

COVER SHEET

for
SEC FORM 17-Q

SEC Registration Number

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COMPANY NAME

A	C		E	N	E	R	G	Y		C	O	R	P	O	R	A	T	I	O	N										
A	N	D		S	U	B	S	I	D	I	A	R	I	E	S															

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

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Form Type

1	7	-	Q
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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	/	A	
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COMPANY INFORMATION

Company's Email Address

N/A

Company's Telephone Number

7730-6300

Mobile Number

-

No. of Stockholders

3,182

Annual Meeting (Month / Day)

04/19

Fiscal Year (Month / Day)

12/31

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

ALAN T. ASCALON

Email Address

Ascalon.at@acenergy.com.ph

Telephone Number/s

(02) 7730-6300

Mobile Number

-

CONTACT PERSON'S ADDRESS

4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, Philippines 1200

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

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



SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2021**
2. Commission identification number **39274**
3. BIR Tax Identification No. **000-506-020-000**
4. Exact name of issuer as specified in its charter **AC ENERGY CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, 1210
8. Issuer's telephone number, including area code **(632) 7-730-6300**
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Number of shares of common stock outstanding **38,225,838,177 shares**

Amount of debt outstanding **None registered in the Philippine SEC
and listed in PDEX/others**

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

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

Philippine Stock Exchange Common

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached ANNEX "A"

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

Please refer to attached ANNEX "B"

PART II--OTHER INFORMATION

Please refer to attached ANNEX "C"

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this amended report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on August 27, 2021.

AC ENERGY CORPORATION



JOHN ERIC T. FRANCIA

President & Chief Executive Officer



MARIA COPAZON G. DIZON

Treasurer & Chief Financial Officer

SECURITIES & EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, 1307 Pasay City

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

The management of **AC Energy Corporation and Subsidiaries** (the "Company") is responsible for the preparation and fair presentation of the unaudited interim condensed consolidated financial statements, including the schedules attached therein, as at June 30, 2021 and for the six months period ended June 30, 2021 and 2020 (with comparative figures as at December 31, 2020), in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.


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

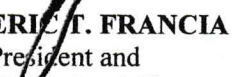
The Board of Directors is responsible for overseeing the Company's financial reporting process.

As delegated by the Board of Directors, the Executive Committee reviewed and approved the unaudited interim condensed consolidated financial statements as at June 30, 2021 and for the six months period ended June 30, 2021 and 2020 (with comparative figures as at December 31, 2020), including the schedules attached therein, and submits the same to the Stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders, has performed limited review of the interim condensed consolidated financial statements of the Company in accordance with Philippine Standards on Review Engagements, and in its report to the stockholders, has expressed their opinion on the fairness of presentation upon completion of such review.

(Page 2 of Statement of Management's
Responsibility for the Consolidated Financial Statements)


FERNANDO M. ZOBEL DE AYALA
Chairman of the Board


JOHN ERIC T. FRANCIA
President and
Chief Executive Officer


MA. CORAZON G. DIZON
Treasurer and
Chief Financial Officer

Signed this 27th day of August 2021

(Page 3 of Statement of Management's
Responsibility for the Consolidated Financial Statements)

(REPUBLIC OF THE PHILIPPINES)
Makati City) S.S.

SUBSCRIBED AND SWORN to before me this **AUG 27 2021** affiant(s) exhibiting to me
their Passport, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Fernando M. Zobel De Ayala	P0349883B	22 Jan 2019	DFA Manila
John Eric T. Francia	P3923362B	21 Nov 2019	DFA Manila
Maria Corazon G. Dizon	P6253635A	2 Mar 2018	DFA NCR East



A handwritten signature in blue ink, appearing to read "Mark D. Itaralde".

ATTY. MARK DEAN D.R. ITARALDE

Notary Public – Makati City

Appt. No. M-163 until December 31, 2021

Roll of Attorneys No. 71073

IBP OR No. 144650; January 7, 2021

PTR No. MKT-8534431; 01/05/2021; Makati City

MCLE Compliance No. VI-0028680; valid until 04/14/ 2022

7727 E. Jacinto cor. Medina St.

Barangay Pio Del Pilar, Makati City

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Book No. 4
Series of 2021

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Stockholders and the Board of Directors
AC Energy Corporation
4th Floor, 6750 Office Tower
Ayala Avenue, Makati City

Introduction

We have reviewed the accompanying unaudited interim condensed consolidated statement of financial position of AC Energy Corporation and its Subsidiaries (the “Group”) which comprise the unaudited interim consolidated statement of financial position as at June 30, 2021, and the related interim unaudited consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month periods ended June 30, 2021 and 2020, and a summary of selected explanatory notes to the unaudited interim condensed consolidated financial statements. Management is responsible for the preparation and fair presentation of this unaudited interim financial information in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on these unaudited interim condensed consolidated financial statements based on our review.

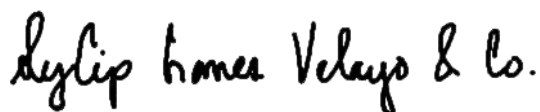
Scope of Review

We conducted our review in accordance with Philippine Standards on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Philippine Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited interim condensed consolidated financial statements of the Group as at June 30, 2021 and for the six months period ended June 30, 2021 and 2020, are not prepared, in all material respects, in accordance with PAS 34, *Interim Financial Reporting*.

SYCIP GORRES VELAYO & CO.



August 27, 2021



AC ENERGY CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****June 30, 2021 (With Comparative Balances as at December 31, 2020)****(Amounts in Thousands)**

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 32)	₱39,480,353	₱28,077,171
Receivables (Notes 6, 29 and 32)	32,442,595	16,611,719
Fuel and spare parts (Note 7)	1,459,064	1,391,340
Financial assets at fair value through other comprehensive income (FVOCI; Note 11)	—	12,620,756
Current portion of:		
Input value added tax (VAT)	92,580	438,738
Creditable withholding taxes	597,024	649,271
Other current assets (Notes 8 and 32)	952,624	453,424
	75,024,240	60,242,419
Assets held for sale (Note 9)	9,927	—
Total Current Assets	75,034,167	60,242,419
Noncurrent Assets		
Investments in:		
Financial assets at FVOCI (Note 11)	330,099	381,168
Associates and joint ventures (Notes 2 and 10)	20,000,640	18,795,088
Other financial assets at amortized cost (Note 12)	21,770,489	15,297,105
Property, plant and equipment (Note 9)	32,418,639	31,837,950
Right-of-use assets (Note 15)	2,881,719	2,343,404
Investment properties (Note 13)	13,085	341,549
Receivables - net of current portion (Notes 6, 29 and 32)	9,496,900	6,540,288
Goodwill and other intangible assets (Note 14)	2,448,902	2,537,094
Deferred income tax assets - net (Note 28)	480,907	416,353
Net of current portion:		
Input VAT	1,428,994	1,177,802
Creditable withholding taxes	726,804	601,840
Other noncurrent assets (Notes 16 and 32)	1,752,435	1,303,760
Total Noncurrent Assets	93,749,613	81,573,401
TOTAL ASSETS	₱168,783,780	₱141,815,820

(Forward)

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 17, 29 and 32)	₱8,768,009	₱6,490,189
Short-term loans (Notes 18 and 32)	—	4,635,000
Current portion of long-term loans (Notes 18, 32 and 33)	668,894	707,782
Current portion of lease liabilities (Notes 15, 32 and 33)	381,561	285,001
Income and withholding taxes payable	258,601	345,281
Due to stockholders (Note 29)	16,585	18,272
Total Current Liabilities	10,093,650	12,481,525
Noncurrent Liabilities		
Long-term loans - net of current portion (Notes 18, 32 and 33)	20,603,823	21,546,373
Lease liabilities - net of current portion (Notes 15, 32 and 33)	2,407,703	1,631,628
Pension and other employee benefits	71,812	50,929
Deferred income tax liabilities - net (Note 28)	118,548	130,981
Other noncurrent liabilities (Note 19)	1,899,166	1,695,048
Total Noncurrent Liabilities	25,101,052	25,054,959
Total Liabilities	35,194,702	37,536,484
Equity		
Capital stock (Notes 1 and 20)	38,240,338	13,706,957
Additional paid-in capital (Notes 1 and 20)	97,133,927	8,692,555
Other equity reserves (Note 20)	(55,620,195)	28,662,357
Unrealized fair value (loss) gain on equity instruments at FVOCI (Note 11)	(99,792)	143,625
Unrealized fair value gain on derivative instruments designated as hedge accounting (Note 32)	108,157	57,409
Remeasurement loss on defined benefit plans	(24,436)	(6,999)
Accumulated share in other comprehensive loss of associates and joint ventures	(2,723)	(229,844)
Cumulative translation adjustments	(2,935,061)	(3,453,709)
Retained earnings (Note 20)	6,146,693	6,349,084
Treasury shares (Note 20)	(34,498)	(40,930)
Total equity attributable to equity holders of the Parent Company	82,912,410	53,880,505
Non-controlling interests (Note 20)	50,676,668	50,398,831
Total Equity	133,589,078	104,279,336
TOTAL LIABILITIES AND EQUITY	₱168,783,780	₱141,815,820

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



AC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Figures)

	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2021 (Unaudited)	2020 (Restated)	2021 (Unaudited)	2020 (As Restated, Note 4)
REVENUES				
Revenue from sale of electricity (Note 21)	₱7,630,587	₱5,352,134	₱13,319,362	₱9,887,477
Rental income	15,867	15,893	29,530	63,073
Dividend income (Note 11)	—	—	6,549	—
Other revenues	40,576	18,125	59,433	21,474
	7,687,030	5,386,152	13,414,874	9,972,024
COSTS AND EXPENSES				
Costs of sale of electricity (Note 22)	5,950,905	2,913,982	10,384,349	6,405,995
General and administrative expenses (Note 23)	826,449	640,672	1,221,219	984,296
	6,777,354	3,554,654	11,605,568	7,390,291
INTEREST AND OTHER FINANCE CHARGES (Note 26)	(374,989)	(535,851)	(803,668)	(926,579)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES (Note 10)	359,645	634,294	936,054	953,220
OTHER INCOME - NET (Note 27)	1,226,367	1,317,648	2,240,819	1,872,874
INCOME BEFORE INCOME TAX	2,120,699	3,247,589	4,182,511	4,481,248
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 28)				
Current	(47,253)	74,600	87,948	150,396
Deferred	(15,800)	500,910	(22,624)	518,003
	(63,053)	575,510	65,324	668,399
NET INCOME	₱2,183,752	₱2,672,079	₱4,117,187	₱3,812,849
Net Income Attributable To:				
Equity holders of the Parent Company	₱1,418,108	₱1,968,246	₱2,690,363	₱2,573,406
Non-controlling interests	765,644	703,833	1,426,824	1,239,443
	₱2,183,752	₱2,672,079	₱4,117,187	₱3,812,849
Basic/Diluted Earnings Per Share (Note 30)	₱0.07	₱0.25	₱0.13	₱0.33

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



AC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Figures)

	Three-Month Period Ended June 30		Six-Month Period Ended June 30	
	2021 (Unaudited)	2020 (Restated)	2021 (Unaudited)	2020 (As Restated Note 4)
NET INCOME	₱2,183,752	₱2,672,079	₱4,117,187	₱3,812,849
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Cumulative translation adjustment	(362,612)	(1,393,601)	521,088	(1,277,099)
Unrealized fair value gain (loss) on derivative instruments designated as hedges - net of tax (Note 32)	9,192	(56,295)	50,748	(189,692)
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Net changes in the fair value of equity instruments at FVOCI (Note 11)	(54,432)	(61,204)	(54,612)	(38,676)
Remeasurement loss on defined benefit plans, net of tax	—	—	(17,437)	—
	(407,852)	(1,511,100)	499,787	(1,505,467)
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	16,702	—	16,701	—
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement loss on defined benefit plans, net of tax	(57,208)	(58,934)	(126)	(125,547)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(448,358)	(1,570,034)	516,362	(1,631,014)
TOTAL COMPREHENSIVE INCOME	₱1,735,394	₱1,102,045	₱4,633,549	₱2,181,835
Total Comprehensive Income Attributable To:				
Equity holders of the Parent Company	₱967,311	₱398,810	₱3,204,285	₱944,190
Non-controlling interests	768,083	703,235	1,429,264	1,237,645
	₱1,735,394	₱1,102,045	₱4,633,549	₱2,181,835

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



AC ENERGY CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company													
	Capital Stock (Note 20)	Additional Paid-in Capital	Other Equity Reserves	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI (Note 11)	Unrealized Fair Value Gain (Loss) on derivative instruments designated as hedge accounting (Note 32)	Remeasurement (Gain) Loss on Defined Benefit Plans	Accumulated Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures	Cumulative Translation Adjustments	Retained Earnings (Note 20)	Treasury Shares (Note 20)	Total	Non-controlling Interests	Total Equity	
For the six-month period ended June 30, 2021 (Unaudited)														
Balances at January 1, 2021, as previously reported	₱13,706,957	₱8,692,555	(₱7,541,223)	(₱8,169)	₱57,409	(₱6,999)	(₱2,723)	–	₱5,167,685	(₱40,930)	₱20,024,562	₱1,330,507	₱21,355,069	
Effects of common control business combination (Note 4)	–	–	36,203,580	151,794	–	–	(227,121)	(3,453,709)	1,181,399	–	33,855,943	49,068,324	82,924,267	
Balances at January 1, 2021, as restated	13,706,957	8,692,555	28,662,357	143,625	57,409	(6,999)	(229,844)	(3,453,709)	6,349,084	(40,930)	53,880,505	50,398,831	104,279,336	
Net income	–	–	–	–	–	–	–	–	2,690,363	–	2,690,363	1,426,824	4,117,187	
Other comprehensive income (loss)	–	–	–	(54,612)	50,748	(17,437)	16,575	518,648	–	–	513,922	2,440	516,362	
Total comprehensive income (loss)	–	–	–	(54,612)	50,748	(17,437)	16,575	518,648	2,690,363	–	3,204,285	1,429,264	4,633,549	
Dividends declared (Note 20)	–	–	–	–	–	–	–	–	(1,195,787)	–	(1,195,787)	(1,153,414)	(2,349,201)	
Issuance of capital stock (Notes 4 and 20)	24,533,381	88,922,657	–	–	–	–	–	–	–	–	113,456,038	–	113,456,038	
Stock issuance costs (Note 20)	–	(614,811)	–	–	–	–	–	–	–	–	(614,811)	–	(614,811)	
Acquisition of treasury shares (Note 20)	–	–	–	–	–	–	–	–	–	(55,184)	(55,184)	–	(55,184)	
Reissuance of treasury shares (Note 20)	–	133,526	–	–	–	–	–	–	–	61,616	195,142	–	195,142	
Reversal of unrealized fair value gain upon redemption (Note 11)	–	–	–	(25,906)	–	–	–	–	–	–	(25,906)	–	(25,906)	
Capital infusion of non-controlling interest in a subsidiary (Note 20)	–	–	–	–	–	–	–	–	–	–	–	1,987	1,987	
Effects of common control business combination	–	–	(84,282,552)	(162,899)	–	–	210,546	–	(1,696,967)	–	(85,931,872)	–	(85,931,872)	
	24,533,381	88,441,372	(84,282,552)	(188,805)	–	–	210,546	–	(2,892,754)	6,432	25,827,620	(1,151,427)	24,676,193	
Balances at June 30, 2021	₱38,240,338	₱97,133,927	(₱55,620,195)	(₱99,792)	₱108,157	(₱24,436)	(₱2,723)	(2,935,061)	₱6,146,693	(₱34,498)	₱82,912,410	₱50,676,668	₱133,589,078	



Attributable to Equity Holders of the Parent Company

	Capital Stock (Note 20)	Additional Paid-in Capital	Other Equity Reserves	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI (Note 11)	Unrealized Fair Value Gain (Loss) on derivative instruments designated as hedge accounting (Note 32)	Remeasurement (Gain) Loss on Defined Benefit Plans	Accumulated Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures	Cumulative Translation Adjustments	Retained Earnings (Note 20)	Treasury Shares (Note 20)	Total	Non-controlling Interests	Total Equity
For the six-month period ended June 30, 2020 (Unaudited, As restated)													
Balances at January 1, 2020, as previously reported	₱7,521,775	₱83,768	₱5,366,480	(₱96,584)	(₱14,742)	₱9,254	(₱2,107)	–	₱3,296,295	(₱27,704)	₱16,136,435	₱248,584	₱16,385,019
Effects of common control business combinations	–	–	36,203,580	70,038	–	–	(166,047)	96,227	647,107	–	36,850,905	39,123,378	75,974,283
Balances at January 1, 2020, as restated	₱7,521,775	₱83,768	₱41,570,060	(₱26,546)	(₱14,742)	₱9,254	(₱168,154)	96,227	₱3,943,402	(₱27,704)	₱52,987,340	₱39,371,962	₱92,359,302
Net income (loss)	–	–	–	–	–	–	–	–	2,573,406	–	2,573,406	1,239,443	3,812,849
Other comprehensive income (loss)	–	–	–	(38,676)	(189,692)	–	(125,547)	(1,275,301)	–	–	(1,629,216)	(1,798)	(1,631,014)
Total comprehensive income (loss)	–	–	–	(38,676)	(189,692)	–	(125,547)	(1,275,301)	2,573,406	–	944,190	1,237,645	2,181,835
Dividends declared	–	–	–	–	–	–	–	–	–	–	–	(106,818)	(106,818)
Issuance of capital stock	6,185,182	8,378,918	–	–	–	–	–	–	–	–	14,564,100	–	14,564,100
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	(26,689)	(26,689)	–	(26,689)
Effects of common control business combination	–	158,467	(12,775,927)	88,455	–	(16,288)	–	–	(1,188,849)	–	(13,734,142)	(138,039)	(13,872,181)
	6,185,182	8,537,385	(12,775,927)	88,455	–	(16,288)	–	–	(1,188,849)	(26,689)	803,269	(244,857)	558,412
Balances at June 30, 2020	₱13,706,957	₱8,621,153	₱28,794,133	₱23,233	(₱204,434)	(₱7,034)	(₱293,701)	(1,179,074)	₱5,327,959	(₱54,393)	₱54,734,799	₱40,364,750	₱95,099,549

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



AC ENERGY CORPORATION AND SUBSIDIARIES**UNADITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS****(Amounts in Thousands)**

	Six-Month Period Ended June 30	
	2021	2020
	(Unaudited)	(As Restated, Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱4,182,511	₱4,481,248
Adjustments for:		
Depreciation and amortization (Note 25)	965,800	874,872
Interest and other finance charges (Note 26)	803,668	926,579
Foreign exchange losses (gains) - net	4,133	(15,377)
Pension and other employee benefits	3,446	12,896
Dividend income (Note 11)	(6,549)	—
Equity in net income of associates and joint ventures (Note 10)	(936,054)	(953,220)
Interest and other financial income (Note 27)	(1,775,643)	(889,097)
Mark-to-market gains (Note 27)	—	(789,151)
Amortization of leasehold rights	—	4,092
Provision for:		
Probable losses on deferred exploration costs (Note 14)	23,379	—
Others (Notes 6, 9 and 27)	26,056	432
Loss (gain) on:		
Recovery of tax credit certificate on real property tax (Note 27)	(69,154)	—
Settlement of derivatives (Note 27)	(41,700)	—
Reversal of impairment of investments in joint venture (Notes 10 and 27)	(37,635)	—
Sale of by-product (Note 27)	(23,209)	(22,743)
Sale of property and equipment (Note 27)	985	3,383
Operating income before working capital changes	3,120,034	3,633,914
Increase in:		
Receivables	(3,016,801)	(2,027,253)
Fuel and spare parts	(44,514)	(130,304)
Other current assets	(264,063)	(1,196,636)
Other noncurrent assets	(357,293)	—
Increase (decrease) in accounts payable and other current liabilities	2,436,497	(1,237,194)
Cash generated from (used in) operations	1,873,860	(957,473)
Interest received	15,652	—
Income and withholding taxes paid	(174,627)	(43,056)
Net cash flows from (used in) operating activities	1,714,885	(1,000,529)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Loans to related parties (Note 29)	(18,977,944)	(4,965,364)
Convertible loans (Note 12)	(5,072,623)	(3,993,415)
Subscription deposits (Note 12)	(1,565,599)	—
Property, plant and equipment (Note 9)	(1,372,779)	(391,282)

(Forward)

Six-Month Period Ended June 30		
	2021	2020
	(Unaudited)	(As Restated, Note 4)
Investments in redeemable preferred shares (Note 12)	(P601,324)	(P631,994)
Investments in joint venture (Note 10)	(281,724)	(2,573,300)
Investment properties (Note 13)	(109,910)	–
Deferred exploration costs (Note 14)	(15,039)	(13,571)
Investments in subsidiaries, net of cash acquired	–	(4,026,861)
Financial assets at fair value through profit or loss (FVTPL)	–	(3,418,712)
Proceeds from:		
Redemptions of financial assets at FVOCI (Note 11)	12,687,858	–
Collection of loans to related parties (Note 29)	3,956,754	3,096,599
Redemption of convertible loan (Note 12)	791,328	–
Sale of assets held for sale	4,963	–
Sale of property, plant and equipment	130	4,244
Termination of short-term investments	–	100,000
Dividends received from:		
Investments in associates and joint ventures (Note 10)	1,160,097	158,468
Financial assets at FVOCI (Note 11)	6,549	–
Interest received	1,084,088	962,691
Increase in other noncurrent assets, non-current portion of input VAT and CWT (Note 35)	(516,010)	(791,389)
Net cash flows used in investing activities	(8,821,185)	(16,483,886)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Issuance of capital stock (Note 20)	27,524,166	–
Availment of short-term debt (Notes 18 and 35)	3,000,000	9,610,325
Availment of long-term debt (Notes 18 and 35)	848,276	2,300,000
Reissuance of treasury shares	195,141	–
Capital infusion of non-controlling interest in subsidiary (Note 20)	1,988	–
Payments of:		
Short-term loans (Notes 18 and 35)	(7,635,000)	(1,690,726)
Cash dividends (Note 20)	(2,332,616)	(106,818)
Long-term loans (Notes 18 and 35)	(1,847,701)	(2,418,689)
Interest on short-term, long-term loans (Note 35)	(804,655)	(741,961)
Stock issuance costs (Note 20)	(614,811)	(94,782)
Lease liabilities (Notes 15 and 35)	(80,726)	–
Interest on lease liabilities (Notes 15 and 35)	(59,396)	(116,948)
Treasury shares (Note 20)	(55,184)	(26,690)
Debt issue cost (Note 18)	(6,038)	(17,250)
Increase (decrease) in due to stockholders	(18,272)	4,800
Increase in other noncurrent liabilities	200,539	1,257,143
Net cash flows from financing activities	18,315,711	7,958,404
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	193,771	(339,495)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	11,403,182	(9,865,506)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	28,077,171	39,630,296
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)		
	P39,480,353	P29,764,790

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



AC ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information and Status of Operations

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

As at June 30, 2021, AC Energy and Infrastructure Corporation (“ACEIC”, formerly AC Energy, Inc.) directly owns 71.84% of the ACEN’s total outstanding shares of stock.

