs		—	(36,950,934)		
	Cumulative translation adjustment		—	1,754,898,218		
			—	22,101,547,284		
<u>ACEN</u>	ACEN Fixed rate ASEAN Green Bonds	10,000,000,000	—	10,000,000,000	6.05%	May 29, 2027
	Unamortized debt issue costs		—	(97,752,815)		
			—	9,902,247,185		
Notes Payable			P=	P32,003,794,469		

ACEN CORPORATION AND SUBSIDIARIES
Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2023

Name of related party	Balance at Beginning of Year	Balance at End of Year
Bank of the Philippine Islands	₱1,766,487,477	₱2,367,909,451

ACEN CORPORATION AND SUBSIDIARIES
Schedule F. Guarantees of Securities of Other Issuers
December 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
ACEN Finance Limited	US\$ Green Bonds*	US\$400.00 million senior guaranteed undated notes under the MTN Programme, with ₱22,101.55 million outstanding as at December 31, 2023	None	For as long as the senior guaranteed undated fixed-for-life notes remain outstanding, ACEN Finance Limited and ACEN are required to comply with certain covenants including the creation and permission to subsist only the liens created in respect of the limited recourse project financing of any project company and maintain a maximum net debt to equity ratio of 2.5 to 1.0 based on ACEN consolidated financials.

** Please refer to Note 13 - Short-term Loans, Long-term Loans, and Notes Payable of the 2022 Consolidated Audited Financial Statements for the detailed discussion.*

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule G. Capital Stock
December 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued	Treasury Shares	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of shares held by:		
						Related parties	Directors, Officers and Employees	Others
Common	48,300,000,000	39,691,894,773	(14,500,000)	39,677,394,773	919,189,237	29,766,033,940	258,600,910	9,652,759,923
Redeemable Preferred	100,000,000							
Series A (ACENA)		8,341,500	—	8,341,500	—	—	—	8,341,500
Series B (ACENB)		16,658,500	—	16,658,500	—	—	—	16,658,500

Attachment II

ACEN CORPORATION

Reconciliation of Retained Earnings Available for Dividend Declaration

December 31, 2023

(Amounts in Thousands)

Unappropriated Retained Earnings (Deficit), beginning of the reporting period (see Footnote 2)		(P2,175,055)
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings appropriation	—	
Effect of reinstatements or prior-period adjustments	—	
Others	—	—
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	2,069,015	
Retained Earnings appropriated during the reporting period	—	
Effect of reinstatements or prior-period adjustments	—	
Others	—	2,069,015
Unappropriated Retained Earnings (Deficit), as adjusted		(4,244,070)
Add/Less: Net income (loss) for the current year		5,670,330
Less: Category C.1 Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate / joint venture, net of dividends declared	—	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(34,641)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	—	
Unrealized fair value gain of Investment Property	(528)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—	
Subtotal		(35,169)
Add: Category C.2 Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	—	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	—	
Realized fair value gain of Investment Property	—	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	—	
Subtotal		—
Add: Category C.3 Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	—	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	—	
Reversal of previously recorded fair value gain of Investment Property	—	
Reversal of other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	—	
Subtotal		—
Adjusted Net Income / Loss		1,461,429

(Forward)

Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)

Depreciation on revaluation increment (after tax)	—
Subtotal	

Add/Less: Category E: Adjustments related to the relief granted by SEC and BSP (see Footnote 3)

Amortization of the effect of reporting relief	
Total amount of reporting relief granted during the year	—
Others	—
Subtotal	—

Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution

Net movement of the treasury shares (except for reacquisition of redeemable shares)	—
Net movement of the deferred tax asset not considered in reconciling items under previous categories	(29,861)
Net movement of the deferred tax asset and deferred tax liabilities related to same transaction, e.g, set-up of right of use asset and lease liability, set-up of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	—
Adjustment due to deviation from PFRS/GAAP - gain (loss)	—
Others	—
Subtotal	(29,861)

Total Retained Earnings, end of the reporting period available for dividend	₱1,431,568
--	-------------------

FOOTNOTES:

