

AC Energy and Infrastructure Corporation and Subsidiaries

Consolidated Financial Statements
December 31, 2023 and 2022

and

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
AC Energy and Infrastructure Corporation

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of AC Energy and Infrastructure Corporation and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the 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 the years then ended 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.

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.



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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.

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April 19, 2024



AC ENERGY AND INFRASTRUCTURE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 22)	₱40,865,926,959	₱35,512,201,706
Current portion of:		
Receivables (Notes 5 and 20)	27,070,686,383	32,703,753,963
Input value-added taxes (VAT)	2,083,267,384	2,192,258,390
Creditable withholding tax	102,984,201	940,403,215
Investment in:		
Financial assets at fair value through profit or loss (FVTPL)	1,939,400,410	42,862,548
Financial assets at fair value through other comprehensive income (FVOCI)	315,474,877	—
Other current assets (Note 12)	1,989,328,862	2,148,423,608
	74,367,069,076	73,539,903,430
Noncurrent assets held for sale (Note 6)	—	11,821,057,526
Total Current Assets	74,367,069,076	85,360,960,956
Noncurrent Assets		
Investments in:		
Associates and joint ventures (Note 7)	45,102,453,782	34,583,838,720
Financial assets at FVOCI	6,193,903,142	895,822,682
Financial assets at FVTPL	1,932,975,443	1,260,022,842
Other financial assets at amortized cost (Notes 8 and 22)	21,633,799,226	21,260,907,142
Property, plant and equipment (Note 9)	90,296,104,641	61,885,838,274
Right-of-use assets (Note 10)	8,568,193,886	4,102,990,249
Investment property	415,854,219	415,854,219
Noncurrent portion of:		
Receivables (Notes 5 and 20)	52,243,107,455	39,078,720,776
Input VAT	3,235,845,946	2,504,918,979
Creditable withholding tax	3,110,253,467	1,260,925,074
Intangible assets (Note 11):		
Goodwill	22,016,334,234	22,042,657,790
Other intangible assets	2,075,659,783	2,155,391,832
Deferred income tax assets - net (Note 19)	2,224,237,913	1,833,329,812
Other noncurrent assets (Note 12)	9,559,321,125	2,772,452,515
Total Noncurrent Assets	268,608,044,262	196,053,670,906
TOTAL ASSETS	₱342,975,113,338	₱281,414,631,862

(Forward)



	December 31	
	2023	2022
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 13 and 22)	₱15,678,117,126	₱14,691,858,815
Short-term loans (Notes 14 and 22)	1,500,000,000	2,900,000,000
Current portion of:		
Notes payable (Notes 14 and 22)	19,933,643,473	—
Loans payable (Notes 14 and 22)	1,496,351,286	846,848,739
Lease liabilities (Notes 10 and 22)	855,189,510	262,226,361
Other current liabilities (Notes 15 and 22)	1,462,501,158	359,036,936
Total Current Liabilities	40,925,802,553	19,059,970,851
Noncurrent Liabilities		
Noncurrent portion of:		
Notes payable (Notes 14 and 22)	54,634,283,422	74,935,143,429
Loans payable (Notes 14 and 22)	57,799,560,636	39,070,358,498
Lease liabilities (Notes 10 and 22)	7,543,414,417	4,248,114,367
Deferred income tax liabilities - net (Note 19)	1,288,294,471	626,563,188
Other noncurrent liabilities (Notes 16 and 22)	7,084,411,030	962,735,351
Total Noncurrent Liabilities	128,349,963,976	119,842,914,833
Total Liabilities	169,275,766,529	138,902,885,684
Equity		
Paid-in capital (Note 17)	33,537,220,900	33,537,220,900
Equity reserves (Note 17)	10,517,409,473	13,382,014,213
Remeasurement losses on defined benefit obligation	(106,741,462)	(58,544,517)
Unrealized fair value losses on equity instruments at FVOCI	(95,745,408)	(22,501,922)
Unrealized fair value gains on derivative instruments designated as hedges (Note 22)	561,129,658	280,507,946
Cumulative translation adjustments	4,816,536,890	6,025,345,225
Retained earnings (Note 17)	41,393,439,080	30,817,564,771
Treasury shares (Note 17)	(9,184,284,000)	(9,184,284,000)
Total equity attributable to equity holders of the Parent Company	81,438,965,131	74,777,322,616
Non-controlling interests (Notes 2 and 17)	92,260,381,678	67,734,423,562
Total Equity	173,699,346,809	142,511,746,178
TOTAL LIABILITIES AND EQUITY	₱342,975,113,338	₱281,414,631,862

See accompanying Notes to Consolidated Financial Statements.



AC ENERGY AND INFRASTRUCTURE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2023	2022
REVENUE		
Rendering of services (Note 18)	₱36,544,488,934	₱36,065,919,895
Equity in net earnings of associates and joint ventures (Note 7)	6,938,506,012	4,082,053,291
Rental income	182,431,140	184,206,298
Others	124,719,810	41,094,842
	43,790,145,896	40,373,274,326
COST AND EXPENSES		
Cost of power operations (Note 18)	31,890,237,733	35,215,346,444
Provisions for impairment losses (Notes 5, 8, 9 and 11)	3,001,493,458	1,345,610,402
Salaries, wages and employee benefits	1,466,995,405	828,526,230
Professional fees	801,909,421	381,291,936
Depreciation and amortization (Notes 9, 10 and 11)	440,572,499	582,795,210
Taxes and licenses	321,614,379	598,972,965
Transportation and travel	134,391,099	70,211,059
Retirement and other benefits expense	122,385,047	80,387,720
Contracted services	119,140,354	65,973,404
Management fee	85,217,780	86,487,933
Repairs and maintenance	69,481,418	32,329,336
Insurance	31,687,812	13,783,701
Supplies	20,530,172	12,896,543
Entertainment, amusement and recreation	14,172,929	18,899,571
Postal and communication	13,817,275	11,355,350
Others	814,850,984	621,860,227
	39,348,497,765	39,966,728,031
OTHER INCOME (EXPENSES) - net		
Interest income (Notes 4, 5, 8 and 20)	9,867,769,167	7,429,944,730
Gain on remeasurement of retained interest (Notes 2 and 7)	3,433,327,124	–
Gain (loss) on acquisition and disposal of investments (Notes 2, 5, 6 and 7)	2,323,938,372	(5,372,116,403)
Foreign exchange gains - net	15,289,663	583,088,418
Interest expense and other financing charges (Notes 10 and 14)	(4,672,188,459)	(4,940,490,387)
Mark-to-market losses - net	(284,220,323)	(68,521,944)
Gain on remeasurement of previously held interest (Note 21)	–	10,921,025,993
Other income (Notes 5 and 18)	971,338,249	1,250,151,915
	11,655,253,793	9,803,082,322
INCOME BEFORE INCOME TAX	16,096,901,924	10,209,628,617
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 19)	397,829,707	(394,554,842)
NET INCOME	₱15,699,072,217	₱10,604,183,459
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	₱12,583,029,502	₱4,525,891,917
Non-controlling interests	3,116,042,715	6,078,291,542
	₱15,699,072,217	₱10,604,183,459

(Forward)



	Years Ended December 31	
	2023	2022
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Cumulative translation adjustments	(P1,074,387,043)	P5,072,580,574
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	261,842,652	320,448,068
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>		
Net changes in the fair market value of financial assets at FVOCI	(73,243,486)	(24,476,523)
Remeasurement loss on defined benefit obligation - net of tax	(21,166,162)	(8,950,134)
	(906,954,039)	5,359,601,985
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES (Note 7)		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Cumulative translation adjustments	(58,273,063)	46,668,387
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	18,779,060	45,224,139
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Remeasurement gain (loss) on defined benefit obligation - net of tax	(27,030,783)	7,627,784
	(66,524,786)	99,520,310
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	(P973,478,825)	P5,459,122,295
TOTAL COMPREHENSIVE INCOME	P14,725,593,392	P16,063,305,754
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the Parent Company	P11,533,402,448	P9,942,258,129
Non-controlling interests	3,192,190,944	6,121,047,625
	P14,725,593,392	P16,063,305,754

See accompanying Notes to Consolidated Financial Statements.



AC ENERGY AND INFRASTRUCTURE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Attributable to Equity Holders of the Parent Company											Non-controlling Interests (Note 17)	Total
	Common Shares (Note 17)	Redeemable Preferred Shares (Note 17)	Equity Reserves (Note 17)	Remeasurement (Loss) Gain on Defined Benefit Obligation	Unrealized Fair Value Loss (Gain) on Equity Instruments at FVOCI	Unrealized Fair Value Gain (Loss) on Derivative Instruments Designated as Hedges	Cumulative Translation Adjustments	Retained Earnings (Note 17)	Treasury Shares (Note 17)	Total			
BALANCES AT JANUARY 1, 2023	₱15,986,599,300	₱17,550,621,600	₱13,382,014,213	(₱58,544,517)	(₱22,501,922)	₱280,507,946	₱6,025,345,225	₱30,817,564,771	(₱9,184,284,000)	₱74,777,322,616	₱67,734,423,562	₱142,511,746,178	
Net income	—	—	—	—	—	—	—	12,583,029,502	—	12,583,029,502	3,116,042,715	15,699,072,217	
Other comprehensive income (loss)	—	—	—	(21,166,162)	(73,243,486)	261,842,652	(1,150,535,272)	—	—	(983,102,268)	76,148,229	(906,954,039)	
Share in other comprehensive income (loss) of associates and joint ventures (Note 7)	—	—	—	(27,030,783)	—	18,779,060	(58,273,063)	—	—	(66,524,786)	—	(66,524,786)	
Total comprehensive income (loss)	—	—	—	(48,196,945)	(73,243,486)	280,621,712	(1,208,808,335)	12,583,029,502	—	11,533,402,448	3,192,190,944	14,725,593,392	
Dividends (Note 17)	—	—	—	—	—	—	—	(2,000,000,000)	—	(2,000,000,000)	(1,152,586,719)	(3,152,586,719)	
Capital infusion of non-controlling interest in a subsidiary (Note 17)	—	—	—	—	—	—	—	—	—	—	24,478,930,452	24,478,930,452	
Acquisition of non-controlling interest in a subsidiary (Notes 2 and 17)	—	—	(2,864,604,740)	—	—	—	—	—	—	(2,864,604,740)	(1,992,576,561)	(4,857,181,301)	
Changes due to loss of control	—	—	—	—	—	—	—	(7,155,193)	—	(7,155,193)	—	(7,155,193)	
	—	—	(2,864,604,740)	—	—	—	—	(2,007,155,193)	—	(4,871,759,933)	21,333,767,172	16,462,007,239	
BALANCES AT DECEMBER 31, 2023	₱15,986,599,300	₱17,550,621,600	₱10,517,409,473	(₱106,741,462)	(₱95,745,408)	₱561,129,658	₱4,816,536,890	₱41,393,439,080	(₱9,184,284,000)	₱81,438,965,131	₱92,260,381,678	₱173,699,346,809	

(Forward)



	Attributable to Equity Holders of the Parent Company											
	Common Shares (Note 17)	Redeemable Preferred Shares (Note 17)	Equity Reserves (Note 17)	Remeasurement Loss (Gain) on Defined Benefit Obligation	Unrealized Fair Value Loss (Gain) on Equity Instruments at FVOCI	Unrealized Fair Value Gain (Loss) on Derivative Instruments Designated as Hedges	Cumulative Translation Adjustments	Retained Earnings (Note 17)	Treasury Shares (Note 17)	Total	Non-controlling Interests (Note 17)	Total
BALANCES AT JANUARY 1, 2022	₱15,986,599,300	₱17,550,621,600	₱12,505,423,612	(₱64,736,721)	(₱5,110,940)	₱9,442,968	₱1,043,651,446	₱42,255,670,772	(₱9,184,284,000)	₱80,097,278,037	₱36,318,749,944	₱116,416,027,981
Net income	—	—	—	—	—	—	—	4,525,891,917	—	4,525,891,917	6,078,291,542	10,604,183,459
Other comprehensive income (loss)	—	—	—	(8,950,134)	(24,476,523)	320,448,068	5,029,824,491	—	—	5,316,845,902	42,756,083	5,359,601,985
Share in other comprehensive income of associates and joint ventures (Note 7)	—	—	—	7,627,784	—	45,224,139	46,668,387	—	—	99,520,310	—	99,520,310
Total comprehensive income (loss)	—	—	—	(1,322,350)	(24,476,523)	365,672,207	5,076,492,878	4,525,891,917	—	9,942,258,129	6,121,047,625	16,063,305,754
Dividends (Note 17)	—	—	—	—	—	—	—	(16,052,366,905)	—	(16,052,366,905)	(812,646,984)	(16,865,013,889)
Change in ownership without loss of control (Note 17)	—	—	848,441,635	1,723,772	7,085,541	(6,238,242)	(94,799,099)	—	—	756,213,607	13,296,120,442	14,052,334,049
Effects of common control business combination (Note 21)	—	—	121,830,893	—	—	—	—	—	—	121,830,893	(105,192,204)	16,638,689
Acquisition of non-controlling interest in subsidiaries	—	—	(110,463,231)	—	—	—	—	—	—	(110,463,231)	15,138,595	(95,324,636)
Change due to loss of control	—	—	—	5,790,782	—	—	—	—	—	5,790,782	162,090,900	167,881,682
Non-controlling interest arising from a business combination (Note 21)	—	—	—	—	—	(88,368,987)	—	88,368,987	—	—	1,946,009,060	1,946,009,060
Capital infusion of non-controlling interest in a subsidiary (Note 17)	—	—	—	—	—	—	—	—	—	—	10,558,576,995	10,558,576,995
Grants through employee stock ownership plan (Note 17)	—	—	—	—	—	—	—	—	—	—	243,208,989	243,208,989
Others	—	—	16,781,304	—	—	—	—	—	—	16,781,304	(8,679,800)	8,101,504
	—	—	876,590,601	7,514,554	7,085,541	(94,607,229)	(94,799,099)	(15,963,997,918)	—	(15,262,213,550)	25,294,625,993	10,032,412,443
BALANCES AT DECEMBER 31, 2022	₱15,986,599,300	₱17,550,621,600	₱13,382,014,213	(₱58,544,517)	(₱22,501,922)	₱280,507,946	₱6,025,345,225	₱30,817,564,771	(₱9,184,284,000)	₱74,777,322,616	₱67,734,423,562	₱142,511,746,178

See accompanying Notes to Consolidated Financial Statements.



AC ENERGY AND INFRASTRUCTURE CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱16,096,901,924	₱10,209,628,617
Adjustments for:		
Interest expense and other financing charges (Notes 10 and 14)	4,672,188,459	4,940,490,387
Depreciation and amortization (Notes 9, 10 and 11)	1,647,990,634	2,501,102,631
Pension and other employee benefits	131,313,170	97,721,076
Unrealized foreign exchange loss (gain) - net	28,561,403	(473,328,258)
Mark-to-market losses	3,271,242	100,538,091
Interest income (Note 4, 5, 8 and 20)	(9,867,769,167)	(7,429,944,730)
Equity in net earnings of associates and joint ventures (Note 7)	(6,938,506,012)	(4,082,053,292)
Write-off of receivables	-	1,123,510,891
Dividend income	-	3,635,464
Provision for (reversal of):		
Impairment loss on:		
Other financial assets at amortized cost	1,860,969,190	1,281,821,876
Advances to contractors	6,385,305	(341,757)
Property, plant and equipment (Note 9)	4,569,089	41,443,820
Unrecoverable input tax	-	22,102,512
Investment in an associate (Note 7)	-	(587,368)
Expected credit losses	1,124,734,135	(363,755,522)
Probable losses on deferred exploration costs	-	583,951
Loss (gain) on:		
Fair value adjustment on financial asset at FVTPL (Note 9)	262,382,551	124,512,761
Discount on long-term receivables	33,594,000	82,508,000
Settlement of derivatives	31,268,000	-
Sale of property, plant and equipment	1,561,560	7,049,000
Remeasurement of retained interest (Note 2)	(3,433,327,124)	-
Acquisition and disposal of investments (Note 2)	(2,323,938,372)	5,372,116,403
Settlement of development loan (Note 5)	(515,000,000)	-
Change due to loss of control (Note 2)	(49,929,492)	-
Recovery of tax credit certificate on real property tax	(8,538,481)	-
Remeasurement of previously held interest (Note 21)	-	(10,921,025,993)
Sale of noncurrent assets held for sale	-	8,400,000
Operating income before working capital changes	2,768,682,014	2,646,128,560
Decrease (increase) in:		
Receivables	(2,842,352,459)	(1,879,305,592)
Other assets	(1,123,515,939)	189,981,199
Input VAT	(621,935,961)	(2,994,819,454)
Increase (decrease) in:		
Accounts and other payables	25,620,866	4,504,316,625
Other liabilities	426,426,421	(1,988,546,281)
Cash generated from operating activities	(1,367,075,058)	477,755,057
Interest received	1,651,935,176	249,797,171
Income taxes paid including CWTs withheld	(755,249,442)	(357,605,817)
Net cash flows generated from operating activities	(470,389,324)	369,946,411
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment (Note 9)	(29,378,894,756)	(25,412,119,954)
Receivables (Notes 5 and 20)	(9,025,350,816)	(20,319,739,286)
Financial assets at FVTPL	(6,672,399,402)	(912,534,075)
Financial assets at FVOCI	(5,604,074,636)	(410,828,656)
Investments in associates and joint ventures (Note 7)	(4,564,786,403)	(3,038,245,595)
Investments in redeemable preferred shares and subscription deposits (Note 8)	(3,927,671,460)	(3,752,186,353)
Convertible loans (Note 8)	(1,807,638,877)	(2,807,214,282)
Advances for land acquisition (Note 12)	(437,749,202)	(809,975,374)
Other intangible asset (Note 11)	(85,651,848)	(1,486,854)

(Forward)



	Years Ended December 31	
	2023	2022
Proceeds from:		
Collection of receivables (Note 5 and 20)	₱17,311,928,128	₱15,655,302,008
Sale of investments in financial assets at FVTPL	4,131,285,076	—
Change due to loss of control, net of cash surrender (Note 2)	3,945,443,455	5,494,610,621
Sale of ACEN shares (Note 2)	—	14,051,238,400
Redemption of convertible loans (Note 8)	2,341,773,977	14,508,406
Redemption of redeemable preferred shares (Note 8)	323,987,392	—
Return of capital from a joint venture	228,312,000	—
Net cash acquired (paid) on acquisition of subsidiaries (Note 21)	53,164,546	(4,033,447,527)
Sale of property, plant and equipment	16,259,547	5,846,617
Short-term investment (Note 12)	528,000	67,782,124
Divestment of investment in associates and joint ventures (Note 7)	—	734,672,298
Sale of asset held for sale (Note 6)	—	193,524,539
Dividends received from investments in:		
Associates and joint ventures (Note 7)	1,362,463,925	2,222,356,055
Financial assets at FVOCI	—	3,635,464
Interest received	7,089,844,083	3,862,819,297
Net cash used in investing activities	(24,699,227,271)	(19,191,482,127)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Capital infusion of non-controlling interests in a subsidiary (Notes 2 and 17)	25,000,000,000	10,558,576,995
Availment of loans payable (Note 14)	20,086,442,344	23,753,475,307
Availment of short-term loans (Note 14)	9,000,000,000	23,259,020,000
Issuance of notes payable (Note 14)	—	10,000,000,000
Payments of:		
Short-term loans (Note 14)	(10,400,000,000)	(20,359,020,000)
Acquisition of non-controlling interest (Notes 2 and 17)	(4,857,181,301)	(95,324,636)
Interest expense, including capitalized borrowing cost (Note 24)	(3,437,694,174)	(4,459,583,632)
Dividends (Note 17)	(3,152,586,719)	(16,865,013,889)
Lease liabilities (Note 10)	(779,212,094)	(299,848,600)
Loans payable (Note 14)	(668,323,772)	(7,406,281,879)
Share issuance costs (Note 17)	(171,554,705)	—
Debt issuance cost (Note 14)	(55,125,000)	(390,064,525)
Net cash provided by financing activities	30,564,764,579	17,695,935,141
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(41,422,731)	(1,252,372,021)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,353,725,253	(2,377,972,596)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR*	35,512,201,706	37,890,174,302
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱40,865,926,959	₱35,512,201,706

*Includes cash and cash equivalents under assets held for sale.

See accompanying Notes to Consolidated Financial Statements.



AC ENERGY AND INFRASTRUCTURE CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

AC Energy and Infrastructure Corporation. (ACEIC, the Parent Company) was incorporated on December 13, 2005, and is domiciled in the Philippines. The Parent Company and its subsidiaries (collectively, “the Group”) were organized primarily to engage in the business of generating electricity, distribution of electricity and supply of electricity, including the provision of related services.

The Parent Company is a wholly-owned subsidiary of Ayala Corporation (AC), a publicly-listed company which is 47.86% owned by Mermac, Inc. (ultimate parent company), and the rest by the public as of December 31, 2023. AC is incorporated in the Philippines.

On November 11, 2021, the Board of Directors (BOD) approved the change of the principal office address of the Parent Company from 4th Floor 6750 Office Tower, Ayala Avenue, Makati City to 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City effective January 1, 2022, and for this purpose, to amend the Articles of Incorporation. This was approved by the Securities and Exchange Commission (SEC) on January 27, 2023 and registered with the Bureau of Internal Revenues (BIR) on March 16, 2022.

The accompanying consolidated financial statements of the Group as at and for the years ended December 31, 2023 and 2022 were approved and authorized for issuance by the BOD on April 19, 2024.

2. Summary of Material Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements of the Group have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), derivative asset and derivative liability which are all measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the functional and presentation currency of the Parent Company, and all amounts are rounded to the nearest Philippine Peso, unless otherwise indicated.

Statement of Compliance

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

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of December 31, 2023 and 2022. 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.

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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 acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions. The portion of profit or loss and net assets in subsidiaries not wholly owned are presented separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position, separately from the Parent Company's equity. Non-controlling interests are net of any outstanding subscription receivable. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserves" and attributed to the owners of the Parent Company. Likewise, other comprehensive income accounts are reattributed between the owners of the Parent Company and the non-controlling interest. When there is a reduction in the ownership interest of a subsidiary without loss of control, a proportion of the goodwill is reallocated between the owners of the Parent Company and the non-controlling interest.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities of the subsidiary, non-controlling interest and the cumulative translation adjustments recorded in equity, recognizes the fair value of the consideration received and any investment retained, while the resulting gain or loss is recognized in profit or loss under "Gain (loss) on acquisition and disposal of investments". It also reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.