The direct parent company (or intermediate parent company) of ACEN is ACEIC, a wholly owned subsidiary of Ayala Corporation (“AC”), a publicly-listed company which is 47.87% owned by Mermac, Inc. (ultimate parent company). ACEN is managed by ACEIC under an existing management agreement, which was assigned by PHINMA, Inc. to ACEIC on June 24, 2019 and which assignment was approved by the stockholders on September 17, 2019. ACEN, ACEIC and Mermac, Inc. are all incorporated and domiciled in the Philippines. ACEN and its subsidiaries are collectively referred to as “the Group”.

The registered office address of ACEN is 4th Floor, 6750 Ayala Avenue Office Tower, Makati City.

The interim condensed consolidated financial statements of the Group were approved and authorized for issuance by the Executive Committee of ACEN on August 27, 2021.

The following are the significant transactions of the Group during the six-month period ended June 30, 2021:

On March 18, 2021, the Board of Directors (“BOD”) of ACEN approved, among others, the following matters:

- i) Approval of the issuance of 1.58 billion primary shares for the Parent Company’s Follow-on Offering (FOO);
- ii) Approval of the property-for-share swap with ACEIC and the issuance of 16.686 billion primary shares to ACEIC in exchange for ACEIC’s shares of stock in ACE International, for an issue price of ₱5.15 per ACEN share;
- iii) Approval of the amendment to the Articles of Incorporation to increase the number of shares exempt from the pre-emptive right of shareholders for issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt from 16 billion shares to 24 billion shares.



During the Annual Stockholders' Meeting held on April 19, 2021, the stockholders of the Parent Company approved, among others, the following corporate actions:

- i) Amendment to the Seventh Article of the Articles of Incorporation:
 - a. to increase the ACS from ₱24.40 billion divided into 24.40 billion shares at par value of ₱1.00 per share, to ₱48.40 billion divided into 48.4 billion shares at par value of ₱1.00 per share; and
 - b. to increase the number of shares exempt from pre-emptive rights in relation to shares issued in exchange for property needed for corporate purposes or in payment for previously contracted debt from 16 billion shares to 24 billion shares.
- ii) Issuance of 4 billion shares to Arran Investment Pte Ltd.
- iii) Issuance of 1.58 billion primary common shares pursuant to the Corporation's FOO
- iv) Issuance of 16,685,800,533 common shares to ACEIC in exchange for ACEIC's International Renewable Energy Assets and Investments
- v) Waiver of the requirement to Conduct a Rights or Public Offering of Shares in Relation to the Issuance of 16,685,800,533 shares to ACEIC in Exchange for ACEIC's International Renewable Energy Assets and Investments
- vi) Stock Ownership Plan to qualified officers, employees and consultants of the Group, and to allocate 960 million common shares from the unsubscribed portion of the ACEN's ACS for the Stock Ownership Plan.

The proposed increase in ACS is meant to enable the implementation of the assets-for-share swap between ACEN and ACEIC for the latter's international assets, and provide future capital raising exercises to fund its various greenfield projects and other acquisitions.

The proposed increase in the number of shares that are exempt from the pre-emptive right of existing shareholders is meant to implement the property-for-share swap for the infusion by ACEIC of its international assets into ACEN (see Note 4).

Completion of the Stock Rights Offering (the "Rights Offer" or the "SRO")

During the Rights Offer Period from January 18, 2021 to January 22, 2021, ACEN sold, by way of SRO, a total of 2,267,580,434 Common Shares at an Offer Price of ₱2.37 per share to eligible stockholders of record as at January 13, 2021 (See Note 20).

There were 2,094,898,876 shares and 172,681,558 shares sold in first round and second round allocation, respectively. The Rights Shares was listed with the PSE on January 29, 2021.

Proceeds from the SRO were used to fund ongoing Solar Power Projects of Solarace1, Gigasol3 and Grencore 3 Power Solutions, Inc. as well as other projects such as investment into a renewable energy laboratory, and funding for up to U.S.\$100 million for new technology investments in the Philippines.

Bulacan Power Generation Corporation's ("Bulacan Power"), a subsidiary of ACEN, participated in the SRO acquired 23,284,346 ACEN shares. This is recognized as treasury shares in the consolidated financial statements (see Note 20).

Original issuance of Shares by ACEN to Arran Investment Pte Ltd ("Arran") pursuant to a private placement

On March 18, 2021, pursuant to the Investment Agreement that ACEN signed with Arran, of an affiliate of GIC Private Limited ("GIC"), (together ACEIC, ACEN's parent company) on December 30, 2020, Arran subscribed to 4 billion common shares of ACEN at a price of ₱2.97 per Common Share through a private placement (the "Private Placement"), for an aggregate value or



consideration of ₱11.88 billion. The subscription price was offered by Arran pursuant to its binding offer on November 10, 2020, and which offer was approved by the BOD of ACEN during its meeting of November 11, 2020 (see Note 20).

Upon completion of the Private Placement in accordance with the Investment Agreement, Arran shall own 20.04% of the issued and outstanding common shares of ACEN.

The Private Placement will decrease the public float of ACEN from 24.96% to 19.96%, while foreign ownership level will increase from 2.88% to 22.34%.

The closing of Arran's Private Placement is subject to contractual terms and conditions customary for transactions of a similar nature. Since the shares to be issued pursuant to the Private Placement will not exceed 35% of the resulting total subscribed capital stock, it is exempt from pre-emptive rights of existing stockholders pursuant to the second paragraph of Article Seventh of ACEN's Articles of Incorporation.

The Private Placement will enable ACEN to raise additional capital to fund its various developmental and operating projects, as well as potential acquisitions. The entry of Arran as an institutional investor will also strengthen ACEN's investor base. The value or consideration per share for the Private Placement was determined by Arran after conducting a due diligence exercise on ACEN's existing business and potential. Arran valued the existing operating assets of ACEN as well as the various developmental projects in its pipeline.

Pursuant to the Investment Agreement, after completion of the Private Placement, ACEN's planned FOO, the proposed property for shares swap between ACEN and ACEIC for the infusion by ACEIC of its international assets to ACEN, and the purchase of Arran of secondary shares from ACEIC, Arran shall own 17.5% of ACEN.

Completion of FOO

During the retail offer period for the FOO on May 3, 2021 to May 7, 2021, ACEN completed the FOO of 2.01 billion common shares priced at ₱6.50 per share, consisting of 1.58 billion shares sold pursuant to the primary offer, 330.24 million shares sold by ACEIC and Bulacan Power pursuant to a secondary offer, and an over-subscription of 100 million secondary shares sold by ACEIC.

The primary shares were listed on the PSE on May 14, 2021. This brought ACEN's total listed common shares to 21.54 billion, with a market capitalization of over ₱150 billion.

The FOO is the latest of ACEN's capital raising activities for the year to fund its target of 5,000 MW of renewable energy capacity by 2025. The Parent Company has raised ₱27.5 billion of fresh capital this year, consisting of the recently concluded ₱5.4 billion SRO last January, the ₱11.9 billion private placement to GIC affiliate Arran last March, and the ₱10.3 billion raised from primary shares in the FOO (see Note 20).

Bulacan Power disposed of 30,248,617 ACEN shares through its participation as seller of secondary shares in ACEN's follow-on offering at ₱6.50 per share. This was recognized previously as treasury shares in the consolidated financial statements (see Note 20).

Acquisition of ACEIC's offshore subsidiaries through share swap

On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares at a subscription price of ₱5.15 per share, or an aggregate subscription price of ₱85,931,872,744.95 in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in AC Energy International, Inc.



(formerly Presage Corporation) (share swap agreement), which holds ACEIC's international renewable assets.

On June 7, 2021, the SEC approved the ACEN's increase in ACS from ₱24.4 billion divided into 24.4 billion shares, to ₱48.4 billion divided into 48.4 billion shares, and the Amended Articles of Incorporation for the increase in ACS and the increase in number of shares exempt from the preemptive rights of the shareholders for issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt from 16 billion shares to 24 billion shares. The SEC's approval for the increase in ACS is subject to the conditions set forth in the Guidelines Covering the Use of Properties that Require Ownership as Paid-Up of Corporations adopted by the SEC on 15 November 1994, and as amended on 8 August 2013, per SEC Memorandum Circular No. 14, series of 2013.

The acquisition was accounted for using the pooling-of-interests method with prior period restatement to account for the retroactive impact of the share swap transaction effective July 1, 2019, the date when ACEN and the Offshore Companies became under the common control of ACEIC. Detailed information on the share swap is disclosed in Note 4.

President Duterte signed Corporate Recovery and Tax Incentives for Enterprises ("CREATE") bill into law

On March 26, 2021, President Duterte has signed Republic Act (RA) 11534 or the CREATE Act which introduce reforms to the corporate income tax and incentives system and to attract more investments and maintain fiscal prudence and stability.

RA 11534 cuts corporate income tax rate to 25% from the current 30%. This is retroactive from July 1, 2020. The law provides that corporations' income and expenses for the fiscal year shall be deemed to have been earned and spent equally for each month of the period. The corporate income tax rate shall be applied on the amount computed by multiplying the number of months covered by the new rate within the fiscal year by the taxable income of the corporation for the period, divided by the twelve (see Note 28).

RA 11524, which was released by Malacañang on March 26, 2020, takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Acquisition by the Parent Company of Shares in Solar Philippines Central Luzon Corporation

On January 22, 2021, ACEN signed a Deed of Absolute Sale of Shares with Solar Philippines Power Project Holdings, Inc. ("SP") for the acquisition by ACEN of SP's 0.24 million common shares in Solar Philippines Central Luzon Corporation ("SPCLC") with a par value of ₱1.00 per share or a total par value of ₱0.24 million (see Note 10).

On the same date, ACEN signed a Subscription Agreement with SPCLC for the subscription by ACEN to 0.38 million common shares with a par value of ₱1.00 per share or a total par value for a total subscription price of ₱0.38 million, to be issued out of the unissued ACS of SPCLC.

Withdrawal from SC 6 consortium by ACE Enexor, Inc. ("ACEX")

On January 27, 2021, ACEX's Executive Committee approved ACEX's withdrawal from the SC 6 consortium. ACEX holds 7.78% participating interests in SC 6 Block A, located in offshore North Palawan. SC 6 does not have any commercial operations (see Note 14).



Shareholders' Agreement among ACEN, ACE Endeavor, and Citicore Solar Energy Corporation ("CSEC")

On February 4, 2021, ACEN and ACE Endeavor signed a Shareholders' Agreement with CSEC, and Greencore Power Solutions 3, Inc. ("Greencore"), for the development, construction, and operation of a PV Solar Power Plant in Arayat and Mexico, Pampanga, Philippines with an installed nominal capacity of 50 MWac (72MWdc) (the "Project") (see Note 10).

The Project is scheduled to start operations in November 2021. Under the Shareholders' Agreement, CSEC will have 50% of the shares in Greencore, the special purpose vehicle of the Project, while ACEN and ACE Endeavor will hold a 45% and 5% interest, respectively. ACEN has agreed to provide a term loan facility to Greencore to finance the construction of the Project. Greencore and its shareholders agreed to execute the necessary loan and security agreement for this purpose.

Term Loan Facility with Greencore

On February 4, 2021, ACEN signed an Omnibus Agreement with Greencore, ACE Endeavor and CSEC for the financing of the Solar Project (see Note 10).

Under the Omnibus Agreement, ACEN will be extending a term loan facility to Greencore in the amount of up to ₱2.675 billion to finance the design, engineering, financing, construction, procurement and supply, manufacturing, commissioning, start up, testing, delivery, ownership, operation and maintenance of the power plant, which is expected to be operational in November 2021. The loan will be secured by (1) a real estate mortgage over Greencore's real assets in favor of ACEN, (2) a mortgage and pledge over the shareholding of the shareholders of Greencore in favor of ACEN, and (3) the cashflows of the project.

Subscription by ACEN to shares of Greencore

On February 4, 2021, ACEN and ACED signed subscription agreements with Greencore for the subscription of 2,250,000 and 250,000 common shares, respectively, with a par value of P 1.00 per share, or a total par values of ₱2,250,000 and ₱250,000, to be issued out of the unissued ACS stock of Greencore. The subscriptions will be used by Greencore to partially fund the Solar Project. ACEN and ACED have fully paid their subscriptions.

Axia Power Holdings Philippines, Corporation ("APHPC") subscription to Ingrid Power Holdings, Inc. ("Ingrid")

On March 18, 2021, Ingrid and APHPC executed a Subscription Agreement for the subscription by APHPC to 5 Common B Shares, 580,000 Redeemable Preferred F Shares, and 5,219,995 Redeemable Preferred G Shares of Ingrid. As at June 30, 2021, APHPC has infused ₱580 million to Ingrid. The issuance of the shares to APHPC remains subject to the necessary regulatory approvals from the SEC on the increase in ACS of Ingrid.

Following the subscription of APHPC, Ingrid will have a total subscribed capital of ₱1.97 billion.

Subscription by ACEN of shares in Giga Ace 4, Inc. ("Giga Ace 4")

On March 8, 2021, ACEN signed a subscription agreement with wholly-owned subsidiary Giga Ace 4 for the subscription by ACEN to (a) 43,975,374 Common A Shares at the subscription price of ₱219,876,870; and (b) 395,958,366 Redeemable Preferred A Shares ("RPS A") at the subscription price of ₱1,979,791,830; or a total Subscription Price of ₱2,199,668,700, to be issued out of the increase in ACS of Giga Ace 4.

The subscription will be used by Giga Ace 4 to fund the requirements of its 2x20 MW Alaminos Battery Energy Storage System (BESS) Project.



Subscription by the Company to shares in Pagudpud Wind Power Corp.

On May 20, 2021, ACEN signed a subscription agreement with Pagudpud Wind Power Corp. ("PWPC") for the subscription by ACEN of 3,033,255 Common Shares and 27,299,298 Class A Redeemable Preferred Shares ("RPS A") of PWPC.

The subscription will be used by PWPC to subscribe to shares in BWPC, which will be used by BWPC to fund initial works to start the construction of the Balaoi and Caunayan Wind Power Project in Barangays Balaoi and Caunayan, Pagudpud, Ilocos Norte.

As at June 30, 2021, ₱1,775,584,800 was paid by ACEN.

Executive Committee's approval of conversion of advances to One Subic Power Generation Corporation ("One Subic Power") into equity

On June 9, 2021, ACEN's Executive Committee approved the conversion of ACEN's advances to One Subic Power amounting to ₱680 million, into equity, of which, is equivalent to 33,493,366 common shares subscription in One Subic Power.

Subscription by ACEN of shares in Buendia Christiana Holdings Corp. ("BCHC")

On June 16, 2021, ACEN signed a subscription agreement with wholly-owned subsidiary BCHC for the subscription by ACEN of: (a) 75,000,000 Redeemable Preferred A Shares ("RPS A") with a par value of ₱0.10 per share, and (b) 4,075,000 Redeemable Preferred B Shares ("RPS B") with a par value of ₱100.00 per share, for a total par value of ₱415,000,000 (the "Subscription Price"), to be issued out of the increase in ACS of BCHC, subject to the necessary regulatory approvals from the SEC.

The subscription will be used by BCHC to fund acquisition of potential project sites.

Negros Island Biomass Holdings Inc. ("NIBHI") divests from biomass power companies

NIBHI, a joint venture development holding company between ACEN and Zabaleta group, has signed binding agreements to divest its shareholdings in three biomass-fired power plants in the Visayas. Subject to certain conditions precedent, NIBHI will sell its equity stake to its partner, the Singapore-based ThomasLloyd CTI Asia Holdings Pte Ltd ("TLCTI Asia"), which indirectly already owns over 90% of the economics of the equity ownership of the biomass-fired power plants.

NIBHI issued irrevocable proxies to TLCTI Asia over the biopower shares on June 15, 2021 on the basis of the Heads of Terms Agreement signed on May 11, 2021.

The Share Purchase Agreement between NIBHI and TLCTI Asia, as well as the Deeds of Absolute Sale, were executed on June 22, 2021.

The divestment of its indirect minority interest allows ACEN to focus on the expansion of its core solar and wind businesses, while the acquisition by TLCTI Asia allows it to fully consolidate and further expand the biopower business, moving beyond just the power business and into complementary and ancillary businesses. TLCTI Asia now has full control of the three plants, namely, the 20MW San Carlos BioPower, the 25MW North Negros BioPower and the 25MW South Negros BioPower.

Omnibus Loan and Security Agreement among ACEN, Provincia Investments Corporation, and Solar Philippines Power Project Holdings, Inc. ("SP")

On June 25, 2021, ACEN signed an Omnibus Loan and Security Agreement with Provincia Investments Corporation (the "Borrower") and Solar Philippines Power Project Holdings, Inc., (the "Sponsor") for the financing of the various acquisition of project sites for solar power projects.



Under the Agreement, ACEN, as Lender, will be extending a term loan facility to the Borrower in the amount of up to ₱1 billion. The loan will be secured by (1) a real estate mortgage over the Borrower's and third-party mortgagors' title to, or rights and interests over, real assets in favor of ACEN, and (2) a mortgage and pledge over the shareholding of the Sponsor in one of its fully-owned subsidiaries.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards ("PAS") 34, *Interim Financial Reporting*.

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2020.

New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as at January 1, 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have a material impact on the interim condensed consolidated financial statements of the Group.

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition



The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods. The amendments did not have a material impact on the Group

Basis of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at June 30, 2021 and December 31, 2020:

Subsidiaries	Principal Activities	Percentage of Ownership (%)			
		June 30, 2021		December 31, 2020	
		Direct	Indirect	Direct	Indirect
AC Energy International, Inc. ("ACE International", formerly Presage Corporation) (see Note 4)	International investment holding	100.00	—	100.00	—
AC Renewables International Pte. Ltd. ("ACRI")	International investment holding	—	100.00	—	100.00
AC Energy Cayman ("ACEC")	International investment holding	—	100.00	—	100.00
ACE Investments HK Limited ("ACE HK")	International investment holding	—	100.00	—	100.00
Bulacan Power Generation Corporation ("Bulacan Power")	Power generation	100.00	—	100.00	—
CIP II Power Corporation ("CIPP")	Power generation	100.00	—	100.00	—
Guimaras Wind Corporation ("Guimaras Wind")	Wind power generation	100.00	—	100.00	—
One Subic Oil Distribution Corporation	Distribution of petroleum products	100.00	—	100.00	—
One Subic Power Generation Corporation ("One Subic Power")	Power generation	—	100.00	—	100.00
ACE Enexor, Inc. ("ACEX")	Oil, gas, and geothermal exploration	75.92	0.40	75.92	0.40
Palawan55 Exploration & Production Corporation ("Palawan55")	Oil and gas exploration	30.65	52.93	30.65	52.93
South Luzon Thermal Energy Corporation	Power generation	100.00	—	100.00	—
Buendia Christiana Holdings Corp. ("BCHC")	Investment holding	100.00	—	100.00	—
ACE Shared Services, Inc. ("ACES")	Shared services	100.00	—	100.00	—
Giga Ace 1, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 2, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 3, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 4, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 5, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 6, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 7, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 8, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 9, Inc.	Power generation	100.00	—	100.00	—
Giga Ace 10, Inc.	Power generation	100.00	—	100.00	—
Negros Island Solar Power, Inc.	Solar power generation	—	60.00	—	60.00
San Carlos Solar Energy, Inc.	Solar power generation	—	100.00	—	100.00
Monte Solar Energy, Inc. ("MSEI")	Solar power generation	96.00	4.00	96.00	4.00
ACE Endeavor, Inc.	Investment holding and management	94.00	6.00	94.00	6.00
Visayas Renewables Corp. ("VRC")	Investment holding	—	100.00	—	100.00
San Julio Land Development Corporation	Leasing and land development	—	100.00	—	100.00
LCC Bulk Water Supply, Inc.	Water supply and distribution	—	100.00	—	100.00
MCV Bulk Water Supply Inc.	Water supply and distribution	—	100.00	—	100.00
SCC Bulk Water Supply Inc.	Water supply and distribution	—	100.00	—	100.00
HDP Bulk Water Supply Inc.	Water supply and distribution	—	100.00	—	100.00
Ingrid2 Power Corp.	Advisory/Consultancy	—	100.00	—	100.00
Ingrid3 Power Corp.	Advisory/Consultancy	—	100.00	—	100.00
Ingrid4 Power Corp.	Advisory/Consultancy	—	100.00	—	—
Ingrid5 Power Corp.	Advisory/Consultancy	—	100.00	—	—
Ingrid6 Power Corp.	Advisory/Consultancy	—	100.00	—	—
Solienda Inc.	Leasing and land development	—	100.00	—	100.00
Gigasol 2, Inc.	Power generation	—	100.00	—	100.00
Gigasol 1, Inc.	Power generation	—	100.00	—	100.00
Gigasol 3, Inc.	Power generation	—	100.00	—	100.00
Gigasol 4, Inc.	Power generation	—	100.00	—	—
Gigasol 5, Inc.	Power generation	—	100.00	—	—
Gigasol 6, Inc.	Power generation	—	100.00	—	—
Gigasol 7, Inc.	Power generation	—	100.00	—	—
Gigawind1 Inc.	Power generation	—	100.00	—	100.00
Gigawind2 Inc.	Power generation	—	100.00	—	100.00



<i>Subsidiaries</i>	<i>Principal Activities</i>	Percentage of Ownership (%)			
		June 30, 2021		December 31, 2020	
		Direct	Indirect	Direct	Indirect
Gigawind3 Inc.	Power generation	–	100.00	–	–
Gigawind4 Inc.	Power generation	–	100.00	–	–
Gigawind5 Inc.	Power generation	–	100.00	–	–
Solarace1 Energy Corp.	Power generation	–	100.00	–	100.00
Solarace2 Energy Corp.	Power generation	–	100.00	–	100.00
Solarace3 Energy Corp.	Power generation	–	100.00	–	100.00
Solarace4 Energy Corp.	Power generation	–	100.00	–	100.00
AC Subic Solar, Inc.	Power generation	–	100.00	–	100.00
AC Laguna Solar, Inc.	Power generation	–	100.00	–	100.00
AC La Mesa Solar, Inc.	Power generation	–	100.00	–	100.00
Bataan Solar Energy, Inc.	Power generation	–	100.00	–	100.00
Santa Cruz Solar Energy, Inc.	Power generation	–	100.00	–	100.00
Pagudpud Wind Power Corporation	Investment holding	–	100.00	–	100.00
Bayog Wind Power Corp.	Power generation	–	60.00	–	60.00
Manapla Sun Power Development Corporation (“MSPDC”)	Leasing and land development	36.37	29.63	36.37	29.63
ACE Renewables Philippines, Inc.	Investment holding	100.00	–	100.00	–
NorthWind Power Development Corporation (“NorthWind”)	Wind power generation	19.52	48.27	19.52	48.27
Viage Corporation	Investment holding	100.00	–	100.00	–
ACTA Power Corporation	Coal power generation	100.00	–	100.00	–

Except for ACRI, ACEC and ACE HK, the principal place of business and country of incorporation of the Parent Company’s investments in subsidiaries is the Philippines.