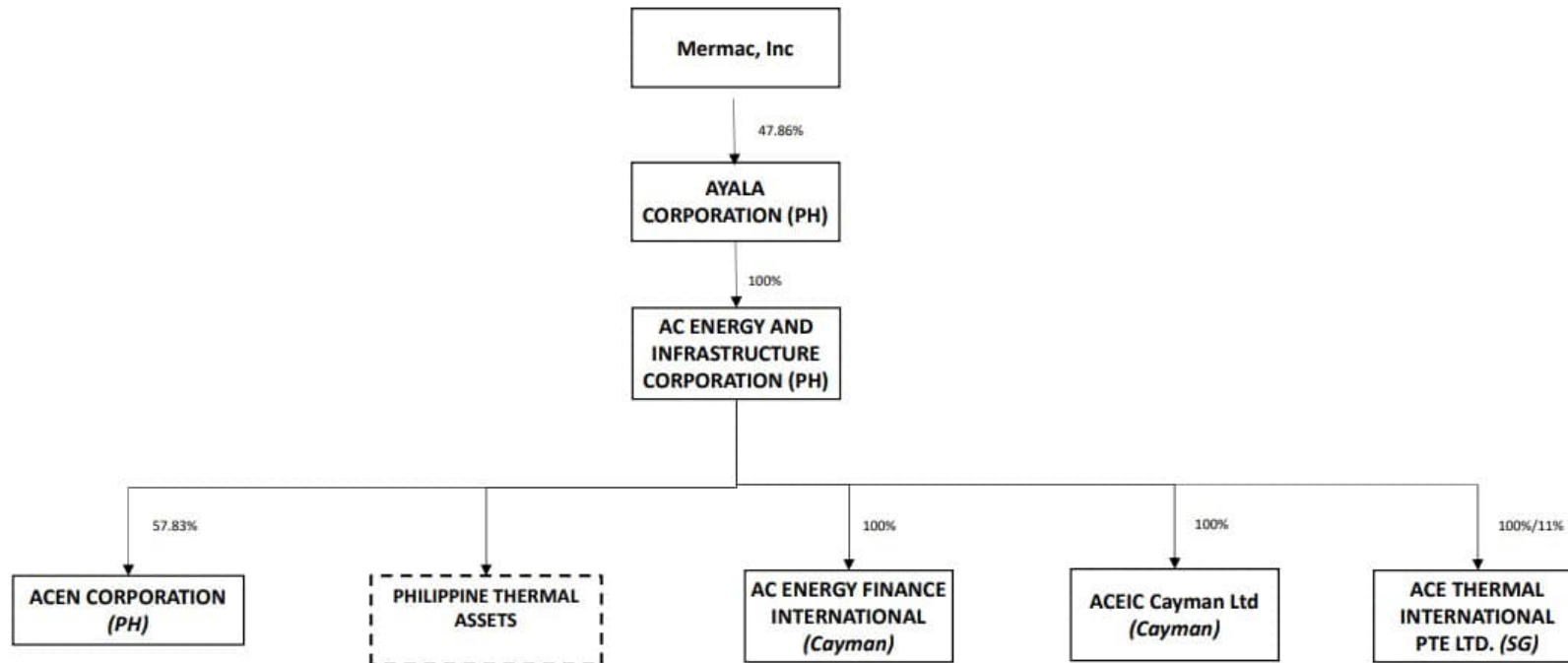
- (1) The amount of retained earnings of the company should be based on its separate ("stand alone") audited financial statements.
- (2) Unappropriated Retained Earnings, beginning of the reporting period refers to the ending balance as reported in the "Reconciliation of Retained Earnings Available for Dividend Declaration" of the immediately preceding period.
- (3) Adjustments related to the relief provided by SEC and BSP pertain to accounting relief (e.g losses that are reported on a staggered basis) granted by regulators. However, these are actual losses sustained by the company and must be adjusted in the reconciliation to reflect the actual distributable amount.
- (4) This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec.42 of the Revised Corporate Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT Act and its Implementing Rules and Regulations.

Attachment III

Page 1 of 11

**ACEN CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

**Conglomerate Map
As of December 31, 2023**



NOTE:

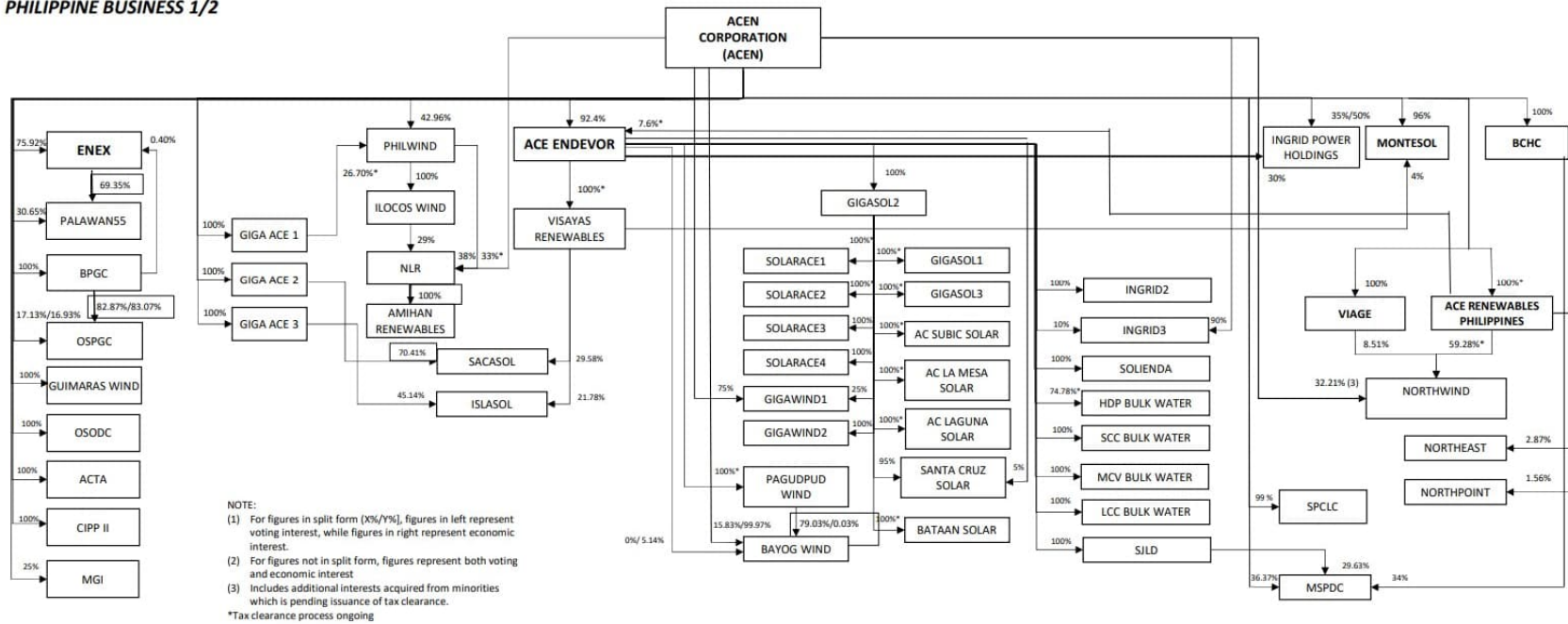
- (1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
- (2) For figures not in split form, figures represent both voting and economic interest