The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries. The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	Principal Activities	Percentage of Ownership (%)			
		2023		2022	
		Direct	Indirect	Direct	Indirect
ACEN Corporation (ACEN)	Power generation and trading	57.83	—	57.74	—
ACEN International, Inc. (ACEN International)	International investment holding	—	57.83	—	57.74
ACEN Renewables International Pte. Ltd.(ACRI) ^a	International investment holding	—	57.83	—	57.74
ACEN Cayman Limited (ACEN Cayman) ^b	International investment holding	—	57.83	—	57.74
ACEN Investments HK Limited (ACEN HK) ^c	International investment holding	—	57.83	—	57.74
UPC-AC Energy Australia (HK) Ltd. (UPC-ACE Australia)	Power generation	—	57.83	—	46.20
ACEHI Netherlands B.V. (ACEHI Netherlands) [*]	Investment holding	—	—	—	57.74
ACEN Finance Limited (ACEN Finance) ^b	Investment holding	—	57.83	—	57.74
Bulacan Power Generation Corporation (Bulacan Power)	Power generation	—	57.83	—	57.74
CIP II Power Corporation (CIPP)	Power generation	—	57.83	—	57.74
Guimaras Wind Corporation (Guimaras Wind)	Wind power generation	—	57.83	—	57.74
One Subic Oil Distribution Corporation	Distribution of petroleum products	—	57.83	—	57.74
One Subic Power Generation Corporation (One Subic Power)	Power generation	—	57.83	—	57.74
ENEX Energy Corp. (ENEX)	Oil, gas, and geothermal exploration	—	44.14	—	44.07
Palawan55 Exploration & Production Corporation (Palawan55)	Oil and gas exploration	—	48.33	—	48.26
Buendia Christiana Holdings Corp. (BCHC)	Investment holding	—	57.83	—	57.74
ACE Shared Services, Inc. (ACES)	Shared services	—	57.83	—	57.74
Giga Ace 1, Inc. (Giga Ace 1)	Power generation	—	57.83	—	57.74
Giga Ace 2, Inc.	Power generation	—	57.83	—	57.74
Giga Ace 3, Inc. (Giga Ace 3)	Power generation	—	57.83	—	57.74
Giga Ace 4, Inc. (Giga Ace 4)	Power generation	—	57.83	—	57.74
Giga Ace 5, Inc.	Power generation	—	57.83	—	57.74
Giga Ace 6, Inc.	Power generation	—	57.83	—	57.74
Giga Ace 7, Inc.	Power generation	—	57.83	—	57.74
Giga Ace 8, Inc. (Giga Ace 8)	Power generation	—	57.83	—	57.74
Giga Ace 9, Inc. (Giga Ace 9)	Power generation	—	57.83	—	57.74
Giga Ace 10, Inc.	Power generation	—	57.83	—	57.74
Giga Ace 11, Inc.	Power generation	—	57.83	—	57.74
Giga Ace 12, Inc.	Power generation	—	57.83	—	57.74
Giga Ace 14, Inc.	Power generation	—	57.83	—	57.74
Giga Ace 15, Inc.	Power generation	—	57.83	—	57.74
Negros Island Solar Power, Inc. (ISLASOL)	Solar power generation	—	57.83	—	34.64
San Carlos Solar Energy, Inc. (SACASOL)	Solar power generation	—	57.83	—	57.74
Monte Solar Energy, Inc. (MONTESOL)	Solar power generation	—	57.83	—	57.74
ACE Endeavor, Inc. (ACE Endeavor)	Investment holding and management	—	57.83	—	57.74
Visayas Renewables Corp. (VRC)	Investment holding	—	57.83	—	57.74
San Julio Land Development Corporation	Leasing and land development	—	57.83	—	57.74
LCC Bulk Water Supply, Inc.	Water supply and distribution	—	57.83	—	57.74
MCV Bulk Water Supply Inc.	Water supply and distribution	—	57.83	—	57.74
SCC Bulk Water Supply Inc.	Water supply and distribution	—	57.83	—	57.74
HDP Bulk Water Supply Inc.	Water supply and distribution	—	57.83	—	57.74
Ingrid2 Power Corp.	Advisory/Consultancy	—	57.83	—	57.74
Ingrid3 Power Corp. (Ingrid3)	Advisory/Consultancy	—	57.83	—	57.74
Ingrid4 Power Corp.	Advisory/Consultancy	—	57.83	—	57.74
Ingrid5 Power Corp.	Advisory/Consultancy	—	57.83	—	57.74
Ingrid6 Power Corp.	Advisory/Consultancy	—	57.83	—	57.74
Solienda Inc.	Leasing and land development	—	57.83	—	57.74
Gigasol 1, Inc.	Power generation	—	57.83	—	57.74
Gigasol 2, Inc.	Power generation	—	57.83	—	57.74
Gigasol 3, Inc. (Gigasol 3)	Power generation	—	57.83	—	57.74
Gigasol 4, Inc.	Power generation	—	57.83	—	57.74
Gigasol 5, Inc.	Power generation	—	57.83	—	57.74
Gigasol 6, Inc.	Power generation	—	57.83	—	57.74
Gigasol 7, Inc.	Power generation	—	57.83	—	57.74
Gigasol 8, Inc.	Power generation	—	57.83	—	57.74
Gigasol 9, Inc.	Power generation	—	57.83	—	57.74
Gigasol 10, Inc.	Power generation	—	57.83	—	57.74
GigaWind1 Inc.	Power generation	—	57.83	—	57.74
GigaWind2 Inc.	Power generation	—	57.83	—	57.74
GigaWind3 Inc.	Power generation	—	57.83	—	57.74
GigaWind4 Inc.	Power generation	—	57.83	—	57.74
GigaWind5 Inc.	Power generation	—	57.83	—	57.74
GigaWind6 Inc. ^e	Power generation	—	57.83	—	57.74
GigaWind7 Inc. ^f	Power generation	—	57.83	—	57.74
SolarAce1 Energy Corp. (SolarAce1)	Power generation	—	57.83	—	57.74
SolarAce2 Energy Corp. (SolarAce2)	Power generation	—	57.83	—	57.74

(Forward)



	Principal Activities	Percentage of Ownership (%)			
		2023		2022	
		Direct	Indirect	Direct	Indirect
SolarAce3 Energy Corp.	Power generation	—	57.83	—	57.74
SolarAce4 Energy Corp.	Power generation	—	57.83	—	57.74
AC Subic Solar, Inc.	Power generation	—	57.83	—	57.74
AC Laguna Solar, Inc.	Power generation	—	57.83	—	57.74
AC La Mesa Solar, Inc.	Power generation	—	57.83	—	57.74
Bataan Solar Energy, Inc. (BSEI)	Power generation	—	57.83	—	57.74
Santa Cruz Solar Energy, Inc. (SCSE)	Power generation	—	57.83	—	57.74
Pagudpud Wind Power Corp. (PWPC)	Investment holding	—	57.83	—	57.74
Bayog Wind Power Corp. (BWPC)	Power generation	—	57.83	—	57.74
Manapla Sun Power Development Corporation (MSPDC)	Leasing and land development	—	57.83	—	57.74
ACE Renewables Philippines, Inc.	Investment holding	—	57.83	—	57.74
NorthWind Power Development Corporation (NorthWind)	Investment holding	—	57.83	—	57.74
Viage Corporation	Wind power generation	—	57.83	—	57.74
ACTA Power Corporation	Investment holding	—	57.83	—	57.74
UAC Energy Holdings Pty Ltd	Coal power generation	—	57.83	—	57.74
Buduan Wind Energy Co, Inc.	Investment holding	—	57.83	—	57.74
Caraballo Mountains UPC Asia Corporation	Power generation	—	57.83	—	57.74
Pangasinan UPC Asia Corporation	Power generation	—	57.83	—	57.74
Sapat Highlands Wind Corporation	Power generation	—	57.83	—	57.74
UPC Mindanao Wind Power Corp.	Power generation	—	57.83	—	57.74
Itbayat Island UPC Asia Corporation	Power generation	—	57.83	—	57.74
Laguna Central Renewables, Inc.	Power generation	—	57.83	—	57.74
Laguna West Renewables, Inc.	Power generation	—	57.83	—	57.74
Suyo UPC Asia Corporation	Power generation	—	57.83	—	57.74
Natures Renewable Energy Devt. Corporation (NAREDCO)	Power generation	—	34.70	—	34.64
Sinocalan Solar Power Corp. (Sinocalan)	Power generation	—	57.83	—	57.74
Adlao Energy Corporation ^g	Power generation	—	57.83	—	—
Zephyrus Energy Corporation ^g	Power generation	—	57.83	—	—
Aeolus Energy Corporation ^g	Power generation	—	57.83	—	—
Agueo Energy Corporation ^g	Power generation	—	57.83	—	—
Amman Energy Corporation ^g	Power generation	—	57.83	—	—
Aryaman Energy Corporation ^g	Power generation	—	57.83	—	—
Belenos Energy Corporation ^g	Power generation	—	57.83	—	—
Paivatar Energy Corporation (Paivatar) ^g	Power generation	—	57.83	—	—
Laonsina Energy Corporation ^g	Power generation	—	57.83	—	—
Electryone Energy Corporation ^g	Power generation	—	57.83	—	—
Abagat Energy Corporation ^h	Power generation	—	57.83	—	—
Alinaga Energy Corporation ^h	Power generation	—	57.83	—	—
Amaterasu Energy Corporation ^h	Power generation	—	57.83	—	—
Banawag Energy Corporation ^h	Power generation	—	57.83	—	—
Liadlaw Energy Corporation ^h	Power generation	—	57.83	—	—
Oxylus Energy Corporation ^h	Power generation	—	57.83	—	—
Paddak Energy Corporation ⁱ	Power generation	—	57.83	—	—
Paros Energy Corporation ⁱ	Power generation	—	57.83	—	—
Silak Energy Corporation ⁱ	Power generation	—	57.83	—	—
Vayu Energy Corporation ⁱ	Power generation	—	57.83	—	—
YMP Telecom Power Inc. (YMP Telecom)	Industrial instrumentations	—	57.83	—	—
YMP Industrial Power Inc. (YMP Industrial)	Industrial instrumentations	—	57.83	—	—
ACE Thermal International Pte. Ltd. (ACETI) ^a	International investment holding	100.00	—	100.00	—
ACE Thermal International (BVI), Inc. (ACETI BVI) ^d	International investment holding	—	100.00	—	100.00
ACE (BVI) GP, Inc. (BVI GP) ^d	International investment holding	—	100.00	—	100.00
ACE (BVI) D, Inc. (BVI D) ^d	International investment holding	—	—	—	100.00
ACE (BVI) T, Inc. (BVI T) ^d	International investment holding	—	—	—	100.00
ACE (BVI) F, Inc. (BVI F) ^d	International investment holding	—	—	—	100.00
ACE (BVI) PHILCO, Inc. (BVI PHILCO) ^d	International investment holding	—	—	—	88.38
AC Energy Finance International (ACEFIL) ^b	International investment holding	100.00	—	100.00	—
ACEIC Cayman Limited, formerly ACEN Finance International Limited (ACEIC Cayman) ^b	International investment holding	100.00	—	100.00	—
AC Energy GP Corporation (AEGC)	Investment holding	100.00	—	100.00	—
ACE Dinginin GP Corporation (ADGC)	Investment holding	100.00	—	100.00	—
ACE Mariveles GP Corporation (AMGC)	Investment holding	100.00	—	100.00	—
Klima 1.5 Corp, formerly ACE Thermal, Inc. (Klima)	Investment holding	100.00	—	100.00	—
Pilipinas Thermal Inc. (PTI)	Investment holding	100.00	—	100.00	—

^a No longer a subsidiary in 2023 and accounted for as a joint venture

^g Incorporated in Singapore

^b Incorporated in Cayman Islands

^c Incorporated in Hong Kong

^d Incorporated in British Virgin Islands

^e Incorporated on March 16, 2022

^f Incorporated on June 23, 2022

^g Incorporated on June 15, 2023

^h Incorporated on November 21, 2023

ⁱ 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.

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

Second Tranche Sale of Investment in Kauswagan Power Holdings Limited Co. (KPHLC)

On June 30, 2023, the second tranche sale of 100% interest in BVI D, BVI F and BVI T and 88.38% interest in BVI PHILCO to Power Partners Ltd. Co. (PPLC) and subsidiaries, equivalent to 47.1% (55% of the 85.7%) interest in GNPow Kauswagan Ltd. Co. (GNPK) was completed (see Note 6).

As a result of the second tranche sale, the Group has fully divested its interest in GNPK.

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, 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, Tasmania, Victoria, and South Australia (see Note 17).

Sale of shares in ACEHI Netherlands

On July 10, 2023, ACRI completed the sale of 2,424 ordinary shares representing 24.24% of the outstanding capital stock of ACEHI Netherlands to Star Energy Oil & Gas Pte Ltd. (SEOG, a third party) for US\$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 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 7).

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 profit or loss.



The net assets of ACEHI Netherlands as at June 30, 2023 and proceeds from divestment are as follow (amounts are in thousands):

	In US\$	In PHP
Assets:		
Cash	\$73	₱4,120
Investment in Associate	169,446	9,586,398
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	\$19,344	₱1,062,030

After the sale to SEOG, the Group has partially divested its interest in ACEHI Netherlands. The disposal resulted in a gain which is recognized under “Gain (loss) on acquisition and disposal of investments” account in profit or loss.

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	\$60,459	₱3,433,328

The disposal resulted in a remeasurement gain of the retained interest which is recognized under “Gain on remeasurement of retained interest” account in profit or loss.

Net cash inflow on disposal is as follows (amounts are in thousands):

	In US\$	In PHP
Cash consideration	\$69,811	₱3,949,564
Less cash surrendered with the subsidiary ^(a)	73	4,120
Net cash inflow	\$69,738	₱3,945,444

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

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

Block sale of ACEN shares to AC

On May 10, 2022, the Parent Company sold 1,861.00 million of ACEN shares to AC via a block sale at ₱7.60 per share with a book value of ₱3.88 per share. Proceeds from the sale amounted to



₱14,051.24 million (net of transactions costs). Gain on sale amounted to ₱6,834.96 million, net of ₱92.36 million costs on disposal, recorded under “Gain (loss) on acquisition and disposal of investments” account in profit or loss.

Acquisition of additional 50% interest in UPC-ACE Australia

On March 11, 2022, ACEN, through its subsidiary ACRI, UPCAPH and Mr. Rohner signed a share purchase agreement for ACRI’s acquisition of the 50% ownership interest of UPCAPH and Mr. Rohner in UPC-ACE Australia increasing ownership to 100% (see Note 21).

Acquisition of 100% interest in UPC Philippines Wind Investment Co. BV (UPC Philippines) renewable companies and businesses

On March 18, 2022, ACEN, through its wholly-owned subsidiary ACE Endeavor, 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 21).

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 where ACEN and ACE Endeavor will subscribe to a total of 82,500 shares in NAREDCO for a total subscription price of ₱8.25 million. After the subscription, NAREDCO will be 55%, 5% and 40% owned by ACEN, ACE Endeavor, CREC4, respectively. Effectively, the Group will have 60% interest in NAREDCO. NAREDCO is the project company that will develop and operate the 200MW Lal-lo Solar Power Project in Lal-lo, Cagayan.

On August 16, 2022, ACEN, ACE Endeavor, and NAREDCO executed the agreements for the subscription by (1) ACEN to 275,000 Redeemable Preferred Shares A (RPS A) with a par value of ₱2,820.51 per share or an aggregate par value of ₱775.64 million and 200,000 Redeemable Preferred Shares C (RPS C) with a par value of ₱2,585.55 per share or an aggregate par value of ₱517.11 million; and (2) ACE Endeavor to 25,000 Redeemable Preferred Shares B (RPS B) with a par value of ₱1.00 per share or an aggregate par value of ₱0.025 million in NAREDCO. Total subscription price amounted to ₱1,292.78 million.

Subscription by ACEN to additional shares in NAREDCO

On November 25, 2022, ACEN signed a subscription agreement with NAREDCO for the subscription by ACEN to (a) 57,750 RPS A with a par value of ₱2,820.51 per share or an aggregate par value of ₱162.88 million, and (b) 42,000 RPS C with a par value of ₱2,585.55 per share or an aggregate par value of ₱108.59 million in NAREDCO. Total Subscription Price amounted to ₱271.48 million.

On December 22, 2022, ACEN signed a subscription agreement with NAREDCO for the subscription by ACEN to (a) 309,700 RPS A with a par value of ₱2,820.51 per share or an aggregate par value of ₱873.51 million, and (b) 225,240 RPS C with a par value of ₱2,585.55 per share or an aggregate par value of ₱582.37 million in NAREDCO. Total subscription price amounted to ₱1,455.88 million, will be used by NAREDCO to fund the development of the 133MWdc Cagayan North Solar Power Plant Project (Phase 1) in Lal-lo, Cagayan.

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

On June 3, 2022, ACEN BOD approved the cancellation of the property-for-share swap and Deed of Assignment between ACEN and its subsidiary, 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 105.00 million of ENEX's shares at ₱10.00 per share; the cancellation of the issuance of up to 74.00 million shares of 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 650.00 million primary common shares.

ACEN approves the final tranche of its energy transition financing

On July 25, 2022, ACEN, at the special board meeting, approved the divestment of all its shares in its wholly-owned subsidiary, SLTEC, through energy transition financing. The 246 MW coal plant in Calaca, Batangas, is the only coal plant under ACEN's portfolio. Subject to regulatory approval, the shares will be acquired by ETM Philippines Holdings, Inc. (EPHI) and other financial investors for an aggregate value of approximately ₱3,700.00 million. ACEN will use the proceeds from the divestment to invest in more renewable energy projects.

Full divestment of the SLTEC coal plant using the Energy Transition Mechanism (ETM)

a. Divestment in SLTEC

On October 18, 2021, the BOD of ACEN 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 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 ACEN 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, ACEN 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, ACEN and EPHI 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 net asset of SLTEC carried in ACEN amounting to ₱7,287.16 million and proceeds from divestment of ₱7,166.05 million.

SLTEC accounts have been classified in the Group's consolidated financial statement as follows:

- a. Statement of financial position as at October 31, 2022 were deconsolidated.
- b. Income statement accounts for the period January 1 to October 31, 2022 are included in profit or loss.

The net assets of SLTEC as at October 31, 2022 and proceeds from divestment are as follow (amounts in thousands):

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 (see Note 9)	19,678,197
Goodwill	669,040
Other noncurrent assets	442,220
	<u>25,132,724</u>
Liabilities	
Accounts payable and other current liabilities	1,759,667
Income and withholding taxes payable	30,090
Long-term loans (see Note 14)	13,380,342
Deferred income tax liabilities	267,298
Pension and other employee benefits	9,227
Equity	
Remeasurement loss on defined benefit plans	(5,791)
	<u>15,440,833</u>
Total identifiable net assets	9,691,891
Add redemption of ACEN shares	6,947,775
Less:	
Government Service Insurance System (GSIS) investments	(2,200,000)
Insular Life (InLife) investments	(1,000,000)
EPHI investments	(248,000)
Net assets	13,391,666
Add noncontrolling interest	162,091
Less cash consideration	7,166,050
Loss on disposal of investment	<u>₱6,187,707</u>

The disposal resulted in a loss which is recognized under "Gain (loss) on acquisition and disposal of investments" account in profit or loss.

Net cash inflow on disposal is as follows (amounts are in thousands):

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.



ACEN also paid donor's tax amounting to ₱6.90 million which is presented as "Others" under "Cost and expenses" in profit or loss.

The Group recognized deconsolidation loss amounting to ₱6,187.71 million which represents the difference between the total net asset of SLTEC carried in ACEIC amounting to ₱13,353.76 million and proceeds from divestment of ₱7,166.05 million. SLTEC's carrying value includes goodwill recognized during the acquisition of control in 2019 amounting to ₱699.04 million.

- 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. As at December 31, 2022, derivative asset on call options on common and redeemable preferred shares amounted to ₱16.43 million and the derivative liability on put options on redeemable preferred shares amounted to ₱7.16 million.

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

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

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 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 do 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.



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 to ACEN (see Note 21).

Material partly-owned subsidiaries with material economic ownership interest

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.

Information of subsidiary that have material non-controlling economic interests are provided below:

ACEN	2023	2022
Proportion of equity interests held by non-controlling interest	42.17%	42.26%
Voting rights held by non-controlling interest	42.17%	42.26%
Accumulated balances of non-controlling interest	₹90,405,816,047	₹81,614,018,184
Net income attributable to non-controlling interests	4,829,486,646	7,059,862,225
Total comprehensive income attributable to material non-controlling interests	4,254,037,799	10,510,352,723

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

ACEN (amounts in thousands)	2023	2022
Statements of financial position		
Current assets	₹71,578,115	₹70,022,580
Noncurrent assets	213,355,385	162,749,983
Current liabilities	20,043,695	17,696,536
Noncurrent liabilities	91,513,948	65,482,584
Statements of comprehensive income		
Revenue	36,181,426	34,995,488
Net income attributable to:		
Equity holders of the Parent Company	7,396,140	13,055,119
Non-controlling interests	1,710,534	1,542,769
Total comprehensive income attributable to:		
Equity holders of the Parent Company	5,850,972	21,188,277
Non-controlling interests	1,786,683	1,556,187
Statements of cash flows		
Operating activities	3,187,033	2,295,906
Investing activities	(24,898,590)	(24,338,065)
Financing activities	26,899,452	31,508,053
Effect of foreign exchange rate changes		
on cash and cash equivalents	(121,244)	(1,281,312)
Net increase in cash and cash equivalents	5,066,651	8,184,582

New Standards, Interpretation and Amendments

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments to existing standards effective in 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.



Adoption of these amendments did not have an impact on the 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.

- 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).

- 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 January 1, 2023.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

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 below have been applied consistently to all periods presented in the Group's consolidated financial statements.

Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve (12) months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve (12) months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Group classifies all other liabilities as noncurrent.



Deferred income tax assets and liabilities are all classified as noncurrent.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the 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 to 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 that 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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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 re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

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 as explained above.

Cash and Cash Equivalents

Cash includes cash on hand and cash in bank. Cash in bank earns interest at the respective bank deposit rates. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities of three months or less from dates of placements and are subject to an insignificant risk of change in value.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



Financial Asset

Initial recognition and measurement

The Group classifies financial assets, at initial recognition, as measured at amortized cost, FVOCI, or FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses upon derecognition (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition
- Financial assets at FVTPL

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- 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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. This accounting policy relates to the Group's "Cash and cash equivalents", "Short term investments", "Receivables", "Other financial assets at amortized cost" and "Bill deposits."

If the Group revises its estimates of receipts of future cashflows, it shall adjust the gross carrying amount of the financial asset to reflect the revised estimated contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognized in the profit or loss as income or expense.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under



PAS 32, *Financial Instruments: Presentation*, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's investment 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 include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at FVTPL. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the FVTPL category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at FVTPL.

The Group has compulsorily convertible debentures, listed equity instruments and unit investment trust funds (UITFs) accounted as financial asset at FVTPL.

Derecognition

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 consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or



- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its 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 its 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 financial assets

The Group derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

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 profit or loss.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables (except trade receivables) and other investments at amortized cost, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, 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 and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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

Definition of default

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value, except for loans and borrowings, and payables that are recognized net of directly attributable transaction costs.

The Group's financial liabilities pertain to "Accounts and other payables" (except taxes payable), "Short-term loans," "Notes payable," "Loans payable," "Lease liabilities," "Other current liabilities" and "Other noncurrent liabilities."



Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purposes of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by PFRS 9, *Financial Instruments*. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in PFRS 9 are satisfied. The Group has not designated any financial liability as at FVTPL.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest and other financing charges in profit or loss.

This accounting policy applies to the Group's "Accounts and other payables", "Short-term loans", "Notes payable", "Loans payable", "Lease liabilities", "Other current liabilities" and "Other noncurrent liabilities" (other than liabilities covered by other accounting standards such as pension liability and income tax payable).

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement 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.

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 and forward commodity contracts, 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 profit or loss as other income/expense. 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 profit or loss as other income/expense.

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 profit or loss.



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 Note 12).

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 forward commodity 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 22).

Input Value-added Taxes (VAT)

Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Group's Output VAT liabilities. Input VAT is stated at its net realizable value (NRV).

Creditable Withholding Taxes (CWT)

CWTs represent amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs are stated at cost less any impairment loss.



Fuel and Spare Parts

Fuel and spare parts are stated at the lower of cost and NRV. Cost incurred in bringing spare part inventories to its present location and conditions includes purchase cost on a moving average basis. NRV is the current replacement cost of fuel and spare parts.

Non-current Assets Held for Sale

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

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present conditions. 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 expected to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current in the consolidated statement of financial position.

Property, Plant and Equipment

Property, plant and equipment, except land and construction in progress, are carried at cost less accumulated depreciation and amortization and any impairment in value. Land and construction in progress are carried at cost less any impairment in value. 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 profit or loss as incurred. 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 is met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Category	Years
Land improvements	5-40
Buildings and improvements	6-25
Machinery and equipment:	
Solar	10-25
Wind	10-25
Thermal	10-25
Power barges	10
Others	40

(Forward)



Category	Years
Transportation equipment	3-5
Tools and other miscellaneous assets	5-10
Office furniture and equipment	3
Others	5-10

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

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 profit or loss when the asset is derecognized.

Leases

The Group assess at the contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying 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.

Short-term leases and leases of low-value assets

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; and
- b. Lease contracts for which the underlying asset is of low value.

Intangible Assets

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 profit or loss 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 profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

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 profit loss reflect 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 profit or loss 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 equals 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.

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 profit or loss.

The consolidated financial statements include additional information about associates and joint ventures that are material to the Group (see Note 7). 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.

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 non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any resulting gain or loss is included under "Gain on remeasurement of previously held interest" in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9 is measured at fair value with the changes in fair value recognized in profit or loss in accordance with PFRS 9. Other contingent



consideration that is not within the scope of PFRS 9 is measured at fair value at each reporting date with changes in fair value recognized profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests 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 profit or loss.

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 unit (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

When 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.

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.

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, *Impairment of Assets*. 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 (5) years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the 5th year.

Impairment losses are recognized in profit or loss 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 profit or loss.

The following assets have specific characteristics for impairment testing:

CWTs and Input VAT

CWTs and input VAT are tested for impairment when circumstances indicate that there is no expected income tax payable and output VAT, respectively, in the future in which it can be used or when the balance can no longer be realized or collected after exhausting all efforts and courses of action.

Property, Plant and Equipment

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

Investments in Associates and Interest in Joint Ventures

For investment in associates and interest in joint ventures, the Group assesses for impairment based on impairment indicators such as the financial performance of each of these investees.

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. 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 Other Intangible Assets

Right-of-use assets and other intangible assets with finite useful lives are tested for impairment when circumstances indicate that the carrying value may be impaired such as degradation from the use of the underlying asset.



Equity

Paid-in Capital

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.

Treasury Stock

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in additional paid-in capital. Voting rights related to treasury shares are nullified for the Parent Company and no dividends are allocated to them. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings

The amount included in retained earnings includes earnings and losses attributable to the Parent Company's stockholders and reduced by dividends, if any. Dividends are recognized as a liability and deducted from equity when they are declared by the Parent Company's BOD. Dividends for the year that are approved after the reporting date are dealt with as an event after the reporting date. Retained earnings may also include the effect of changes in accounting policies as may be required by the standard's transitional provisions.

Equity Reserves

Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e., transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid shall be recognized directly in equity and included under "Equity reserves" account in the equity section of the consolidated statement of financial position.

Stock Options and Grants

Stock option and grants are accounted for in accordance with PFRS 2, *Share-based Payments*, 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 profit or loss 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.

Revenue and Income Recognition

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 and coal are composed of generation fees from spot sales to the Wholesale Electricity Spot Market (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 and solar 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 the 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 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.

Management Fees

Management fees for services rendered are recognized when earned.

Interest Income

Interest income is recognized as it accrues using the EIR method.



Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

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.

Cost and Expenses

Costs and expenses are recognized when a decrease in economic benefits related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. These are generally recognized as they are incurred and measured at the fair value of the consideration paid or payable.

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.

Income 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.

Current tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

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

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, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of MCIT and 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 as part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all as part of the deferred income tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted as at the end of the reporting period. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

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 other comprehensive income or directly in equity.

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 profit or loss.

The Group offsets deferred income tax assets and deferred income tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and deferred income tax assets and deferred income tax liabilities related to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amount of deferred income tax liabilities or assets are expected to be settled or recovered.

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. All other borrowing costs are expensed in the period in which they occur.



Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign Currency Translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period.

The functional currency of certain subsidiaries are in US Dollar. As of reporting date, the assets and liabilities of these subsidiaries, with functional currencies other than the functional currency of the Parent Company, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and their respective income and expenses at the weighted average rates for the year. The exchange differences arising on the translation are recognized in OCI under “Cumulative translation adjustments”. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation shall be recognized in profit or loss.

Exchange differences arising from elimination of intragroup balances and intragroup transactions are recognized in profit or loss. As an exception, if the exchange differences arise from intragroup balances that, in substance, forms part of an entity’s net investment in a foreign operation, the exchange differences are not to be recognized in profit or loss, but are recognized in OCI and accumulated in a separate component of equity until the disposal of the foreign operation. Where circumstances have changed such that the entity decides that the monetary item is planned or is likely to be settled in the foreseeable future and ceases to form part of the net investment in a foreign operation, exchange differences that arise after that date are recognized in profit or loss.

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. If the Group changes the structure of its internal organization in a manner that caused the composition of its reportable segments to change, the corresponding information for earlier periods, shall be restated unless the information is not available and the cost to develop it would be excessive. The determination of whether the information is not available and the cost to develop it would be excessive shall be made for each individual item of disclosure. Following a change in the composition of its reportable segments, the Group discloses whether it has restated the corresponding items of segment information for earlier periods.

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. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each financial reporting date and adjusted to reflect the current best estimate.

Contingencies

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



Events After the Financial Reporting Date

Post year-end events up to the date when the consolidated financial statements are authorized for issue that provide additional information about the Group's financial position 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 consolidated financial statements when material.

3. Significant Accounting Judgments 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 consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Future events may occur which can cause the assumptions used in arriving at those estimates to change. 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.

Judgments

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

Classification of Financial Instruments - Receivable and Other Financial Assets at Amortized Cost

The Group assessed that its affiliated subordinated indebtedness (ASI) with GNPK, which is presented as notes receivables in the consolidated statements of financial position, and receivable from PPLC arising from the Group's divestment of KPHLC which will be collected on a deferred basis. Other financial assets at amortized cost also include redeemable preferred shares and convertible loans. Management assessed that these assets qualifies as debt instruments. This is 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 gives rise on specified dates to cash flows which are reflective of basic lending arrangements (see Note 5).

Classification of Financial Instruments - Listed Equity Instruments

The Group received listed equity shares as partial payment of its 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.

Write-off of Claims from Philippine Electricity Market Corporation (PEMC) Multilateral Agreements

In December 2013, there were elevated WESM prices because of a Malampaya outage. As a result, Energy Regulatory Commission (ERC) issued an order imposing administered or regulated pricing, which was lower than the WESM rate at that time. The Group 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 or regulated pricing void and upheld the December 2013 Meralco rate hike for recovery of costs. In October 2022, the Supreme Court denied all Motion for Reconsiderations. 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 the PEMC Multilateral Agreements which includes the Group's noncurrent receivable



amounting to ₱1,123.51 million, booked as an additional cost of purchased power for the net buyer position, while the Group's noncurrent payable amounting to ₱115.07 million was 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 Independent Electricity Market Operator of the Philippines (IEMOP) to recalculate the rates and issue adjustments.

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 Note 12).

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 Consumer Price Index (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.

Determining Control Over an Investee

The Group determines control when it 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 regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Group determined that it exercises control on its subsidiaries.



Assessment of Joint Control over Joint Ventures

The Group's investments in joint ventures are structured in separate incorporated entities of ACEHI Netherlands, Philippine Wind Holdings Corp. (PhilWind), North Luzon Renewable Energy Corp. (NLR), BIM Renewable Energy Joint Stock Company (BIMRE), UPC Power Solutions LLC (UPC Power) and Monsoon Wind B.V. (Monsoon Wind). Even though the Group holds various percentage of ownership (see Note 7) in these entities, their joint arrangement agreement requires unanimous consent from all parties for the relevant activities identified. 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 these joint ventures through the terms of the contractual arrangements. Considering these factors, management assessed that it has joint control over these entities.

Assessment of Loss of Control Over a Subsidiary

The Group determined that it has control over its subsidiaries 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

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).

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 and 2022, while waiting for the approved 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 Income Tax Liabilities on Taxable Temporary Differences Arising from Investments in Foreign Subsidiaries

The Group did not recognize deferred income 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.

Provisions

The Parent Company establishes provisions, based on reasonable estimates, for possible consequences of certain proceedings and cases, including audits by the tax authorities. Uncertainties



exist with respect to the interpretation of complex issues and changes in rules and regulations. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to provisions and expenses already recorded. The amount of such provisions is based on various factors, such as experience on previous cases.

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 periods 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.

Valuation of ASI Loan and Receivables from PPLC

Subsequent to initial recognition, management revises its estimates of receipts of future cashflow from the ASI loan and receivables from PPLC based on the distributable proceeds from GNPK and GNPD which is based on the priority payment waterfall provision of the divestment agreement and the management prepared forecast of future cashflows. Management has also exercised judgments in estimating the maturity dates of these assets when full collection will be made based on the terms and conditions of the assets.

Fair Value Measurement of Receivables and Retained Interests in KPHLC

In the determination of fair value of receivable from PPLC and the retained interest in KPHLC, management determined the appropriate techniques and inputs for fair value measurements. Management estimates the amount and timing of the future cash inflows based on the distributable proceeds that will be received by PPLC from its affiliates, namely GNPK and GNPD which is based on the priority payment waterfall provisions of the divestment agreement. A discount rate is applied to the cash flow projections to establish the net present value of the receivables and retained interests.

Likewise, in the determination of the effective interest rate of the ASI loan, management estimates the amount and timing of the future cash inflows based on the distributable proceeds of GNPK.

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 Notes 12 and 22).

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 21).

Purchase Price Allocation and Goodwill Impairment Assessment

The Group made several acquisitions 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 Note 21).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest, 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 profit or loss.

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 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.

Measurement of ECL

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 significant increase in credit risk 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 Bangko Sentral ng Pilipinas (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 8).

Impairment Assessment of Non-financial Assets

The Group reviews input VAT, CWTs, investments in associates and joint ventures, 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. Provision for impairment loss on nonfinancial assets amounted to ₱4.57 million and ₱42.03 million in 2023 and 2022 (see Notes 6, 7, 9, 10 and 11).

Realization of Deferred Income 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 income tax assets.

As a result, the carrying amount of deferred income 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 income tax assets to be utilized (see Note 19).

Assessment of Contingencies

The Group is currently involved in various legal proceedings and assessments (see Note 25). 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	₱12,688,172	₱2,084,319
Cash in banks	13,823,700,316	11,701,387,114
Cash equivalents	27,029,538,471	23,808,730,273
	₱40,865,926,959	₱35,512,201,706

Cash on hand pertains to petty cash fund used under an imprest fund system. Cash in banks earn interest at the prevailing bank deposit rates.



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

Interest income earned from cash in banks and cash equivalents amounted to ₱1,631.57 million in 2023, at the range of 0.06% to 6.25%, and ₱309.90 million, at the range of 1.25% to 5.55% in 2022.

5. Receivables

This account consists of:

	2023	2022
Accounts receivable	₱12,571,115,320	₱12,254,546,972
Notes receivable:		
Development loans	5,863,298,066	8,299,936,506
Debt replacement loans	13,440,859,046	20,094,773,955
Other loans	39,980,539,499	23,676,491,172
Accrued interest receivable	8,774,260,309	7,648,270,401
	80,630,072,240	71,974,019,006
Less allowance for expected credit losses	1,316,278,402	191,544,267
	79,313,793,838	71,782,474,739
Less noncurrent portion	52,243,107,455	39,078,720,776
	₱27,070,686,383	₱32,703,753,963

Accounts receivable

This account consists of trade and other receivables from related parties and third parties:

	2023	2022
Trade receivables:		
Third parties:		
IEMOP	₱6,488,624,023	₱4,029,887,535
Retail Electricity Supplier (RES) customers	537,019,693	3,669,586,202
National Transmission Corporation (TransCo)	1,915,229,866	1,772,552,608
National Grid Corporation of the Philippines (NGCP)	91,669,504	146,922,193
PEMC	10,262,264	51,025,425
Others	429,287,812	41,948,872
Related parties (see Note 20)	47,794,759	14,524,788
Other receivables:		
Third parties	2,004,188,401	1,251,008,741
Related parties (see Note 20)	1,047,038,998	1,277,090,608
	12,571,115,320	12,254,546,972
Less allowance for expected credit losses	152,312,099	167,844,267
	12,418,803,221	12,086,702,705
Less noncurrent portion	2,568,200,525	1,539,878,901
	₱9,850,602,696	₱10,546,823,804

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 18).

Notes receivable

This account consists of development, debt replacements and other loans receivable:

	2023	2022
Development loans:		
Third party	₱3,721,365,000	₱5,845,765,820
Related party (see Note 20)	2,141,933,066	2,454,170,686
Debt replacement loans - related party (see Note 20)	13,440,859,046	20,294,773,955
Other loans:		
Third party	39,592,170,820	11,909,024,943
Related party (see Note 20)	388,368,679	11,567,466,229
	59,284,696,611	52,071,201,633
Less allowance for expected credit losses	836,333,159	23,700,000
	58,448,363,452	52,047,501,633
Less noncurrent portion	42,950,957,604	34,574,859,720
	₱15,497,405,848	₱17,472,641,913

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

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

On February 4, 2021, the Group, Citicore Solar Energy Corporation (CSEC), Endeavor and Grencore 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 of 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 of 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 (Asian 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 of 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 (Asian Wind 2) (Joint venture)

In 2020, the Group entered into an interest-bearing Pref B facility with Asia 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 of 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 of 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	₱200.00 million	June 27, 2023	August 30, 2023
January 11, 2023	300.00 million	July 10, 2023	October 31, 2023
January 27, 2023	300.00 million	July 26, 2023	June 30, 2024

As of 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 of 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 of December 31, 2023, outstanding balance of the interest-bearing loan amounted to US\$0.60 million (₱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 88MW wind project in Vietnam for an aggregate principal amount of US\$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 US\$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 US\$102.00 million. The interest-bearing loan was fully collected on January 18, 2023.

As of 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.

Development Loan

Development loan facilities are provided to related parties and third parties to fund the development of renewable power plant projects. Development loans bear interest ranging from 4.00% to 10.85% per annum for the years 2023 and 2022.

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 of 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 Ltd. (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.

As of 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 a loan facility 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 of December 31, 2023, outstanding balance of the interest-bearing loan amounted to \$64.62 million (₱3,571.37 million).

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

In 2021, the Group and 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 amounting to ₱1,000.00 million and bears annual fixed interest rate and payable upon maturity. On July 2, 2021, Provincia made an initial drawdown amounting to ₱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.

The SPNEC shares held by the Group for trading purposes amounted to ₱501.82 million and is classified as financial assets at FVTPL 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.

As of 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 of December 31, 2023, outstanding balance of the interest-bearing loan amounted to 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 US\$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 amounting to US\$85.39 million (₱4,641.85 million) were fully collected.

As of December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to 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 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. The interest-bearing short-term loan was fully collected in 2023.

As of December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to 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. The interest-bearing loan was fully collected in 2023.

As of December 31, 2023 and 2022, outstanding balance of the interest-bearing loan amounted to nil and US\$6.53 million (P364.24 million), respectively.

Other loans

Other loans from third parties include long term loan receivables from PPLC in relation to the divestment of indirect ownership interest in GNPK and long-term loan receivables for land acquisitions. There are interest bearing and matures 1-2 years upon drawdown.

a. Receivables from PPLC

On March 5, 2021, ACEIC, PPLC and certain of their affiliated companies, signed a Divestment Agreement for the transfer of ACEIC's indirect ownership interest in GNPK in favor of PPLC and its affiliates. The transfer was implemented in tranches with the purchase price to be paid on a deferred basis. On September 30, 2021, after all conditions precedent has been met, ACEIC executed the divestment.

The receivables from PPLC and affiliates arising from the first tranche sale amounted to P9,638.55 million. The receivable from PPLC is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50%. The maturity date of the loan is December 31, 2031. The amount and timing of collection is based on the priority payment waterfall provisions of the Divestment Agreement. Any unpaid interest shall accrue interest.

On June 30, 2023, the second tranche sale of 100% interest in BVI D, BVI F and BVI T and 88.38% interest in BVI PHILCO to PPLC and subsidiaries, equivalent to 47.1% (55% of the 85.7%) interest in GNPK was completed (see Note 6).

The completion of the second tranche sale resulted in a gain of P1,261.91 million for the year ended December 31, 2023, which is presented under "Gain (loss) on acquisition and disposal of investments" in profit or loss.



As of December 31, 2023 and 2022, receivables from PPLC amounted to US\$477.90 million (₱26,555.26 million) and US\$191.00 million (₱10,718.80 million), respectively.

b. Receivables from GNPk

On November 11, 2020, the Parent Company's BOD approved the provision of a US\$200.00 million ASI loan to GNPk to enable GNPk to partially pre-pay its outstanding senior loans. The provision of the loan is subject to certain conditions precedent including but not limited to the signing of definitive documentation with GNPk, as well as relevant consents from the senior lenders and the project partners.

On December 22, 2020, the Parent Company signed the ASI loan agreement with GNPk for a total amount of US\$200.00 million (₱9,607.20 million). The ASI loan is subject to interest rate compounding semi-annually ranging from 5.00% to 12.50% which shall accrue starting January 1, 2021. The maturity date of the loan is the later of the (1) the final maturity date of the GNPk Senior Loans (due 2031); and (2) the full payment on and redemption of full interest of a partner in GNPk and in GNPk's Parent Company, KPHLC under the limited partnership agreements. GNPk's payment of the interest on the ASI loan and the principal shall follow the repayment waterfall stipulation in the ASI loan agreement. Any unpaid interest shall accrue interest.

Below shows the priority payment waterfall as indicated in the ASI loan agreement:

1. Up to 50% of cash available for distribution will be used to pay for, and make current, the interest from ASI loan.
2. The remaining 50% of cash available for distribution plus any excess amount from #1 will be used to pay for, and make current, the coupons of Philippine Investment Alliance for Infrastructure (PINAI) fund's interest.
3. If after #1, there is still excess cash available for distribution, it will be used to redeem PINAI's interest or repay the ASI loan.
4. After full repayment of the Senior loans, excess will be used to either pay ASI loan or pay for the deferred purchase price for divestment or land loan.

Interest income from ASI loan amounted to ₱1,140.77 million and ₱794.06 million in 2023 and 2022, respectively, based on the effective interest rate of 7.70% and 7.64%.

As of December 31, 2023 and 2022, receivable from GNPk amounted to ₱11,113.40 million and ₱11,224.00 million, respectively.



Accrued interest receivable:

This account consists of accrued interest receivable from related parties and third parties, and from other financial assets at amortized cost:

	2023	2022
Trade receivables:		
Third party	₱148,994,522	₱60,250,472
Related party (see Note 20)	9,068,443	5,407,340
Development loan:		
Third party	107,831,601	43,705,450
Related party (see Note 20)	198,534,390	389,231,369
Debt replacement - related party (see Note 20)	1,446,884,351	1,081,211,291
Redeemable preferred shares - related party (see Note 20)	3,473,000,454	2,487,851,830
Convertible loan - related party (see Note 20)	761,759,708	1,071,550,826
Other loan:		
Third party	2,594,398,746	1,091,926,050
Related party (see Note 20)	33,788,094	1,417,135,773
	8,774,260,309	7,648,270,401
Less allowance for expected credit loss	327,633,144	—
	8,446,627,165	7,648,270,401
Less noncurrent portion	6,723,949,326	2,963,982,155
	₱1,722,677,839	₱4,684,288,246

Interest income earned from these assets amounted to ₱5,098.80 million and ₱3,645.13 million in 2023 and 2022, respectively.