Seasonality of Operations

There were no operations subject to seasonality and cyclicity except for the operations of Guimaras Wind and NorthWind wind farms. The wind regime is high during the northeast monsoon (“amihan”) season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon (“habagat”). This information is provided to allow for a better understanding of the results, however, management has concluded that this is not ‘highly seasonal’ in accordance with PAS 34.

3. Significant Accounting Judgment, Estimates and Assumptions

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

Judgments and estimates are continually evaluated taking into consideration the Group’s historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances including the impact of COVID-19. Judgments and estimates used in the interim consolidated financial statements are consistent with the annual consolidated financial statements.



Judgments

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

Combination of Entities under Common Control

A combination involving entities or businesses under common control is 'a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory'. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group, provided the transaction meets the definition of a business combination in PFRS 3.

The share swap transaction entered into by the Parent Company with ACEIC was determined to be common control business combination (see Note 4).

Assessment of Joint Control

The Group's investments in joint ventures (see Note 10) are structured in separate incorporated entities. Even though the Group holds various percentages of ownership interests on these arrangements, their respective joint arrangement require unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the term of the contractual agreements. Solar Philippines Central Luzon Corporation ("SPCLC") will be the special purpose vehicle (SPV) for the joint venture projects of Solar Philippines Power Project Holdings, Inc. ("SP") and ACEN in the Province of Tarlac. SPCLC, being the project SPV, is intended to own and operate the solar farm project/s, which may include battery energy storage systems. Even though the Group currently has a 99.00% ownership interest in SPCLC, the long-term arrangement and intent is for the SPV to be jointly owned and controlled whereby fundamental business and operational matters will require unanimous consent from all parties. The rights of the Group and the other parties to the joint venture, including as to the net assets of the joint venture, will be based on the contractual arrangements that they entered into (see Note 10).

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 2021, while awaiting for the approval of the 2021 FIT rates, management assessed that the approved 2020 FIT rates represents the best estimate of the transaction price the Group will be entitled to in exchange of the delivered energy.

Recognition of Deferred Tax Liabilities on Taxable Temporary Differences Arising from Investments in Foreign Subsidiaries, Associates and Joint Venture

The Group did not recognize deferred tax liabilities on the temporary differences arising from undistributed earnings, cumulative translation adjustment, and OCI accounts of its foreign subsidiaries, associates and joint ventures 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.

Other Financial Assets at Amortized Cost

Other financial assets at amortized cost include redeemable preferred shares and convertible loans which the Group has assessed as debt instruments. These are held by the Group within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the



contractual terms of the financial asset give rise on specified dates to cash flows which are reflective of basic lending arrangements (see Note 12).

Change in Operating Segments

The Group changed the structure of its internal organization that caused the composition of its reportable segments to change. Previously, the operating businesses are organized and managed separately according to its related services. As at June 30, 2021, the Group's segment report is according to its geographic areas of operations, with each segment representing a strategic business unit that serves different markets, reported on the basis that is used internally by the management for evaluating segment performance and deciding how to allocate resources among operating segments. Financial information on operating segments and the restatement following a change in composition of reportable segments are presented in Note 34 of the interim condensed consolidated financial statements. The reported operating segment information is in accordance with PFRS 8.

Change in Inventory Costing Method

Fuel and spare parts are valued at the lower of cost or net realizable value (NRV). NRV is the current replacement cost of fuel and spare parts. In 2021, the Group elected to change in accounting policy on the inventory costing of its inventories from first-in, first-out (FIFO) method to moving average method, as the management evaluated that moving average method more accurately reflects the acquisition and usage of these inventories in the power generation operations of the Group. The change in accounting policy is to be applied retrospectively which will impact the fuel and spare parts and cost of sale of electricity accounts. As the restatements have no impact on the Group's total assets, total liabilities and equity as at the beginning of earliest period presented, the management believes that the presentation of consolidated statement of financial position as at the beginning of earliest period presented is not necessary.

Management's Use of Estimates

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

Evaluation of Impairment of Non-financial Assets

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

The Group has evaluated the conditions and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. In doing this, the Group has reviewed the key assumptions in its previous annual impairment assessment to assess whether any changes to the assumptions within that impairment assessment would result in an impairment loss as at December 31, 2020. Except for the matters discussed in Note 9, based on the Group's review of key assumptions that include the possible impact if COVID-19, management has assessed that there were no significant changes in the assumptions used. Consequently, the Group concluded that there is no impairment indicator as at June 30, 2021.



Fair Value Measurement of Financial Assets at FVOCI

In the estimation of fair value of investments recorded as financial assets at FVOCI, management need to determine the appropriate techniques and inputs for fair value measurements. Management uses the discounted cash flow technique in estimating the fair value of the financial assets at FVOCI. Based on the financial performance and financial position of the investee entity which is a related party investment company, management estimates the amount and timing of the future cash inflow arising from redemption of preferred shares.

Realization of Deferred Income Tax Assets

The Group reviewed its business and operations to take into consideration the estimated impacts of COVID-19, including its estimated impact on macroeconomic environment, the market outlook and the Group's operations. As such, the Group assessed its ability to generate sufficient taxable income in the future that will allow realization of net deferred tax assets. As a result, the carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax assets will be applied. The Group assessed that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized (see Note 28).

Contingencies and Tax Assessments

The Group is currently involved in various legal proceedings and assessments for local and national taxes (see Note 36). 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.

4. **Business Combination of Entities under Common Control**

Acquisition of ACEIC's offshore subsidiaries through share swap

On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares at a subscription price of ₱5.15 per share, or an aggregate subscription price of ₱85,931,872,744.95 in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in ACE International (share swap transaction), which holds ACEIC's international renewable assets.

On June 7, 2021, the application for the increase from 24.4 billion shares to 48.4 billion shares in the ACS of ACEN was approved by the SEC. Consequently, the closing date of the share swap was on June 7, 2021.

Effective June 7, 2021, ACEN acquired the entities listed below through the share swap transaction with ACEIC. Shares involved common and redeemable preferred shares. As the transaction is outside the scope of PFRS 3, the acquisition was accounted for using the pooling-of-interests method. In applying the pooling-of-interests method, the assets and liabilities of acquired entities are taken into the merged business at their carrying values with restatement of comparative 2020 figures. Likewise, no goodwill was recognized in the business combination.

The transfer was via a tax-free exchange under Section 40(C)(2) of the 1997 National Internal Revenue Code, as amended ("NIRC"), as amended by Republic Act No. 10963 (TRAIN Law) and Republic Act No. 11534 (CREATE Law), for which a request for ruling is no longer required to be filed with the BIR to confirm that the share swap transaction qualifies as a tax-free exchange.



The following are details of the entities transferred to the Parent Company through share swap:

Name of Entities to be Transferred	Ownership of AC Energy and Infrastructure Corporation		ACEN's existing interest before share swap	ACEN's interest after share swap
	Direct	Indirect		
AC Energy International, Inc. (formerly Presage Corporation, "ACE International")	100.00	—	—	100.00
AC Energy Cayman (ACEC) ^(a)	—	100.00	—	100.00
ACE Investments HK Limited	—	100.00	—	100.00
AC Renewables International. Pte. Ltd. (ACRI)	—	100.00	—	100.00
ACEHI Netherlands B.V.	—	100.00	—	100.00
Star Energy Geothermal Salak-Darajat BV ^(b)	—	19.80	—	19.80
Star Energy Geothermal Salak Ltd ^(b)	—	19.80	—	19.80
Star Energy Geothermal Salak Pratama Ltd ^(b)	—	19.80	—	19.80
Star Energy Geothermal Darajat I Ltd ^(b)	—	19.80	—	19.80
Star Energy Geothermal Darajat II Ltd ^(b)	—	19.80	—	19.80
PT Star Energy Geothermal Suoh Sekincau ^(b)	—	18.81	—	18.81
PT Darajat Geothermal ^(b)	—	18.81	—	18.81
UPC Renewables Asia III Limited ^{(b)(c)}	—	51.00	—	51.00
UPC Sidrap Bayu Energi ^{(b)(c)}	—	36.72	—	36.72
UPC Sidrap (HK) Limited. ^(b)	—	11.00	—	11.00
UPC Sidrap Bayu Energi ^{(b)(c)}	—	2.31	—	2.31
AC Energy Vietnam Investments Pte Ltd.	—	100.00	—	100.00
BIM Wind Power Joint Stock Company ^(b)	—	30.00	—	30.00
AC Energy Vietnam Investments 2 Pte Ltd.	—	100.00	—	100.00
BIM Energy Joint Stock Company ^{(b)(c)}	—	30.00	—	30.00
BIM Renewable Energy Joint Stock Company ^{(b)(c)}	—	30.00	—	30.00
AMI AC Renewables Corp. ^{(b)(c)}	—	50.00	—	50.00
AMI Energy Khanh Hoa Joint Stock Company ^(b)	—	50.00	—	50.00
BMT Energy Renewable Joint Stock Company ^(b)	—	50.00	—	50.00
B&T Windfarm Joint Stock Company ^(b)	—	50.00	—	50.00
BT1 Windfarm Joint Stock Company	—	50.00	—	50.00
BT2 Windfarm Joint Stock Company	—	50.00	—	50.00
AC Energy Vietnam Investments 2 Pte Ltd.	—	100.00	—	100.00
Asian Wind Power 1 HK Ltd ^(b)	—	50.00	—	50.00
Dai Phong JSC ^(b)	—	50.00	—	50.00
Asian Wind Power 2 HK Ltd ^(b)	—	50.00	—	50.00
Hong Phong 1 ^(b)	—	50.00	—	50.00
Vietnam Wind Energy Limited ^(b)	—	50.00	—	50.00
SME Energy Joint Stock Company ^(b)	—	47.37	—	47.37
Wind Power Lac Hoa Co. Ltd. ^(b)	—	47.37	—	47.37
Wind Power Hoa Dong Co. Ltd. ^(b)	—	47.37	—	47.37
The Blue Circle ^(b)	—	25.00	—	25.00
Asian Wind Power 1 HK Ltd ^(b)	—	12.50	—	12.50
Dai Phong JSC ^(b)	—	12.50	—	12.50
Asian Wind Power 2 HK Ltd ^(b)	—	12.50	—	12.50
Hong Phong 1 ^(b)	—	12.50	—	12.50
UPC-AC Energy Australia (HK) Ltd ^(b)	—	50.00	—	50.00
UPC Australia (HK) Limited ^(b)	—	48.50	—	48.50
UPC-AC Renewables Australia Pty Ltd. ^(b)	—	48.50	—	48.50
UPC North East Tasmania Pty Ltd. ^(b)	—	48.50	—	48.50
UPC Axedale Solar Farm Pty Ltd. (b)	—	48.50	—	48.50
UPC Robbins Island Pty Ltd. ^(b)	—	38.80	—	38.80
UPC New England Solar Farm Hold Co. Pty Ltd. ^(b)	—	48.50	—	48.50
NESF Pty Ltd. ^(b)	—	48.50	—	48.50
New England Solar Project Trust ^(b)	—	48.50	—	48.50
NESF Finco Pty Ltd. ^(b)	—	48.50	—	48.50
UPC Stubbo Solar Farm Pty Ltd. ^(b)	—	48.50	—	48.50
UPC Valley of the Winds Pty ^(b)	—	48.50	—	48.50
UPC South Australia Pty Ltd. ^(b)	—	48.50	—	48.50
Rise Renewables Pty Ltd ^(b)	—	24.74	—	24.74



Name of Entities to be Transferred	Ownership of AC Energy and Infrastructure Corporation		ACEN's existing interest before share swap	ACEN's interest after share swap
	Direct	Indirect		
Baroota Hydro Project Pty Ltd ^(b)	—	24.74	—	24.74
AC Energy Australia Pte. Ltd.	—	100.00	—	100.00
UAC Energy Holdings Pty. Ltd.	—	100.00	—	100.00
UAC Energy Subco Pty Ltd.	—	100.00	—	100.00
Arlington Mariveles Netherlands Holdings Cooperatie UA.	—	100.00	—	100.00
Arlington Mariveles Netherlands Holding B.V.	—	100.00	—	100.00
UPC AC Energy Solar Ltd. ^(b)	—	50.00	—	50.00
UPC AC Energy Solar Asia Ltd. ^(b)	—	50.00	—	50.00
UPC Solar India (HK) II Limited ^(b)	—	50.00	—	50.00
Paryapt Solar HoldCo Ltd ^(a)	—	50.00	—	50.00
Paryapt Solar Energy Pvt. Ltd. ^(b)	—	24.50	—	24.50
Sitara Solar HoldCo Ltd. ^(a)	—	50.00	—	50.00
Sitara Solar Energy Pvt. Ltd. ^(b)	—	24.50	—	24.50
UPC Solar India Pvt Ltd.	—	50.00	—	50.00
Calpine Subisco Solar Energy Pvt Ltd	—	50.00	—	50.00
Calpine Solar HoldCo Ltd	—	50.00	—	50.00
Calpine Solar Energy Pvt Ltd	—	50.00	—	50.00
Masaya Solar HoldCo Ltd.	—	50.00	—	50.00
Masaya Solar Energy Pvt. Ltd. ^(b)	—	24.50	—	24.50
AC Energy HK Ltd.	—	100.00	—	100.00
Masaya Solar Energy Pvt. Ltd. ^(b)	—	51.00	—	51.00
UPC-AC Energy Solar Pte. Ltd.	—	50.00	—	50.00
UPC-AC Energy Solar Asia Pte. Ltd.	—	50.00	—	50.00
UPC-AC Energy Solar India Pte. Ltd.	—	50.00	—	50.00
Calpine Solar HoldCo Pte. Ltd.	—	50.00	—	50.00
Calpine Subsico Solar Energy Pvt Ltd	—	50.00	—	50.00

a. 100% common shares held by ACRI while redeemable preferred shares are 100% owned by AC Energy Finance International Limited ("ACEFIL"), recognized as non-controlling interest.

b. These companies are accounted for as joint ventures and associates by ACEN.

c. Difference between voting interests and economic interests in these companies pertain to redeemable preference shares which are accounted for as a liability.

Details of ACEN's consolidated balances and the balances of Offshore Companies' assets and liabilities as at December 31, 2020 which were consolidated to the Group are as follows:

	ACEN consolidated balances as at December 31, 2020 (Audited)	Increase (decrease) effect of the Offshore Companies' balances as at December 31, 2020 (Unaudited)	ACEN consolidated balances as at December 31, 2020 (As restated)
ASSETS			
Current Assets			
Cash and cash equivalents	₱5,135,474	₱22,941,697	₱28,077,171
Receivables	6,095,019	10,516,700	16,611,719
Fuel and spare parts	1,391,340	—	1,391,340
Financial assets at fair value through other comprehensive income (FVOCI)	—	12,620,756	12,620,756

(Forward)



	ACEN consolidated balances as at December 31, 2020 (Audited)	Increase (decrease) effect of the Offshore Companies' balances as at December 31, 2020 (Unaudited)	ACEN consolidated balances as at December 31, 2020 (As restated)
Current portion of:			
Input value added tax (VAT)	₱430,139	₱8,599	₱438,738
Creditable withholding taxes	649,271	–	649,271
Other current assets	453,233	191	453,424
Total Current Assets	14,154,476	46,087,943	60,242,419
Noncurrent Assets			
Investments in:			
Financial asset at FVOCI	1,211	379,957	381,168
Associates and joint ventures	6,593,492	12,201,596	18,795,088
Other financial assets at amortized cost	–	15,297,105	15,297,105
Property, plant and equipment	31,837,939	11	31,837,950
Right-of-use assets	2,343,404	–	2,343,404
Investment properties	341,549	–	341,549
Receivables - net of current portion	–	6,540,288	6,540,288
Goodwill and other intangible assets	2,537,094	–	2,537,094
Deferred income tax assets - net	416,353	–	416,353
Net of current portion:			
Input VAT	1,177,802	–	1,177,802
Creditable withholding taxes	601,840	–	601,840
Other noncurrent assets	3,570,160	(2,266,400)	1,303,760
Total Noncurrent Assets	49,420,844	32,152,557	81,573,401
TOTAL ASSETS	₱63,575,320	₱78,240,500	₱141,815,820
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	₱6,539,227	(₱49,038)	₱6,490,189
Short-term loans	9,438,600	(4,803,600)	4,635,000
Current portion of long-term loans	707,782	–	707,782
Current portion of lease liability	285,001	–	285,001
Income and withholding taxes payable	129,072	216,209	345,281
Due to stockholders	18,272	–	18,272
Total Current Liabilities	17,117,954	(4,636,429)	12,481,525
Noncurrent Liabilities			
Long term loans - net of current portion	₱21,682,924	(₱136,551)	₱21,546,373
Lease liabilities - net of current portion	1,631,628	–	1,631,628
Pension and other employee benefits	50,929	–	50,929
Deferred income tax liabilities - net	127,693	3,288	130,981
Other noncurrent liabilities	1,609,123	85,925	1,695,048
Total Noncurrent Liabilities	25,102,297	(47,338)	25,054,959
Total Liabilities	42,220,251	(4,683,767)	37,536,484

(Forward)



	ACEN consolidated balances as at December 31, 2020 (Audited)	Increase (decrease) effect of the Offshore Companies' balances as at December 31, 2020 (Unaudited)	ACEN consolidated balances as at December 31, 2020 (As restated)
Equity			
Capital stock	₱13,706,957	₱—	₱13,706,957
Additional paid-in capital	8,692,555	—	8,692,555
Other equity reserves	(7,541,223)	36,203,580	28,662,357
Unrealized fair value (loss) gain on equity instruments at FVOCI	(8,169)	151,794	143,625
Unrealized fair value gain on derivative instruments designated as hedges	57,409	—	57,409
Remeasurement loss on defined benefit plans	(6,999)	—	(6,999)
Accumulated share in other comprehensive loss of associates and joint ventures	(2,723)	(227,121)	(229,844)
Cumulative translation adjustments	—	(3,453,709)	(3,453,709)
Retained earnings	5,167,685	1,181,399	6,349,084
Treasury shares	(40,930)	—	(40,930)
Total equity attributable to equity holders of the Parent Company	20,024,562	33,855,943	53,880,505
Non-controlling interests	1,330,507	49,068,324	50,398,831
Total Equity	21,355,069	82,924,267	104,279,336
TOTAL LIABILITIES AND EQUITY	₱63,575,320	₱78,240,500	₱141,815,820

Below is the consolidated statement of income for the six-month period ended June 30, 2020, after considering the retroactive impact of the share swap transaction with ACEIC's Offshore Companies.

	Six-month Period Ended June 30, 2020		
	(As previously reported)	(Restatement)	(As restated)
REVENUES			
Revenue from sale of electricity	₱9,887,478	₱—	₱9,887,478
Rental income	63,073	—	63,073
Other revenues	19,455	2018	21,473
	9,970,006	2018	9,972,024
COSTS AND EXPENSES			
Costs of sale of electricity	6,405,995	—	6,405,995
General and administrative expenses	831,021	153,275	984,296
	7,237,016	153,275	7,390,291
INTEREST AND OTHER FINANCE CHARGES	(907,795)	(18,784)	(926,579)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES	338,534	614,686	953,220
OTHER INCOME – NET	336,323	1,536,551	1,872,874
INCOME BEFORE INCOME TAX	2,500,052	1,981,196	4,481,248

(Forward)



Six-month Period Ended June 30, 2020			
	(As previously reported)	(Restatement)	(As restated)
PROVISION FOR INCOME TAX			
Current	₱150,392	₱4	₱150,396
Deferred	281,248	236,755	518,003
	431,640	236,759	668,399
NET INCOME	₱2,068,412	₱1,744,437	₱3,812,849
Net Income Attributable To:			
Equity holders of the Parent Company	₱1,957,310	₱616,096	₱2,573,406
Non-controlling interests	111,102	1,128,341	1,239,443
	₱2,068,412	₱1,744,437	₱3,812,849

Below is the consolidated statement of income for the three-month period ended June 30, 2020, after considering the retroactive impact of the share swap transaction with ACEIC's Offshore Companies.

Three-month Period Ended June 30, 2020			
	(As previously reported)	(Restatement)	(As restated)
REVENUES			
Revenue from sale of electricity	₱5,352,134	₱—	₱5,352,134
Rental income	15,893	—	15,893
Other revenues	16,107	2,018	18,125
	5,384,134	2,018	5,386,152
COSTS AND EXPENSES			
Costs of sale of electricity	2,913,982	—	2,913,982
General and administrative expenses	487,397	153,275	640,672
	3,401,380	153,275	3,554,654
INTEREST AND OTHER FINANCE CHARGES	(517,067)	(18,784)	(535,851)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES	19,608	614,686	634,294
OTHER INCOME – NET	(218,903)	1,536,551	1,317,648
INCOME BEFORE INCOME TAX	1,266,393	1,981,196	3,247,589
PROVISION FOR INCOME TAX			
Current	74,596	4	74,600
Deferred	264,155	236,755	500,910
	338,751	236,759	575,510
NET INCOME	₱927,642	₱1,744,437	₱2,672,079
Net Income Attributable To:			
Equity holders of the Parent Company	₱1,352,150	₱616,096	₱1,968,246
Non-controlling interests	(424,508)	1,128,341	703,833
	₱927,642	₱1,744,437	₱2,672,079



The share swap transaction provides that ACEN shall issue its own shares equivalent to 16,685,800,533 common shares at ₱5.15 per share as consideration in exchange for ACEIC's interest in the aforementioned entities, giving rise to additional paid-in capital presented in the equity of the Parent Company as follows:

Equity instruments issued	16,685,800,533
Par value per share	₱1.00
Total value of common shares issued	₱16,685,800,533
Transfer value at ₱5.15 per share	85,931,872,745
Gross additional paid-in capital	69,246,072,212
Transaction costs	(332,814,660)
Additional paid-in capital	₱68,913,257,552

Transaction costs include documentary stamp taxes and SEC fees paid relevant to share issuance amounting to ₱332.81 million were charged to additional paid-in capital account.