Attachment III
Page 2 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

ACEN CORPORATION
PHILIPPINE BUSINESS 1/2

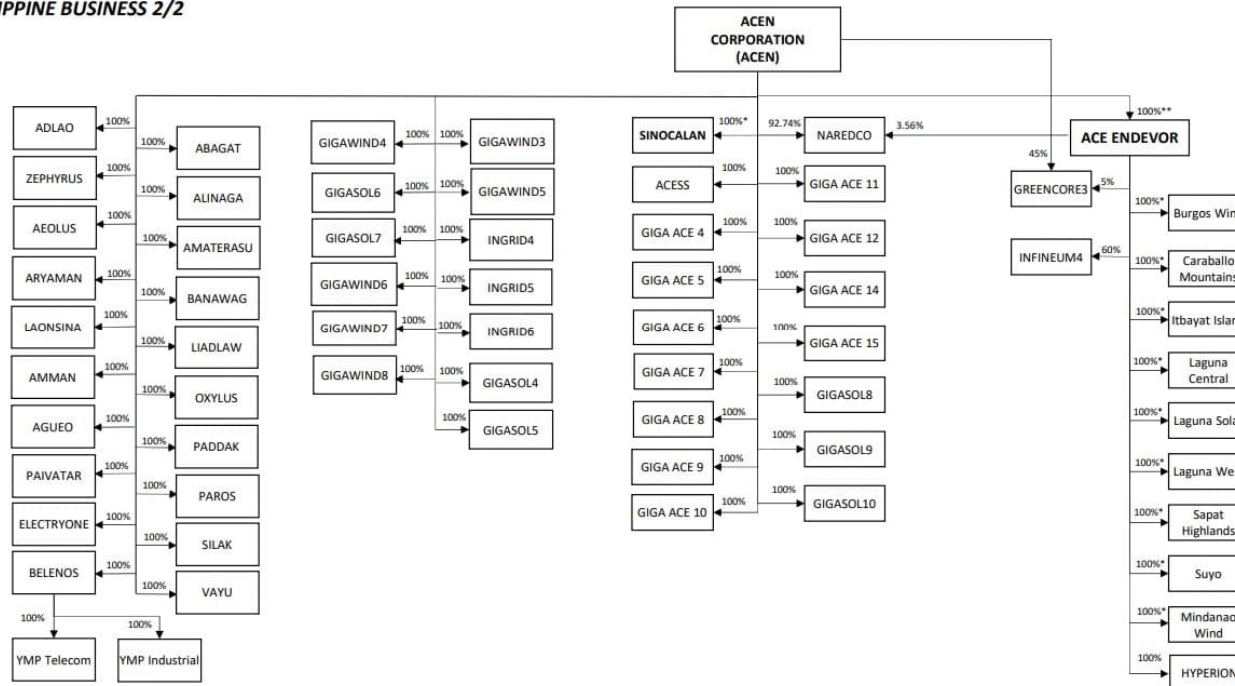


Attachment III
Page 3 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

ACEN CORPORATION
PHILIPPINE BUSINESS 2/2



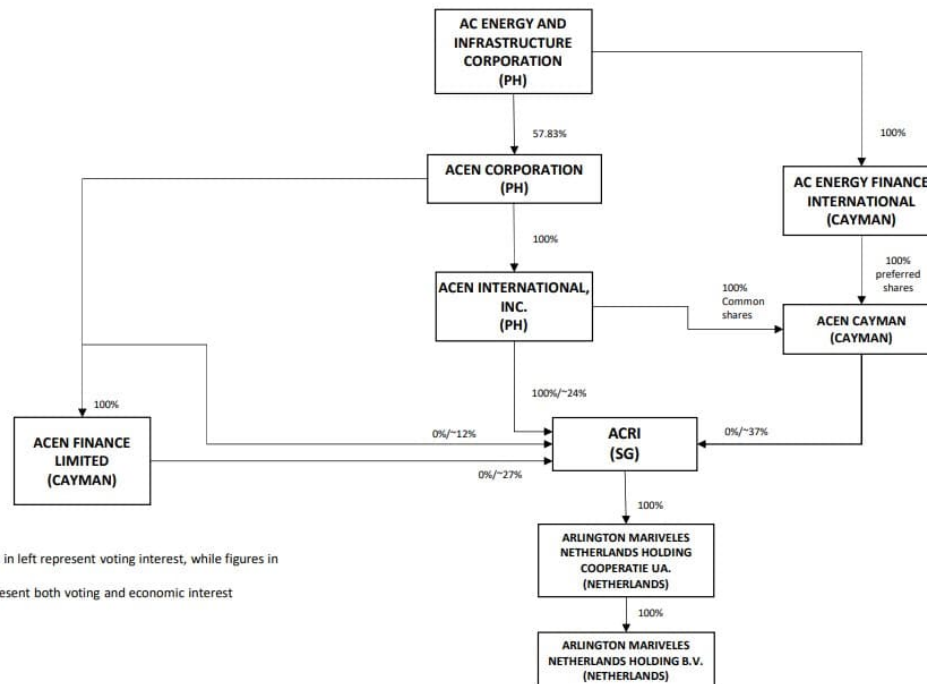
NOTE:
(1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest
(3) Includes additional interests acquired from minorities which is pending issuance of tax clearance.
*Beneficial Ownership, pending BIR CAR
** Effective ownership interest (direct and indirect ownership)