Allowance for expected credit loss

The following is the roll forward analysis of impaired receivables:

	2023	2022
Balances at beginning of year	₱191,544,267	₱555,299,789
Provision	1,140,266,303	—
Reversal	(15,532,168)	(363,755,522)
Balances at end of year	₱1,316,278,402	₱191,544,267

For the year ended December 31, 2023, the Group recognized additional provision for ECL in its development loan to 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 amounted to ₱15.53 million.

For the year ended December 31, 2022, the Group reversed portion of its allowance for ECL from its receivable from Sta. Clara Group, Inc. amounting to ₱350.00 million upon collection in 2022.

6. Noncurrent Assets Held for Sale

On July 1, 2019, ACEIC and PPLC executed a divestment term sheet for the acquisition in tranches of PPLC of the Group's indirect partnership interest in GNPk through the sale of its limited partnership interest in KPHLC. The completion of the first tranche of the transaction will result in PPLC gaining control over GNPk's coal power plant.



The Philippine Competition Commission (PCC) approval and the lenders' consent for ACEIC's full divestment from the project was obtained on September 30, 2019 and December 15, 2020, respectively.

On December 28, 2020, ACEIC, PPLC and their related companies amended and restated the divestment term sheet and signed and executed an amended and restated term sheet for the divestment of ACEIC from GNPk to update the terms and conditions of the divestment.

On March 5, 2021, ACEIC, PPLC and certain of their affiliated companies, signed a divestment agreement for the transfer and will be implemented in tranches with the purchase price to be paid on a deferred basis.

The following transactions were completed as of September 30, 2021:

1. Redemption of KPHLC Class A and B limited partnership interests held by ACEIC, which holds 85.7% ownership over GNPk.
2. Investment of subsidiaries of ACEIC, namely, BVI B, BVI D, BVI F, BVI T, BVI PHILCO in GNPk through subscription to KPHLC's Class A and B limited partnership interests.
3. First tranche sale of 100% interest in BVI B and 11.62% interest in BVI PHILCO to PPLC and subsidiaries, equivalent to 38.6% (45% of the 85.7%) interest in GNPk. Pursuant to the divestment agreement, with the completion of the first tranche sale, management and operational control over KPHLC and GNPk transferred to PPLC and its affiliates, whereby PPLC and its affiliates, among others, acquired the right to appoint and elect four of the five members of KPHLC's and GNPk's management committee representatives, and four of the five members of the Board of directors of Kauswagan Power GP Corporation, the sole general partner of GNPk.

The transfer of ACEIC's interest in the GNPk project is part of ACEIC's plan to rebalance its generation portfolio as it aims to grow its renewable assets with a target of achieving at least 5 GW of attributable renewable energy capacity by 2025.

First Tranche Sale

In 2021, the first tranche sale of 100% interest in ACE B and 11.62% interest in ACE PHILCO to PPLC and subsidiaries, equivalent to 38.6% (45% of the 85.7%) interest in GNPk was completed.

The Group reclassified the remaining 47.1% (55% of the 85.7%) interest in GNPk as "Noncurrent assets held for sale" account in the 2022 consolidated statement of financial position based on the fair value of the investment amounting to US\$232.22 million (₱11,780.45 million).

Second Tranche Sale

On February 23, 2023, the Group has issued a second sale tranche notice to PPLC confirming the intent to execute and complete the sale tranche covering the remaining interest of the Group.

On June 30, 2023, the second tranche sale of 100% interest in BVI D, ACE F and ACE T and 88.38% interest in ACE PHILCO to PPLC and subsidiaries, equivalent to 47.1% (55% of the 85.7%) interest in GNPk was completed.

The completion of the second tranche sale resulted in a net gain of ₱1,261.91 million for the year ended December 31, 2023, which is presented under "Gain (loss) on acquisition and disposal of investment" account in the consolidated statement of income.



7. Investments in Associates and Joint Ventures

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

	Percentage of Ownership (%)		Carrying Amounts	
	2023	2022	2023	2022
<i>Associates:</i>				
AA Thermal, Inc. (AATI) ⁽¹⁾	40.00	40.00	₱16,010,078,863	₱10,823,648,525
Solar NT Holdings Pte. Ltd. (SUPER) ⁽²⁾	28.34	—	2,558,351,118	—
Maibarara Geothermal, Inc. (MGI) ⁽³⁾	14.46	14.44	909,693,507	823,357,472
PT Puri Prakarsa Batam ⁽⁴⁾	23.13	—	166,025,542	—
Star Energy Geothermal (Salak-Darajat) B.V. (Salak and Darajat) ⁽⁶⁾	—	11.43	—	11,550,596,531
Others	various	various	47,609,578	54,715,056
			19,691,758,608	23,252,317,584
<i>Joint Ventures</i>				
ACEHI Netherlands ⁽⁶⁾	43.81	—	12,667,763,958	—
PhilWind ⁽⁷⁾	40.37	40.31	4,971,034,612	4,763,170,828
NLR ⁽⁷⁾	19.26	19.23	2,492,400,689	2,306,314,953
BIMRE ⁽⁸⁾	17.35	17.32	1,861,038,603	1,802,627,369
Ingrid ⁽⁹⁾	28.92	28.87	968,535,370	1,168,628,829
UPC Power ⁽¹⁰⁾	48.19	48.11	562,623,517	32,367,020
Greencore 3 ⁽¹¹⁾	28.92	28.87	434,936,473	216,729,104
NEFIN ⁽¹²⁾	28.92	28.87	419,280,384	520,172,714
Monsoon Wind ⁽¹³⁾	14.46	—	163,338,563	—
BrightNight India, B.V. (BrightNight) ⁽¹⁴⁾	28.92	—	160,904,091	—
Others	various	various	712,802,898	525,474,303
			25,414,659,158	11,335,485,120
			45,106,417,766	34,587,802,704
Less allowance for impairment			3,963,984	3,963,984
			₱45,102,453,782	₱34,583,838,720

This account consists of:

	2023	2022
Cost:		
Balances at beginning of year	₱27,077,239,100	₱24,395,337,682
Additions and subscriptions	4,564,786,403	7,640,186,103
Remeasurement (see Note 2)	3,433,327,124	—
Divestment	(2,260,215,142)	(94,338,583)
Translation and foreign exchange adjustments	(290,764,014)	2,007,364,335
Return of capital	(228,312,000)	—
Acquisition of control	—	(7,005,538,747)
Others	305,475,933	134,228,310
Balances at end of year	32,601,537,404	27,077,239,100
Accumulated equity in net earnings:		
Balances at beginning of year	7,488,115,471	3,582,148,882
Equity in net earnings for the year	6,938,506,012	4,082,053,291
Dividends received	(1,362,463,925)	(2,222,356,054)

(Forward)



	2023	2022
Divestment	(P515,200,543)	P94,338,583
Acquisition of control	–	1,951,930,769
Balances at end of year	12,548,957,015	7,488,115,471
Accumulated share in		
other comprehensive income (loss):		
Balances at beginning of year	22,448,133	11,296,810
Interest rate swap	14,595,881	–
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	4,183,179	45,224,139
Translation and foreign exchange adjustments	(58,273,063)	46,668,387
Remeasurement (loss) gain on defined benefit obligation - net of tax	(27,030,783)	7,627,784
Effect of business combinations	–	(88,368,987)
Balances at end of year	(44,076,653)	22,448,133
Accumulated impairment losses	(3,963,984)	(3,963,984)
	P45,102,453,782	P34,583,838,720

Unless otherwise indicated, the principal place of business and country of incorporation of the Group's investments in associates and joint ventures is Philippines. Except as discussed in subsequent notes, the voting rights held by the Group in its investments in associates and joint ventures are in proportion to their ownership interest.

Interests in Associates

(1) AATI

In 2018, AATI, holding company of the Group, was incorporated.

On February 28, 2019, the PCC approved the acquisition by Aboitiz Power Corporation (Aboitiz Power) of a 49% voting interest and 60% economic interest in AATI. This follows the signing of a share purchase agreement on September 26, 2018 between Aboitiz Power and Arlington Mariveles Netherlands Holdings B.V (a subsidiary of the Group). During first half of 2019, the Group completed the sale.

(2) SUPER

On January 28, 2022, the Group, through its wholly-owned subsidiary, ACEN Vietnam Investments Pte. Ltd. (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 (P2,815.20 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.

(3) 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.

(4) 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.

(5) The Blue Circle Pte. Ltd. (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. which resulted to gain amounting to \$12.77 million (₱734.67 million). The gain is presented under "Gain (loss) on acquisition and disposal of investments" account in profit or loss.

Interests in Joint Ventures

(6) ACEHI Netherlands B.V. (ACEHI Netherlands)

In 2017, the Group acquired an interest in Salak and 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. 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 lose its control, and reclassifying ACEHI Netherlands as joint venture (see 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, 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 and Darajat amounting to US\$11.88 million (₱655.78 million) and US\$26.53 million (₱1,479.29 million) in 2023 and 2022, respectively.

(7) PhilWind and NLR

In 2013, ACEN signed an investment framework agreement and shareholder’s agreement with UPC Philippines Wind Holdco I BV and the PINAI to develop 81MW a wind power project in Ilocos Norte through 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 33.33% ownership in NLR for ₱2,385.27 million.

PhilWind directly and indirectly owns 66.7% of NLR through its 38.0% direct interest and 28.7% indirect interest through its wholly-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.

(8) BIMRE and BIMEH

In 2018, the Group entered into a 30-70 joint venture agreement with BIM Group to develop, construct, and operate at 300 MW of 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.

(9) 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.

(10) 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.

(11) 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.

(12) 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 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.

(13) 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 BV.

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 \$25.64 million (₱1,419.45 million; see Note 8).

⁽¹⁴⁾ 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 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 8).

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 amount 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	AATI
Classification	Joint venture	Joint venture	Joint venture	Joint venture VND	Joint Venture	Joint Venture	Associate	Associate	Associate
Functional currency	PHP	PHP	PHP	(in billions)	US\$	PHP	PHP	US\$	PHP
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	₱10.25
Other current assets	2,746.70	1,655.31	856.20	738.50	95.10	206.83	365.57	12.80	0.22
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	16,775.94
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	16,786.41
Accounts and other payables	675.07	630.43	398.69	9.92	5.38	225.94	298.71	4.92	0.85
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	0.20
Total Liabilities	10,765.89	7,842.28	737.86	4,841.32	1,724.29	4,935.73	1,885.26	174.33	1.05
Equity	₱8,813.55	₱3,822.28	₱1,364.99	₱1,267.11	\$1,247.85	₱843.68	₱3,655.68	\$75.64	₱16,785.36
Share in equity	₱2,722.98	₱1,308.20	₱682.83	₱452.74	\$226.20	₱434.94	₱909.69	\$45.60	₱16,010.08
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	₱16,010.08
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	₱16,010.08
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	₱16,010.08



	PhilWind	NLR	Ingrid	BIMRE	ACEHI Netherlands	Greencore 3	MGI	SUPER	AATI
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Joint Venture	Joint Venture	Associate	Associate	Associate
Functional currency	PHP	PHP	PHP	VND (in billions)	US\$	PHP	PHP	US\$	PHP
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	₱12,933.83
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	0.08
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	0.01
Other cost and expense	420.16	355.66	776.67	59.34	73.75	153.07	312.97	10.27	0.57
Net income (loss)	1,720.01	1,094.81	(400.07)	329.56	139.89	436.42	340.97	(8.10)	12,933.17
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)	12,933.17
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)	₱5,173.27
Total comprehensive income (loss) in Philippine Peso	₱1,717.83	₱1,092.63	(₱400.18)	₱0.78	₱7,630.86	₱–	₱343.15	(₱501.84)	12,933.17
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)	₱5,173.27

2022 (Amounts in millions, except otherwise stated)

	PhilWind	NLR	Ingrid	BIMRE	Salak and Darajat	MGI	AATI
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Associate	Associate	Associate
Functional currency	PHP	PHP	PHP	VND (in billions)	US\$	PHP	PHP
Dividends received	₱542.32	₱30.46	₱–	₱66.98	\$26.53	₱–	₱–
Summarized Statements of Financial Position:							
Cash and cash equivalents	₱2,619.09	₱562.09	₱208.60	₱105.65	\$94.09	₱290.73	₱10.45
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	16,775.94
Total assets	11,604.96	11,470.50	3,747.01	6,223.91	2,820.32	5,686.57	16,786.39
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	–	0.14
Lease liabilities - net of current portion	41.33	41.33	42.19	–	1.47	1.58	–

(Forward)



	PhilWind	NLR	Ingrid	BIMRE	Salak and Darajat	MGI	AATI
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	0.22
Total Liabilities	7,987.65	7,974.88	1,982.89	5,062.87	1,787.03	2,376.24	0.36
Equity	₱3,617.31	₱3,495.61	₱1,764.12	₱1,161.04	₱1,033.29	₱3,310.33	₱16,786.03
Share in equity	₱1,498.56	₱1,122.12	₱882.92	₱348.31	\$204.59	₱823.36	₱10,823.65
Notional goodwill	3,264.62	1,184.20	285.71	363.00	2.04	—	—
Carrying value of investments in functional currency	₱4,763.18	₱2,306.32	₱1,168.63	₱711.31	\$206.63	₱823.36	₱10,823.65
Carrying value of investments in Philippine Peso	₱4,763.18	₱2,306.32	₱1,168.63	₱0.73	₱11,383.82	₱823.36	₱10,823.65
CTA	—	—	—	1.07	166.78	—	—
Carrying value of investments in reporting currency	₱4,763.18	₱2,306.32	₱1,168.63	₱1.80	₱11,550.60	₱823.36	₱10,823.65
Summarized Statements of Comprehensive Income:							
Revenue	₱2,170.93	₱2,222.16	₱3,328.21	₱1,204.47	\$371.77	₱972.92	₱7,861.01
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	0.41
Net income (loss)	987.28	976.61	(83.99)	281.87	118.83	146.43	₱7,860.60
Other comprehensive income	—	—	—	—	0.29	—	—
Total comprehensive income (loss) at functional currency	₱987.28	₱976.61	(₱83.99)	₱281.87	\$119.12	₱146.43	₱7,860.60
Group's share in total comprehensive income (loss) at functional currency	₱556.39	₱51.39	(₱42.03)	₱83.95	\$23.91	₱38.32	₱3,144.21
Total comprehensive income (loss) in Philippine Peso	₱987.28	₱976.61	(₱83.99)	₱0.65	₱6,641.61	₱146.43	₱7,860.60
Group's share in total comprehensive income (loss) in Philippine Peso	₱556.39	₱51.39	(₱42.03)	₱0.19	₱1,306.48	₱38.32	₱3,144.21

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.



8. Investments in Other Financial Assets at Amortized Cost

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

	2023	2022
<i>Redeemable preferred shares:</i>		
AMI AC Renewables Corporation (AAR)	₱6,943,641,395	₱6,991,916,664
UPC-ACE Solar	4,323,868,281	4,332,163,500
BIM Wind	2,232,294,454	2,074,682,797
NEFIN	1,713,369,280	1,142,419,950
Impact Wind	1,419,454,448	—
BIMRE	1,350,289,632	1,359,678,498
UPC Renewables Asia III Ltd. (UPC Asia III)	1,210,629,617	1,219,047,396
BIM Energy Joint Stock Company (BIME)	235,609,873	237,248,120
	19,429,156,980	17,357,156,925
<i>Subscription deposits:</i>		
Beacon Capital Holdings Limited	1,356,565,000	—
UPC Renewables Asia Pacific Holdings Pte. Limited (UPCAPH)	110,740,000	—
BIM Wind	—	293,478,715
Suryagen Capital Pte. Ltd. (Suryagen)	—	139,387,500
	1,467,305,000	432,866,215
<i>Convertible loans:</i>		
VWEL	2,113,578,000	2,118,689,999
Asian Wind 1	900,548,669	1,449,630,000
Asian Wind 2	868,589,017	1,186,973,260
	3,882,715,686	4,755,293,259
	24,779,177,666	22,545,316,399
Less allowance for expected credit losses	3,145,378,440	1,284,409,257
	₱21,633,799,226	₱21,260,907,142

Investment 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	₱17,357,156,925	₱432,866,215	₱17,790,023,140
Additions	2,433,046,460	1,467,305,000	3,900,351,460
Conversion	176,218,908	(176,222,179)	(3,271)
Redemption	(74,751,686)	(249,235,706)	(323,987,392)
Reclassification:			
Financial asset at FVOCI	(353,340,000)	—	(353,340,000)
Investment in joint venture	(1,859,014)	—	(1,859,014)
Translation and foreign exchange adjustments	(107,314,613)	(7,408,330)	(114,722,943)
	19,429,156,980	1,467,305,000	20,896,461,980
Less allowance for ECL	878,428,859	—	878,428,859
Balances at end of year	₱18,550,728,121	₱1,467,305,000	₱20,018,033,121



2022

	Redeemable Preferred Shares	Subscription Deposit	Total
Balances at beginning of year	₱10,944,930,953	₱1,821,551,815	₱12,766,482,768
Additions	3,571,738,700	180,447,653	3,752,186,353
Conversion	1,899,833,992	(1,899,833,992)	–
Reclassification to investment in joint venture	–	(134,228,315)	(134,228,315)
Cumulative translation adjustment	940,653,280	464,929,054	1,405,582,334
	17,357,156,925	432,866,215	17,790,023,140
Less allowance for ECL	–	–	–
Balances at end of year	₱17,357,156,925	₱432,866,215	₱17,790,023,140

Investments in redeemable preferred shares

a. 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 of 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-ACE Solar

In 2021 and 2020, the Group entered into different Share Subscription Agreement with UPC-ACE Solar to subscribe to 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 provision for ECL amounting to \$15.47 million (₹878.43 million).

As at December 31, 2023 and 2022, the carrying amount is US\$62.23 million (₹3,445.44 million) net of allowance for expected credit losses, and US\$77.70 million (₹4,332.16 million), respectively.

c. 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 of 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

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 of 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

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

f. 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 of 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 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 realised 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 of 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. 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 of 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. UPCAPH

On December 13, 2023, the Group entered into an agreement with UPCAPH 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 US\$2.00 million.

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

c. BIM Wind

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

In 2023, subscriptions amounting to US\$3.14 million (₱176.22 million) was converted and US\$2.12 million (₱119.34 million) was collected.

As of December 31, 2023 and 2022, remaining unconverted subscription deposit amounted to nil and US\$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 US\$2.50 million (₱129.90 million) was redeemed in 2023.

As at December 31, 2023 and 2022, nil and US\$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	₱4,755,293,259	₱13,319,476,230
Additions	1,807,638,877	2,807,214,282
Redemptions	(2,341,773,977)	(14,508,406)
Translation and foreign exchange adjustments	(338,442,473)	1,519,910,653
Reclassified from receivables from a related party	–	74,446,275
Effect of business combination	–	(12,951,245,775)
	3,882,715,686	4,755,293,259
Less allowance for ECL	2,266,949,581	1,284,409,257
Balance at end of year	₱1,615,766,105	₱3,470,884,002

a. 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 of December 31, 2023 and 2022, the carrying value of the convertible loan amounted to nil and US\$14.96 million (₱834.28 million), respectively.

b. Asian Wind 1

On April 12, 2019, the Group 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, the outstanding convertible loan facility amounting to US\$26.00 million (₱1,318.77 million) has been repaid.



On September 27, 2023, ACEV and Asian Wind 1 entered into an agreement to make available a Convertible Preferred C facility in aggregate principal amount of US\$16.26 million (P920.15 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 of December 31, 2023 and 2022, the outstanding loan amounted to US\$16.26 million (P900.55 million) and US\$26.00 million (P1,449.63 million), respectively.

c. 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 (P14.51 million).

On September 29, 2023, the outstanding convertible loan facility amounting to US\$21.29 million (P1,023.00 million) has been repaid.

On September 27, 2023, ACEV and Asian Wind 2 entered into an agreement to make available a Convertible Preferred C facility in aggregate principal amount of US\$15.69 million (P887.49 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 of December 31, 2023 and 2022, the outstanding loan amounted to US\$15.69 million (P868.59 million) and US\$21.29 million (P1,186.97 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 (P2,350.55 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 (₱2,807.21 million) which was subsequently reclassified as part of the Group's interest upon acquisition of control over UPC-ACE Australia.

Convertible loans amounting to US\$228.98 million (₱12,951.25 million) was eliminated as effect of the Group's acquisition of control over UPC-ACE Australia (see Note 21).

Allowance for ECL

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 ECL amounting to US\$15.47 million (₱878.43 million) in redeemable preferred shares in UPC-ACE Solar and US\$17.73 million (₱982.54 million) convertible loan to VWEL, respectively .

In 2022, the Group recognized additional allowance for ECL amounting to \$23.04 million (₱1,284.41 million) in convertible loan to VWEL.

As of December 31, 2023 and 2022, the Group has an outstanding ECL provision amounting to \$56.24 million (₱3,145.38 million) and \$23.04 million (₱1,284.41 million), respectively.

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

Interest income earned from these assets amounted to ₱3,137.34 million and ₱3,474.91 million in 2023 and 2022, respectively.