5. Cash and Cash Equivalents

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Cash on hand and in banks	₱26,813,102	₱14,188,780
Short-term deposits	12,667,251	13,888,391
	₱39,480,353	₱28,077,171

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

Short-term deposits 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 on cash in banks and short-term deposits for the six-month period ended June 30, 2021 and 2020 amounted to ₱29.52 million and ₱221.35 million, respectively (see Note 27).

Short-term deposits include debt service reserves account amounting to ₱150.12 million and ₱212.24 million as at June 30, 2021 and December 31, 2020, respectively, for the payment of loans by SLTEC (see Note 18).



6. Receivables

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated Note 4)
Current:		
Due from related parties (Note 29)	₱23,824,604	₱9,378,249
Trade	5,473,328	4,662,070
Receivables from:		
Third parties	3,064,752	2,576,128
Consortium - service contracts and assignee of mining rights	78,809	78,809
Employees	18,323	16,608
Others	150,627	66,830
	32,610,443	16,778,694
Less allowance for credit losses	167,848	166,975
	₱32,442,595	₱16,611,719
Noncurrent:		
Due from related parties (Note 29)	₱4,793,293	₱2,741,428
Trade	2,065,007	1,930,478
Receivables from:		
Third parties	2,615,556	1,812,366
Others	36,796	69,768
	9,510,652	6,554,040
Less allowance for credit losses	13,752	13,752
	₱9,496,900	₱6,540,288

Current trade receivables mainly represent receivables from Independent Electricity Market Operator of the Philippines (“IEMOP”), NGCP and National Transmission Corporation (“TransCo”) for the FIT and from the group’s bilateral customers. Significant portion of outstanding balance relate to receivables from Manila Electric Company (“MERALCO”) baseload and Mid-Merit PSAs as well as FIT system adjustments (see Notes 16 and 21).

Current trade receivables consist of both noninterest-bearing and interest-bearing receivables. The term is generally thirty (30) to sixty (60) days.

Current and noncurrent receivables from third parties mainly pertain to the noninterest-bearing receivable from NGCP for the sale of transmission assets and submarine cable. Also included under this account is SLTEC’s receivable from NGCP for the remaining uncollected consideration for the sale of the 230KV Salong Switching Station and related assets and subscription receivable of ISLASOL from TLCTI Asia. Noncurrent receivables from third parties are collectible annually within 3 years and are discounted using the PHP BVAL Reference rates on transaction date ranging from 2.14% - 4.56%.

Current receivable from third parties also include half of the principal amount of the development loan receivable from BIM Energy Holdings (BIMEH).



Noncurrent trade receivables represent refundable amount from the Philippine Electricity Market Corporation (PEMC) arising from recalculation of November and December 2013 spot prices as directed by the ERC. In 2014, the Group, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.51 million. In June 2016, the 24-month period of repayment prescribed; hence, the Group provided an allowance for doubtful accounts related to Multilateral Agreement amounting to ₱13.75 million. Collections are presented as “Trade payables” under “Other noncurrent liabilities” (see Note 19). Noncurrent trade receivables also include FIT system adjustments that are expected to be realized beyond 12 months after end of reporting period (see Note 21).

Noncurrent receivables from third parties consist of non-interest-bearing receivables from NGCP arising from the sale of transmission assets, which are collectible annually within 3 years, discounted using the PHP BVAL Reference rates on transaction date ranging from 2.14% - 4.56%.

Noncurrent receivables from third parties also includes the interest-bearing loans receivable from UPC Renewables Asia Pacific Holdings (URAPHL), the short-term loans receivable from BEHS Joint Stock Company (BEHS) and the remaining half of the of the principal amount of the development loan receivable from BIMEH.

As at June 30, 2021 and December 31, 2020, the aging analysis of receivables are as follows:

June 30, 2021 (Unaudited)							
	Total	Current	<30 Days	30–60 Days	61–90 Days	More than 90 Days	Past Due and Impaired
Trade	₱5,473,328	₱4,771,388	₱538,173	₱25,786	₱43,609	₱10,557	₱83,815
Due from related parties	23,824,604	23,705,657	737	–	–	118,210	–
Others	3,312,511	3,079,101	3,380	20,046	1,969	123,982	84,033
	₱32,610,443	₱31,556,146	₱542,290	₱45,832	₱45,578	₱252,749	₱167,848

December 31, 2020 (As restated, Note 4)							
	Total	Current	<30 Days	30–60 Days	61–90 Days	More than 90 Days	Past Due and Impaired
Trade	₱4,662,070	₱3,896,025	₱2,640	₱21,729	₱11,208	₱649,477	₱80,991
Due from related parties	9,378,249	9,378,249	–	–	–	–	–
Others	2,738,375	2,211,172	1,697	14,511	24,333	400,678	85,984
	₱16,778,694	₱15,485,446	₱4,337	₱36,240	₱35,541	₱1,050,155	₱166,975



The movements in the allowance for credit losses on individually impaired receivables are as follows:

	June 30, 2021 (Unaudited)		
	Trade	Others	Total
Balances at beginning of period	₱80,991	₱85,984	₱166,975
Provisions - net (Note 23)	873	—	873
Reclassification	1,951	(1,951)	—
Balances at end of period	₱83,815	₱84,033	₱167,848

	December 31, 2020 (As restated, Note 4)		
	Trade	Others	Total
Balances at beginning of year	₱80,991	₱86,016	₱167,007
Reversal	—	(32)	(32)
Balances at end of year	₱80,991	₱85,984	₱166,975

The allowance for credit losses includes ₱39.37 million full provision for receivables from mining rights assigned to a third party.

7. Fuel and Spare Parts

Fuel charged to “Costs of sale of electricity” in the consolidated statements of income amounted to ₱1,467.99 million and ₱1,445.98 million for the six-month periods ended June 30, 2021 and 2020, respectively (see Note 22).

For the six-month periods ended June 30, 2021 and 2020, no provision for impairment, both for fuel and spare parts was recognized by the Group. As at June 30, 2021 and December 31, 2020, the allowance for inventory obsolescence amounted to ₱6.96 million.

8. Other Current Assets

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Prepaid expenses	₱471,900	₱186,404
Advances to contractors	275,101	264,979
Derivative asset (Note 32)	207,424	46,968
Others	46,503	4,957
	1,000,928	503,308
Less allowance for impairment loss	48,304	49,884
	₱952,624	₱453,424

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

Allowance for impairment relates to the advances to contractors paid by BSEI for the development of its renewable energy laboratory facility with energy storage system project (see Notes 3 and 9).



Advances to contractors pertain to advance payments for services and supply of repairs and maintenance.

Derivative asset includes ₱144.21 million coal commodity swap contracts with Macquarie Bank Ltd., used to hedge the risks associated with changes in coal prices (see Note 32) and ₱63.21 million foreign exchange forward contracts maturing within 12-month period (see Notes 16, 17, 19 and 32). For the six-month period ended June 30, 2021, ACEN had realized ₱41.70 million gain from matured forex forwards (see Note 26).

9. Property, Plant and Equipment

Acquisitions and disposals

During the six-month period ended June 30, 2021, the Group acquired assets with a cost of ₱1,732.96 million (year ended December 31, 2020: ₱6,452.42 million), excluding property, plant and equipment acquired through business combination (see Note 4).

Significant Additions During the Period

For the six-month period ended June 30, 2021, the Group invested significant capital expenditures related to the following projects:

- ₱541.84 million for its 40-MW battery energy storage system (BESS) project in Alaminos, Pangasinan through its subsidiary, Giga Ace 4, Inc.;
- ₱365.76 million for its 120 MW solar farm project in Alaminos, Laguna through its subsidiary, Solarace1 Energy Corp.;
- ₱236.59 million for its 60 MW solar power project in Palauig, Zambales through its subsidiary, Gigasol 3, Inc.;
- ₱116.41 million for its 160 MW Balaoi and Caunayan wind farm project in Pagudpud, Ilocos Norte through its subsidiary, Bayog Wind Power Corp.;
- ₱113.62 million for its 4.375 MWdc Renewable Energy Laboratory Facility with Energy Storage System Project in Mariveles Bataan through its subsidiary, BSEI.
- ₱109.91 million for its purchase of parcels of land located at Barrio Poonbato, Botolan, Zambales through its subsidiary, Buendia Christiana Holdings Corp.; and,
- ₱68.84 million for its purchase of generator rotor for its Unit 2 122 MW thermal plant in Calaca, Batangas through its subsidiary, South Luzon Thermal Energy Corp.

In 2020, the Group invested significant capital expenditures related to the following projects:

- ₱3,321.33 million for its 120 MW solar farm project in Alaminos, Laguna through its subsidiary, Solarace1 Energy Corp.;
- ₱464.75 million for its 150 MW diesel-fired power facility in Pililia, Rizal through its subsidiary, Ingrid Power Holdings, Inc.
- ₱1,657.69 million for its 60 MW solar power project in Palauig, Zambales through its subsidiary, Gigasol 3, Inc.;
- ₱105.18 million for its 5 MW Solar Plant Project in Mariveles Bataan through its subsidiary, BSEI.
- Capital expenditures for One Subic Power amounting to ₱269.24 million which consists of crankshaft engine, air cooler, major parts for diesel engines.
- Capitalized costs for ACEN amounting to ₱100.63 million which consists of drydocking costs of PB101, cylinder head cover and installation costs of engine bearing.



Mortgaged Property and Equipment

Guimaras Wind's wind farm with carrying value of ₱3,806.04 million and ₱3,909.77 million as at June 30, 2021 and December 31, 2020, respectively, included under "Machinery and Equipment" account is mortgaged as security for the long-term loan. (see Note 18).

Impairment Losses

ACEN's Power Barge ("PB") 102 located in Barrio Obrero, Iloilo City, accidentally discharged fuel oil on July 3, 2020. Based on investigation, an explosion in one of the barge's fuel tanks ruptured the hull of the barge which resulted in the oil spill.

PB101 and 102 were commissioned in 1981 while PB 103 in 1985. These were acquired by ACEN from the Power Sector Assets and Liabilities Management Corporation (PSALM) in 2015. Each power barge is a barge-mounted bunker-fired diesel generating power station with Hitachi diesel generator units and a gross capacity of 32MW and providing dispatchable reserve services to the Visayas grid.

The Group assessed as at December 31, 2020 and determined that the incident raised impairment indication that the asset's carrying amount exceeded its estimated recoverable amount. The Group recognized full provision for impairment for PB 102 and PB103 amounting to ₱270.53 million.

Other provisions in 2020 include ₱96.16 million and ₱14.89 million for BSEI's construction-in-progress and tools and miscellaneous assets, respectively, and ₱0.46 million for Guimaras Wind's construction-in-progress of its Sibunag Wind Project.

For the six-month period ended June 30, 2021, the Group recognized in the statement of income as other income the reversals of impairment on property, plant and equipment under the Philippine segment amounting to ₱72.00 million which was determined as the recoverable amount of the power barges based on fair value less cost to sell, and ₱14.89 million from BSEI tools identified as salable which was reclassified subsequently to assets held for sale (see Note 26). In addition, the provision for impairment amounting to ₱112.07 million for BSEI's construction-in-progress under the Philippine segment was recognized in the statement of income as general and administrative expense during the current period consistent with the assessment as at December 31, 2020 (see Note 23).

10. Investments in Associates and Joint Ventures

The Group's investments in associates and interest in joint ventures are as follows:

	Percentage of ownership		Carrying amount	
	2021 (Unaudited)	2020 (As restated, Note 4)	2021 (Unaudited)	2020 (As restated, Note 4)
Investments in associates:				
Star Energy Salak-Darajat B.V. ("Salak-Darajat")	19.80	19.80	₱9,657,675	₱9,330,436
Maibarara Geothermal, Inc. ("MGI")	25.00	25.00	764,886	739,076
Negros Island Biomass Holdings, Inc. ("NIBHI")	—	45.12	—	224
Others			15,441	25,728
			10,438,002	10,095,464

(Forward)



	Percentage of ownership		Carrying amount	
	2021 (Unaudited)	2020 (As restated, Note 4)	2021 (Unaudited)	2020 (As restated, Note 4)
Interest in joint ventures:				
Philippine Wind Holdings Corporation ("PhilWind")	69.81	69.81	₱5,622,732	₱5,853,561
BIM Renewable Energy JSC ("BIMRE")	30.00	30.00	1,552,277	1,380,194
UPC-AC Energy Australia (HK) Ltd. ("UPC- ACE Australia")	50.00	50.00	1,044,101	1,008,899
AMI AC Renewables Corporation ("AAR")	50.00	50.00	189,036	288,355
BIM Energy Joint Stock Co. ("BIME")	30.00	30.00	120,904	111,792
UPC Renewables Asia III Ltd. ("UPC Asia III")	10.00	10.00	54,664	56,591
Others			978,924	232
			9,562,638	8,699,624
			₱20,000,640	₱18,795,088

Investments in Associates

Salak-Darajat

In 2017, the Group acquired interest in Salak-Darajat located in Indonesia that has continuing interest in Chevron's geothermal assets and operations in Indonesia. The Indonesia assets and operations pertains to the Darajat and Salak geothermal fields in West Java, Indonesia, with a combined capacity of 637 MW of steam and power. Salak-Darajat's principal place of business and country of incorporation is Indonesia.

Dividends declared by Salak-Darajat amounted to US\$6.93 million (₱336.41 million) for the six-month period ended June 30, 2021 and US\$29.70 million (₱1,426.67 million) in 2020.

The Group has significant influence over Salak-Darajat by virtue of its approval rights over key decision areas and material transactions through various reserved matters that are considered relevant activities.

MGI

The Parent Company subscribed to 25% of the capital stock of MGI which was incorporated and registered with the SEC on August 11, 2010 to implement the integrated development of the Maibarara geothermal field in Calamba, Laguna and Sto. Tomas, Batangas for power generation. MGI's registered business address is 7th F JMT Building, ADB Avenue, Ortigas Center, Pasig City.

NIBHI

NIBHI is a domestic corporation registered in the Philippines and located at 26th floor, PSE Tower Bonifacio High St., 28th cor. 5th Ave., Bonifacio Global City, Taguig City. NIBHI is a holding firm for the BioPower Group (SCBP, SNBP and NNBP). The Group, in partnership with TLCTI Asia, currently has a portfolio totaling 63.44 MW in generation capacity from biomass.

Upon effectivity of ACEN's share swap with ACEIC, the Parent Company acquired a 45.12% voting ownership in NIBHI, through ACE Endeavor, Inc.

On June 18, 2021, NIBHI, has signed binding agreements to divest its shareholdings in three biomass-fired power plants in the Visayas. Subject to certain conditions precedent, NIBHI will sell its equity stake to its partner, the TLCTI Asia, which indirectly already owns over 90% of the economics of the equity ownership of the biomass-fired power plants.



Subsequent to the above transaction, the Group divested its interest in NIBHI through the redemption of redeemable preferred shares held by ACE Endeavor amounting to ₱31.85 million and sale of the remaining shares held by ACE Endeavor to various stakeholders for a consideration of ₱40.98 million. The above transactions and agreements, which changed the Group's recovery of its investment, resulted to the reversal of impairment of investment in joint venture recognized in the statement of income as other income under the Philippine segment amounting to ₱37.63 million (see Note 27).

Dividends amounting to ₱69.32 million was received during the six-month period ended June 30, 2021, while nil in 2020.

Interest in Joint Ventures

PhilWind

On November 5, 2019, the Parent Company's Executive Committee approved and authorized the share purchase agreement to acquire PINAI's ownership interest in PhilWind, a holding company for North Luzon Renewable Energy Corp. ("NLR"). This approval was ratified by the BOD during its meeting on November 11, 2019.

On November 14, 2019, ACEN signed a First Amended and Restated Share Purchase Agreement with the PINAI Investors for the acquisition of PINAI's indirect ownership interest in NLR.

PINAI effectively has a 31.01% preferred equity and 15.00% common equity ownership in NLR. NLR is a joint venture of ACEIC, UPC Philippines Wind Holdco I B.V., Luzon Wind Energy Holdings B.V. (DGA) and the PINAI Investors. NLR owns and operates an 81 MW wind farm in Pagudpud, Ilocos Norte, which started commercial operations in November 2014. PhilWind is the parent company of NLR. PhilWind directly and indirectly owns 66.69% of NLR, through its 38.00% direct interest and 28.69% indirect interest through its 100% wholly owned subsidiary, Ilocos Wind Energy Holding Co., Inc. ("Ilocos Wind").

On February 27, 2020, the Parent Company purchased all the shares of PINAI Investors in PhilWind for ₱2,573.30 million through its wholly-owned subsidiary Giga Ace 1, Inc.

The investment in PhilWind is accounted for as an investment in joint venture as the relevant activities of PhilWind and NLR require the unanimous consent of the stockholders.

On June 22, 2020, upon the effectivity of ACEN's share swap transaction with ACEIC, the Parent Company increased its ownership interest in PhilWind to 69.81%.

PhilWind was incorporated and registered with the SEC on November 12, 2009, primarily to engage in the business of a holding company for renewable energy and other corporations. The registered office address is at 15th Floor, Picadilly Star Bldg., 4th Avenue Cor. 27th St., Bonifacio Global City, Taguig, with principal place of business at 4th Floor 6750 Ayala Avenue Office Tower, Makati City.

Dividends declared by PhilWind for the six-month period ended June 30, 2021 amounted to ₱754.36 million (December 31, 2020 - ₱270.51 million).

UPC-ACE Australia

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



UPC Renewables Australia is developing 1,000MW Robbins Island and Jim's Plain in Northwest Tasmania and the 700MW New England Solar Farm (NESF) located near Uralla in New South Wales. UPC Renewables Australia also has a further development portfolio of another 3000MW's located in NSW, Tasmania and Victoria.

In 2021, the Group made additional investment amounting to US\$5.75 million (P278.60 million) to UPC-ACE Australia for funding the NESF. The infusion does not modify the Group's ownership interest in the joint venture.

AAR

In 2018, the Group entered into a 50-50 joint venture agreement with AMI Renewables Energy Joint Stock Company to develop, construct, and operate renewable power projects in Vietnam. The joint venture company, New Energy Investments Corporation (NEI) is a holding company that holds direct ownership interest in the project companies. Its principal place of business and country of incorporation is at Vietnam. On December 27, 2018, NEI changed its business name to AMI AC Renewables Corporation.

UPC Asia III

In 2017, the Group signed investment agreements with UPC Renewables Indonesia Ltd to develop, construct and operate a wind farm in Sidrap, South Sulawesi, Indonesia (the "Sidrap Project"). The project was developed through PT UPC Sidrap Bayu Energi, a special purpose company based in Indonesia. The Sidrap Project, with generating capacity of 75 MW, started commercial operations in April 2018 and is the first utility-scale wind farm project in Indonesia. UPC Asia III's principal place of business and country of incorporation is Hong Kong.

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

BIMRE and BIME

In 2018, the Group entered into a 30-70 joint venture agreement with BIM Group to develop, construct, and operate at 330 MW solar power project in Vietnam through BIMRE and BIME. Its principal place of business and country of incorporation is at Vietnam.

In 2019, the Group made additional investment amounting to P209.58 million to BIMRE.

In 2020, the Group entered into an Amendment and Supplement to Share Subscription Agreement for additional Common Shares, Class A Preferred Shares and Class B Preferred Shares for 30% ownership in BIMRE. As at December 31, 2020, the Group made a subscription deposit of US\$5.63 million (P280.41 million) for common shares and \$3.96 million (P190.11 million) for Class A and B Preferred Shares. Deposits for Class A and Class B Preferred Shares are classified under "Other financial assets at amortized cost".

Dividends declared by BIMRE in 2021 and 2020 amounted to nil and US\$6.02 million (P289.25 million), respectively.

The Group has joint control over BIMRE and BIM by virtue of the requirement for unanimous consent from both Shareholders over key decision areas and material transactions through various reserved matters.



Greencore

On February 21, 2020, Citicore Renewable Energy Corporation (“CREC”) and ACE Endeavor entered into a Framework Agreement for the joint development, ownership and operation of solar and other power plants in the Philippines, CSEC is a wholly-owned subsidiary of CREC. Pursuant to the Framework Agreement, CREC and ACE Endeavor (directly or through nominated affiliates) agreed to be shareholders in the Company, which was incorporated to wholly own and undertake the development of a PV Solar Power Plant in Arayat and Mexico, Pampanga, Philippines with an installed nominal capacity of 50 MWac (72MWdc) (the “Project”).

On February 4, 2021, ACEN and ACE Endeavor signed a Shareholders’ Agreement with CSEC, and Greencore Power Solutions 3, Inc. (“Greencore”), for the development, construction, and operation of the Project. On the same date, ACEN and ACED signed subscription agreements with Greencore for the subscription of 2.25 million and 0.25 million common shares, respectively, with a par value of ₱1.00 per share, or a total par values of ₱2.25 million and ₱0.25 million, to be issued out of the unissued authorized capital stock of Greencore. ACEN and ACED have fully paid their subscriptions.

The Project is scheduled to start operations in March 2022. Under the Shareholders’ Agreement, CSEC will have 50% of the shares in Greencore, the special purpose vehicle of the Project, while ACEN and ACE Endeavor will hold a 45% and 5% interest, respectively. ACEN has agreed to provide a term loan facility to Greencore of up to ₱2.68 billion to finance the design, engineering, financing, construction, procurement and supply, manufacturing, commissioning, start up, testing, delivery, ownership, operation and maintenance of the power plant. Greencore and its shareholders agreed to execute the necessary loan and security agreement for this purpose (see Note 1).