Attachment III
Page 4 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

ACEN CORPORATION
INTERNATIONAL BUSINESS



Note:
(1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest

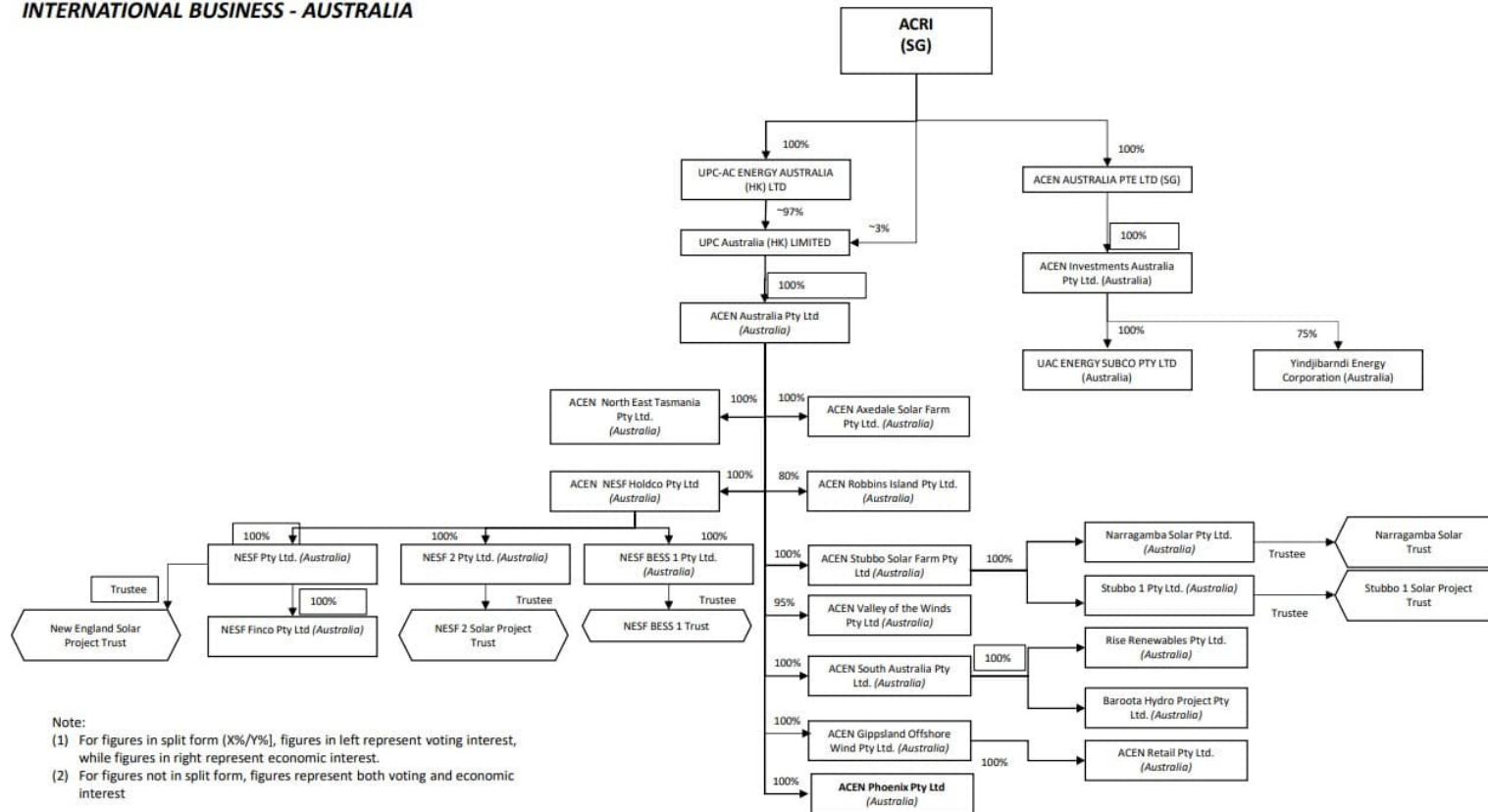
GLOSSARY

ACRI – ACEN Renewables International Pte. Ltd.

**AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

**Conglomerate Map
As of December 31, 2023**

INTERNATIONAL BUSINESS - AUSTRALIA



Conglomerate Map
As of December 31, 2023

ACRI (SG)

ACEN INTERNATIONAL, INC. (PH)

30% redeemable preferred shares

50% ordinary shares

BrightNight India, B.V. (NETHERLANDS)

100%

BN Hybrid Power-1 Private Limited (India)

100%

BN Peak Power-1 Private Limited (India)

100%

BN Dispatchable-1 Private Limited (India)

100%

BN Dispatchable-2 Private Limited (India)

100%

Brightnight Power Private Limited (formerly BN Dispatchable-3 Private Limited) (India)

50%/-80%

UPC AC ENERGY SOLAR LTD (HK)

100%

UPC-AC ENERGY SOLAR ASIA LTD. (HK)

100% CS

UPC Solar India (HK) II Limited (HK)

100%

UPC Solar India Pvt Ltd. (India)

100%

Paryapt Solar HoldCo Ltd (HK)

49%/100%

Paryapt Solar Energy Pvt Ltd (India)

100%

Sitara Solar HoldCo Ltd. (HK)

49%/100%

Sitara Solar Energy Pvt Ltd (India)

100%

Masaya Solar HoldCo Ltd. (HK)

100%

ACEN HK LTD. (HK)

51%

Masaya Solar Energy Pvt Ltd. (India)

49%/-100%

50%

UPC-AC ENERGY SOLAR PTE. LTD. (SG)

100%

UPC-AC ENERGY SOLAR ASIA PTE. LTD. (SG)

100%

UPC-AC ENERGY SOLAR (INDIA) PTE. LTD. (SG)

100%

Calpine Solar HoldCo Pte. Ltd. (SG)

100%

Calpine Subesco Solar Energy Pvt Ltd (India)

100%

Prachur Solar Energy Private Limited (India)

100%

Amsa Solar HoldCo Pte. Ltd. (SG)

100%

Amsa Solar Energy Pvt Ltd (India)

figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.