9. Property, Plant and Equipment

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	₱1,815,249,326	₱785,613,555	₱16,926,373,273	₱264,696,338	₱677,528,464	₱253,226,068	₱46,581,056,688	₱67,303,743,712
Additions	269,189,282	29,084,647	339,127,795	86,729,441	91,342,679	115,213,368	26,217,130,454	27,147,817,666
Capitalization of borrowing cost	—	—	1,852,968,009	—	—	—	—	1,852,968,009
Transfer from advances to contractors or other assets	—	—	—	—	—	—	500,668,685	500,668,685
Acquisition from business combination	—	—	18,458,494	—	—	10,474,772	12,891,580	41,824,846
Transfer to advances for land acquisition	(34,141,538)	—	—	—	—	—	—	(34,141,538)
Disposals and retirement	—	—	(8,721,545)	(31,124,627)	—	(770,000)	—	(40,616,172)
Translation and foreign exchange adjustments	(86,082)	—	(662,599)	(12,656)	(3,861,907)	(3,897)	83,698,047	79,070,906
Reclassification	—	—	(1,354,254,558)	8,481,745	1,353,745,064	(378,048)	(7,594,203)	—
Balance at end of year	2,050,210,988	814,698,202	17,773,288,869	328,770,241	2,118,754,300	377,762,263	73,387,851,251	96,851,336,114
Accumulated depreciation:								
Balance at beginning of year	39,175,116	136,454,311	4,055,024,451	132,403,622	436,763,424	144,181,097	—	4,944,002,021
Depreciation	11,210,637	66,599,203	957,141,263	54,091,975	(4,040,471)	70,622,745	—	1,155,625,352
Translation and foreign exchange adjustments	—	—	446,017	(743,543)	—	224,185	—	(73,341)
Disposals and retirement	—	—	(5,193,358)	(16,831,707)	—	(770,000)	—	(22,795,065)
Reclassifications	—	—	60,197,735	(10,415)	(60,198,213)	10,893	—	—
Balance at end of year	50,385,753	203,053,514	5,067,616,108	168,909,932	372,524,740	214,268,920	—	6,076,758,967
Accumulated impairment loss:								
Balance at beginning of year	—	—	112,749,138	—	—	—	361,154,279	473,903,417
Provision for impairment loss	—	—	—	—	—	—	4,569,089	4,569,089
Balance at end of year	—	—	112,749,138	—	—	—	365,723,368	478,472,506
Net Book Value	₱1,999,825,235	₱611,644,688	₱12,592,923,623	₱159,860,309	₱1,746,229,560	₱163,493,343	₱73,022,127,883	₱90,296,104,641



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	₱1,975,132,880	₱7,081,206,732	₱32,005,479,013	₱183,291,055	₱856,903,746	₱241,220,636	₱4,663,301,324	₱47,006,535,386
Additions	418,717,086	178,857,624	469,132,029	80,304,736	90,533,531	65,110,122	25,455,189,489	26,757,844,617
Capitalization of borrowing cost	—	—	—	—	—	—	747,775,086	747,775,086
Transfer from advances to contractors or other assets	(184,006,427)	—	—	—	—	—	189,720,644	5,714,217
Transfer to noncurrent assets held for sale	—	—	—	—	(4,465,357)	—	1,440,728	(3,024,629)
Acquisition from business combination	155,040,423	—	48,921,073	17,845,838	—	3,143,349	14,487,777,508	14,712,728,191
Deconsolidation of SLTEC	(550,763,364)	(6,617,070,294)	(15,817,971,004)	(3,570,517)	(198,494,351)	(74,578,992)	(34,103,965)	(23,296,552,487)
Disposals and retirement	—	—	(6,870,351)	(12,700,138)	(29,145)	(3,784,038)	—	(23,383,672)
Translation and foreign exchange adjustments	1,128,728	—	11,395,401	2,411,195	—	1,076,733	1,380,094,946	1,396,107,003
Reclassification	—	142,619,493	216,287,112	(2,885,831)	(66,919,960)	21,038,258	(310,139,072)	—
Balance at end of year	1,815,249,326	785,613,555	16,926,373,273	264,696,338	677,528,464	253,226,068	46,581,056,688	67,303,743,712
Accumulated depreciation:								
Balance at beginning of year	29,042,645	866,281,517	4,906,081,905	99,460,397	389,656,412	138,768,290	—	6,429,291,166
Depreciation	10,806,424	317,597,099	1,588,147,022	36,618,047	129,453,305	52,898,149	—	2,135,520,046
Deconsolidation of SLTEC	(673,953)	(1,047,424,305)	(2,478,736,809)	1,814,175	(54,108,834)	(39,227,041)	—	(3,618,356,767)
Translation and foreign exchange adjustments	—	—	6,593,049	689,714	—	752,867	—	8,035,630
Disposals and retirement	—	—	(1,646,849)	(6,178,711)	—	(2,662,494)	—	(10,488,054)
Reclassifications	—	—	34,586,133	—	(28,237,459)	(6,348,674)	—	—
Balance at end of year	39,175,116	136,454,311	4,055,024,451	132,403,622	436,763,424	144,181,097	—	4,944,002,021
Accumulated impairment loss:								
Balance at beginning of year	—	—	112,749,138	—	—	—	319,710,459	432,459,597
Provision for impairment loss	—	—	—	—	—	—	41,443,820	41,443,820
Balance at end of year	—	—	112,749,138	—	—	—	361,154,279	473,903,417
Net Book Value	₱1,776,074,210	₱649,159,244	₱12,758,599,684	₱132,292,716	₱240,765,040	₱109,044,971	₱46,219,902,409	₱61,885,838,274



Significant Additions During the Year

In 2023 and 2022, the Group invested significant capital expenditure 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 acquired assets with a cost of ₱29,700.72 million and ₱27,505.63 million, respectively. Additionally, in 2023 and 2022, the Group acquired property, plant, and equipment through business combination amounting to ₱41.82 million and ₱14,712.73 million, respectively (see Note 21).

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, Plant 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 of December 31, 2023 and 2022, respectively, included under "Machinery and Equipment" account is mortgaged as security for a long-term loan (see Note 14).

Guimaras Wind's wind farm with carrying value of ₱3,374.16 million and ₱3,500.49 million as of December 31, 2023 and 2022, respectively, included under "Machinery and Equipment" account is mortgaged as security for the long-term loan (see Note 14).

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 14).

Contractual commitments

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



Total depreciation charged “cost of power operations” account in profit or loss amounted to ₱934.09 million and ₱1,668.05 million in 2023 and 2022, respectively. The amount charged to “Depreciation and amortization” account in the consolidated statement of income amounted to ₱221.53 million and ₱467.47 million in 2023 and 2022, respectively.

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

10. Right-of-use Assets and Lease Liabilities

Right-of-use Assets

The rollforward analysis of this account is as follows:

2023

	Land and Easement Rights	Land and Power Plants	Office Space and Parking Slots	Leasehold Rights	Total
As at January 1, 2023	₱838,001,376	₱533,130,331	₱2,396,882,328	₱334,976,214	₱4,102,990,249
New lease agreements	856,213,753	535,823,320	381,738,542	2,357,116,763	4,130,892,378
Amortization expense	(11,149,231)	(101,734,731)	(165,268,475)	(51,684,512)	(329,836,949)
Remeasurements	18,818	376,324,133	(4,685,469)	337,924,879	709,582,361
Capitalized amortization	(17,639,677)	(8,291,209)	(27,445,548)	(66,521,022)	(119,897,456)
Translation and foreign exchange adjustments	—	—	(374,744)	74,838,047	74,463,303
Reclassifications	10,572,881	—	—	(10,572,881)	—
As at December 31, 2023	₱1,676,017,920	₱1,335,251,844	₱2,580,846,634	₱2,976,077,488	₱8,568,193,886

2022

	Land and Easement Rights	Land and Power Plants	Office Space and Parking Slots	Leasehold Rights	Total
As at January 1, 2022	₱383,530,818	₱815,511,667	₱989,894,753	₱352,236,507	₱2,541,173,745
New lease agreements	1,895,833	149,742,524	130,465,309	—	282,103,666
Amortization expense	(20,275,841)	(14,780,657)	(150,870,109)	(17,260,293)	(203,186,900)
Remeasurements	(425,294)	69,123,071	(19,516,155)	—	49,181,622
Acquired through business combination (see Note 21)	—	—	1,323,556,832	—	1,323,556,832
Translation and foreign exchange adjustments	—	—	110,161,284	—	110,161,284
Reclassifications	473,275,860	(486,466,274)	13,190,414	—	—
As at December 31, 2022	₱838,001,376	₱533,130,331	₱2,396,882,328	₱334,976,214	₱4,102,990,249

There was no indication of impairment on the right-of-use assets of the Group as of December 31, 2023 and 2022.



Lease liabilities

The rollforward analysis of this account follows:

	2023	2022
Balance at beginning of year	₱4,510,340,728	₱2,757,230,062
New lease agreements	3,913,667,599	263,077,325
Remeasurement due to lease modification	384,807,005	2,992,941
Interest expense	252,463,236	200,800,986
Capitalized amortization or interest expense	208,695,033	—
Payments	(779,212,094)	(299,848,600)
Translation and foreign exchange adjustments	(92,157,580)	186,662,040
Acquired through business combination (see Note 21)	—	1,485,756,117
Remeasurement due to termination of contract	—	(86,330,143)
	8,398,603,927	4,510,340,728
Less current portion	855,189,510	262,226,361
Noncurrent portion	₱7,543,414,417	₱4,248,114,367

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 and 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 Leases

Between February and November 2023, ACEN Australia entered into several lease agreements with third parties for a total of 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 Leases

Between February and August 2023, ACEN Australia entered into several lease agreements with third parties for a total of 4,077 acres of land located in Stubbo, NSW as site for the construction and operation of the proposed 400 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 amounting to \$1.10 million, 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.

ACES' Contract of Lease

In 2022, Ayala Land, Inc. (ALI), as a lessor, and ACEIC, as a lessee, signed a Deed of Assignment with ACES related to the contract of lease dated July 1, 2017 for the lease of office unit with a gross leasable area approximately 1,416.15 square meters located at the 4th Floor 6750 Ayala Avenue Office Tower and a total of eighteen (18) appurtenant parking slots, and a separate Stockroom Agreement dated October 23, 2018 for the lease of stockroom with a gross leasable area of approximately 12.76 square meters located on the same floor.

Effective February 1, 2022, ACEIC assigned to ACES all its rights and interests under the contract. ACES took over the lease subject to the same terms and conditions contained in the contract, which ended on June 30, 2022. On August 26, 2022, ACES entered into a renewal of contract of lease of the office units, parking slots, and stockroom with the term of lease of five years starting from July 1, 2022 to June 30, 2027.

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 ISLASOL. 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 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

SolarAce1's Contract of Lease for Land

On September 30, 2019, SolarAce1 entered into a lease agreement with a related party ALI, Crimson Field Enterprises Inc. and Red Creek Properties Inc. for a 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 Solarace1 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 per 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 approximately 177,774 square meters situated in Brgy. Malaya, Pililla, Rizal.



11. Intangible Assets

Goodwill

The rollforward of this account follows:

	2023	2022
Balance at beginning of year	₱22,042,657,790	₱1,767,760,807
Acquisition of subsidiaries (see Note 21)	218,200,874	21,665,700,150
Translation and foreign exchange adjustments	(244,524,430)	(721,763,127)
Change due to loss of control (see Note 2)	—	(669,040,040)
Balance at end of year	₱22,016,334,234	₱22,042,657,790

In 2023, additions to goodwill are from acquisitions of Sinocalan amounting to ₱114.00 million and YMP Telecom and YMP Industrial amounting to ₱104.20 million (see Note 21).

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 21).

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 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 is comprised of:

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

The goodwill arising from the acquisitions in Sinocalan, YMP Telecom, YMP Industrial, 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 analysis 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, interest expenses 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 of December 31, 2023 and 2022.

Intangible assets other than goodwill

The rollforward of this account follows:

	2023	2022
Balance at beginning of year	₱2,155,391,832	₱2,209,246,186
Additions	85,597,234	5,366,520
Cash calls on deferred exploration costs	54,614	—
Recoveries from consortium partner	(2,855,564)	—
Acquisitions due to business combination (see Note 21)	—	103,758,762
Provision for impairment loss	—	(583,951)
Amortization during the year	(162,528,333)	(162,395,685)
Balance at end of year	₱2,075,659,783	₱2,155,391,832

Intangible asset amounting to ₱2,191.81 million arising from identifiable FIT contract was recognized from acquisition of SACASOL with remaining useful life of 13 years. As of December 31, 2023 and 2022, the carrying amount is ₱1,623.20 million and ₱1,774.93 million, respectively.

This account also includes the contract of the Group for the supply and distribution of water to third parties.

12. Other Assets

This account consists of:

	2023	2022
Current:		
Inventories	₱964,053,284	₱806,986,108
Prepaid expenses	340,287,677	204,006,749
Bill deposits	267,495,015	224,761,913
Advances to contractors	236,368,153	267,308,480
Derivative assets (see Note 22)	177,828,318	617,139,023
Other current assets	3,296,415	28,221,335
	₱1,989,328,862	₱2,148,423,608
Noncurrent:		
Derivative assets (see Note 22)	₱6,269,688,522	₱—
Advances to contractors	1,649,900,351	1,722,023,081
Advances for land acquisition	1,247,724,576	809,975,374
Bill deposits	166,815,974	123,056,628
Others	225,191,702	117,397,432
	₱9,559,321,125	₱2,772,452,515



Inventories consists of:

	2023	2022
Fuel	₱577,415,104	₱524,580,417
Spare parts	386,638,180	282,405,691
	₱964,053,284	₱806,986,108

Fuel charged to “Cost of power operations” account in the statement of consolidated income amounted to ₱1,525.52 million and ₱4,957.52 million for the years ended December 31, 2023 and 2022, respectively.

Prepaid expenses pertain to insurance, subscriptions, rent, taxes and other expenses paid in advance.

Bill deposits pertain to the deposit with Meralco equivalent to the RES customer’s average billing in the immediately preceding twelve (12) months or in case of a newly connected RES’s customer, based on projected demand and/or energy of such customer. The bill deposit may be applied by Meralco to any outstanding bill, billing adjustment or differential billing upon termination of the contract. Noncurrent bill deposits also include noncurrent portion of deposits to distribution utilities and noncurrent portion of the refundable security deposit with Subic Bay Metropolitan Authority (SBMA).

Advances to contractors pertain to advance payments for services and supply of repairs and maintenance. Noncurrent advances to contractors consist of advance payments for capital expenditures of renewable projects which will be capitalized to property, plant and equipment once construction works have been completed.

Long-Term Energy Supply Agreements (LTESA)

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).

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 16) 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 the two-year electricity swap contract.

13. Accounts and Other Payables

This account consists of:

	2023	2022
Payable to contractors	₱2,857,165,645	₱1,616,964,009
Nontrade payables	4,293,691,203	1,236,326,456
Trade payables	3,226,344,133	4,304,871,531
Accrued expenses	1,939,822,741	4,609,143,364
Taxes payable	1,825,286,211	2,046,171,905
Interest payable	1,526,177,735	870,868,389
Other payables	9,629,458	7,513,161
	₱15,678,117,126	₱14,691,858,815

Payable to contractors pertains to the unpaid shuttle service, unpaid machinery repair cost and unpaid manpower cost related to plant preventive maintenance. These are non-interest bearing and are normally settled on 30- to 60-day terms after receipt of billing invoice.

Trade payables include billings of goods and services from various suppliers and are normally settled within 30 days.

Accrued expenses includes the following:

	2023	2022
Compensation and benefits	₱687,030,374	₱510,080,533
Taxes and licenses	194,829,609	364,554,283
Professional fees	94,802,240	535,297,990
Insurance	1,241,944	1,359,393
Repairs and maintenance	881,292	3,820,146
Project costs (see Note 20)	—	2,432,599,044
Transportation and hotel accommodation	342,012,023	149,988,837
Other provisions for expenses	619,025,259	611,443,138
	₱1,939,822,741	₱4,609,143,364

Taxes payable include output tax, deferred output tax, withholding and income tax payable. As of December 31, 2023 and 2022, income tax payable amounted to ₱211.23 million and ₱143.78 million, respectively.



Project costs are payables related to development projects under UPC Australia (see Note 20).

Other provisions for expenses include provision for potential claims and losses and corporate bonuses.

14. Short-term Loans, Loans Payable, and Notes Payable

Short-term Loans

The rollforward of this account follows:

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

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 and other financing charges recognized on short-term loans for the years ended December 31, 2023 and 2022 amounted to ₱174.58 million and ₱179.92 million, respectively.



Loans Payable

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
ACEIC								
₱10,000.00 million or US\$ equivalent Loan	\$62.50 million \$37.50 million	November 23, 2020 December 22, 2020	12 years, November 22, 2032 12 years, December 21, 2032	4.0370% per annum for the first 5 years; subject to repricing for the next 7 years 4.0267% per annum for the first 5 years; subject to repricing for the next 7 years	10% of the principal and interest payable semi-annual; remaining 90% of the principal lump sum at maturity	Maximum DE ratio of 2.33x and net debt to equity ratio of 3.0x Based on the ACEIC year-end balances. Tested annual	₱5,640,011,400	₱5,703,891,333
₱3,500.00 million Loan	₱3.50 billion	October 19, 2022	10 years, October 21, 2032	6.0441-6.9516% per annum subject to quarterly repricing	5% of the principal and interest payable quarterly; remaining 95% of the principal lump sum at maturity	Maximum DE ratio of 2.33x and net debt to equity ratio of 3.0x Based on the ACEIC year-end balances. Tested annual	3,500,000,000	1,000,000,000
US\$60.00 million Loan	US\$60.00 million	December 22, 2020	12 years, December 22, 2032	3.0000% per annum for the first 5 years; subject to repricing for the next 7 years	20% of the principal and interest payable quarterly; remaining 80% of the principal lump sum at maturity	Maximum DE ratio of 2.33x and net debt to equity ratio of 3.0x Based on the ACEIC year-end balances. Tested annual	3,352,096,458	3,417,649,936
₱1,000.00 million Loan	₱1,000.00 million	February 23, 2017	10 years, February 23, 2027	6.0000% per annum	Principal lump sum at maturity and interest payable semi-annual	Maximum DE ratio of 2.33x and net debt to equity ratio of 3.0x Based on the ACEIC year-end balances. Tested annual	1,000,000,000	1,000,000,000
₱5,000.00 million Loan	₱100.00 million	June 29, 2017	7 years, June 28, 2024	5.7500% per annum	16% of the principal and interest payable quarterly; remaining 84% of the principal lump sum at maturity	Maximum DE ratio of 2.33x and net debt to equity ratio of 3.0x Based on the ACEIC year-end balances. Tested annual	85,000,000	89,000,000



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.	611,312,856	692,423,639
₱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	4,789,473,684	4,842,105,263
₱7,000.00 million Loan C	₱500.00 million	July 15, 2020	July 15, 2030	5.00% 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	6,907,000,000	4,476,000,000
	₱1,000.00 million	August 24, 2020	July 15, 2030	5.00% per annum				
	₱1,000.00 million	June 10, 2022	July 15, 2030	5.066% per annum; repricing for the 4 th and 7 th anniversaries	Principal and interest payable quarterly			



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
	₱2,000.00 million ₱2,500.00 million	November 15, 2022 January 13, 2023	July 15, 2030 July 15, 2030	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				
₱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	4,477,500,000	4,500,000,000



Facility	Loan Avalied	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 1 st 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	6,000,000,000	3,000,000,000
₱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 2 nd , 4 th , 6 th , and 8 th 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	250,000,000	—
₱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	500,000,000	—
₱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 (60) months	Principal and interest payable quarterly	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	500,000,000	—



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
				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.	1,777,670,000	1,939,360,000
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.	987,745,550	1,142,502,550
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	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.	600,000,000	—



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
				by the Interest Premium Factor, whichever is higher				
ACEN Australia								
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 consolidated year-end balances. Tangible net worth of AU\$150 million at ACEN Australia Semi annually, together with financial statements.	1,646,344,940	1,299,043,812
	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 consolidated year-end balances. Tangible net worth of AU\$150 million at ACEN Australia Semi annually, together with financial statements.	2,810,380,282	1,066,512,270
	AU\$11.00 million	January 23, 2023	September 16, 2027	4.8683% per annum				
	AUD\$14.00 million	March 16, 2023	September 16, 2027	5.3615% per annum				
	AUD\$5.00 million	May 18, 2023	September 16, 2027	5.5114% per annum				
	AUD\$2.00 million	June 20, 2023	September 16, 2027	6.0016% per annum				
	AUD\$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 other	Net DE Ratio of 3.0x based on the ACEN Corp consolidated year- end balances.	1,571,556,386	14,102,251
		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\$5.00 million AUD\$7.00 million AUD\$15.00 million AUD\$15.00 million	August 24, 2023 September 24, 2023 November 5, 2023	October 28, 2027 October 28, 2027 October 28, 2027	6.4275% per annum 6.4275% per annum 6.4275% per annum	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\$204.54 million Loan	AU\$157.78 million AU\$6.125 million AU\$0.699 million AU\$6.00 million AU\$0.610 million AU\$18.00 million AU\$2.50 million AU\$2.406 million AU\$5.00 million AU\$2.844 million	February 11, 2021 January 22, 2023 February 22, 2023 March 16, 2023 March 22, 2023 April 24, 2023 May 18, 2023 June 22, 2023 September 4, 2023 September 22, 2023	December 22, 2025 December 22, 2025 December 22, 2025 December 22, 2025 December 22, 2025 December 22, 2025 December 22, 2025 December 22, 2025 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 Default DSCR Ratio of 1.15x, 12 months backward and forward looking. Secured by Property Based on the ACEN consolidated year-end balances. Tested quarterly after conversion to operation term facility.	7,560,252,796	5,933,641,183



Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	2023	2022
	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 consolidated year-end balances.	4,950,760,454	—
	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				
	AU\$10.00 million	June 20, 2023	January 6, 2028	5.8601% per annum		Semi-annually, together with financial statements.		
	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				
Less unamortized debt issue cost							P59,517,104,806 221,192,884	P40,116,232,237 199,025,000
Less current portion							59,295,911,922 1,496,351,286	39,917,207,237 846,848,739
Loans payable, net of current portion							P57,799,560,636	P39,070,358,498



The rollforward of this account is as follows:

	2023	2022
Balances at beginning of year	₱39,917,207,237	₱30,160,086,935
Availment	20,086,442,344	23,753,475,307
Amortization of debt issue cost	32,957,116	37,334,091
Accrued interest	81,128,651	75,491,832
Payments	(668,323,772)	(7,406,281,879)
Translation and foreign exchange adjustments	(98,374,654)	1,341,064,899
Additional debt issue cost	(55,125,000)	(261,442,745)
Assumed through business combination	—	5,499,956,300
Derecognition	—	97,864,075
Change due to loss of control (see Note 2)	—	(13,380,341,578)
Balance at end of year	59,295,911,922	39,917,207,237
Less current portion	1,496,351,286	846,848,739
Noncurrent portion	₱57,799,560,636	₱39,070,358,498

Movements in debt issue costs related to loans payable are as follow:

	2023	2022
Balance at beginning of year	₱199,025,000	₱287,139,241
Additions	55,125,000	261,442,745
Amortization of debt issue cost	(32,957,116)	(37,334,091)
Derecognition	—	(97,864,075)
Change due to loss of control	—	(214,358,820)
Balance at end of year	₱221,192,884	₱199,025,000

Total interest expense and other financing charges recognized on loans payable amounted to ₱1,665.01 million and ₱1,687.98 million for the years ended December 31, 2023 and 2022, respectively.