The investment in Greencore is accounted for as an investment in joint venture as the relevant activities of Greencore require the unanimous consent of the stockholders.

Greencore is a domestic corporation registered in the Philippines with principal office address at Lot 4 Magalang - Arayat Road, Barangay San Antonio, Arayat, Pampanga, Philippines.

Solar Philippines Central Luzon Corporation (“SPCLC”)

On January 22, 2021, ACEN signed a Deed of Absolute Sale of Shares with Solar Philippines Power Project Holdings, Inc. (“SP”) for the acquisition by ACEN of SP’s 0.24 million common shares in SPCLC with a par value of ₱1.00 per share or a total par value of ₱0.24 million.

On the same date, ACEN signed a Subscription Agreement with SPCLC for the subscription by ACEN to 0.38 million common shares with a par value of ₱1.00 per share or a total par value for a total subscription price of ₱0.38 million, to be issued out of the unissued authorized capital stock of SPCLC.

SPCLC is a special purpose vehicle and is meant to implement the joint venture between ACEN and SP for the development and operation of solar power projects in the Philippines. As at June 30, 2021, commercial operations have not yet commenced.



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

June 30, 2021 (Unaudited)

	PhilWind	UPC Australia	AAR	Salak-Darajat	BIMRE
Classification	Joint venture	Joint venture	Joint venture	Associate	Joint venture
Functional currency	PHP	US\$	VND	US\$	VND
	(in millions)	(in millions)	(in billions)	(in millions)	(in billions)
Dividends received	₱754.36	\$–	₱–	\$6.93	₱–
Summarized Statements of Financial Position:					
Current assets	₱1,450.53	\$2.70	₱639.38	\$337.58	₱1,116.17
Noncurrent assets	7,512.04	173.29	1,929.56	2,463.29	5,905.10
Total assets	8,962.57	175.99	2,568.94	2,800.87	7,021.27
Current liabilities	653.44	2.75	167.32	63.64	1,544.24
Noncurrent liabilities	5,077.67	149.21	2,285.19	1,721.70	3,665.16
Equity	₱3,231.46	\$24.03	₱116.43	\$1,015.53	₱1,811.87
Share in equity	₱2,255.88	\$12.02	₱58.21	\$201.07	₱543.56
Fair value adjustment on land	–	–	–	15.00	–
Notional goodwill	3,366.85	9.49	31.00	–	190.00
Others	–	–	–	(17.13)	–
Carrying value of investments	₱5,622.73	\$21.51	₱89.21	\$198.94	₱733.56
Summarized Statements of Comprehensive Income:					
Revenue	₱1,502.30	\$–	₱–	\$147.43	₱597.50
Cost and expenses	512.71	10.49	97.12	94.48	348.22
Net income (loss)	989.59	(10.49)	(97.12)	52.95	249.28
Other comprehensive income	0.65	–	–	0.13	–
Total comprehensive income (loss) at functional currency	₱990.24	(\$10.49)	(₱97.12)	\$53.08	₱249.28
Group's share in total comprehensive income (loss) at functional currency	₱523.53	(\$5.24)	(₱48.56)	\$10.51	₱74.78
Total comprehensive income (loss) in Philippine Peso	₱990.24	(₱504.61)	(₱0.20)	₱2,554.23	₱0.52
Group's share in total comprehensive income (loss) in Philippine Peso	₱523.53	(₱252.43)	(₱0.10)	₱505.77	₱0.16



December 31, 2020 (As restated)

	PhilWind	UPC Australia	AAR	Salak-Darajat	BIMRE
Classification	Joint venture	Joint venture	Joint venture	Associate	Joint venture
Functional currency	PHP	US\$	VND	US\$	VND
	(in millions)	(in million)	(in billions)	(in millions)	(in billions)
Dividends received	₱270.51	\$–	₱–	\$29.70	₱139.87
Summarized Statements of					
Financial Position:					
Current assets	₱1,624.63	\$2.93	₱1,068.40	\$295.15	₱764.11
Noncurrent assets	7,542.68	94.83	2,096.12	2,473.35	5,989.20
Total assets	9,167.31	97.76	3,164.52	2,768.50	6,753.31
Current liabilities	445.95	2.31	301.08	55.25	1,655.87
Noncurrent liabilities	5,219.87	66.76	1,500.21	1,741.80	4,312.56
Equity	₱3,501.48	\$28.69	₱1,363.23	\$971.45	₱784.88
Share in equity	₱2,444.38	(\$10.45)	(₱36.33)	\$192.00	₱573.19
Fair value adjustment on land	–	–	–	15.00	–
Notional goodwill	3,409.18	31.45	164.72	–	41.25
Others	–	–	–	(12.76)	0.05
Carrying value of investments	₱5,853.56	\$21.00	₱128.39	\$194.24	₱614.49

June 30, 2020 (Unaudited)

	PhilWind	UPC Australia	AAR	Salak-Darajat	BIMRE
Summarized Statements of					
Comprehensive Income:					
Revenue	₱1,596.97	\$6.42	₱29.75	\$165.48	₱653.53
Cost and expenses	759.33	5.54	7.56	119.17	380.57
Net income	837.64	0.88	22.19	46.31	272.96
Other comprehensive loss	–	–	–	(12.69)	–
Total comprehensive income at functional currency	₱837.64	\$0.88	₱22.19	\$33.62	₱272.96
Group's share in total comprehensive income at functional currency	₱584.75	\$0.44	₱11.10	\$6.66	₱81.89
Total comprehensive income in Philippine Peso	₱837.64	₱42.37	₱0.05	₱3,538.38	₱0.57
Group's share in total comprehensive income in Philippine Peso	₱584.75	₱21.19	₱0.02	₱667.90	₱0.17

11. Financial assets at FVOCI

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Current:		
AYC Finance Limited (AYCFL)	₱–	₱12,620,756
Noncurrent:		
UPC Sidrap HK Limited	₱328,888	₱379,957
Golf club shares	1,190	1,190
Listed shares of stock	21	21
	₱330,099	₱381,168



On May 14, 2019, the Group subscribed to 41.22 million redeemable preference shares at par value of US\$10 per share in AYCFL, an unconsolidated affiliate of the Group. The subscribed redeemable preferred shares amounting to \$412.20 million (₱21,186.00 million) are cumulative, non-voting and redeemable by AYCFL, at its sole option, at price and terms to be determined by its directors.

On September 14, 2020, the BOD of AYCFL approved to redeem a total of 15.00 million redeemable preferred shares at US\$10.00 per share for a total of US\$150.00 million (₱7,275.90 million) which took effect on September 18, 2020. Total unrealized fair value gain that was reclassified to retained earnings upon redemption is at US\$0.23 million (₱11.10 million).

On April 21, 2021, the BOD of AYCFL approved to redeem the remaining 26.22 million redeemable preferred shares at US\$10.00 per share for a total of US\$262.20 million (₱12,687.86 million) which took effect on April 23, 2021.

The movements in net unrealized loss on financial assets at FVOCI for the period ended are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Balance at beginning of period	₱143,625	(₱26,546)
Unrealized gain (loss) recognized during the period	(54,612)	92,821
Reversal of unrealized fair value gain upon redemption	(25,906)	(11,105)
Effect of business combinations under common control (Note 4)	(162,899)	88,455
Balance at end of period	(₱99,792)	₱143,625

Dividend income amounted to ₱6.55 million (\$0.14 million) earned from UPC Sidrap for the six-month period ended June 30, 2021 while nil in 2020.

12. Other Financial Assets at Amortized Cost

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Redeemable preferred shares and subscription deposits	₱10,247,437	₱8,181,268
Convertible loans	11,523,052	7,115,837
Balance at end of period	₱21,770,489	₱15,297,105



Investment in redeemable preferred shares and subscription deposits

The rollforward analysis of this account follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Balances at beginning of period	₱8,181,269	₱3,374,289
Additions	601,324	2,899,776
Subscription deposits	1,565,599	2,087,275
Reclassified to long-term receivables	(192,491)	—
Cumulative translation adjustment	91,736	(180,072)
Balances at end of period	₱10,247,437	₱8,181,268

Investments in redeemable preferred shares

Investment in UPC Asia III

On January 11, 2017, the Group entered into an agreement for subscription to Redeemable Class A preferred shares of UPC Asia III. UPC Asia III owns 75 MW Wind Farm in South Sulawesi, Indonesia. Redeemable Class A preferred shares are entitled to dividends at fixed, cumulative, and compounding rate annually. The Redeemable Class A preferred shares are non-voting shares and are redeemable at par plus any accrued dividends at the holder's option within 60 days from earlier of July 15, 2035 or date as soon as funds are realized by UPC Asia III or its subsidiaries.

As at June 30, 2021 and December 31, 2020, investment in Redeemable Class A preferred shares amounted to US\$21.86 million (₱1,061.38 million) and US\$21.86 million (₱1,050.28 million), respectively. Interest income amounted to US\$2.02 million (₱97.42 million) and US\$2.06 million (₱103.12 million) for the six-month periods ended June 30, 2021 and 2020, respectively.

Investment in AAR

On January 22, 2018, the Group entered into an agreement for subscription to Redeemable Class A and B preferred shares of AAR. AAR owns a combined 80 MW of Solar Farm in Khan Hoa and Dak Lak Province, Vietnam. Redeemable Class A and B preferred shares are entitled to dividends at fixed base rate annually. The Redeemable Class A and Class B preferred shares are redeemable at par and only by cash at the issuer's option on "first in, first out" basis but no earlier than the 5th year from subscription date and no later than the end of the project, and all accrued coupons are current.

As at June 30, 2021 and December 31, 2020, investment in Redeemable Class A and B preferred shares amounted to US\$66.32 million (₱3,219.26 million) and US\$66.32 million (₱3,185.57 million), respectively. Interest income amounted to US\$4.18 million (₱201.03 million) and US\$1.26 million (₱62.49 million) for the six-month periods ended June 30, 2021 and 2020, respectively.

Investment in BIMRE

On November 4, 2019, the Group converted deposit for future equity in BIMRE into 3,437,000 redeemable Class A preferred shares and 3,437,000 redeemable Class B preferred shares. BIMRE owns 300 MW of Solar Farm in Ninh Thuan Province, Vietnam. The Redeemable Class A and Class B preferred shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable at par and 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 project, and all accrued coupons are current.



As at June 30, 2021 and December 31, 2020, investment in Redeemable Class A and Class B preferred shares amounted to US\$24.39 million (₱1,183.80 million) and US\$20.43 million (₱981.30 million), respectively. Interest income amounted to US\$1.57 million (₱75.44 million) and US\$1.32 million (₱65.51 million) for the six-month periods ended June 30, 2021 and 2020, respectively.

Investment in BIME

On November 4, 2019, the Group converted deposit for future equity in BIME into 343,700 redeemable Class A preferred shares and 343,700 redeemable Class B preferred shares. BIMRE owns 30 MW of Solar Farm in Ninh Thuan Province, Vietnam. The Redeemable Class A and Class B preferred shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable at par and 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 project, and all accrued coupons are current.

As at June 30, 2021 and December 31, 2020, investment in Redeemable Class A and Class B preferred shares amounted to US\$4.25 million (₱206.50 million) and US\$4.25 million (₱204.34 million), respectively. Interest income amounted to US\$0.27 million (₱13.23 million) and US\$0.28 million (₱13.67 million) for the six-month periods ended June 30, 2021 and 2020, respectively.

Investment in UPC Solar

On July 29, 2020, the Group entered into an agreement for subscription of Class A Redeemable preferred shares. UPC Solar is currently developing solar farms with combined capacity of 210 MW in the Provinces of Rajasthan and Gujarat, India. The Class A Redeemable preferred shares are non-voting shares entitled to dividends at fixed, cumulative, compounding base rate annually. These are redeemable at the option of the issuer and subject to cash availability and these will be redeemed after commercial operations date and no later than the end of project.

As at June 30, 2021 and December 31, 2020, investment in Class A Redeemable Preferred shares amounted to US\$22.50 million (₱1,092.24 million) and US\$14.00 million (₱672.50 million), respectively. Interest income amounted to US\$1.19 million (₱57.08 million) and nil for the six-month periods ended June 30, 2021 and 2020, respectively.

Redeemable preferred shares bear coupon ranging from 11.25% to 14.00% per annum. Dividends on redeemable preferred shares which are classified and accrued as interest income on a monthly basis are subject to declaration prior to payment.

Subscription Deposits

As discussed in Note 10, the Group entered into an Amendment and Supplement to Share Subscription Agreement for additional Common Shares, Class A Preferred Shares and Class B Preferred Shares for 30.00% ownership in BIMRE. As at June 30, 2021 and December 31, 2020, total subscriptions deposit made for Class B Preferred Shares is at \$3.96 million (₱192.11 million).

On April 16, 2020, the Group entered into a Share Subscription and Deposit Agreement for additional Class A Preferred Shares of AAR. AAR owns the 50 MW solar plant in Khan Hoa province and 30 MW solar plant in Dak Lak province, both in Vietnam. The Group subscribed for a total of 124.77 million future Class A Preferred Shares. Of the total deposits made amounting to US\$53.89 million, the Group partially converted \$46.37 million to Class A Redeemable Preferred Shares of AAR. As at June 30, 2021 and December 31, 2020, remaining unconverted subscription deposit is at \$32.46 million (₱1,575.88 million) and \$7.52 million (₱361.41 million), respectively.



On July 7, 2020, the Group entered into a Share Subscription and Deposit Agreement for non-interest deposit with BIM Wind. As at June 30, 2021 and December 31, 2020, the Group made a subscription deposit of \$39.31 million (P1,908.37 million) and \$31.97 million (P1,535.75 million), respectively.

Convertible loans

The rollforward analysis of this account follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated)
Balance at beginning of period	P7,115,837	P—
Additions	5,072,623	5,983,388
Redemptions	(791,328)	—
Cumulative translation adjustment	125,920	(63,841)
Reclassified from receivables from related parties	—	1,196,290
Balance at end of period	P11,523,052	P7,115,837

Investment in UPC Australia

On May 26, 2020, the Group entered into an agreement with UPC-AC Energy Australia HK Ltd. to make available a convertible loan facility in aggregate principal amount not exceeding US\$48.50 million (P2,350.55 million). The Convertible Shareholder Loan Agreement was entered for the development and construction of NESF Project. The principal and interest of the convertible loan are payable on 25th anniversary of the drawdown date. The Group, from time to time until the 25th anniversary of the drawdown date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. Redeemable preferred shares shall earn coupon rate which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. The redeemable preferred shares are redeemable only by cash at the issuer's option on "first in first out" basis but no later than end of the project.

On June 30, 2020, the Group entered into an agreement to make available a convertible term loan facility in an aggregate principal amount of US\$275.00 million (P13,327.88 million). The Convertible Shareholder Loan Agreement was entered to fund various investments in Australia. The principal and interest of the convertible loan are payable on 25th anniversary of the drawdown date. The Group, from time to time until the 25th anniversary of the drawdown date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. Redeemable preferred shares shall earn coupon rate which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. The redeemable preferred shares are redeemable only by cash at the issuer's option on "first in first out" basis but no later than end of the project.

As at June 30, 2021 and December 31, 2020, outstanding balance of the convertible loan amounted to US\$154.05 million (P7,477.98 million) and US\$64.81 million (P3,113.09 million). Interest income amounted to US\$4.80 million (P230.77 million) and US\$0.80 million (P4.03 million) for the six-month periods ended June 30, 2021 and 2020, respectively.

Investment in Vietnam Wind Energy Limited

On April 17, 2020, the Group entered into a Convertible Shareholder Agreement with Vietnam Wind Energy Limited to make available a convertible loan facility in aggregate principal amount not exceeding US\$38.00 million (P1,841.67 million). The Convertible Shareholder Agreement was entered to provide financing for the development and construction of various wind projects in



Vietnam. The convertible loan bears annual fixed rate and payable upon maturity. The principal and interest of the convertible loan are payable 220 months after the project commercial operations date. The Group, from time to time until the maturity date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. Redeemable preferred shares shall earn coupon rate which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. The redeemable preferred shares are redeemable only by cash at the issuer's option on "first in first out" basis no later than end of the project.

As at June 30, 2021 and December 31, 2020, outstanding balance of the convertible loan amounted to US\$38.00 million (¥1,844.67 million) and US\$38.00 million (¥1,825.37 million). Interest income amounted to US\$2.43 million (¥117.05 million) and US\$.58 million (¥28.46 million) for the six-month periods ended June 30, 2021 and 2020. .

Investment in Asian Wind Power 1 HK Ltd

On April 12, 2019, the Group entered into a Convertible Preferred A Facility Agreement with Asian Wind Power 1 HK Ltd to make available a convertible loan facility in aggregate principal amount not exceeding US\$26.00 million (¥1,260.09 million). The Convertible Preferred A Facility Agreement was entered to finance the development and construction of Dai Phong Project. The convertible loan bears annual fixed rate payable quarterly. The maturity date of the Convertible Preferred A Facility Agreement is in April of 2044. The principal and interest of the convertible loan are payable on 25th anniversary of drawdown date. The Group, from time to time until the 25th anniversary of the drawdown date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, Class A preferred shares with no voting rights. Class A preferred shares shall earn coupon rate which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. The Class A preferred shares is redeemable only by cash at the issuer's option on "first in first out" basis.

As at June 30, 2021 and December 31, 2020, outstanding balance of the convertible loan amounted to US\$24.58 million (¥1,192.97 million) and US\$24.58 million (¥1,180.48 million), respectively. Interest income amounted to US\$1.68 million (¥80.68 million) and US\$1.46 million (¥72.22 million) for the six-month periods ended June 30, 2021 and 2020, respectively. In 2020, this was reclassified as "Other Financial Asset at Amortized Cost" upon reassessment of the features of the instrument.

Investment in Asian Wind Power 2 HK Ltd

In March 2020, the Group entered into a Convertible Preferred A Facility Agreement with Asian Wind Power 2 HK Ltd to make available a convertible loan facility in aggregate principal amount not exceeding US\$23.00 million (¥1,114.70 million). The Convertible Preferred A Facility Agreement was entered to finance the development and construction of Hong Phong 1 Project. The convertible loan bears annual fixed rate payable quarterly. The maturity date of the Convertible Preferred A Facility Agreement is in March of 2045. The principal and interest of the convertible loan are payable on 25th anniversary of drawdown date. The Group, from time to time until the 25th anniversary of the drawdown date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, Class A preferred shares with no voting rights. Class A preferred shares shall earn coupon rate of which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. Class A preferred share is redeemable only by cash at the issuer's option on "first in first out" basis.



As at June 30, 2021 and December 31, 2020, outstanding balance of the convertible loan amounted to US\$20.75 million (P1,007.43 million) and US\$20.75 million (P996.89 million). Interest income amounted to US\$1.28 million (P61.44 million) and US\$0.54 million (P26.48 million) for the six-month periods ended June 30, 2021 and 2020.

Convertible loan facilities bear interest ranging from 8.50% to 12.00% per annum.

13. Investment Properties

Investment properties include land which are held by the Group for long-term capital appreciation and future use as investment properties.

In 2020, BCHC purchased 1.92-hectare land located in Botolan, Zambales amounting to P108.91 million and a 1.79-hectare land in located in Binugao, Toril, Davao City amounting to P44.60 million. These are classified as investment properties as it will be held for the potential use of Joint Venture-Special Purpose Vehicle projects in building and operating power plants.

Movement on the account during 2020 includes reclassification from property, plant and equipment of a land owned by BCHC amounting to P283.86 million.

In 2021, these investment properties were reclassified to Property, plant and equipment as the properties were leased out to the group's subsidiaries, Sta. Cruz Solar Energy Inc., Giga Ace 9, Inc, and Solarace2 Energy Corp.

The account also include Bulacan Power's land amounting to P13.09 million.

The Group did not generate rental income on the investment property but incurred direct costs pertaining to real property taxes amounting to P0.01 million for the six-month periods ended June 30, 2021 and 2020.

14. Goodwill and Other Intangible Assets

Changes in goodwill and other intangible assets for the period ended June 30, 2021 and December 31, 2021 are as follows:

	June 30, 2021 (Unaudited)				
	Goodwill	Deferred Exploration Costs	Leasehold and Water Rights	Other Intangible Assets	Total
Cost:					
Balance at beginning of period	P246,605	P121,975	P185,104	P2,191,814	P2,745,498
Additions/Cash calls	—	15,039	—	—	15,039
Balance at end of period	246,605	137,014	185,104	2,191,814	2,760,537
Accumulated amortization:					
Balance at beginning of period	P—	P—	P32,610	P113,696	P146,306
Amortization (Note 25)	—	—	4,054	75,798	79,852
Balance at end of period	—	—	36,664	189,494	226,158
Accumulated impairment:					
Balance at beginning of period	—	62,098	—	—	62,098
Impairment	—	23,379	—	—	23,379
Balance at end of period	—	85,477	—	—	85,477
Net book value	P246,605	P51,537	P148,440	P2,002,320	P2,448,902



	December 31, 2020 (As restated, Note 4)				
	Goodwill	Deferred Exploration Costs	Leasehold and Water Rights	Other Intangible Assets	Total
Cost:					
Balance at beginning of year	₱234,152	₱108,139	₱185,347	₱—	₱527,638
Step acquisition of ISLASOL	12,453	—	—	—	12,453
Step acquisition of SACASOL	—	—	—	2,191,814	2,191,814
Reclassification	—	—	(243)	—	(243)
Additions/Cash calls	—	13,836	—	—	13,836
Balance at end of year	246,605	121,975	185,104	2,191,814	2,745,498
Accumulated amortization:					
Balance at beginning of year	₱—	₱—	₱24,463	₱—	₱24,463
Amortization	—	—	8,147	113,696	121,843
Balance at end of year	—	—	32,610	113,696	146,306
Accumulated impairment:					
Balance at beginning and end of year	—	62,098	—	—	62,098
Net book value	₱246,605	₱59,877	₱152,494	₱2,078,118	₱2,537,094

Goodwill and Leasehold Rights

The leasehold rights and goodwill arose from Bulacan Power's acquisition of the entire outstanding shares of stocks of One Subic Power in 2014. One Subic Power and Subic Bay Metropolitan Authority ("SBMA") have an existing Facilities Lease Agreement (FLA) for a period of five (5) years up to July 19, 2020, as amended, with the option to extend subject to mutually acceptable terms and conditions.