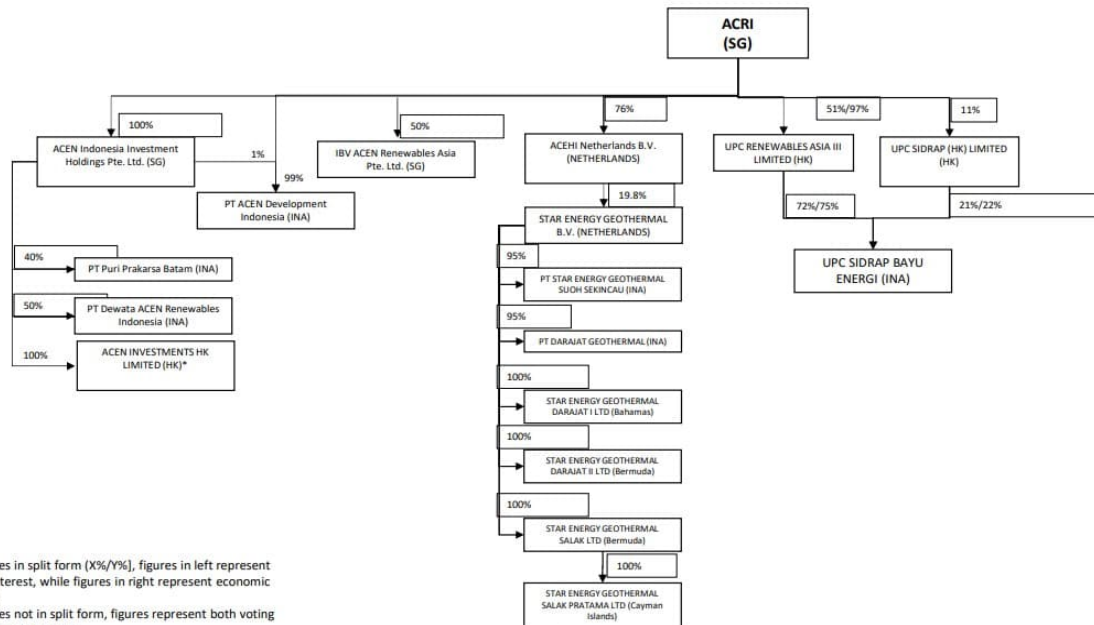
figures not in split form, figures represent both voting and economic interest.

Attachment III
Page 7 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

INTERNATIONAL BUSINESS - INDONESIA



Note:

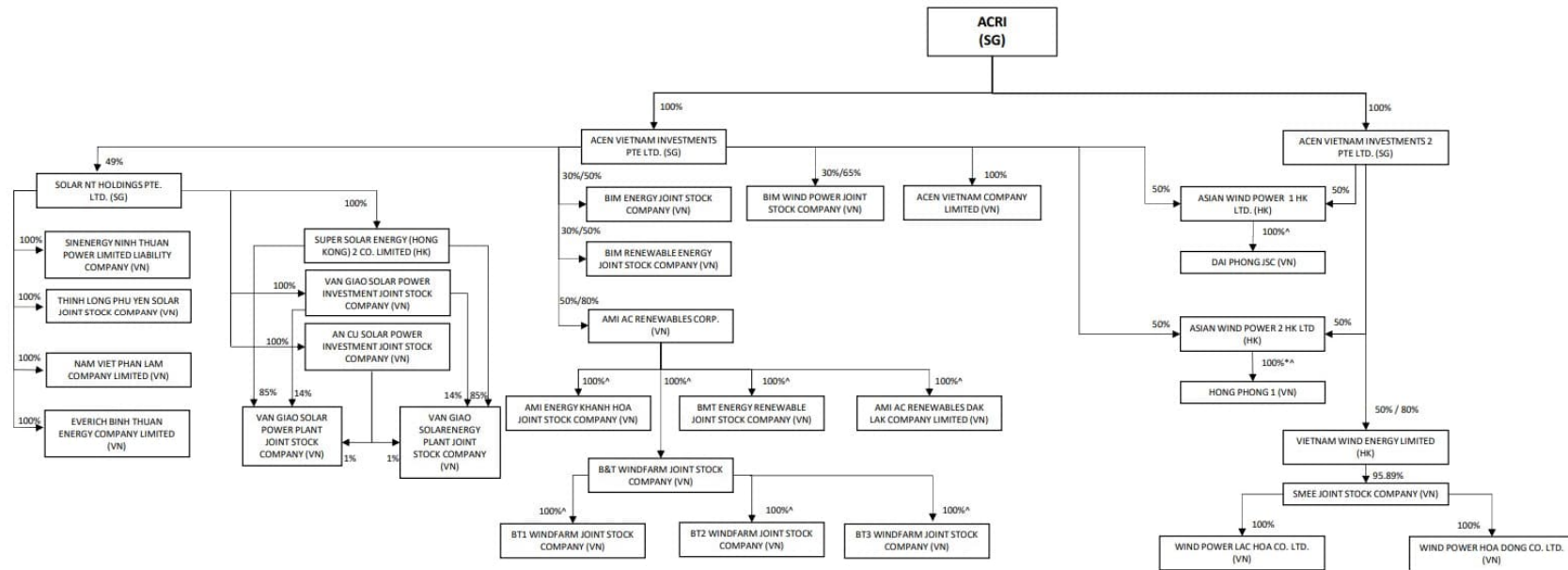
- (1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
- (2) For figures not in split form, figures represent both voting and economic interest
- *Updated ownership in Hong Kong Registry being processed.