ACEIC

The Parent Company entered into several Term Loan Agreements to finance its investments in energy-related projects and for general corporate needs.

On February 20, 2017, the Parent Company entered into an unsecured loan agreement with an Insurance Company amounting to ₱1,000.00 million, payable in 10 years from the date of drawdown. The loan shall be paid in one lump sum at the maturity date.

On June 22, 2017, the Parent Company entered into unsecured loan agreement with a local bank amounting to ₱5,000.00 million. Principal payments has a grace period of up to three (3) years, reckoned from the initial drawdown. Interest rate is fixed on the outstanding principal amount of the loan for all drawdowns made from June 2017 to June 2018. For all drawdowns beyond June 2018, the interest rate shall be based on the relevant Peso Benchmark Rate PDST-R2 rate, plus credit spread, the fixed interest rate shall have a floor rate of 5.00%.

On September 25, 2020, the Parent Company secured a 12-year term loan facility from a local bank with maximum loanable amount of ₱10,000.00 million or its US dollar equivalent. Interest repricing will be based on the higher of the 7-year U.S. Treasury Rate plus an agreed margin, with the sum divided by an interest premium factor, or the existing rate, on the 5th anniversary from the drawdown date.



On November 27, 2020, the Parent Company secured a 12-year term loan facility from a local bank with maximum loanable amount of US\$60.00 million. Interest repricing shall be based on the higher of the relevant U.S. Dollar-denominated ROP Bond yield plus an agreed spread, or the floor rate of 2.70% on the 5th and 10th anniversary from the drawdown date.

On October 19, 2022, the Parent Company entered into unsecured loan agreement with BDO Unibank, Inc. amounting to ₱3,500.00 million. Interest rate is equivalent to a floating interest rate based on the 3-Month PHP BVAL Reference Rate.

The loans require the Parent Company to have a maximum debt to equity ratio of 2.33 to 1.00 and net debt to total equity ratio of 3.00 to 1.00. These were complied with by the Parent Company as of December 31, 2023 and 2022.

As of December 31, 2023, the Parent Company has available short term credit facilities up to ₱27,400.00 million available in pesos and dollar from local and foreign partner banks. There are no outstanding loans drawn from credit facilities as of December 31, 2023 and 2022. The credit facilities have expiry dates in 2024 with annual renewal option.

ACEN

The long-term loans ACEN also contain prepayment provisions as follows:

Loan	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.
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	Prepayment Provision
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 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 Covenants

ACEN has complied with all of its loan covenants as of 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 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 NorthWind 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 when the loan was made. The Tranche A's interest is to be fixed at the higher of 10-year PDS Treasury Fixing (PDST-F) plus a spread 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 for the last 5 years. The Tranche B will be fixed at higher of interpolated 15-year PDST-F plus a spread or a minimum interest rate of 6.50%. The interest rate floor on the loan is an embedded derivative that is required to be bifurcated. 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 under "Cash and cash equivalents" account in the consolidated statements of financial position (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 minimum DSCR of 1.2x and maximum debt to equity ratio of 70:30.

MONTESOL

On August 17, 2023, the Company entered into an 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 0.90%, or (b) 5.75%, whichever is higher.

The OLSA 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 5.75% to 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 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.

ACRI

- a. 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 of December 31, 2023, there are no drawdowns from this facility.
- b. 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 of December 31, 2023, there are no drawdowns from this facility.

Loan Covenants

ACEN Australia has complied with all its loan covenants as at December 31, 2023, and 2022.

ACEN and SLTEC signing of 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 AROLSA 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 (see Note 2).



Notes Payable

The rollforward of this account is as follows:

	2023	2022
Principal		
Balance at beginning of year	₱75,251,312,007	₱59,447,823,825
Availment	–	10,000,000,000
Amortization of premium	(28,900,511)	–
Translation and foreign exchange adjustments	(450,574,037)	5,803,488,182
Balance at end of year	74,771,837,459	75,251,312,007
Debt issue cost		
Balance at beginning of year	316,168,578	254,246,286
Additions	–	128,621,780
Amortization	(111,104,696)	(89,732,468)
Translation and foreign exchange adjustments	(1,153,318)	23,032,980
Balance at end of year	203,910,564	316,168,578
	74,567,926,895	74,935,143,429
Less current portion	19,933,643,473	–
Noncurrent portion	₱54,634,283,422	₱74,935,143,429

Total interest and other financing charges recognized on notes payable amounted to ₱2,230.79 million and ₱2,378.99 million for the years ended December 31, 2023 and 2022, respectively.

ACEN Finance's Medium Term Note (MTN) Programme

On August 31, 2021, ACEN Finance established its MTN 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 medium-term note 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 SGX-ST.

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.

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 as of December 31, 2023 and 2022.

ACEN Fixed-Rate ASEAN Green Bonds due 2027

On September 22, 2022, ACEN (the Issuer) used 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.

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.

ACEFIL's MTN Programme

On January 16, 2019, ACEFIL established its MTN Programme with an aggregate amount of US\$1,000.00 million (₱48,470.0 million). The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including eligible green projects and other use of proceeds under ACEFIL's green bond framework.

On November 17, 2020, ACEFIL amended the MTN Programme to increase the aggregate amount to US\$2,000.0 million (₱94,960.0 million) and allow the issuance of senior undated guaranteed notes under the MTN Programme.

As of December 31, 2023 and 2022, ACEFIL has issued US\$770.0 million (₱42,634.9 million) and US\$770.0 million (₱39,095.9 million) notes under the MTN Programme, respectively.

Senior guaranteed notes due 2024 and 2029 and Senior undated guaranteed notes under the MTN Programme

On January 29, 2019, ACEFIL issued US\$225.0 million (₱11,417.4 million) senior guaranteed notes priced at US\$99.45 due 2024 guaranteed by the Parent Company with a fixed coupon of 4.75%.

On the July 9, 2020, ACEFIL issued US\$60.00 million (₱2,908.2 million) senior guaranteed notes priced at US\$104.75 due 2029 guaranteed by the Parent Company with a fixed coupon of 4.75%.

On November 25, 2020, ACEFIL issued US\$300.0 million (₱14,541.0 million) senior undated guaranteed notes priced at par with a fixed coupon of 5.10% for life. The new issue was used to finance the successful tender of US\$186.9 million (₱9,058.5 million) of the US\$400.0 million (₱19,388.0 million) 5.65% senior undated guaranteed notes at a tender price of US\$104.6.

Redemption at the option of the issuer

At any time, ACEFIL may on any one or more occasions redeem all or part of the "notes under the MTN Programme", by giving notice, at redemption price equal to 100% of the principal amount of the "notes under the MTN Programme" redeemed, plus the applicable premium (as defined in the respective pricing supplements) as of date, and accrued and unpaid interest, if any, to the date of redemption, subject to the rights of the person in whose name the "notes under the MTN Programme" is registered on the relevant record date to receive interest due on the relevant interest payment date.

Covenants

The unsecured US dollar-denominated senior Green Bonds requires the Group to comply with certain covenants including among others, limitations on the incurrence or guarantee of additional indebtedness, creation or incurrence of certain liens, creation or permission of any restrictions on the payment of dividends to the Group by certain of the Group's subsidiaries, entering into unrelated businesses or engagement in certain activities, and limitations on the consolidation, merging or selling of all or substantially all of the Group's properties and assets with other entities if the Parent Company is not the surviving entity. The incurrence test for additional debt requires the Group to maintain a Net Debt to Total Equity ratio not exceeding 2.5 to 1.0. These were complied with by the Group as of December 31, 2023 and 2022.



15. Other Current Liabilities

This account consists of:

	2023	2022
Accrued construction cost	₱782,534,218	₱—
Retention payable	399,619,845	158,967,929
Trade payable	162,592,547	—
Wages payable	65,914,913	—
Dividends payable	16,585,283	16,585,283
Derivative liabilities	10,563,444	3,012,430
Others	24,690,908	180,471,294
	₱1,462,501,158	₱359,036,936

16. Other Noncurrent Liabilities

This account consists of:

	2023	2022
Unearned revenues (see Note 12)	₱5,244,791,372	₱68,874,653
Asset retirement obligation	757,245,859	176,056,308
Pension and other employee benefits	368,827,003	106,263,667
Bill deposits	73,513,139	105,268,986
Derivative liabilities	12,437,270	37,499,905
Retention payable	20,499,269	90,747,768
Accrued interest expenses	—	272,580,000
Others	607,097,118	105,444,064
	₱7,084,411,030	₱962,735,351

17. Equity

Capital Stock

This account consists of the following:

	Number of Stocks		
	Common	Redeemable Preferred	Total
Authorized shares	227,400,000	191,625,000	419,025,000
Par value	₱100	₱100	
Issued as at December 31, 2023 and 2022	159,865,993	175,506,216	335,372,209
Treasury stocks	—	(91,842,840)	(91,842,840)
Outstanding as at December 31, 2023 and 2022	159,865,993	83,663,376	243,529,369

	Amounts		
	Common	Redeemable Preferred	Total
Issued as at December 31, 2023 and 2022	₱15,986,599,300	₱17,550,621,600	₱33,537,220,900
Treasury stocks	—	(9,184,284,000)	(9,184,284,000)
Outstanding as at December 31, 2023 and 2022	₱15,986,599,300	₱8,366,337,600	₱24,352,936,900



Redeemable Preferred Stock

The Parent Company's redeemable preferred shares have the following features: a) voting; (b) redeemable anytime at the option of the Parent Company; (c) dividend rate to be determined by the BOD upon issuance; (d) with pre-emptive rights only in respect of any issue of preferred shares; (e) cumulative in payment of current dividends as well as any unpaid back dividends; and (f) preference over holders of common stock in the distribution of corporate assets in the event of dissolution and of the Parent Company and in the payment of the dividend at the rate specified at the time of issuance.

On April 21, 2021, the Parent Company's BOD approved to redeem at par value the Philippine Peso equivalent of US\$122.00 million redeemable preferred shares or equivalent of ₱5,834.28 million.

On November 11, 2021, the Parent Company's BOD approved to redeem at par value the 33.50 million redeemable preferred shares for a total redemption price of ₱3,350.00 million.

The redemption of preferred shares is recorded as part of treasury stocks.

Retained Earnings

On March 7, 2022, the Parent Company's BOD approved the appropriation of the amount of ₱50,000.00 million from the unrestricted retained earnings as of December 31, 2021, to be used to fund and finance investments and acquisitions (directly or through its subsidiaries) of operating and development power companies in the Philippines and abroad which is expected to be completed in 3 years.

On April 19, 2022, the Parent Company declared ₱2,000.00 million cash dividends to AC at a rate of ₱12.51 per share. The record date is April 30, 2022, and paid within 2022.

On May 11, 2022, the Parent Company declared ₱14,052.37 million special cash distribution to AC by tranches. First tranche, ₱5,180.00 million by way of special dividends from the unrestricted retained earnings of the Parent Company as of April 30, 2022 at a rate of ₱21.27 per share. Second tranche, ₱8,872.37 million by way of special cash dividends at a rate of ₱36.43 per share. The record date is May 12, 2022, and was subsequently paid within 2022.

On October 31, 2023, the Parent Company declared ₱2,000.00 million cash dividends to AC at a rate of ₱12.51 per share. The record date is October 31, 2023, and paid within 2023.

Retained earnings include the accumulated equity in undistributed net earnings of consolidated subsidiaries and associates and joint ventures accounted for under the equity method amounting to ₱12,548.96 million and ₱7,488.12 million as of December 31, 2023 and 2022, respectively, which are not available for dividend declaration by the Parent Company until these are declared by the investee companies.

The Parent Company's retained earnings available for dividend declaration as of December 31, 2023 and 2022 amounted to ₱7,453.63 million and ₱7,447.31 million, respectively.

As of December 31, 2023 and 2022, deferred income tax liabilities have not been recognized on undistributed earnings 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\$669.90 million (₱25,249.38 million) and US\$820.09 million (₱30,249.74 million) as of December 31, 2023 and 2022, respectively.



Non-controlling Interest and Equity Reserves

Declaration of Cash Dividends by ACEN

On August 7, 2023, the BOD of ACEN approved the declaration of cash dividend of ₱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.

Additional Infusions

Additional infusion into ACEN amounting to ₱25,000.00 million through preferred share capital issuance was done in 2023. In 2022, additional infusions from minority shareholders of ACEN, which consists of: (a) infusion from UPC owners amounting to ₱10,558.58 million; (b) sale of ACEN shares to AC with a total impact of ₱11,936.76 million (see Note 2) and (c) infusion from minority shareholders of NAREDCO amounting to ₱1.09 million.

ACEIC's acquisition of ACEN shares

On December 28 and 29, 2023, the Parent Company purchased 15.00 million ACEN shares at ₱3.50 per share and 20.00 million ACEN shares at ₱4.00 per share, respectively, via block purchase. Total cost of purchase of shares amounted to ₱132.50 million.

Acquisition by ACEN of the effective ownership interest of UPCAPH and Rohner in ACEN 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. ACEN Australia, through ACRI, is now a wholly owned subsidiary of ACEN (in thousands):

	In US\$	In PHP
Total consideration paid on February 1, 2023	\$85,391	₱4,724,682
Carrying amount of non-controlling interest	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" account in the consolidated statements of financial position.

Employee Stock Ownership Plan (ESOWN)

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 amounted to ₱31.16 million in 2022.

18. Rendering of Services, Cost of Power Operations and Other Income

Revenue from Rendering of Services

The Group's revenue from its rendering of services consists of:

	2023	2022
Energy sales	₱36,315,035,499	₱35,920,900,032
Management fees (see Notes 20)	220,053,269	121,338,872
Bulk water sales	9,400,166	23,680,991
	₱36,544,488,934	₱36,065,919,895

Power Supply Agreement (PSA) with Meralco

On September 9, 2019, the ACEN 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. ACEN 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, ACEN 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. ACEN 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 PSA. Under the PSA, ACEN will supply, at a fixed rate, 200MW 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 per 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 per 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, 110MW 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 per kWh regardless of the plant capacity factor.

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 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 per 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 of April 29, 2021, the amount of ₱158.50 million has already been fully collected.

ASPA with NGCP

ACEN

ACEN executed ASPAs with 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 August 15, 2023 granting provisional authority to applicants NGCP and Bulacan Power to implement their ASPA for a period of 5 years.



Bulacan Power 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 2, 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.

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 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, MONTESOL, 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.

Cost of Power Operations

The Group's cost of power operations consists of:

	2023	2022
Cost of sale of electricity	₱28,883,664,742	₱30,569,072,331
Depreciation and amortization (Notes 9, 10 and 11)	1,207,418,136	1,918,307,421
Repairs and maintenance	499,277,443	712,770,042
Taxes and licenses	459,421,141	659,465,593
Compensation and benefits	288,065,034	504,061,519
Insurance	137,186,864	444,824,880
Others	415,204,373	406,844,658
	₱31,890,237,733	₱35,215,346,444

Other Income

In 2023, following the settlement of certain cases, the Parent Company recognized an income from reversal of provisions amounting to ₱80.04 million.



For the years ended December 31, 2023 and 2022, the Group recognized guarantee fee income amounting to ₱154.69 million and ₱410.17 million, respectively.

Income for property damage claims recognized by the Group amounting to ₱45.59 million and ₱72.99 million and were recognized in 2023 and 2022, respectively.

19. Income Taxes

Provision for (benefit from) income tax consists of:

	2023	2022
Current:		
Income	₱393,374,053	₱63,822,884
Final	120,660,088	9,821,466
Deferred	(116,204,434)	(468,199,192)
	₱397,829,707	(₱394,554,842)

The reconciliation of statutory income tax to the provision for income tax follows:

	2023	2022
Income tax at statutory income tax rates	₱4,024,225,481	₱2,587,564,730
Additions to (reduction in) income tax resulting from:		
Changes in unrecognized deferred income tax assets and others	360,965,427	2,340,989,048
Nontaxable share in net earnings of associates and joint ventures	(3,138,158,218)	(1,020,513,323)
Income under income tax holiday and nontaxable income	(441,309,885)	(4,228,292,057)
Interest income already subject to final tax	(407,893,098)	(74,303,240)
	₱397,829,707	(₱394,554,842)



The components of the Group's net deferred income tax assets recognized in the consolidated statement of financial position follow:

	2023	2022
Deferred income taxes recognized in profit or loss:		
<i>Deferred income tax assets</i>		
NOLCO and MCIT	₱1,645,719,245	₱1,224,157,678
Lease liability	545,437,338	668,665,831
Accrued expenses	134,635,362	118,154,857
Decommissioning liability	19,703,876	14,257,358
Allowance for impairment	17,833,000	4,757,942
Others	834,724,844	493,929,995
	3,198,053,665	2,523,923,661
<i>Deferred income tax liabilities</i>		
Right-of-use assets	374,944,441	517,215,253
Unrealized foreign exchange gain	68,602,178	65,774,729
Unamortized interest cost on payable	52,757,351	52,962,212
Unamortized debt issue costs	52,016	52,016
Others	73,455,816	48,364,969
	569,811,802	684,369,179
Deferred income taxes recognized in other comprehensive income		
<i>Deferred income tax assets</i>		
Derivative liability on hedging	14,850,579	9,374,976
Remeasurement effect on defined benefit obligation	13,807,077	—
Unrealized fair value losses on derivative	2,640,861	—
	31,298,517	9,374,976
<i>Deferred tax liability</i>		
Derivative asset on hedging	435,302,467	15,317,467
Remeasurement effect on defined benefit obligation	—	282,179
	435,302,467	15,599,646
Net deferred income tax assets	₱2,224,237,913	₱1,833,329,812



The components of the Group's net deferred income tax liabilities recognized in the consolidated statement of financial position follow:

	2023	2022
Deferred income taxes recognized in profit or loss:		
<i>Deferred income tax assets:</i>		
Lease liability	₱81,400,742	₱20,200,638
Accrued income	2,222,991	1,978,497
Allowance for ECL	—	181,271
Others	114,254,037	178,478,697
	197,877,770	200,839,103
<i>Deferred income tax liabilities</i>		
Right-of-use assets	124,729,394	24,302,002
Unrealized foreign exchange gains	49,477,265	156,256,039
Unamortized debt issue cost	46,108,117	77,883,391
Capitalized straight-line adjusted rent	—	131,064,943
Others	1,273,478,301	437,895,916
	1,493,793,077	827,402,291
Deferred income tax liability (asset) related to the remeasurement effect on defined benefit obligation recognized as other comprehensive income	(7,620,836)	—
Net deferred income tax liability	₱1,288,294,471	₱626,563,188

No deferred income tax assets have been recognized on the following as it is probable that no sufficient taxable income will be available to allow the benefit of deferred income tax assets to utilized:

	2023	2022
NOLCO	₱4,989,055,575	₱3,746,104,508
Allowance for impairment loss on property and equipment	4,401,566,597	432,459,597
Accrued expenses	351,765,562	351,765,562
MCIT	36,836,585	36,836,585
Unrealized foreign exchange loss	3,280,605	3,280,605
Allowance for impairment loss on assets held for sale	—	273,270,000

MCIT

On June 20, 2023, the BIR issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the MCIT rate to 2% of gross income effective July 1, 2023 pursuant to R.A. No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021. Consequently, the Group recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.



The Group has excess MCIT that can be claimed as deduction from regular income tax liability as follows:

Year Incurred	Beginning	Additions	Application	Expiration	Ending	Expiry Date
2019	₱9,629,107	₱7,801,484	₱—	(₱351,000)	₱17,079,591	2022
2020	17,079,591	12,457,947	(8,325,000)	(1,079,000)	20,133,538	2023
2021	20,133,538	36,836,585	—	(9,629,107)	47,341,016	2024
2022	47,341,016	10,872,518	—	(17,079,591)	41,133,943	2025
2023	41,133,943	15,144,944	—	(12,457,947)	43,820,940	2026

NOLCO

The Group has incurred NOLCO which can be claimed as deduction from regular taxable income as follows:

Year Incurred	Beginning	Additions	Application	Expiration	Ending	Expiry Date
2016 ^(a)	₱129,030,000	₱116,549,000	(₱17,644,000)	(₱51,259,000)	₱176,676,000	2023
2017	176,676,000	470,941,000	—	(48,077,000)	599,540,000	2020
2018	599,540,000	1,293,441,510	—	(16,177,000)	1,876,804,510	2021
2019	1,876,804,510	1,080,806,000	—	(9,691,000)	2,947,919,510	2022
2020 ^(b)	2,947,919,510	1,231,415,554	(2,589,582,000)	(470,941,000)	1,118,812,064	2025
2021 ^(b)	1,118,812,054	528,378,779	—	(354,237,277)	1,292,953,556	2026
2022	1,292,953,556	4,788,262,148	—	(431,961,352)	5,649,254,352	2025
2023	5,649,254,352	3,094,185,593	—	(116,549,000)	8,626,890,945	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

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

20. Related Party Transactions

Parties are considered to be 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.

Except as otherwise stated, outstanding balances are unsecured, to be settled in cash throughout the financial year and there have been no guarantees provided or received.

The assessment of collectability of receivables from related parties is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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.