On December 21, 2017, the SBMA Board approved and ratified the amendment of the Facilities Lease Agreement extending the lease term until July 19, 2030. As at January 1, 2019, the leasehold rights were reclassified as right-of-use assets.

Solienda, Inc. ("Solienda") holds a leasehold right on its contracts of lease with San Carlos Sun Power, Inc., San Carlos Biopower Inc. and SACASOL. As at June 30, 2021 and December 31, 2020, the carrying amount of the leasehold right amounted to ₱140.86 million and ₱144.69 million, respectively.

Goodwill recognized in 2020 came from the acquisition of ISLASOL amounting to ₱12.45 million.

Water Supply Contract

HDP holds a water supply contract with San Carlos Bioenergy, Inc. The carrying amount as at June 30, 2021 and December 31, 2020 is ₱7.58 million and ₱7.81 million respectively.

Other Intangible Assets

Intangible assets amounting to ₱2,191.81 million arising from identifiable FIT contract was recognized from acquisition of SACASOL. The carrying amount as at June 30, 2021 and December 31, 2020 is ₱2,002.32 million and ₱2,078.12 million, respectively.

Impairment Testing of Goodwill

The Parent Company performs its impairment test annually and when circumstances indicate that the carrying value may be impaired. In light of the impact of COVID-19 and the ECQ restricting movements and construction activities, management reassessed recoverable amounts for the Parent Company's goodwill. The key assumptions used to determine the recoverable amount for the different cash-generating units were disclosed in the annual consolidated financial statements as at December 31, 2020. As at June 30, 2021, there are no changes in the assumptions used for purposes of goodwill impairment.



Based on management's assessment, recoverable amount exceeded the carrying amount of the CGU. No impairment loss was recognized on goodwill as at June 30, 2021 and December 31, 2020.

Deferred Exploration Costs

Details of deferred exploration costs are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020
<i>Petroleum and gas:</i>		
SC 55 (Southwest Palawan)	P51,537	P36,639
SC 6 (Northwest Palawan)		
Block A	23,379	23,238
Block B	4,892	4,892
SC 50 Northwest Palawan	11,719	11,719
SC 52 (Cagayan Province)	10,994	10,994
<i>Geothermal - SC 8 (Mabini, Batangas)</i>	34,493	34,493
	137,014	121,975
Allowance for impairment loss	(85,477)	(62,098)
Net book value	P51,537	P59,877

Below is the rollforward analysis of the deferred exploration costs:

	June 30, 2021 (Unaudited)	December 31, 2020
Cost:		
Balances at beginning of period	P121,975	P108,139
Additions - cash calls	15,039	13,836
Balance at end of period	137,014	121,975
Allowance for a probable loss:		
Balances at beginning of period	62,098	62,098
Provisions	23,379	—
Balance at end of period	85,477	62,098
Net book value	P51,537	P59,877

The foregoing deferred exploration costs represent the Group's share in the expenditures incurred under petroleum SCs with the DOE. The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

On January 27, 2021, the ACEX Executive Committee approved the ACEX's withdrawal from the SC 6 Block A consortium. SC 6A does not have any commercial operations. Provision for probable loss was recognized for SC 6A amounting to P23.4 million. Write-off of SC 6 will be done upon receipt of DOE approval.

Additions for the period for SC 55 pertains to the well engineering, drilling planning services and assessment.

No impairment was recognized for SC 55 as at June 30, 2021 and December 31, 2020 as there are no indicators for impairment.



15. Right-of-Use Assets and Lease Liabilities

The Group's Right-of-Use Assets arise from the lease agreements of the following entities:

- ACEN - rental of office space in 22nd Floor of Ayala Tower together with 8 parking slots and in 35th Floor of Ayala Triangle Gardens Tower 2 with 3 parking slots.
- One Subic Power - facilities and lease agreement with SBMA for the Land in Subic including the 116 MW Diesel Powerplant.
- Guimaras Wind - lease commitments from various landowners in Guimaras for land, easement rights and right of way use to connect to the grid.
- SACASOL - lease of land for its solar power facility and office building.
- MSEI - lease of land for its solar power facility.
- NorthWind - lease of land for its wind power facility and rental of office space with parking slots.
- Solarace1 - lease of land for the construction and operation of its solar power facility.
- MCV - lease of land as site for its water supply system.
- LCC – lease of land as site for its water supply system.
- ISLASOL - lease of land for its solar power facility.
- BCHC - lease of land for its solar power facility

There were no land or lease improvements noted. Each entity did not exercise or avail any renewal, extension, or termination option. No practical expedient was elected such as short-term lease or lease of low-value assets.

SLTEC's lease agreement was terminated effective May 31, 2020.

In 2021, the Parent Company entered into a 10-year lease agreement with Ayala Land, Inc, a related party, for the use of its office unit and parking slot with a gross leasable area of approximately 4,905.80 sqm. The Company recognized a right-of-use asset and lease liability amounting to ₱1,024.86 million and ₱1,024.35 million, respectively, arising from this lease agreement, which are treated as non-cash items in the consolidated statement of cash flows (see Note 29).

For the period ended June 30, 2021 and 2020, the total cash outflow in respect of leases amounted to ₱140.12 million and ₱116.9 million, respectively. Interest expense in relation to lease liabilities for the six-month periods ended June 30, 2021 and 2020 amounted to ₱59.40 million and ₱122.97 million, respectively, and is presented as part of "Interest and Other Finance Charges" in the consolidated statements of income (see Note 26).

Moreover, the Group recognized amortization expense for its right-of-use asset amounting to ₱184.79 million and ₱51.46 million and is presented as part of Depreciation and amortization in the consolidated statement of income for the six-month periods ended June 30, 2021 and 2020, respectively (see Note 25). The Group recognized rent expense from short-term leases amounting to nil for the six-month periods ended June 30, 2021 and 2020, respectively.

There was no indication of impairment on the right-of-use asset of the Group as at June 30, 2021 and December 31, 2020.



16. Other Noncurrent Assets

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Advances to suppliers	₱1,207,677	₱850,384
Development costs	381,275	309,395
Deposits	138,142	105,337
Derivative asset (Notes 8, 19 and 32)	10,144	35,046
Others	15,197	3,598
Balance at end of the period	₱1,752,435	₱1,303,760

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

Development costs include expenditures related to the development phase of power plant project which are stated at cost less any accumulated impairment losses. These include direct expenses that will eventually be capitalized as part of property, plant and equipment upon start of construction of the project. These costs are not depreciated or amortized until such time as the relevant assets are completed and available for use.

Deposits includes noncurrent portion of deposits to distribution utilities and noncurrent portion of the refundable security deposit with SBMA.

Derivative asset includes non-current portion of foreign exchange forward contracts.

17. Accounts Payable and Other Current Liabilities

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Trade	₱3,632,377	₱1,183,743
Nontrade (Note 19)	2,635,466	2,729,529
Accrued expenses	1,174,439	641,683
Output VAT - net	887,663	946,529
Accrued interest expenses	132,170	203,972
Due to related parties (Note 29)	76,960	629,902
Derivative liability (Notes 8, and 32)	63,215	3,300
Retention payables	52,211	74,974
Accrued directors' and annual incentives (Note 29)	15,845	30,574
Contract liabilities	—	4,132
Others	97,663	41,851
	₱8,768,009	₱6,490,189

Accounts payable and other current liabilities are noninterest-bearing and are normally settled on thirty (30) to sixty (60)-day terms.

Trade payables refer to liabilities to suppliers of electricity and fuel oil purchased by the Group.



Nontrade payables include liabilities for various purchases such as additions to property, plant and equipment and spare parts. It also includes the payable for the purchase of additional 20% interest in SLTEC through the assignment of ACEIC to ACEN of the share purchase agreement executed by ACEIC and APHPC amounting to ₱1.89 billion. The amount is payable on September 30, 2021.

Accrued expenses include insurance, sick and vacation leave accruals, station use and One Subic Power's variable rent for lease with SBMA and accruals for incentive pay and operating expense such as security fee, plant repairs and maintenance.

Derivative liability pertains to foreign exchange forward contracts maturing within 12-month period (see Notes 8, and 32).

Retention payables pertain to amounts retained from liabilities to suppliers and contractors.

18. Loans

Long-term loans

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
SLTEC long-term loans	₱9,950,000	₱10,587,500
ACEN long-term loans	8,030,698	8,128,347
NorthWind loan	2,167,060	2,233,530
Guimaras Wind term-loan facility	1,347,466	1,410,268
BWPC long-term loans	—	135,383
	21,495,224	22,495,028
Less unamortized debt issue costs	222,507	240,873
	21,272,717	22,254,155
Less current portion of long-term loans (net of unamortized debt issue costs)	668,894	707,782
Noncurrent portion	₱20,603,823	₱21,546,373

Movements in debt issue costs related to the long-term loans follow:

	Debt Issue Costs
As at December 31, 2019	257,071
Additions	28,500
Amortization/accretion for the year	(44,698)
As at December 31, 2020	₱240,873
Additions	6,038
Amortization/accretion for six-month period* (Note 26)	(24,404)
As at June 30, 2021	₱222,507

*Included under "Interest and other financial charges" in the consolidated statements of income.



ACEN

On March 30, 2021, ACEN prepaid in full its ₱1,175.00 million term loan facility with Development Bank of the Philippines (“DBP”). ACEN was granted consent by DBP for the prepayment of the loan without premium or penalty.

ACEN’s Loan Agreement with DBP

On March 19, 2021, the Parent Company entered into a new loan agreement with DBP for a maximum principal amount of ₱4.50 billion.

First drawdown on the facility was made on March 30, 2021 amounting to ₱805.00 million. The loan has a term of one hundred twenty (120) months from and after the initial drawdown date. The payments shall be made in semi-annual principal installments commencing on the thirtieth (30th) month from the initial drawdown date. Each principal installment shall be payable on the principal repayment date which shall coincide with an interest payment date.

The loan is subject to a floating interest rate that is repriced on every succeeding semi-annual period. The Company has the option to convert the interest rate to fixed on any semi-annual payment date up to the second (2nd) anniversary from the initial drawdown on the facility. ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan. The management assessed that the embedded derivatives is not for bifurcation because the interest floor rate is considered clearly and closely related with the loan and the exercise price of the prepayment option approximates the amortized cost of the loan.

Loan covenants. ACEN closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration.

In 2020, ACEN was able to obtain waivers of compliance for the Debt Service Coverage Ratio, Debt-to-Equity ratio and Current ratio covenants on its legacy loans with SBC (₱1.18 billion) and DBP (₱1.18 billion) as required by the terms of each respective Lender’s loan agreement. The waivers granted on the covenants for ACEN are valid until the next succeeding testing date. These ratios are computed based on the annual consolidated audited financial statements of ACEN, and the next testing date will be sometime during the first quarter of 2022, based on the 2021 consolidated audited financial statements. ACEN classified the loans amounting to ₱1.54 billion and ₱1.68 billion as noncurrent as at June 30, 2021 and December 31, 2020, respectively.

Guimaras Wind

The loan facility is secured by Guimaras Wind’s wind farm, included in “Machinery and equipment” account under “Property, plant and equipment” with carrying values amounting to ₱3,806.04 million and ₱3,909.77 million as at June 30, 2021 and December 31, 2020, respectively (see Note 9). 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 was in compliance with the loan covenants as at June 30, 2021 and December 31, 2020. The compliance with the debt covenants is assessed annually by the lenders. The Company shall maintain a minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Guimaras Wind continues to take necessary measures to ensure compliance with loan covenants.



SLTEC

Under the terms and conditions of the loan, the security trust indentures are the following: a) real estate mortgage and chattel mortgage on project assets; b) pledge on 66.67% of the voting shares of SLTEC; c) assignment of receivables; d) assignment of all material contracts, guarantees, insurance and; e) assignment of cash flow waterfall accounts.

On May 7, 2021, SLTEC made a partial Cash Sweep Prepayment of ₱500.00 million on its loan. The remaining principal balance of the loan is ₱9,950.00 million.

Loan Covenants. SLTEC has complied with its contractual agreements and is compliant with the loan covenants as at reporting dates. As compliance with the debt covenants, SLTEC should maintain a minimum DSCR of 1.1 times, and a maximum Net debt to Equity ratio of 3 times.

NorthWind

NorthWind closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration. NorthWind is required to maintain a minimum historical DSCR of 1.05 times. As at June 30, 2021 and December 31, 2020, NorthWind is compliant with its loan covenants.

BWPC

The outstanding loan balance to UPC Holdco amounting to nil and ₱145.04 million as at June 30, 2021 and December 31, 2020, respectively. Loan was used for the funding of the Balaoi and Caunayan Wind Energy Project. BWPC availed loans from UPC Holdco amounting to ₱33.62 million and ₱17.28 million in 2021 and 2020, respectively. These loans are unsecured, due in 5 years and bears interest at an annual rate of 8.00%. Interest is accrued daily and compounded annually and payable together with the principal amount. Accrued interest expense for the six-month periods ended June 30, 2021 and 2020 arising from the loans payable amounted to ₱64.42 million and ₱15.31 million. The outstanding interest payable amounted nil and ₱62.92 million as at June 30, 2021 and December 31, 2020 respectively.

In May 2021, outstanding loan balance including the interest payable were paid in full.

Total interest expense recognized on ACEN's, Guimaras Wind's, SLTEC's, NorthWind's and BWPC's long-term loans amounted to ₱577.50 million and ₱664.57 million for the six-month periods ended June 30, 2021 and 2020, respectively (see Note 26).

Principal payments made relative to the Group's long-term loans amounted to ₱1,847.70 million and ₱2,451.10 million for the six-month periods ended June 30, 2021 and 2020. ACEN paid ₱6.04 million and ₱17.25 million debt issue costs for the relevant loans availed in for the current period 2021 and in 2020.



Short-term loans

This account consists of:

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated)
Beginning balance	₱4,635,000	₱3,556
Availments	3,000,000	5,385,000
Loans assumed through business combination	—	395,388
Payments	(7,635,000)	(1,148,944)
Ending balance	₱—	₱4,635,000

Below are the pertinent details of the loans from BDO, SBC, CBC and RCBC that were paid in full by the Parent Company on their respective maturity dates.

Bank	Date of Availment	Amount	Interest	Maturity
BDO	September 18, 2020	₱1,000,000,000	4.000%	March 17, 2021
SBC	September 18, 2020	₱800,000,000	3.750%	March 17, 2021
BDO	October 23, 2020	₱550,000,000	4.000%	March 31, 2021
BDO	October 28, 2020	₱450,000,000	4.000%	March 31, 2021
CBC	December 14, 2020	₱1,335,000,000	4.210%	March 12, 2021
RCBC	October 8, 2020	₱500,000,000	3.000%	April 6, 2021

In March 2021, Parent Company further availed a short-term loan from BDO and RCBC amounting to ₱1,000 million and a ₱2,000 million. These were fully paid on its maturity date, March 26, 2021 and April 6, 2021.

As at June 30, 2021, all the outstanding short-term loans of the Parent Company were already paid.

Total interest expense recognized on ACEN's short-term loans amounted to ₱52.70 million and ₱83.68 million for the six-month periods ended June 30, 2021 and 2020, respectively (see Note 26).

19. Other Noncurrent Liabilities

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Trade payable (Note 17)	₱1,123,511	₱1,123,511
Contract liabilities	243,684	161,125
Asset retirement obligation	182,979	137,407
Deposit payable	180,372	167,593
Nontrade payable	136,349	100,974
Derivative liability (Notes 16 and 32)	10,144	—
Others	22,127	4,438
	₱1,899,166	₱1,695,048



In 2014, the Group, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.51 million. In June 2016, the 24-month period of repayment prescribed; hence, the Group provided an allowance for doubtful accounts related to Multilateral Agreement amounting to ₱13.75 million. Collections are presented as “Trade payables” under “Other noncurrent liabilities”

Contract liabilities consists of the deferred connection fee related to ISLASOL and the deferred rental income from ISLASOL, SACASOL, MSPDC and Solienda.

Asset retirement obligation are from the acquisitions of ISLASOL, SACASOL and MSEI.

Deposit payables consist of security deposits from RES customers refundable at the end of the contract.

Nontrade payable are payables from over remittance of business interruption claims and environmental laws compliance.

20. Equity

Capital Stock

Following are the details of the Parent Company’s capital stock:

	Number of Shares	
	June 30, 2021 (Unaudited)	December 31, 2020
Authorized capital stock - ₱1 par value	48,400,000,000	24,400,000,000
Issued shares:		
Balance at beginning of period	13,706,957,210	7,521,774,922
Issuance of new shares during the period	24,533,380,967	6,185,182,288
Balance at end of period	38,240,338,177	13,706,957,210

The issued and outstanding shares as at June 30, 2021 and December 31, 2020 are held by 3,182 equity holders for both periods ended.

The following table presents the track record of registration of capital stock:

Year Approval	No. of shares Registered	No. of shares Issued	Par Value
Prior to 2005*	1,000,000,000	**840,601,987	₱0.01/1.00
2005	1,000,000,000	264,454,741	1.00
2007	—	552,528,364	1.00
2008	—	4,713,558	1.00
2009	—	304,419	1.00
2010	—	2,022,535	1.00
2011	2,200,000,000	1,165,237,923	1.00
2012	4,200,000,000	2,027,395,343	1.00
2013	—	6,603,887	1.00
2014	—	1,283,332	1.00
2016	—	20,751,819	1.00
2017	—	3,877,014	1.00



Year Approval	No. of shares Registered	No. of shares Issued	Par Value
2019	—	2,632,000,000	1.00
2020	16,000,000,000	6,185,182,288	1.00
2021	—	24,533,380,967	1.00

**On April 7, 1997, par value was increased from ₱0.01 to ₱1.00.*

***Equivalent number of shares at ₱1.00 par.*

Stock Rights Offering

On November 11, 2020, the BOD of ACEN approved the pricing for, and volume of, the shares that will be issued pursuant to ACEN's stock rights offering (SRO). ACEN will issue 2,267,580,434 shares at ₱2.37, and at an entitlement ratio of 1.11 shares:1 offer share subject to requisite approval by the SEC of the details of the offer, including the offer price.

On December 11, 2020, ACEN received the confirmation letter from the SEC that the SRO is exempt from registration requirements under the Section 8 of the Code pursuant to Section 10.1 thereof.

On December 16, 2020, the PSE approved ACEN's application for the listing of additional shares of up to 2,267,580,434 common shares subject of the Rights Offer to all stockholders as of the Record Date of January 13, 2021 (the "Record Date"), at ₱2.37 per share, comprised of two rounds and a domestic institutional offer, as follows:

1. The First Round of the Offer consisting of a total of 2,267,580,434 Offer Shares, offered on a pre-emptive rights basis to eligible shareholders of ACEN as of a determined Record Date where holders of Common Shares as of the Record Date who are eligible to participate in the Rights Offer are: (i) holders located inside the Philippines and (ii) holders located outside the Philippines where it is legal to participate in the Rights Offer under the securities laws of such jurisdiction without requiring registration or the need to obtain regulatory approvals under such laws ("Eligible Shareholder"), and where each Eligible Shareholder may subscribe to one (1) Share for every 1.11 Common Shares held, as of the Record Date.;
2. The Second Round of the Offer consisting of the unsubscribed Rights Shares from the First Round of the Rights Offer ("Additional Rights Shares"), which shall be offered to those shareholders that exercised their rights in the prior round and had simultaneously signified their intention to subscribe to any unsubscribed Rights Shares by tendering payment of the total Offer Price of all Rights Shares subscribed to, including all Rights Shares in excess of their entitlements.; and
3. The Domestic Institutional Offer, where the Joint Lead Underwriters BPI Capital Corporation and China Bank Capital Corporation will firmly underwrite the Rights Offer in accordance with an underwriting agreement to ensure that any Offer Shares that, after the mandatory Second Round of the Rights Offer are either not taken up or subscribed to by Eligible Shareholders or not paid for by Eligible Shareholders will be fully subscribed, and that in case there are Rights Shares remaining after the mandatory Second Round of the Rights Offer, the remaining Rights Shares shall be sold by the Joint Lead Underwriters to qualified buyers, as defined in the 2015 Implementing Rules and Regulations of the Code ("SRC IRR") ("Institutional Investors"), at the same Offer Price as the Rights Shares (the "Institutional Offer"), and any shares herein not taken up by Institutional Investors shall be taken up by the Joint Lead Underwriters,

During the Rights Offer Period from January 18, 2021 to January 22, 2021, ACEN sold, by way of SRO, a total of 2,267,580,434 shares which were subsequently listed with the PSE on January 29, 2021.

Transaction costs include documentary stamp taxes, SEC fees and other costs paid relevant to share issuance amounting to ₱24.13 million were charged to additional paid-in capital account.



Arran's Private Placement

On December 30, 2020, ACEN and ACEIC signed an Investment Agreement with Arran for the latter's investment into ACEN to acquire 17.5% ownership stake on the basis that ACEN's stock rights offering ("SRO") and follow-on offering ("FOO"), and the infusion by ACEIC of its international business into ACEN have been completed (see Note 1).

On March 18, 2021, Arran subscribed to 4 billion common shares of ACEN at a price of ₱2.97 per common share through a private placement (the "Private Placement"), for an aggregate value or consideration of ₱11.88 billion. The subscription price was offered by Arran pursuant to its binding offer on November 10, 2020, and which offer was approved by the BOD of ACEN during its meeting of November 11, 2020.

The Investment, which will be implemented through a combination of subscription to four billion primary shares (via a private placement) and purchase of secondary shares from ACEIC, will be at a price of ₱2.97 per share on a post-SRO basis and is subject to agreed price adjustments. The price for the private placement represents a 25% premium to the BOD-approved SRO price of ₱2.37 per share.

The completion of Arran's purchase of secondary shares from ACEIC is subject to definitive documentation being signed by the parties.

As at June 30, 2021, ACEIC directly owns 71.84% (December 31, 2020: 81.62%) of the ACEN's total outstanding shares of stock.

Transaction costs include documentary stamp taxes and SEC fees paid relevant to share issuance amounting to ₱68.48 million were charged to additional paid-in capital account.

Follow-On Offering

On December 17, 2020, the BOD of ACEN approved the conduct of an FOO and delegated authority to the Executive Committee to determine the final issue price for the shares to be issued.

On February 4, 2021, acting on the authority delegated by the BOD, ACEN's Executive Committee approved an FOO price range of ₱6.00-₱6.50 per share for up to 2 billion common shares (primary).

On February 16, 2021, ACEN submitted a registration statement for up to 2,430,248,617 common shares (primary and secondary shares with over-allotment) with the SEC.