Attachment III
Page 8 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

INTERNATIONAL BUSINESS – VIETNAM



Note:

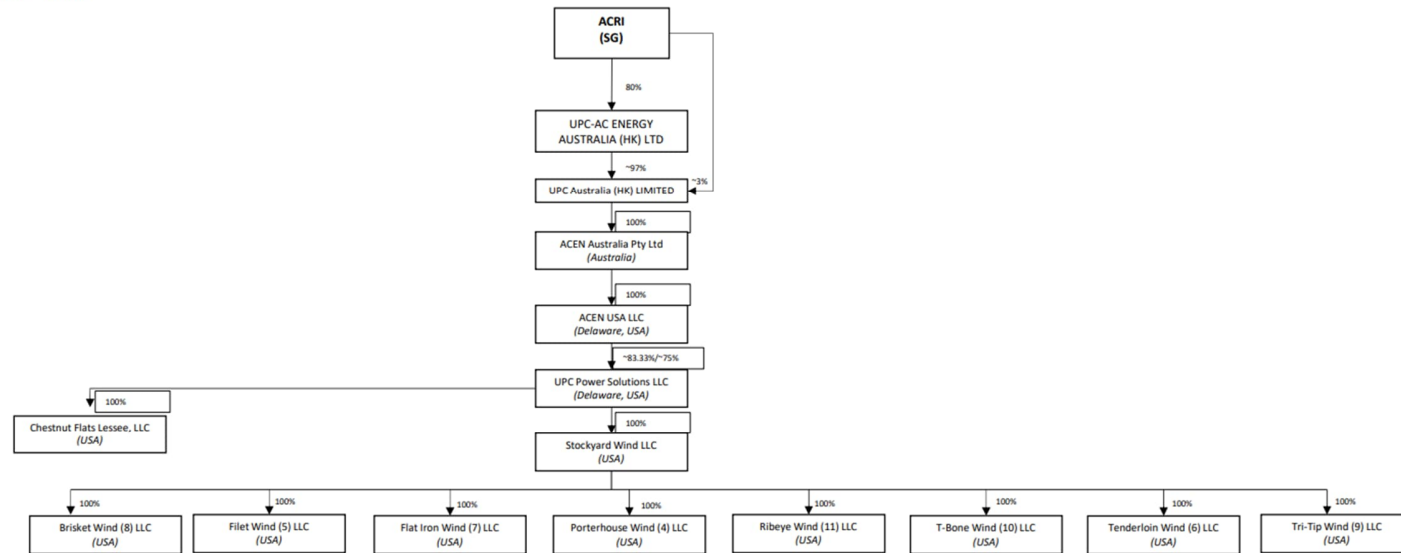
- (1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
- (2) For figures not in split form, figures represent both voting and economic interest
- (3) For Van Giao Solar Power Plant Joint Stock Company and Van Giao Solar Energy Plant Joint Stock Company, the figures represent the par value of total equity (regardless whether voting or non-voting)