The composition of due to/from related parties are as follows:

a. Notes Receivables (see Note 5)

Related Party	Amount/ Volume		Outstanding Balance		Terms and conditions
	2023	2022	2023	2022	
Development loans					
<i>Joint Ventures:</i>					
UPC-ACE Solar	₱–	₱401,436,000	₱806,693,600	₱1,115,100,000	Due in 2023; interest bearing; unsecured; with provision for ECL amounting to ₱812.63 million in 2023
ACEN-Silverwolf	5,415,352	–	5,415,352	–	Due in 2023; interest bearing; unsecured; no impairment
<i>Affiliate:</i>					
Yoma	–	–	1,329,824,114	1,339,070,687	Due in 2023; interest bearing; unsecured; no impairment
	₱5,415,352	₱401,436,000	₱2,141,933,066	₱2,454,170,687	
Debt replacements					
<i>Joint Ventures:</i>					
Greencore 3	₱248,590,528	₱2,147,545,514	₱4,474,536,042	₱4,225,945,514	Due in 2024; interest bearing; unsecured; no impairment
Lac Hoa	–	2,643,403,307	2,625,149,783	2,643,403,037	Due in 2024; interest bearing; unsecured; no impairment
Hoa Dong	–	2,318,791,986	2,302,780,211	2,318,791,986	Due in 2024; interest bearing; unsecured; no impairment
Asian Wind 1	–	–	1,472,288,292	3,087,433,125	Due in 2035; interest bearing; unsecured; no impairment
Asian Wind 2	–	2,737,159,846	1,157,894,801	2,435,262,040	Due 2045 interest bearing; unsecured; no impairment
NEFIN	220,649,450	574,834,050	791,514,150	574,834,050	Due in 2024; interest bearing; unsecured; no impairment
Ingrid	600,000,000	650,000,000	300,000,000	200,000,000	Due in 2024; interest bearing; unsecured; no impairment
VWEL	224,279,286	754,669,462	283,482,163	59,614,528	Due in 20 years from date of drawdown; interest bearing; unsecured; no impairment
Dewata	33,213,604	–	33,213,604	–	Due in 2024; interest bearing; unsecured; no impairment
BIM Wind	–	–	–	4,749,489,675	Due in 2030 interest bearing; unsecured; no impairment
	₱1,326,732,868	₱11,826,404,165	₱13,440,859,046	₱20,294,773,955	
Other Loans					
<i>Joint Venture</i>					
Infineum 4 Energy, Inc. (Infineum 4)	₱34,360,250	₱43,466,229	₱77,826,479	₱43,466,229	Due in 2024; interest bearing; unsecured; no impairment
BrightNight	310,542,200	–	310,542,200	–	Due in 2024; interest bearing; unsecured; no impairment
Ingrid	–	450,000,000	–	300,000,000	Due in 2023; interest bearing; unsecured; no impairment
<i>Other related party</i>					
GNPK	–	–	–	11,224,000,000	Due later of the maturity of senior loans or redemption of interest in GNPK; interest bearing
	₱344,902,450	₱493,466,229	₱388,368,679	₱11,567,466,229	

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.



Receivable from Ingrid

In September 2022, the Group and Ingrid entered into a short-term loan agreement for the latter's working capital requirements. The interest-bearing loan bears an annual fixed rate and principal is payable 30 to 120 days from drawdown.

Receivables from Infineum 4

On January 7, 2022, the ACED, Maraj Energy and Development, Inc. (MEDI) and Infineum 4 entered into an OLSA 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.

b. Interest Income and Receivable

The Group maintains current and savings account and other short-term investments with Bank of the Philippine Islands (BPI) broken down as follows:

	2023	2022
Cash in banks	₱67,548,673	₱31,515,090
Cash equivalents	125,628,668	7,023,916
	₱193,177,341	₱38,539,006

Accrued interest income relates primarily to the dividend yields from the Group's investments in the redeemable preference shares and interest from loans extended to its related parties.

Related Party	Amount/Volume		Outstanding Balance		Terms
	2023	2022	2023	2022	
Other Financial Assets at Amortized Cost					
(see Notes 5 and 8)					
Redeemable preferred shares	₱2,509,950,726	₱2,251,145,000	₱3,473,000,454	₱2,487,851,830	various dates
Convertible loans	627,387,637	1,223,766,000	761,759,708	1,071,550,826	various dates
	₱3,137,338,363	₱3,474,911,000	₱4,234,760,162	₱3,559,402,656	
Development Loans (see Note 5)					
<i>Joint Ventures:</i>					
UPC-ACE Solar	₱102,677,033	₱95,724,508	₱327,633,144	242,889,867	various dates
ACEN-Silverwolf	—	—	206,387	—	various dates
UPC-ACE Australia	14,663,873	7,087,214	—	—	various dates
<i>Associate:</i>					
TBC	—	60,390,390	—	—	various dates
<i>Affiliate:</i>					
Yoma	53,313,823	52,427,142	198,328,003	146,341,502	various dates
	₱170,654,729	₱215,629,254	₱526,167,534	389,231,369	

(Forward)



Related Party	Amount/Volume		Outstanding Balance		Terms
	2023	2022	2023	2022	
Debt replacements (see Note 5)					
<i>Joint Ventures:</i>					
VWEL	₱37,354,673	₱59,042,615	₱465,726,494	₱431,898,980	various dates
Hoa Dong	301,195,511	86,371,435	439,074,103	87,504,126	various dates
Lac Hoa	343,065,296	96,629,090	387,030,238	97,896,301	various dates
NEFIN Solar	47,486,878	26,479,289	63,448,099	22,083,550	various dates
Greencore 3	495,883,672	228,241,203	57,796,096	276,356,978	30-day non-interest bearing
Ingrid	76,405,479	12,366,667	33,336,986	9,166,667	30-day non-interest bearing
Dewata	—	—	472,335	—	various dates
Asian Wind 1	283,694,525	269,291,445	—	—	various dates
Asian Wind 2	224,806,849	199,560,251	—	67,647,548	various dates
BIM Wind	130,266,412	380,249,723	—	88,657,141	various dates
BIMRE	—	10,370,381	—	—	various dates
	₱1,940,159,295	₱1,368,602,099	₱1,446,884,351	₱1,081,211,291	

Other Loans

Affiliates:

BrightNight	₱29,677,453	₱—	₱29,692,680	₱—	30-day non-interest bearing
GNPK *	478,691,394	866,010,008	—	1,415,260,008	30-day non-interest bearing
Others	3,833,375	1,875,765	4,095,414	1,875,765	30-day non-interest bearing
	₱512,202,222	₱867,885,773	₱33,788,094	₱1,417,135,773	

Trade Receivables:

Affiliates	₱—	₱—	₱9,068,443	₱5,407,340	30-day non-interest bearing
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* Interest income earned for the period ending June 30, 2023 amounted to ₱478.69 million, the period in which GNPK is still a related party prior to the completion of the 2nd tranche sale of the Group's remaining interest.

c. Loans Payable (see Note 14)

Related Party	Amount / Volume		Outstanding Balance		Terms and conditions
	2023	2022	2023	2022	
BPI:					
Interest expense /					
Interest payable	₱39,610,977	₱25,316,867	₱18,925,954	₱12,479,726	30 days unsecured
Short term Loans	66,491,667	—	1,500,000,000	—	63 days interest bearing
Long-term loans	209,252,565	437,326,616	5,702,633,280	5,325,821,460	12 years interest bearing

d. Leases (see Note 10)

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		Outstanding Balance		Terms and conditions
	2023	2022	2023	2022	
ALI:					
Right-of-use Assets	₱109,950,751	₱121,481,171	₱1,103,946,198	₱909,093,043	10 years unsecured
Lease Liabilities	42,447,402	44,300,398	1,265,925,720	1,005,534,706	10 years unsecured
FBDC:					
Right-of-use Assets	₱—	₱9,226,569	₱—	₱4,572,839	3 years unsecured
Lease Liabilities	—	181,802	—	9,770,690	3 years unsecured



e. Other Related Party Transactions

	Amount / Volume		Outstanding Balance Receivable (Payable)		Terms and conditions
	2023	2022	2023	2022	
Management fees income	₱298,924,946	₱63,737,704	₱138,168,552	₱7,145,448	30-days unsecured
Rental income:					30-days unsecured
Ingrid	13,009,353	17,337,223	4,213,512	2,118,136	
GNPK*	56,922,682	115,737,320	–	524,259,776	30-days unsecured
Management fees expense	243,929,982	41,289,207	–	–	30-days unsecured
Energy sales	–	361,492,271	–	5,262,102	30-days unsecured
Cost of sale of electricity	(569,484,876)	911,744,117	(103,649,584)	(92,591,179)	30-days unsecured
Due from related parties	–	–	648,495,927	435,910,005	On demand unsecured
Due to related parties	–	–	(2,691,078,914)	(1,594,836,829)	On demand unsecured

* In 2023, the rental income pertains to the income earned until June 30, 2023, the period in which GNPK is still a related party prior to the completion of the 2nd tranche sale of the Group's remaining interest.

Management fees income pertains to service fees billed by the Group to its related parties under common control and joint venture and 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 lease agreements with Ingrid and GNPK.

Management fees expense represent recoveries of AC for seconded key management personnel to the Parent Company.

The Group 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.

f. Receivables from Employees and Officers

Receivables from officers and employees amounting to ₱303.96 million in 2023 and ₱316.92 million in 2022 pertain to housing, car, salary and other loans granted to Group's officers and employees.

g. Compensation of key management personnel

Some of the key management personnel of the Parent Company are employees of AC. Hence, the disclosure of the total compensation of these key management personnel by benefit type is included in the financial statements of AC.

Key management personnel who are employees of the Group received the following short-term employee benefits and post-employment benefits:

	2023	2022
Short-term employee benefits	₱84,073,203	₱78,702,335
Post-employment benefits	29,916,429	12,935,942
	₱113,989,632	₱91,638,277



21. Business Combination and Asset Acquisitions

2023 Business Combination

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 and its affiliate, 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 (amount in millions):

Assets	
Cash and cash equivalents	₱188,165
Accounts and notes receivable	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	537
	<u>328,068</u>
Total identifiable net liabilities	(83,201)
Total consideration	21,000
Goodwill arising on acquisition (see Note 11)	<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	<u>₱167,165</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 2023, additional contribution to the net loss attributable to ACEN for the year ended December 31, 2023, would have 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 has not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

2022 Business Combination

Investment in 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-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 (P4,070.40 million) and Mr. Rohner's 1,000,054 ordinary class B shares in UPC-ACE Australia for US\$9.36 million (P486.42 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 (P4,556.82 million). As a result of the first tranche, the Group owned 46.20% of UPC-ACE Australia.

On November 8, 2022, UPCAPH, executed proxy rights in favor of the Group, providing 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, 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 (P10,921.03 million).

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	P192,080
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	269,713	14,568,821
Development costs under other non-current assets	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

(Forward)



	In US\$	In PHP
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
	173,153	9,352,983
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 8).

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 (see Note 11)	\$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	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 other comprehensive income share from remeasurement of pension amounting to \$1.76 million (₱88.37 million) 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 8).

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 17). The fair value approximates the carrying amounts.



Net cash outflow on acquisition is as follows:

	In US\$	In PHP
Total 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, 2022 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).

The provision purchase price allocation made in 2022 has been finalized in 2023, which did not result to any significant changes.

Acquisition of 100% interest 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:

- 33.3% interest in NLR, the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte,
- 39.98% interest in BWPC, the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte, 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 BPWC, ACEN indirectly owned 60.00% interest through its wholly owned subsidiary, Pagudpud Wind Power Corp. The acquisition resulted to 100.00% interest in BPWC and is accounted for as an acquisition of non-controlling interest.

Prior to the acquisition of 30.00% in SolarAce4, ACEN indirectly owned 70.00% interest through its wholly owned subsidiary, Endeavor. The acquisition resulted to 100.00% interest in SolarAce4 and is accounted for as an acquisition of non-controlling interest.



The following are the fair values of the identifiable assets and liabilities of the Target Companies (except SolarAce 4) as at the date of acquisition (in thousands):

Assets	
Cash and cash equivalents	₱2,690
Accounts and notes receivable	727
Input value added tax	2,649
Property, plant and equipment	202
Other noncurrent assets	71,762
	<u>78,030</u>
Liabilities	
Accounts payable and other current liabilities	3,428
Income and withholding taxes payable	27
Other noncurrent liabilities	187,764
	<u>191,219</u>
Total identifiable net liabilities	(113,189)
Total consideration	5,167
Goodwill arising on acquisition (see Note 11)	<u>₱118,356</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 outflow on acquisition is as follows:

Cash consideration	₱5,167
Less cash acquired with the subsidiary ^(a)	2,690
Net cash outflow	<u>₱2,477</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 ₱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 18).

The provisional purchase price allocation made in 2022 has been finalized in 2023, which did not result to any significant changes.



Acquisition of shares 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 resulting to 100% ownership.

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 a deed of assignment of subscription rights with Sungrow for the acquisition of Sungrow's acquisition 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 (in thousands):

Assets	
Cash and cash equivalents	₱268
Input VAT	92
Property, plant and equipment	143,706
Other noncurrent assets	20,352
	164,418
Liabilities	
Accounts payable and other current liabilities	17
Income and withholding taxes payable	3
	20
Total identifiable net assets	164,398
Less cost of acquisition	278,398
Gain on bargain purchase (Note 11)	₱114,000

Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under "Goodwill" account in consolidated statement of financial position. None of the goodwill recognized is expected to be deductible for income tax purposes.

Initial accounting for the acquisition of Sinocalan in 2022 has only been provisionally determined as the acquisition occurred close to the end of the reporting period, resulted to a gain on bargain purchase amounting to ₱0.14 million.

Consideration transferred was paid in cash on transaction date.



Net cash outflow on acquisition are as follows:

	2023	2022
Cash consideration	₱114,000	₱164,398
Less Cash acquired with the subsidiary ^(a)	—	268
Net cash outflow	₱114,000	₱164,130

^(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.

22. Financial Instruments and Risk Management

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: Valuation techniques involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Other valuation techniques involving inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the carrying values and fair values of the Group's financial assets and financial liabilities:

	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Cash and cash equivalents	₱40,865,926,959	₱40,865,926,959	₱35,512,201,706	₱35,512,201,706
Short-term investments	—	—	528,000	528,000
Receivables	79,313,793,838	79,354,811,460	71,782,474,739	73,196,295,723
Financial assets at FVTPL	3,872,375,853	3,872,375,853	1,302,885,390	1,302,885,390
Financial assets at FVOCI	6,509,378,019	6,509,378,019	895,822,682	895,822,682
Derivative assets	6,447,516,840	6,447,516,840	617,139,023	617,139,023
Other financial asset at amortized cost	21,633,799,226	15,078,135,121	21,260,907,142	18,623,291,162
Deposits	434,310,989	439,753,076	347,818,541	347,818,541
Total financial assets	₱159,077,101,724	₱152,567,897,328	₱131,719,777,223	₱130,495,982,227
Financial Liabilities				
Accounts and other payables*	₱13,852,830,915	₱13,852,830,915	₱12,645,686,910	₱12,645,686,910
Short-term loans	1,500,000,000	1,500,000,000	2,900,000,000	2,900,000,000
Loans payables	59,295,911,922	56,687,258,266	39,917,207,237	37,487,206,194
Notes payables	74,567,926,895	72,142,072,752	74,935,143,429	43,161,093,148
Lease liabilities	8,398,603,927	7,406,076,529	4,510,340,728	3,414,633,467
Derivative liability	23,000,714	23,000,714	40,512,335	40,512,335
Other current liabilities	1,451,937,714	1,451,937,714	356,024,506	356,024,506
Bill deposits	2,381,472,913	2,381,472,913	105,268,986	105,268,986
Other noncurrent liabilities	6,734,896,186	6,734,896,186	569,040,825	569,040,825
Total financial liabilities	₱168,206,581,186	₱162,179,545,989	₱135,979,224,956	₱100,679,466,371

*Excluding taxes payable

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

Cash and cash equivalents, short-term investments, deposits, accounts and other payables, short-term loans, bill deposits and other current liabilities: Due to the short-term nature of the accounts, the fair value approximate the carrying amounts in the consolidated statements of financial position.



Receivables: The fair value of receivables due within one year approximates its fair value. Noncurrent portion of receivable is discounted using the applicable discount rate for similar type of instruments. The discount rates used range from 1.66% to 6.24% and 4.00% to 6.00% for the years ended December 31, 2023 and 2022, respectively, using the remaining terms of maturity. This is a Level 3 valuation technique.

Derivative assets and liability: The fair value of the derivative assets 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

Equity instruments at FVOCI and FVTPL: Management uses 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, management estimates the amount and timing of the future cash inflow arising from redemption. This is a Level 3 valuation technique.

Other financial assets at amortized cost: This includes investments in redeemable preferred shares and convertible loans. For investment in redeemable preferred shares and convertible loan, the fair values of the investments are determined using the applicable discount rate for similar type of instruments. The discount rates used for redeemable preferred shares and convertible loans ranges from 9.00% to 13.00% and 9.00% to 12.00% for the years ended December 31, 2023 and 2022, respectively, using the remaining terms of maturity, respectively. This is a Level 3 valuation technique

Lease Liabilities: 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 5.21% to 9.16% as at December 31, 2023 and 2022, respectively. This is a Level 3 valuation technique.

Loans and 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 ranged from 1.03% to 8.88% and 1.03% to 9.13% as at December 31, 2023 and 2022, respectively. This is a Level 3 valuation technique.

In 2023 and 2022, there were no transfers between levels for fair value measurements.

Significant increase (decrease) in discount rate would result in significant lower (higher) fair value of receivables, financial assets at amortized cost, equity instruments at FVOCI, FVTPL, derivative asset, derivative liability, notes and loans payable, lease liabilities and other noncurrent liabilities.



Description of significant unobservable inputs to valuation follows:

Account	Valuation Technique	Significant Unobservable Inputs
Receivables	Discounted cash flow analysis	Discount rate
Financial assets at FVTPL	Discounted cash flow analysis	Discount rate
Financial assets at FVOCI	Discounted cash flow analysis	Discount rate
Derivative assets	Discounted cash flow analysis	Discount rate and volatility
Other financial asset at amortized cost	Discounted cash flow analysis	Discount rate
Deposits	Discounted cash flow analysis	Discount rate
Loans payable	Discounted cash flow analysis	Discount rate
Notes payable	Discounted cash flow analysis	Discount rate
Lease liabilities	Discounted cash flow analysis	Discount rate
Other noncurrent liabilities	Discounted cash flow analysis	Discount rate

Financial Risk Management 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 and marketable instruments. 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 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.



Financial Risk

The Group's principal financial liabilities comprise of accounts and other payables, short-term loans, loans payable, notes payable, lease liabilities, derivative liability and other current and noncurrent liabilities. The main purpose of the Group's financial liabilities is to raise financing for the Group's operations and investing activities.

The Group has various financial assets such as cash and cash equivalents, receivables, short-term investments, derivative assets, deposit, financial asset at FVOCI and FVTPL and other financial assets at amortized cost (redeemable preferred shares and convertible loans), which arise directly from its operations and investing activities. The main risk arising from the use of financial instruments are interest rate risk, liquidity risk, credit risk, foreign currency risk and commodity price risk.

The BOD reviews and approves the policies for managing each of these risks. The Group monitors market price risk arising from all financial instruments and regularly reports financial management activities and the results of these activities to the BOD.

The Group's risk management policies are summarized below. The exposure to risk and how they arise, as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior periods.

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 of 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.

Liquidity Risk

The Group monitors its cash flow position, debt maturity profile and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash deemed sufficient to finance its cash requirements. Operating expenses and working capital requirements are sufficiently funded through cash collections. The Group's loan maturity profile is regularly reviewed to ensure availability of funding through adequate credit facilities with banks and other financial institutions.

The extent and nature of exposures to liquidity risk and how they arise as well as the Group's objectives, policies and processes for managing the risk and the methods used to measure the risk are the same for 2023 and 2022.



Maturity Profile Financial Liabilities

The tables below summarize the maturity profile of the Group's financial liabilities based on undiscounted contractual payments, including interest payable.

2023

	On Demand	Less than 1 Year	1 to 5 years	More than 5 Years	Total
Accounts and other payables	₱9,470,470,966	₱4,382,359,949	₱–	₱–	₱13,852,830,915
Other current liabilities	912,841,496	539,096,218	–	–	1,451,937,714
Short-term loans	–	1,500,000,000	–	–	1,500,000,000
Loans payable*	–	2,805,272,367	24,214,865,261	50,405,130,521	77,425,268,149
Notes payable*	–	21,130,968,454	58,701,433,141	–	79,832,401,595
Lease liabilities*	–	1,270,565,620	3,063,854,016	8,639,111,858	12,973,531,494
Derivative liability	–	10,563,444	12,437,270	–	23,000,714
Other noncurrent liabilities	–	–	6,718,189,471	16,706,716	6,734,896,187
	₱10,383,312,462	₱31,638,826,052	₱92,710,779,159	₱59,060,949,095	₱193,793,866,768

**includes future interest payable*

2022

	On Demand	Less than 1 Year	1 to 5 years	More than 5 Years	Total
Accounts and other payables	₱11,703,472,525	₱942,214,385	₱–	₱–	₱12,645,686,910
Other current liabilities	210,003,140	146,021,366	–	–	356,024,506
Short term liabilities	–	2,900,000,000	–	–	2,900,000,000
Loans payable*	–	2,109,249,226	18,854,379,174	32,091,309,377	53,054,937,777
Note payable*	–	2,076,525,281	73,752,016,736	6,491,705,653	82,320,247,670
Lease liabilities*	–	341,173,612	1,479,344,960	3,202,838,378	5,023,356,950
Derivative liability	–	3,012,430	37,499,905	–	40,512,335
Other noncurrent liabilities	–	–	569,040,825	–	569,040,825
	₱11,913,475,665	₱8,518,196,300	₱94,692,281,600	₱41,785,853,408	₱156,909,806,973

**includes future interest payable*

Credit or Counter Party 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 BOD.
- Discussions are done on every major investment by the Group's Treasury team before it is executed subject to approval limits. Exposure limits are tracked for every transaction and Treasury 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.