On March 18, 2021, the BOD of ACEN approved the issuance of 1.58 billion primary shares for the FOO.

On April 29, 2021, the Executive Committee approved the offer price of ACEN's FOO at ₱6.50 per share. This price was determined based on a book-building process which saw significant participation from leading global long-term institutional investors, resulting in multiple times oversubscription.

On May 5, 2021, ACEN received approvals from the PSE and obtained permit to sell from the SEC.

During the retail offer period for the FOO on May 3, 2021 to May 7, 2021, ACEN completed up to 2.01 billion common shares priced at ₱6.50 per share, consisting of 1.58 billion primary shares, 330.24 million secondary shares offered by ACEIC and Bulacan Power (the "Selling Shareholders"), and an over-subscription of 100.00 million secondary shares sold by ACEIC.



About 80% of the base offer shares was offered to qualified institutional buyers. The remaining 20% was placed out to eligible trading participants of the PSE.

The primary shares were listed on the PSE on May 14, 2021. This brought ACEN's total outstanding shares to 21.54 billion, with a market capitalization of over ₱150 billion.

Transaction costs include documentary stamp taxes, SEC fees and other costs paid relevant to share issuance amounting to ₱189.48 million were charged to additional paid-in capital account.

Acquisition of ACEIC's offshore subsidiaries through share swap

On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares at a subscription price of ₱5.15 per share, or an aggregate subscription price of ₱85,931,872,744.95 in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in ACE International (share swap transaction), which holds ACEIC's international renewable assets.

On June 7, 2021, the application for the increase from 24.4 billion shares to 48.4 billion shares in the ACS of ACEN was approved by the SEC. Consequently, the closing date of the share swap was on June 7, 2021.

Retained Earnings

Retained earnings represent the Group's accumulated earnings, net of dividends declared. The balance includes accumulated earnings of subsidiaries, joint venture and associates, which are not available for dividend declaration. Retained earnings not available for dividend declaration included in the Group's retained earnings to the extent of (a) the cost of treasury shares amounted to ₱34.50 million and ₱40.93 million as at June 30, 2021 and December 31, 2020, respectively, and (b) undistributed earnings of subsidiaries, associates and joint ventures included in the Group's retained earnings amounted to ₱25,102.74 million and ₱23,922.10 million as at June 30, 2021 and December 31, 2020, respectively.

Dividends

On March 18, 2021, the BOD of ACEN approved the declaration of cash dividends of six centavos (₱0.06) per share on the 19,960,037,644 issued and outstanding shares of the Parent Company, or a total dividend amount of ₱1,197,602,259, paid on April 19, 2021 to the shareholders on record as at April 5, 2021. ₱1,195,787,042 of the amounts declared was paid to the equity holders of the Parent Company.

There was no declaration of dividends for the six-month period ended June 30, 2020.

Treasury Shares

Bulacan Power holds ACEN shares and are classified as treasury shares. During the period, Bulacan Power acquired 23,284,346 ACEN shares amounting to ₱55.18 million through its participation in SRO, of which, was part of the 30,248,617 ACEN shares amounting to ₱61.62 million reissued subsequently through the secondary offer in FOO.

In 2020, 16.70 million ACEN shares held by Bulacan Power amounting to ₱15.43 million were reissued.

On March 18, 2020, the BOD of the Parent Company approved a share buy-back program to support its share prices through the repurchase in the open market of up to ₱1.00 billion worth of common shares, of which, the cumulative number of shares repurchased is at 14.50 million for an aggregate repurchase price of ₱28.66 million.



Non-controlling Interest (NCI)

The rollforward of this account is as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Balance at beginning of period	₱50,398,831	₱39,371,962
Net income attributable to NCI	1,426,824	2,114,048
Capital infusions	1,987	9,776,936
Dividends	(1,153,414)	(1,961,062)
Cumulative translation adjustments	2,440	(2,397)
Additions through business combination	–	1,099,344
Balance at end of period	₱50,676,668	₱50,398,831

Capital infusions

In 2021, UPC IV infused ₱1.80 million for its subscription to Solarace4, while UPC II infused ₱0.19 million to BWPC.

On July 28, 2020, UPC Philippines HoldCo. IV B.V. (“UPC”) signed a subscription agreement to Solarace4 for 0.18 million common shares and 1.62 million redeemable preferred B shares, both with ₱1.00 par value, with total subscription price of ₱1.80 million, to be issued out of Solarace4 increase in the authorized capital stock, of which, as at report date, is pending approval by the SEC.

In 2020, additional infusions totaling to US\$16.30 million (₱768.13 million) were made by UPC Renewables Australia Pty. Ltd. to UAC Energy Holdings Pty. Ltd. for the subscription of 25.20 million shares, while ACEFIL subscribed to additional redeemable preferred shares of ACEC for a total of \$146 million (₱9,008.81 million).

Dividends

On January 18, 2021 and May 19, 2021, the BOD of ACEC declared dividends to shareholders of its various redeemable preferred shares for a total of \$13.00 million (₱625.57 million) and \$14.13 million (₱521.19 million), respectively, of which are owned by ACEFIL, recognized as non-controlling interest.

On December 18, 2020, the BOD of ACEC declared dividends to shareholders of its various redeemable preferred shares for a total of \$38.03 million (₱1,827.94 million).

In 2021, the BOD of MSPDC approved two (2) declaration of cash dividends amounting to ₱15.00 million each, of which, ₱5.10 million was attributable to NCI. These were fully paid on March 6, 2021 and June 28, 2021.

In 2020, the BOD of MSPDC declared total cash dividends of ₱60.00 million, while the BOD of NorthWind declared cash dividends of ₱300.00 million. Both were fully paid in 2020.



Other Equity Reserves

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Effect of common control business combinations (a)	(P53,278,092)	P31,004,460
Effect of purchase of SLTEC's 20% share (b)	(2,229,587)	(2,229,587)
Effect of purchase of ACEX shares	(130,854)	(130,854)
Effect of distribution of property dividends - ACEX shares	1,107	1,107
Other equity reserves from joint venture	17,231	17,231
	(P55,620,195)	P28,662,357

- (a) This represents the impact of the share swap transactions with ACEIC to acquire the latter's ownership interest in various offshore and onshore entities in exchange for ACEN's issuance of additional primary shares via a tax-free exchange (see Notes 1 and 4).

Thru the share swap transaction, the Parent Company gains control of the 35% NCI in SLTEC.

- (b) This represents the impact of the step business acquisition where ACEIC assigned to ACEN the purchase of the 20% interest in SLTEC thereby increasing ACEN's ownership in SLTEC to 65%.

21. Revenue from Sale of Electricity

The table presents the Group's revenue from different revenue streams:

	For the three-month period ended June 30		For the six-month period ended June 30	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Revenue from power supply contracts	P4,585,692	P2,289,852	P8,154,152	P5,881,306
Revenue from power generation and trading	3,044,895	3,062,282	5,165,210	4,006,171
	P7,630,587	P5,352,134	P13,319,362	P9,887,477

Meralco Mid-Merit PSA

On October 22, 2019, MERALCO and ACEN filed with the ERC a joint application for approval of the mid-merit PSA. Under the PSA, ACEN will supply, at a fixed rate, 110 MW mid-merit capacity to MERALCO for five (5) years from the issuance by the ERC of a provisional approval. Hearings were conducted on December 3, 2019, January 14, 21, and 28, 2020.

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the mid-merit PSA between MERALCO and ACEN. Under the PA Order, the ERC granted a rate of P4.2366/kWh regardless of the plant capacity factor.

On February 07, 2020, ACEN filed a Motion for Reconsideration and Urgent Re-evaluation of the Provisionally Approved Rates, arguing among others, for the implementation of the bid parameters of MERALCO, including the inclusion of the plant capacity factor in determining the rate and retroactive application of the rates.



On June 1, 2020, ACEN received a copy of the Order of the ERC granting ACEN's Motion for Reconsideration. The ERC, in its Order Granting the MR, approved a rate of ₱4.8763/kWh at 60% plant capacity factor, and allowed a retroactive recovery of approved rate from January 30, 2020, among others. The parties have entered into an agreement for the amortization schedule and/or payment schedule for the collection of the retroactive differential adjustment amounting to ₱158.50 million. As at April 29, 2021, the amount of ₱158.50 has already been fully collected (see Note 6).

FIT adjustment

On February 19, 2021, ERC clarified on its letter to National Transmission Corporation ("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 generation billing. Revenue in 2021 was based on 2020 approved FIT rates in the absence of the 2021 FIT rates. Currently, there's a moratorium on interest on the delayed payments. It is expected that the adjusted FIT rates applicable for 2021 will also be collected in arrears in accordance with the approval of the ERC.

Pre-termination fees

Revenues from power supply contract for the six-month period ended June 30, 2020 include customer pre-termination fees of ₱289.08 million, nil in 2021.

22. Costs of Sale of Electricity

	For the three-month period ended June 30		For the six-month period ended June 30	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Costs of purchased power	₱3,466,925	₱1,221,112	₱5,805,073	₱2,979,175
Fuel (Note 7)	668,437	701,244	1,467,987	1,445,982
Stations used	874,821	73,474	1,045,180	202,510
Depreciation and amortization (Notes 9, 15 and 25)	480,717	482,560	876,865	849,205
Taxes and licenses	5,913	124,478	318,234	217,244
Repairs and maintenance	137,683	80,254	276,140	239,898
Salaries and directors' fees (Note 24)	128,742	94,534	214,514	172,878
Insurance	90,354	79,384	180,047	154,952
Contractor's fee	32,258	29,249	62,893	43,757
Transmission costs	36,385	1,657	46,311	24,206
Rent	8,184	5,936	14,061	11,734
Filing fees	5,609	8,261	11,759	8,261
Communication	4,871	2,658	8,368	3,569
Pension and other employee benefits	3,632	1,864	7,006	3,059
Transportation and travel	2,012	1,028	4,624	2,675
Others	4,362	6,289	45,287	46,890
	₱5,950,905	₱2,913,982	₱10,384,349	₱6,405,995



23. General and Administrative Expenses

	For the three-month period ended June 30		For the six-month period ended June 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
Taxes and licenses	₱258,326	₱215,668	₱400,049	₱334,450
Management and professional fees	271,599	198,562	344,256	301,812
Salaries and directors' fees (Note 24)	72,717	171,563	137,718	247,301
Provision for impairment of PPE (Note 9)	112,073	—	112,073	—
Depreciation and amortization (Note 25)	49,574	1,935	88,935	25,667
Provision for deferred exploration costs (Note 14)	—	—	23,379	—
Building maintenance and repairs	1,340	3,150	13,905	6,203
Insurance, dues and subscriptions	9,035	3,679	12,794	4,498
Transportation and travel	1,684	260	10,836	1,736
Advertising	7,267	70	10,623	431
Contractor's fee	6,534	—	9,846	3,646
Pension and other employee benefits	3,395	4,648	7,230	4,831
Rent	3,520	2,504	6,453	5,412
Corporate social responsibilities	896	16,451	4,745	16,534
Utilities	2,428	2,671	3,870	4,405
Communication	1,268	1,240	2,247	1,428
Office supplies	852	671	2,062	1,661
Meeting and conferences	439	1,396	986	1,595
Provision for credit losses (Note 6)	—	—	873	—
Others	23,502	16,205	28,339	22,686
	₱826,449	₱640,672	₱1,221,219	₱984,296

24. Personnel Expenses

	For the three-month period ended June 30		For the six-month period ended June 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
<i>Salaries and directors' fees included under:</i>				
Cost of sale of electricity (Note 22)	₱128,742	₱94,534	₱214,514	₱172,878
General and administrative (Note 23)	72,717	171,563	137,718	247,301

(Forward)



	For the three-month period ended June 30		For the six-month period ended June 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
<i>Pension and other employee benefits included under:</i>				
Cost of sale of electricity (Note 22)	₱3,632	₱1,864	₱7,006	₱3,059
General and administrative (Note 23)	3,395	4,648	7,230	4,831
	₱208,486	₱272,609	₱366,468	₱428,069

25. Depreciation and Amortization

	For the three-month period ended June 30		For the six-month period ended June 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
Property, plant and equipment (Note 9)	₱333,366	₱465,763	₱701,154	₱823,411
Right-of-use assets (Note 15)	144,869	18,732	184,794	51,461
Intangible assets (Note 14)	52,056	—	79,852	—
	₱530,291	₱484,495	₱965,800	₱874,872
Cost of sale of electricity (Note 22)	₱480,717	₱482,560	₱876,865	₱849,205
General and administrative expenses (Note 23)	49,574	1,935	88,935	25,667
	₱530,291	₱484,495	₱965,800	₱874,872

26. Interest and Other Finance Charges

	For the three-month period ended June 30		For the six-month period ended June 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
Interest expense on:				
Long-term loans (Note 18)	₱282,847	₱307,249	₱577,497	₱664,572
Lease obligations (Note 15)	49,448	105,178	59,396	122,967
Short-term loans (Note 18)	(3,200)	80,324	52,697	83,683
Discount in accounts payable	25,113	—	48,356	—
Amortization of debt issue cost (Note 18)	7,673	19,304	24,404	27,729
Other finance charges	13,108	23,796	41,318	27,628
	₱374,989	₱535,851	₱803,668	₱926,579



Discount in accounts payable pertains to the interest expense of ACEN's accounts payable to APHPC in relation to the 20% acquisition of SLTEC (see Note 17).

27. Other Income - Net

	For the three-month period ended June 30		For the six-month period ended June 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
Interest and other financial income	₱962,723	₱459,074	₱1,775,643	₱889,097
Guarantee fee income (Note 36)	131,094	17,358	138,683	17,358
Reversal of impairment on property, plant and equipment (Note 9)	—	—	86,890	—
Tax credits on real property taxes	69,154	—	69,154	—
Gain on settlement of derivatives - net (Notes 8 and 32)	—	33	41,700	—
Gain on reversal of impairment of investments in joint venture, net (Note 10)	37,635	—	37,635	—
Gain on sale of by-product	15,806	15,981	23,209	22,743
Claims on insurance	20,917	—	20,917	—
Foreign exchange gain - net	(5,580)	43,395	15,603	32,804
Mark-to-market gains	—	789,151	—	789,151
Fees for advisory services	—	—	—	121,685
Loss on sale of property, plant and equipment (Note 9)	(515)	(10,349)	(985)	(3,383)
Others	(4,867)	3,005	32,370	3,419
	₱1,226,367	₱1,317,648	₱2,240,819	₱1,872,874

Guarantee fee income arise from guarantee recoveries billed to affiliates (see Note 36).

Tax credits on real property taxes were granted to ISLASOL by its local government unit for its machineries and buildings in La Carlota, Negros Occidental.

Gain (loss) on settlement of derivatives pertain to maturities of foreign exchange forward contracts entered by ACEN with various banks (see Notes 17 and 32).

Gain on sale of by-product includes the gain on sale of fly-ash which is a by-product from coal of SLTEC. It also includes the gain on sale of scrap from the Parent Company and One Subic Power.

Claims on insurance arise from NorthWind property damage claims.

Mark-to market gains arise from the 20.00% ownership interest in Infigen Energy Ltd. (Infigen) recognized as financial assets at FVTPL which were acquired in April and May 2020, and subsequently sold in September 2020. Infigen is an Australia-based renewable energy company supplying electricity. The shares of Infigen are listed and actively traded in the Australian Securities Exchange.



Fees for advisory services pertain to Macquarie's payment to the Parent Company when it availed a services agreement that facilitated the PINAI investment with ISLASOL, SACASOL, and PhilWind acquisitions.

Interest and Other Financial Income

The details of interest and other financial income are as follows:

	For the three-month period ended June 30		For the six-month period ended June 30	
		2020 (Unaudited) (As restated, Note 4)		2020 (Unaudited) (As restated, Note 4)
	2021 (Unaudited)		2021 (Unaudited)	
Interest income on:				
Cash in banks and Short-term deposits (Note 5)	₱18,661	₱95,579	₱29,525	₱221,346
Receivables and others	497,645	111,583	811,971	285,608
Investment Income	446,417	251,912	934,147	382,143
	₱962,723	₱459,074	₱1,775,643	₱889,097

28. Income Taxes

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the consolidated statements of income are:

	For the three-month period ended June 30		For the six-month period ended June 30	
		2020 (Unaudited, Restated)		2020 (Unaudited, Restated)
	2021 (Unaudited)		2021 (Unaudited)	
Current	(₱47,253)	₱74,600	₱87,948	₱150,396
Deferred	(15,800)	500,910	(22,624)	518,003
Provision for income tax	(₱63,053)	₱575,510	₱65,324	₱668,399

Applying the provisions of the CREATE Act, the Parent Company and certain subsidiaries of the Group were subjected to either a lower regular corporate income tax rate of 25% or a minimum corporate income tax rate of 1% effective July 1, 2020.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated RCIT and MCIT rates of the Company for CY2020 are 27.5% and 1.5%, respectively. This resulted in reduction of provision for current income tax by ₱32.96 million and of provision for deferred income tax by ₱25.36 million for the year ended December 31, 2020. These adjustments were recognized in the consolidated statement of comprehensive income for the six-month period ended June 30, 2021.

Net deferred income tax assets and net deferred income tax liabilities amounted to ₱480.91 million and ₱118.55 million, respectively, as at June 30, 2021 and ₱416.35 million and ₱130.98 million, respectively, as at December 31, 2020.



For certain entities within the Group, DTAs on various elected deductible temporary differences and unused NOLCO have not been recognized as management believes it is not probable that sufficient future taxable income will be available against which the related deferred income tax assets can be used.

29. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

Outstanding balances at period-end are unsecured and are to be settled in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. Provision for credit losses recognized for receivables from related parties amounted to nil for the six-month periods ended June 30, 2021 and 2020. The assessment of collectability of receivables from related parties is undertaken each financial period 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 transactions and balances of accounts as at and for the period ended June 30, 2021 and December 31, 2020 with related parties are as follows:

	As at and for the six-month period ended June 30, 2021 (Unaudited)					
	Amount/ Volume	Nature	Outstanding Balance			
Company			Receivable	Payable	Terms	Conditions
<u>Parent</u>						
<u>ACEIC</u>						
Due to related parties / General and administrative expenses	₱297,808	Management fees	₱–	(71,752)	30-day, non-interest bearing	Unsecured
Due from related parties/Management fees income	20,745	Management fess	142,868	–	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	–	Loans receivable	9,174,816	–	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties/ Interest Income	24,894	Accrued interest receivables	25,160	–	30-day, non-interest bearing	Unsecured; no impairment
<u>Associates and Joint Ventures</u>						
<u>MGI</u>						
Due to related parties / Cost of sale of electricity	93,131	Purchase of electricity	–	–	30-day, non-interest bearing	Unsecured;
<u>Asia Coal</u>						
Due to related parties	–	Advances	–	(254)	Non-interest bearing	Unsecured
<u>North Luzon Renewable Energy Corp.</u>						
Due from related parties	13,703	Management fees income	5,209	–	30-day, non-interest bearing	Unsecured; no impairment
Due to related parties	–	Advances	–	(1,069)	30-day, non-interest bearing	Unsecured
<u>Star Energy Geothermal (Salak-Darajat) BV</u>						
Due from related parties	–	Dividend Income	336,410	–	30-day, non-interest bearing	Unsecured; no impairment

(Forward)



	As at and for the six-month period ended June 30, 2021 (Unaudited)					
Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
<u>Various Associates and Joint Ventures</u>						
Due from related parties	₱69,722	Management fees income	₱70,365	₱—	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	9,873	Rental income	2,725	—	Subsequently on demand	Unsecured; no impairment
Due from related parties	—	Other receivables	226,252	—	30 days	Unsecured; no impairment
Due from related parties	6,087,636	Loans receivable	16,763,792	—	nontrade, interest bearing	Unsecured; no impairment; due on various dates from 2021 to 2025
Due from related parties	1,494,129	Accrued interest receivables	1,837,952	—	30-day, non-interest bearing	Unsecured; no impairment
<u>Entities Under Common Control of Ultimate Parent Company</u>						
<u>Various Entities under ACEIC</u>						
Due to/from related parties	—	Other receivables/payables	3,872	(3,885)	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	27,309	Loans receivable	27,309	—	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	1,167	Accrued interest receivables	1,167	—	30-day, non-interest bearing	Unsecured; no impairment
<u>Other affiliates</u>						
<u>Bank of the Philippine Islands</u>						
Long-term loans	—	Long-term loan	—	(2,152,473)	12 years	Unsecured
Long-term loans	56,453	Interest on long-term loan	—	—	30 days	Unsecured
<u>Ayala Land, Inc. (ALI)</u>						
Right-of-use asset	50,190	Lease of office unit and parking slot	1,024,857	—	10 years	Unsecured; no impairment
Lease liability	19,143	Lease of office unit and parking slot	—	(984,883)	10 years	Unsecured
<u>Other related parties</u>						
<u>Sidrap HK</u>						
Financial asset at FVOCI	—	Redeemable Class B preference shares	328,888	—	On demand	On demand; no impairment
Dividend income	6,549	Cash dividends	—	—	30-day, non-interest bearing	Unsecured
AYCFL	(12,687,858)	Redeemable preference shares	—	—	Cumulative, non-voting and redeemable at the option of AYCFL, at price and terms to be determined by its directors	Unsecured
<u>Others</u>						
Other financial assets at amortized cost	2,066,169	Redeemable preferred shares	10,247,437	—	Interest-bearing, due on various dates from 2021 to 2025	Unsecured; no impairment
Other financial assets at amortized cost	4,407,215	Convertible loans	11,523,052	—	Interest-bearing, due on various dates from 2021 to 2045	Unsecured; no impairment

(Forward)



Company	As at and for the six-month period ended June 30, 2021 (Unaudited)					
	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
Directors						
General and administrative expenses	15,845	Directors' fee and annual incentives	–	(15,845)	On demand	Unsecured
Stockholders						
Due to stockholders	1,199,143	Cash Dividends	–	(16,585)	On demand	Unsecured
Due from related parties (Note 6)			₱28,617,897	₱–		
Investments in:						
Financial assets at FVOCI (Note 11)			328,888	–		
Other financial assets at amortized cost (Note 12)			21,770,489	–		
Due to related parties (Note 17)			–	(76,960)		
Long-term loans (Note 18)			–	(2,152,473)		
Accrued director's and annual incentives (Note 17)			–	(15,845)		
Due to stockholders (Note 32)			–	(16,585)		
Right-of-use asset (Note 15)			1,024,857	–		
Lease liability (Note 15)			–	(984,883)		