Attachment III
Page 9 of 11

**AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

**Conglomerate Map
As of December 31, 2023**

INTERNATIONAL BUSINESS – USA

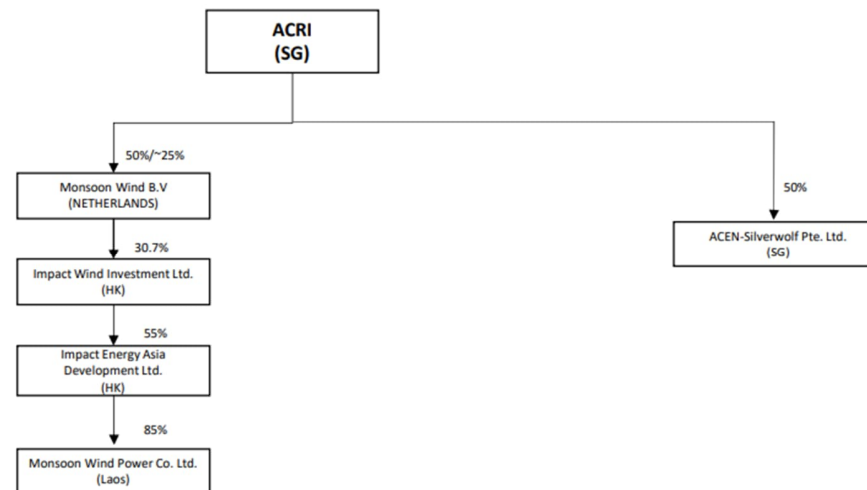


Note:
(1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest

**AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

**Conglomerate Map
As of December 31, 2023**

INTERNATIONAL BUSINESS – OTHER JURISDICTIONS (2)



Note:

- (1) For figures in split form (X%/Y%), figures in left font represent voting interest, while figures in right font represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest

Attachment IV

**ACEN CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

Key Performance Indicator	Formula	31-Dec-23	31-Dec-22	Increase (Decrease)	
				Amount	%
Liquidity Ratios					
Current Ratio	Current assets	3.57	3.96	(0.39)	(10%)
	Current liabilities				
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets	3.38	3.68	(0.30)	(8%)
	Current liabilities				
Solvency Ratios					
Debt/Equity ratio	Total liabilities	0.64	0.56	0.08	15%
	Total equity				
Asset-to-equity ratio	Total assets	1.64	1.56	0.08	5%
	Total equity				
Interest Coverage Ratio	Statutory Earnings before interest & tax (EBIT) ⁽¹⁾	2.37	2.14	0.23	11%
	Cash interest expense ⁽²⁾				
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents	0.23	0.19	0.04	21%
	Total Equity				
Profitability Ratios					
Return on Equity	Net income after tax attributable to equity holders of the Parent Company	6.05%	12.69%	(6.64%)	(52%)
	Average total stockholders' equity attributable to equity holders of the Parent Company				
Return on Common Equity	Net income after tax attributable to equity holders of the Parent Company (Common)	5.71%	12.69%	(6.98%)	(55%)
	Average Common equity attributable to equity holders of the Parent Company (Common)				
Return on assets	Net income after taxes	3.52%	7.23%	(3.71%)	(51%)
	Average total assets				
Asset Turnover	Revenues	14.10%	17.45%	(3.35%)	(19%)
	Average total assets				

(1) Statutory EBIT is Statutory EBITDA less depreciation and amortization expense.

(2) Cash interest expense is gross of capitalized borrowing cost of ₱1,852.97 million and ₱747.78 million for the years ended December 31, 2023 and 2022, respectively.

Attachment V

Annex 68-I

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

ACEN CORPORATION
As at December 31, 2023

1. Gross and net proceeds as indicated in the final prospectus

	SRO	Preferred Shares Offering
Gross proceeds	₱5,374,165,629	₱25,000,000,000
Net proceeds	₱5,316,030,000	₱24,831,983,134

2. Actual gross and net proceeds

	SRO	Preferred Shares Offering
Gross proceeds	₱5,374,165,629	₱25,000,000,000
Net proceeds	₱5,309,058,151	₱24,848,833,081

3. Each expenditure item where the proceeds were used

a. SRO

Net proceeds	₱5,309,058,151
<i>Development of Renewable Assets</i>	
Solarace1 Energy Corp.	(600,000,000)
Gigasol3, Inc.	(200,000,000)
Greencore Power Solutions 3, Inc.	(2,400,000,000)
<i>Other Projects (Balaoi, RE Lab, and New Technologies)</i>	
GigaAce 4, Inc.	(1,854,441,310)
Bataan Solar Energy, Inc.	(133,985,890)
Pagudpud Wind Power Corp.	(11,572,800)
<i>General Corporate</i>	
Power purchase	(109,058,151)
Balance as at December 31, 2023	₱-

b. Preferred Shares Offering

Net proceeds	₱24,848,833,081
Refinancing of short-term bridge loans for Eligible Green Projects	(4,000,000,000)
Financing of Eligible Green Projects	(2,450,000,000)
<i>Financing of Eligible Green Projects</i>	
Zambales Solar Projects	(2,925,000,000)
Pangasinan Solar Projects	(942,000,000)
Palauig 2 Solar Project	(1,770,000,000)
Cagayan North Solar Project	(659,000,000)
Isla Wind Project	(2,425,000,000)
Balance as at December 31, 2023	₱9,677,833,081

4. Balance of the proceeds as at the end of reporting period

	SRO	Preferred Shares Offering
Balance as at December 31, 2023	₱—	₱9,677,833,081