December 31, 2023

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cash and cash equivalents	₱40,865,926,959	₱—	₱—	₱40,865,926,959
Receivables:				
Trade	5,232,719,036	3,094,369,635	1,145,004,251	9,472,092,922
Due from related parties	16,504,191,581	6,484,838,687	—	22,989,030,268
Due from third parties	46,666,155,581	1,394,229,056	108,563,790	48,168,948,427
Financial asset at FVTPL	3,872,375,583	—	—	3,872,375,583
Financial asset at FVOCI	6,509,378,019	—	—	6,509,378,019
Derivative asset	6,447,516,840	—	—	6,447,516,840
Other financial assets at amortized cost	21,633,799,226	—	—	21,633,799,226
Deposits	434,310,989	—	—	434,310,989
	₱148,166,373,814	₱10,973,437,378	₱1,253,568,041	₱160,393,379,233

December 31, 2022

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cash and cash equivalents	₱35,512,201,706	₱—	₱—	₱35,512,201,706
Short-term investments	528,000	—	—	528,000
Receivables:				
Trade	7,689,572,054	1,961,918,013	60,432,768	9,711,922,835
Due from related parties	40,924,351,383	1,136,063,348	—	42,060,414,731
Due from third parties	19,718,864,767	351,705,174	131,111,499	20,201,681,440
Financial asset at FVTPL	1,302,885,390	—	—	1,302,885,390
Financial asset at FVOCI	895,822,682	—	—	895,822,682
Derivative asset	617,139,023	—	—	617,139,023
Other financial assets at amortized cost	19,976,497,142	—	1,284,410,000	21,260,907,142
Deposits	347,818,541	—	—	347,818,541
	₱126,985,680,688	₱3,449,686,535	₱1,475,954,267	₱131,911,321,490

Trade receivables - 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

December 31, 2023						
(Amounts in thousands)	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade receivables:						
Current portion	₱4,060,192	₱827,924	₱344,603	₱2,947,160	₱50,196	₱8,230,075
Noncurrent portion	—	—	—	1,289,813	—	1,289,813
	₱4,060,192	₱827,924	₱344,603	₱4,236,973	₱50,196	₱9,519,888

December 31, 2022						
(Amounts in thousands)	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade receivables:						
Current portion	₱6,437,876	₱468,708	₱—	₱1,514,734	₱60,433	₱8,481,751
Noncurrent portion	436,584	346,404	—	461,709	—	1,244,697
	₱6,874,460	₱815,112	₱—	₱1,976,443	₱60,433	₱9,726,448

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, short-term deposits, due from related parties, receivable from other parties, financial asset at FVOCI and FVTPL, other financial assets at amortized cost and deposits, 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 and short-terms deposits were assessed as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.
- Due from related parties, receivable from other parties (except for receivable from Sta. Clara which was assessed as impaired), other receivables, derivative assets, equity instruments at FVOCI, FVTPL financial assets, other financial assets at amortized cost, and deposits were assessed as high grade since these are investments with no history of default or instruments that carry guaranty or collateral.

There are no significant concentrations of credit risk within the Group.

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	–	–	1,284,410	1,573,540	2,857,950
Substandard	–	–	–	–	–
Default	–	–	–	–	–
Gross carrying amount	29,473,652	–	1,284,410	1,605,813	32,363,875
Less loss allowance	–	–	–	–	–
Carrying amount	₱29,473,652	₱–	₱1,284,410	₱1,605,813	₱32,363,875

Simplified Approach

Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix)(amounts in thousands):

2023

	Current	Days Due				Total
		<30 days	30-60 days	61-90 days	>91 days	
Expected credit loss rate	0.64%	1.72%	2.12%	4.67%	7.08%	
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

	Current	Days Due				Total
		<30 days	30-60 days	61-90 days	>91 days	
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

Foreign Exchange Risk

The Group's foreign exchange risk is limited to certain foreign currency denominated cash and cash equivalents, receivables and payables, resulting primarily from the movements of the Philippines Peso against the US dollar. The Group's significant foreign currency-denominated financial assets and financial liabilities are as follows:

	2023	2022
	U.S. Dollar (US\$)	U.S. Dollar (US\$)
Financial Assets		
Cash and cash equivalents	\$42,002,052	\$6,201,655
Other receivables	256,331,160	56,217,122
	298,333,212	62,418,777
Financial Liabilities		
Accounts payable and other current liabilities	(\$41,485)	(\$2,200,875)
Loans payable	(160,853,482)	(161,428,437)
	(160,894,967)	(163,629,312)
Net foreign currency-denominated assets (liabilities)	\$137,438,245	(\$101,210,535)
Peso equivalent	₱7,637,030,941	(₱5,679,935,253)

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱55.56 to US\$1.00 and 56.12 to US\$1.00 as at December 31, 2023 and 2022, respectively.

The following are the sensitivity rates used in the reporting of foreign currency risk internally to key management personnel. The sensitivity rates represent management's assessment of the reasonably possible change in foreign exchange rates.

Pertinent Period	Increase (Decrease) in Foreign Exchange Rate	Effect on income before income tax Increase (Decrease)
2023	(₱1.00)	(₱137,483,245)
	1.00	137,483,245
2022	(₱1.00)	₱101,210,536
	1.00	(101,210,536)

For subsidiaries with functional currency in US\$, financial assets and liabilities are translated into Philippine peso, the 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 cash and cash equivalents, receivables from related parties, accrued interest receivable, financial assets at amortized cost, investments in financial assets at FVOCI, 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 ACEFIL, ACEIC Cayman, ACETI and subsidiaries, ACEC, ACEN Finance and ACEN HK which are in US\$ functional currency were likewise translated to the Group's presentation currency. The exchange difference arising on the translation are recognized in OCI under "Cumulative Translation Adjustments" account in the consolidated statements of financial position.

	December 31, 2023	
	PHP	US\$
Financial assets:		
Cash and cash equivalents	₱14,117,278,824	\$254,962,594
Receivables	53,483,242,433	965,924,552
Other financial assets	7,731,998,328	139,642,375
	75,332,519,585	1,360,529,521
Financial liabilities:		
Accounts and other payables	10,264,703,080	185,383,837
Notes and loans payable	82,564,081,081	1,491,133,847
	92,828,784,161	1,676,517,684
Net foreign currency position	(₱17,496,264,576)	(\$315,988,163)

	December 31, 2022	
	PHP	US\$
Financial assets:		
Cash and cash equivalents	₱24,097,535,233	\$432,204,022
Receivables	48,757,398,553	874,493,741
Assets held for sale	11,821,057,526	210,638,944
Other financial assets	91,497,775,955	1,641,068,531
	176,173,767,267	3,158,405,238
Financial liabilities:		
Accounts and other payables	5,684,033,734	101,946,619
Notes and loans payable	30,529,271,423	547,561,141
	36,213,305,157	649,507,760
Net foreign currency position	₱139,960,462,110	\$2,508,897,478

The Philippine Peso - US Dollar exchange rate as of December 31, 2023 and 2022 used were ₱55.37 to US\$1.00 and ₱55.76 to US\$1.00.

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 other comprehensive income
2023	USD	+1.00	(₱315,988,163)
		-1.00	315,988,163
2022	USD	+1.00	₱2,508,897,478
		-1.00	(2,508,897,478)



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 and 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 and Chief Finance Officer 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 of the Coal and Fuel Hedging Strategy are reviewed quarterly during the Group's Finance Committee (FINCOM). Continuation, addition, reduction and termination of existing hedges are decided by the FINCOM and any material change in permissible hedging instrument, counterparties and limits are elevated to the Board 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 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 of December 31, 2023							
<i>Foreign exchange forward contracts</i>							
Notional amount (\$000)	\$17,161	15,159	\$6,560	\$-	\$-	\$-	\$38,880
Average forward rate (\$/₱)	55.47	55.42	55.43	-	-	-	
<i>Coal</i>							
Notional amount (in Metric Tons)	1,200	-	-	-	-	-	1,200
Notional amount (in \$000)	(\$95)	\$-	\$-	\$-	\$-	\$-	(\$95)
Average hedged rate (\$ per Metric ton)	\$168.22	\$-	\$-	\$-	\$-	\$-	
	Maturity						
	< 1 month	1-3 months	4-6 months	7-9 months	10-12 months	>12 months	Total
As of December 31, 2022							
<i>Foreign exchange forward contracts</i>							
Notional amount (\$000)	\$10,600	\$4,115	\$-	\$-	\$-	\$-	\$14,715
Average forward rate (\$/₱)	55.63	56.78	-	-	-	-	
<i>Fuel</i>							
Notional amount (in Metric Tons)	16,800	-	-	-	-	-	16,800
Notional amount (in \$000)	(\$461)	\$-	\$-	\$-	\$-	\$	(\$461)
Average hedged rate (\$ per Metric ton)	327.97	-	-	-	-	-	
<i>Coal</i>							
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 is as follows (amounts in thousands):

	Notional amount	Carrying amount	Line item in the consolidated statement of financial position	Change in fair value used for measuring ineffectiveness for the period
As of December 31, 2023				
Foreign exchange forward contracts	\$17,161	(₱10,563)	Accounts and other payables	(₱10,563)
Commodity swap contracts - Coal	1,200	(5,277)	Other noncurrent liabilities	(3,958)
As of December 31, 2022				
Foreign exchange forward contracts	\$14,715	(₱3,012)	Accounts payable and payables	(₱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 is as follows (amounts in thousands):

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
As of December 31, 2023			
Highly probable forecast purchases	(P10,563)	P—	P—
Coal purchase	(3,958)	—	—
As of 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 (amounts in thousands):

	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 of December 31, 2023						
Foreign exchange forward contracts	(P10,563)	P—	P—	P—	P—	P—
Commodity swap contracts - Coal	(3,958)	—	—	—	—	—
As of 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 sufficient funds and equity capital in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjust it, in light of changes in economic conditions. 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 of December 31, 2023 and 2022.

23. 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 44.14% 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 Limited.

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. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports in order to assess performance 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, arise 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 year ended December 31, 2023 and 2022 and assets and liabilities as of December 31, 2023 and 2022:

December 31, 2023

	Parent and Others	Philippines	International	Consolidated
Revenue:				
Energy and bulk water sales	₱–	₱35,493,707,588	₱830,728,077	₱36,324,435,665
Equity in net income	(10,650,513)	6,197,032,399	752,124,126	6,938,506,012
Management fees	183,555,294	–	36,497,975	220,053,269
Rental income	113,573,888	68,857,252	–	182,431,140
Other revenues	102,323,895	22,395,915	–	124,719,810
	388,802,564	41,781,993,154	1,619,350,178	43,790,145,896
Cost and expenses:				
Costs of services	–	31,890,237,733	–	31,890,237,733
General and administrative	2,750,446,276	44,491,229	4,663,322,527	7,458,260,032
	2,750,446,276	31,934,728,962	4,663,322,527	39,348,497,765
Other income (charges):				
Foreign exchange gain (loss)	(151,684,747)	14,302,188	152,672,222	15,289,663
Interest income	3,236,986,030	883,048,071	5,747,735,066	9,867,769,167
Gains on acquisition and disposal of investments	1,299,245,272	–	1,062,030,199	2,361,275,471
Mark-to-market losses - net	(6,374,555)	(6,066,822)	(271,778,946)	(284,220,323)
Interest and other financing charges	(2,121,948,531)	(408,356,357)	(2,141,883,571)	(4,672,188,459)
Other income	831,531,520	(27,718,941)	3,563,515,695	4,367,328,274
	3,087,754,989	455,208,139	8,112,290,665	11,655,253,793
Net income before income tax	726,111,277	10,302,472,331	5,068,318,316	16,096,901,924
Provision for income tax	(932,038,901)	320,730,947	213,478,247	(397,829,707)
Net income (loss)	(₱205,927,624)	₱10,623,203,278	₱5,281,796,563	₱15,699,072,217
Other information:				
Segment assets	₱143,962,665,184	₱53,480,698,352	₱100,429,296,020	₱297,872,659,556
Investments in associates and joint ventures	–	28,636,120,442	16,466,333,340	45,102,453,782
Total assets	₱143,962,665,184	₱82,116,818,794	₱116,895,629,360	₱342,975,113,338
Segment liabilities	₱75,232,023,483	₱17,949,910,946	₱74,805,537,629	₱167,987,472,058
Deferred income tax liabilities	91,125,416	822,469,731	374,699,324	1,288,294,471
Total Liabilities	₱75,323,148,899	₱18,772,380,677	₱75,180,236,953	₱169,275,766,529



December 31, 2022

	Parent and Others	Philippines	International	Consolidated
Revenue:				
Energy and bulk water sales	P—	P35,944,581,023	P—	P35,944,581,023
Equity in net income	—	3,927,314,138	154,739,153	4,082,053,291
Management fees	92,752,845	—	28,586,027	121,338,872
Rental income	68,468,978	115,737,320	—	184,206,298
Other revenues	—	37,459,377	3,635,465	41,094,842
	161,221,823	40,025,091,858	186,960,645	40,373,274,326
Cost and expenses:				
Costs of services	—	35,215,346,444	—	35,215,346,444
General and administrative	1,966,469,474	953,973,050	1,830,939,063	4,751,381,587
	1,966,469,474	36,169,319,494	1,830,939,063	39,966,728,031
Other income (charges):				
Foreign exchange gain (loss)	730,055,322	(149,264,610)	2,297,706	583,088,418
Interest income	2,171,237,948	87,238,558	5,171,468,224	7,429,944,730
Gain (loss) on acquisition and disposal of investments	292,236,779	(6,399,020,618)	11,655,693,428	5,548,909,589
Mark-to-market gains (loss) - net	31,818,857	(7,844,188)	(124,512,760)	(100,538,091)
Interest and other financing charges	(2,771,119,250)	(1,101,533,686)	(1,067,837,451)	(4,940,490,387)
Other income	790,468,473	120,303,163	371,396,427	1,282,168,063
	1,244,698,129	(7,450,121,381)	16,008,505,574	9,803,082,322
Net income before income tax	(560,549,522)	(3,594,349,017)	14,364,527,156	10,209,628,617
Provision for income tax	(434,573,533)	272,880,698	(232,862,007)	(394,554,842)
Net income (loss)	(P125,975,989)	(P3,867,229,715)	P14,597,389,163	P10,604,183,459
Other information:				
Segment assets	P113,962,969,230	P42,869,580,323	P78,177,186,063	P235,009,735,616
Assets held for sale	—	11,821,057,526	—	11,821,057,526
Investments in associates and joint ventures	—	20,209,941,270	14,373,897,450	34,583,838,720
Total assets	P113,962,969,230	P74,900,579,119	P92,551,083,513	P281,414,631,862
Segment liabilities	P89,913,799,477	P11,576,512,462	P36,786,010,557	P138,276,322,496
Deferred income tax liabilities	492,940,911	131,694,677	1,927,600	626,563,188
Total Liabilities	P90,406,740,388	P11,708,207,139	P36,787,938,157	P138,902,885,684

24. Notes to Consolidated Statements of Cash Flows

Changes in liabilities arising from financing activities are as follows:

2023

	Short-term Loans	Notes Payable	Loans Payable	Interest Payable	Lease Liabilities	Dividends Payable	Total liabilities from financing activities
Balance at January 1	P2,900,000,000	P74,935,143,429	P39,917,207,237	P870,868,388	P4,510,340,728	P16,585,282	P123,150,145,064
Cash inflows	9,000,000,000	—	20,031,317,344	—	—	—	29,031,317,344
Cash outflow	(10,400,000,000)	—	(668,323,772)	(3,437,694,174)	(779,212,094)	(2,000,000,000)	(17,285,230,040)
Non-cash changes:							
Amortization of debt issue cost	—	112,258,014	32,957,116	(145,215,130)	—	—	—
Amortization of premium	—	(28,900,511)	—	—	—	—	(28,900,511)
Interest expense	—	—	—	4,238,218,651	252,463,236	—	4,490,681,887
Cumulative translation adjustment	—	(450,574,037)	(98,374,654)	—	(92,157,580)	—	(641,106,271)
New lease agreement	—	—	—	—	3,913,667,599	—	3,913,667,599
Remeasurements	—	—	—	—	384,807,005	—	384,807,005
Accrued interest payable	—	—	81,128,651	—	—	—	81,128,651
Capitalized Amortization/ Interest Expense	—	—	—	—	208,695,033	—	208,695,033
Dividends declared	—	—	—	—	—	2,000,000,000	2,000,000,000
Balance at December 31	P1,500,000,000	P74,567,926,895	P59,295,911,922	P1,526,177,735	P8,398,603,927	P16,585,282	P145,305,205,761



2022

	Short-term Loans	Notes Payable	Loans Payable	Interest Payable	Lease Liabilities	Dividends Payable	Total liabilities from financing activities
Balance at January 1	P=	P59,193,577,539	P30,160,086,935	P793,321,011	P2,757,230,062	P16,585,282	P92,920,800,829
Cash inflows	23,259,020,000	9,871,378,220	23,492,032,562	-	-	-	56,622,430,782
Cash outflow	(20,359,020,000)	-	(7,406,281,879)	(4,459,583,632)	(299,848,600)	(16,865,013,889)	(49,389,748,000)
Non-cash changes:							
Amortization of debt issue cost	-	89,732,468	112,825,923	(202,558,391)	-	-	-
Interest expense	-	-	-	4,739,689,400	200,800,987	-	4,940,490,387
Cumulative translation adjustment	-	5,780,455,202	838,406,736	-	146,594,881	-	6,765,456,819
New lease agreement	-	-	-	-	263,077,325	-	263,077,325
Additions through business combination	-	-	5,141,445,843	-	1,485,756,602	-	6,627,202,445
Remeasurements	-	-	-	-	(83,337,202)	-	(83,337,202)
Deconsolidation of SLTEC	-	-	(13,282,477,503)	-	-	-	(13,282,477,503)
Dividends declared	-	-	-	-	-	16,865,013,889	16,865,013,889
Unrealized foreign exchange loss	-	-	861,168,620	-	40,066,673	-	901,235,293
Balance at December 31	P2,900,000,000	P74,935,143,429	P39,917,207,237	P870,868,388	P4,510,340,728	P16,585,282	P123,150,145,064

The Group's noncash investing and financing activities are as follow:

2023

- Unpaid acquisition of property, plant, and equipment amounting to P378.11 million.
- Additions to right-of-use assets and lease liabilities amounting to P4,130.89 million and P3,913.67 million, respectively.
- Remeasurement of lease liability due to modification amounting to P384.81 million.

2022

- Unpaid acquisition of property, plant, and equipment amounting to P1,949.60 million.
- Transfer of land from investment property to property, plant, and equipment amounting to P402.80 million.
- Additions to right-of-use assets and lease liabilities amounting to P282.10 million and P263.08 million, respectively.
- Remeasurement of lease liability due to modification amounting to P86.33 million.
- Transfer from property, plant and equipment to assets held for sale amounting to P3.02 million.
- Reclassification of subscriptions amounting to P134.23 million to investments in joint venture.
- Convertible loan amounting to P74.45 million was reclassified to debt replacement loans.

25. Provisions and Contingencies

Tax assessments

On June 25, 2019, the BIR issued a letter of authority to ACEIC covering taxable year 2018. On October 24, 2022, pursuant to the LOA, the BIR issued a Notice of Discrepancy covering various internal revenue taxes (e.g., income tax, VAT, EWT, and documentary stamp tax) including interest and penalties. The Parent Company paid last February 28, 2023 tax deficiencies totaling to P30.03 million based on Preliminary Assessment Notice released by the BIR.



On September 18, 2020, the BIR issued a LOA to ACEIC covering taxable year 2019. On March 14, 2023, pursuant to the LOA, the Company received an NOD from the BIR covering various internal revenue taxes (e.g., income tax, VAT, EWT, FWT and DST) including interest and penalties. The Parent Company paid last June 15, 2023 tax deficiencies totaling to ₱35.71 million based on Formal Letter of Demand released by the BIR.

On June 30, 2021, the BIR issued a LOA to ACEIC covering taxable year 2020. On August 29, 2023, pursuant to the LOA, the Company received an NOD from the BIR covering various internal revenue taxes (e.g., income tax, VAT, EWT, and DST) including interest and penalties. The Parent Company paid last August 31, 2023 tax deficiencies totaling to ₱39.89 million based on Preliminary Assessment Notice released by the BIR.

The Parent Company received a LOA from the BIR dated February 6, 2024 for the audit of the 2021 books of account.

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 of April 19, 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 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 ₱16.15 million, out of the total amount claimed of ₱335.76 million, 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 EB issued a Resolution reiterating its Decision dated May 17, 2022, which in turn affirmed the CTA Third Division's Decision limiting the Guimaras Wind's entitlement to refund to a reduced amount of ₱16.15 million.

The CTA EB held that the Certificate of Endorsement (COE) from the Department of Energy (DOE) and the Certificate of Compliance (COC) from the ERC are both required in order for Guimaras Wind to properly avail VAT zero-rating incentives. The CTA EB also rejected the 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.

- b. On April 12, 2017, 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 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) Sec112(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 as 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 January 25, 2024, SACASOL filed Petition for Extension to File Petition for Review with the Supreme Court.

Provisions and Contingencies

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 of April 19, 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 ACEN 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 PEMC. 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.

26. 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:

ACEN and Barito enter new partnership in Indonesia wind projects

On December 15, 2023, ACEN (through ACEN HK), a subsidiary of ACEN Renewables International) and Barito Renewables (through PT Barito Wind Energy (Barito Wind)) signed a Sale and Purchase Agreement with UPCAPH 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%.



ACEN 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) for US\$140.00 million, and (b) for US\$180.00 million. This loan obtained by ACEN Cayman shall be used to redeem the redeemable preferred shares held by ACEFIL in ACEN Cayman; the proceeds will in turn be used by ACEFIL to redeem its maturing green bonds.

ACEFIL entered to a Loan Agreement guaranteed by ACEIC Parent

On January 12, 2024, ACEIC as Guarantor to its subsidiary, ACEFIL entered to a loan agreement with a lender for US\$10.0 million. This loan obtained by ACEFIL shall be used to redeem its maturing green bonds in January 2024.

Senior guaranteed notes paid by ACEFIL

On January 25, 2024, ACEFIL redeemed \$360.0 million of the Senior guaranteed notes under the MTN Programme. Remaining outstanding guaranteed notes amounted to \$410.0 million.

ACEN 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. This is paid to the non-controlling interest.

Issuance of Corporate Guarantee in support of the Australia Projects

On February 26, 2024, ACEN, as the Guarantor to its subsidiary 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 AU\$75 million. ANZ and WBC also entered into an Accession Letters to include ANZ and WBC as Lenders under the Common Provisions Agreement dated August 18, 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, 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.