Company	As at and for the year ended December 31, 2020 (As restated, Note 4)					
	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
Parent						
ACEIC						
Due from related parties/Management fees income	₱387,138	Management fees	₱34,018	₱–	30-day, non-interest bearing	Unsecured; no impairment
Due to related parties / General and administrative expenses	462,602	Management fees	–	(305,350)	30-day, non-interest bearing	Unsecured
Due to related parties	50,767	Lease assignment	–	(50,666)	30-day, non-interest bearing	Unsecured
Due to related parties / General and administrative expenses	8,744	SAP IT Support Services	–	(7,530)	30-day, non-interest bearing	Unsecured
Due to related parties / General and administrative expenses	6,809	Various expenses	–	(6,809)	30-day, non-interest bearing	Unsecured
Due to related parties	55,209	Receivables from ACRI	–	(56,978)	30-day, non-interest bearing	Unsecured
Due from related parties	–	Dividend income	11,521	–	Due and demandable	Unsecured; no impairment
Due from related parties	–	Advances	110,373	–	Due and demandable	Unsecured; no impairment
Associates and Joint Venture						
MGI						
Due to related parties / Cost of sale of electricity	116,378	Purchase of electricity	–	(128,447)	30-day, non-interest bearing	Unsecured
North Luzon Renewable Energy Corp.						
Due from related parties	31,310	Management fees	11,344	–	30-day, non-interest bearing	Unsecured; no impairment
Due to related parties	–	Due to related parties	–	(1,286)	30-day, non-interest bearing	Unsecured
Asia Coal						
Due to related parties	–	Advances	–	(254)	Non-interest bearing	Unsecured
Various Associates and Joint Ventures						
Due from related parties	–	Other receivables	105,960	–	30 days	Unsecured; no impairment
Due from related parties	5,928,189	Loans receivable	10,676,156	–	interest bearing	Unsecured; no impairment; due on various dates from 2020 to 2025

(Forward)



As at and for the year ended December 31, 2020 (As restated, Note 4)						
Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
	P=		Receivable	Payable		
Due from related parties		Accrued interest receivables	P1,166,587	P=	30-day, non-interest bearing	Unsecured; no impairment
Entities Under Common Control of Ultimate Parent Company						
Various Entities under ACEI						
Due from related parties	3,980	Management fees	3,155	—	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	810	Rental income	563	—	Subsequently on demand	Unsecured; no impairment
Other affiliates						
Bank of the Philippine Islands						
Long-term loans	2,145,042	Long-term loan	—	(2,233,530)	12 years	Unsecured
Long-term loans	—	Interest on long-term loan	—	(146,196)	30 days	Unsecured
UPC Holdco II						
Long-term loans	135,383	Long-term loan	—	(135,383)	12 years	Unsecured
Long-term loans	15,308	Interest on long-term loan	—	(61,341)	30 days	Unsecured
Other related parties						
Sidrap HK						
Due to related parties	11,240	Shareholder advances	—	(11,240)	On demand	On demand
Financial asset at FVOCI	—	Redeemable Class B preference shares	379,957	—	On demand	On demand; no impairment
AYCFL						
Financial asset at FVOCI	(7,275,900)	Redeemable preference shares	12,620,756	—	Cumulative, non-voting and redeemable at the option of AYCFL, at price and terms to be determined by its directors	Unsecured; no impairment
Others						
Other financial assets at amortized cost	4,806,979	Redeemable preferred shares	8,181,268	—	Interest-bearing, due on various dates from 2020 to 2025	Unsecured; no impairment
Other financial assets at amortized cost	7,115,837	Convertible loans	7,115,837	—	Interest-bearing, due on various dates from 2020 to 2045	Unsecured; no impairment
Directors						
General and administrative expenses	30,574	Directors' fee and annual incentives	—	(30,574)	On demand	Unsecured
Stockholders						
Due to related parties	P18,272	Cash Dividends	—	(P18,272)	On demand	Unsecured
Due from related parties (Note 6)			P12,119,677	P=		
Investments in:						
Financial assets at FVOCI (Note 11)			13,000,713	—		
Other financial assets at amortized cost (Note 12)			15,297,105	—		
Due to related parties (Note 17)			—	(629,902)		
Long-term loans (see Note 18)			—	(2,530,893)		
Accrued director's and annual incentives (Note 17)			—	(30,574)		
Due to stockholders (Note 32)			—	(18,272)		



ACEIC

The Parent Company and its subsidiaries Bulacan Power, CIPP and Guimaras Wind have management contracts with PHINMA, Inc. These Management Contracts were assigned to ACEIC on June 25, 2019 through the executed Deed of Assignment.

MGI

The Parent Company purchases the entire net electricity output of MGI.

Receivables from Asian Wind I (Joint venture)

In 2020, the Group and Asian Wind 1 entered into an interest-bearing loan agreement to refinance the Preferred B Facility Agreement and to provide additional funding for the development, financing and construction of the Dai Phong Project. The interest-bearing loan has a total facility of US\$61.00 million and bears an annual fixed rate and payable 12 months from the commissioning date. For this loan agreement, drawdown was made on May 20, 2020.

As at June 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$56.80 million (₱2,757.30 million) and US\$56.80 million (₱2,728.90 million), respectively. Interest income amounted to US\$1.99 million (₱95.67 million) and USD\$2.41 million (₱120.54 million) for the period ended June 30, 2021 and 2020, respectively.

Receivables from BIMRE (Joint venture)

In 2020, the Group and BIMRE entered into an interest-bearing loan agreement to partially fund the construction of the incremental project expansion. The interest-bearing loan has a total facility of US\$40.00 million, bears an annual fixed interest and is payable 12 months from the drawdown date. First drawdown was made on June 9, 2020.

On January 4, 2021, the Group made another drawdown amounting to US\$3.00 million (₱144.06 million).

As at June 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$37.70 million (₱1,830.11 million) and US\$34.70 million (₱1,666.85 million), respectively. Interest income amounted to US\$1.87 million (₱89.81 million) and US\$0.01 million (₱0.38 million) for the periods ended June 30, 2021 and 2020, respectively.

Receivables from 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 principal and interest of the loan are originally payable on October 17, 2020 and was extended to December 31, 2021.



As at June 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$24.01 million (₱1,165.63 million) and US\$24.08 million (₱1,156.88 million), respectively.

Receivables from Vietnam Wind Energy Limited (Joint venture)

In 2020, the Group and Vietnam Wind Energy entered into an interest-bearing loan facility 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\$19.00 million and bears an annual fixed rate payable from the first utilization date. First utilization date was on August 11, 2020. The principal is originally payable on June 30, 2021 and was extended to maturity date of December 31, 2021 in 2021.

Total drawdowns for the period ended June 30, 2021 amounted to US\$24.85 million (₱240.54 million).

As at June 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$46.23 million (₱2,244.02 million) and US\$21.37 million (₱1,026.75 million), respectively. Interest income amounted to US\$2.36 million (₱113.69 million) and nil for the periods ended June 30, 2021 and was extended to December 31, 2021.

Receivables from UPC Renewables Australia Pty. Ltd. (Joint venture)

On December 9, 2020, the Group entered into a loan facility agreement with UPC Renewables Australia Pty for the implementation of the borrower's business plans amounting to US\$20.96. The principal and interests are payable on December 9, 2022.

As at June 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$20.21 million (₱981.25 million) and US\$20.96 million (₱1,006.97 million), respectively.

Receivables from Asian Wind 2 (Joint venture)

On April 14, 2020, the Group entered into an interest-bearing loan agreement with Asian Wind Power 2 HK to make available a Preferred B Facility in an aggregated amount not exceeding US\$54.00 million (₱2,617.00 million) to finance the development and construction of Hong Phong 1 Project. The principal and interest are payable on earlier of 5 business days from the date of drawdown of Debt Replacement facility or 25th anniversary of drawdown date. First drawdown was made on September 8, 2020.

Total drawdowns made for the period ending June 30, 2021 amounted to US\$16.80 million (₱807.04 million).

As at June 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing convertible loan amounted to US\$37.55 million (₱1,822.68 million) and US\$20.75 million (₱996.60 million), respectively. Interest income amounted to US\$1.93 million (₱92.80 million) and nil for the periods ended June 30, 2021 and 2020, respectively.

Receivables from BIM Wind (Joint venture)

In 2020, the Group and BIM Wind entered into an interest-bearing loan agreement to fund the pre-development costs and turbine reservation fees of BIM Wind Project. The interest-bearing loan has a total facility of US\$45.00 million and bears an annual fixed interest and payable 12 months from the



drawdown date. On May 19, 2021, the Loan Agreement was amended to increase the loan facility to US\$91.00 million.

First drawdown was made on May 5, 2020.

Total drawdowns and principal payments made for the period ending June 30, 2021 amounted to US\$97.79 million (P4,706.06 million) and US\$46.70 million (P2,235.11 million), respectively.

As at June 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$69.09 million (P3,353.66 million) and US\$18.00 million (P864.65 million), respectively. Interest income amounted to US\$1.87 million (P90.00 million) and US\$0.01 million (P0.29 million) for the periods ended June 30, 2021 and 2020, respectively.

Receivables from UPC Solar (Joint venture)

In 2019, the Group and UPC Solar entered into an interest-bearing loan agreement to fund the development and construction of renewable energy assets in Asia. The interest-bearing loan has a total facility of US\$20.00 million and bears an annual fixed interest. The principal and the related interest are payable on January 31, 2023.

Total drawdowns and principal payments made for the period ending June 30, 2021 amounted to US\$6.50 million (P313.52 million) and US\$6.40 million (P306.29 million), respectively.

As at June 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$15.60 million (P757.29 million) and US\$15.84 million (P760.77 million), respectively. Interest income amounted to US\$0.73 million (P35.11 million) and US\$0.41 million (P20.38 million) for the periods ended June 30, 2021 and 2020, respectively.

Receivables from TBC (Associate)

In 2018, the Group and TBC entered into an interest-bearing loan agreement to fund the development costs for the pipeline projects of TBC. The interest-bearing loan has a total facility of US\$10.00 million and bears an annual fixed interest and payable upon maturity. In February 2019, the loan facility was increased to US\$20.00 million. On May 20, 2020, the Development Loan Agreement was amended to extend the maturity date to June 30, 2022 with partial principal due in 2021.

Total drawdowns amounted to US\$1.53 million (P73.73 million) in 2021 while principal payments totaling US\$12.14 million (P583.14 million) were made in 2020.

As at June 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$11.27 million (P546.99 million) and US\$9.74 million (P467.77 million), respectively. Interest income amounted to US\$0.52 million (P24.95 million) and US\$0.75 million (P37.78 million) for the periods ended June 30, 2021 and 2020, respectively.

Receivables from BT3 Windfarm (Affiliate)

In 2021, the Group and BT3 Windfarm entered into an interest-bearing loan facility to finance the development and construction costs of BT3 Windfarm projects in Vietnam. The interest-bearing loan has a total facility of US\$40.00 million. The interest is payable after each interest period equivalent to one month. Principal is to be fully paid not later than December 31, 2021.

Total drawdowns amounted to US\$26.88 million (P1,303.11 million) in 2021.



As at June 30, 2021, outstanding receivable from BT3 Windfarm is US\$26.88 million (P1,304.86 million) while interest income amounted to US\$0.37 million (P17.95 million).

Receivables from ACEIC

On May 14, 2021, the Group and ACEIC entered into an uncommitted interest-bearing short-term loan facility. The interest-bearing loan has a total facility of US\$265.00 million and bears an interest rate equivalent to the sum of (a) applicable average 5-day USD 1-year LIBOR rate immediately prior to the actual drawing; and (b) 2.00% - 2.25%. The principal and interest are payable within one year from the drawdown date. First drawdown was made on May 17, 2021.

Total drawdowns amounted to US\$189.00 million (P9,060.20 million) in 2021.

As at June 30, 2021, outstanding receivable from ACEIC is US\$189.00 million (P9,174.82 million) while interest income amounted to US\$0.52 million (P24.89 million).

Identification, Review and Approval of Related Party Transactions

All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., P50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

Compensation of Key Management Personnel

Compensation of key management personnel of the Group amounted to P97.49 million and P27.70 million for the six-month periods ended June 30, 2021 and 2020, respectively.

30. Earnings Per Share

Basic and diluted EPS are computed as follows:

	For the three-month period Ended June 30		For the six-month period Ended June 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
(In Thousands, Except for Number of Shares and Per Share Amounts)				
(a) Net income attributable to equity holders of Parent Company	P1,418,108	P1,968,246	P2,690,363	P2,573,406
Common shares outstanding at beginning of period (Note 20)	17,895,066,193	7,518,020,241	13,692,457,210	7,521,774,922
Weighted average number of:				
Shares issued during the period	2,530,571,339	271,876,145	6,733,180,322	271,876,145
Shares buyback during the period	–	(2,629,335)	–	(6,384,016)
(b) Weighted average common shares outstanding	20,425,637,532	7,787,267,051	20,425,637,532	7,787,267,051
Basic/Diluted earnings per share (a/b)	P0.07	P0.25	P0.13	P0.33



On June 22, 2020, upon the SEC's approval of increase in ACS from 8.4 billion to 24.4 billion, 6,185,182,288 shares of ACEN were issued to ACEIC through the onshore share swap transaction.

On June 7, 2021, upon the SEC's approval of increase in ACS from ₱24.4 billion to ₱48.4 billion shares, 16,685,800,533 shares of ACEN were issued to ACEIC through the offshore share swap transaction (see Notes 1, 4 and 20).

The SRO and FOO compensated current shareholders for dilution of their existing share as ACEN restructures ownership with the ACEIC onshore and offshore share swap transactions as well as Arran's investment that is set to acquire 17.5% ownership stake (see Note 1 and 20).

For the six-month periods ended June 30, 2021 and 2020, the Parent Company does not have any potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings per share is the same as basic earnings per share for the six-month periods ended June 30, 2021 and 2020.

31. Significant Laws, Commitments and Contracts

Updates to certain contracts and commitments disclosed in the annual consolidated financial statements as at December 31, 2020 and new contracts entered during the six-month period ended June 30, 2021 are provided below:

Administration and Management Agreement ("AMA")

Executed on October 4, 2019, ACEN and SLTEC entered into an Administration and Management Agreement ("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. The AMA is effective from August 26, 2019 and shall terminate on April 23, 2040 and February 20, 2041 for Unit 1 and Unit 2, respectively.

Power Administration and Management Agreement ("PAMA")

ACEN entered into PAMAs with its subsidiaries Bulacan Power, CIPP and One Subic Power. Under the terms of the PAMA, ACEN will administer and manage the entire capacity and net output of the foregoing entities' power plants and will pay for all electricity delivered by the power plant based on a formula as set forth in the PAMA and shall be payable monthly. The PAMAs with Bulacan Power and CIPP are valid for ten (10) years and are subject to regular review, while the PAMA with One

Subic Power is valid throughout the life of the related Facilities Lease Agreement with SBMA (see Note 1).

On January 12, 2018, the PAMAs of the Group with CIPP and Bulacan Power were amended, providing for certain capacity rates based on nominated capacity and billing of fuel recovery and utilization fee. The new PAMAs became effective starting March 26, 2018 and are valid for ten (10) years subject to regular review.

On 25 September 2020, One Subic Power and ACEN executed Letter Agreement No. 01 which amended Article 5 (Supply of Electricity and Fees) of the PAMA.



Ancillary Services Procurement Agreements (“ASPA”) with NGCP

ACEN and certain subsidiaries executed ASPAs with the NGCP. Under the ASPA, the power plants will provide contingency and dispatchable reserves to NGCP to ensure reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five (5) years upon the effectivity of the provisional approval or final approval issued by the ERC. Pending ERC's issuance of a final approval, the provisional approval is extended every year.

Tower 2 lease agreement with Ayala Land, Inc.

The Parent Company entered into an agreement with Ayala Land, Inc. (the Lessor) for lease of office units at 34th, 35th, and 36th floors of Ayala Triangle Gardens Two Building and 69 Appurtenant parking slots starting January 18, 2021 for a period of 10 years. The lease agreement provides for a 5% annual escalation rate for the rental payments (See Note 15).

Loan facilities commitment

As of June 30, 2021, the Group through ACRI has outstanding commitments of \$346.17 million (\$127.9 million as at December 31, 2020) under the loan facilities it provided to related parties.

32. Financial Risk Management Objectives and Policies

Objectives and Investment Policies

The funds of the entities are held directly by the Group and are managed by ACEIC's Risk, Corporate Finance, Investor Relations and Treasury Group (RCIT).

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

RCIT manages the funds of the Group and invests them in highly liquid instruments such as short-term deposits, marketable instruments, corporate promissory notes and bonds, government bonds, and trust funds denominated in Philippine peso and U.S. dollar. It is responsible for the sound and prudent management of the Group's financial assets that finance the Group's operations and investments in enterprises.

RCIT focuses on the following major risks that may affect its transactions:

- Foreign exchange risk
- Credit or counterparty risk
- Liquidity risk
- Market risk
- Interest rate risk
- Equity price risk
- Commodity price Risk

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Group.



Risk Management Process

Foreign Exchange Risk

The Group defines foreign exchange risk as the risk of realizing reduced operating cash flows and/or increasing the volatility of future earnings from movements in foreign exchange. The risk is measured based on potential downside impact of market volatility to operating cash flows and target earnings.

Foreign exchange risk is generally managed in accordance with the Natural Hedge principle and further evaluated through:

- Continual monitoring of global and domestic political and economic environments that have impact on foreign exchange;
- Regular discussions with banks to get multiple perspectives on currency trends/forecasts; and
- Constant updating of the foreign currency holdings gains and losses to ensure prompt decisions if the need arises.

In the event that a Natural Hedge is not apparent, the Group endeavors to actively manage its open foreign currency exposures through:

- Trading either by spot conversions; and
- Entering into derivative forward transactions on a deliverable or non-deliverable basis to protect values

The Group's significant foreign currency-denominated financial assets and financial liabilities as at June 30, 2021 and December 31, 2020 are as follows:

	June 30, 2021		December 31, 2020	
	(Unaudited)		(As restated)	
	U.S. Dollar	Sing	U.S. Dollar	Sing
	(US\$)	(S\$)	(US\$)	(S\$)
Financial Assets				
Cash and cash equivalents	\$17,890	S\$-	\$10,602	S\$-
Other receivables	133	-	-	-
	\$18,023	S\$-	\$10,602	S\$-
Financial Liabilities				
Accounts payable and other current liabilities	(\$1,655)	-	(4,860)	(24)
Short-term loans	-	-	-	-
Long-term loans	-	-	-	-
	(\$1,655)	(S\$-)	(\$4,860)	(S\$24)
Net foreign currency-denominated assets (liabilities)	\$16,368	S\$-	\$5,742	(S\$24)
Peso equivalent	₱794,503	₱-	₱275,846	(₱867)

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱48.54 to US\$1.00 as at June 30, 2021 and ₱48.04 to US\$1.00, ₱58.69 to €1.00 and ₱36.12 to S\$1.00 as at December 31, 2020.



The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's profit before tax (due to the changes in the fair value of monetary assets and liabilities) in periods presented. The possible changes are based on the survey conducted by management among its banks. There is no impact on the Group's equity other than those already affecting the profit or loss. The effect on profit before tax already includes the impact of derivatives.

Pertinent Period	Increase (Decrease) in Foreign Exchange Rate	US\$	Sing (S\$)
June 30, 2021 (Unaudited)	(P0.50) (1.00) 0.50 1.00	(P8,184) (16,368) 8,184 16,368	P— — — —
December 31, 2020 (As restated, Note 4)	(P0.50) (1.00) 0.50 1.00	(P2,871) (5,742) 2,871 5,742	P12 24 (12) 24

For subsidiaries with functional currency in US\$, financial assets and liabilities are translated into Philippine peso, presentation currency of the Group using closing exchange rate prevailing at the reporting date, and respective income and expenses at the average rate for the period. These include the assets and liabilities of ACRI and its subsidiaries composed of dollar denominated investments in associates and joint ventures, accounts and other payables, and notes payable with US\$ functional currency, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and the respective income and expenses at the average rate for the period. Assets and liabilities of AC Energy Cayman which are in US\$ functional currency was likewise translated to the Group's presentation currency.

The exchange difference arising on the translation are recognized in OCI under "Cumulative Translation Adjustments". See below for the carrying amounts.

	June 30, 2021 (Unaudited)	
	Peso	US\$
Cash and cash equivalents	P18,948,210	\$390,331
Receivables	31,194,990	642,613
Investments in:		
Associates and joint ventures	12,633,556	260,250
Other financial assets at amortized cost	22,099,377	455,244
	84,876,133	1,748,438
Accounts payable and other current liabilities	(242,825)	(5,002)
Net foreign currency position	P84,633,308	\$1,743,436

	December 31, 2020 (As restated)	
	Peso	US\$
Cash and cash equivalents	P22,839,727	\$475,471
Receivables	13,841,336	288,145
Investments in associates and joint ventures	12,201,596	254,009
Other financial assets	28,297,818	589,096
	77,180,477	1,606,721
Accounts payable and other current liabilities	(202,544)	(4,217)
Net foreign currency position	P76,977,933	\$1,602,504



The Philippine Peso - US Dollar exchange rate as at June 30, 2021 and December 31, 2020 used were ₱48.54 to US\$1.00 and ₱48.04 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 income before income tax
June 30, 2021	USD	(\$0.50)	(₱871,718)
(Unaudited)		(1.00)	(1,743,436)
		0.50	871,718
		1.00	1,743,436
December 31, 2020	USD	(\$0.50)	(₱801,252)
(As Restated)		(1.00)	(1,602,504)
		0.50	801,252
		1.00	1,602,504

Credit or Counterparty Risk

The Group defines Credit or Counterparty Risk as the risk of sustaining a loss resulting from a counterparty's default to a transaction entered with the Group.

Credit or counterparty risk is managed through the following:

- Investments are coursed through or transacted with duly accredited domestic and foreign banks subject to investment limits per counterparty as approved by the Board.
- Discussions are done on every major investment by RCIT before it is executed subject to the Group's Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and RCIT Finance Managers supervise major transaction executions.
- Market and portfolio reviews are done at least once a week and as often as necessary should market conditions require. Monthly reports are given to the CFO with updates in between these reports as needed.
- A custodian bank for Philippine peso instruments and foreign currency instruments has been appointed based on its track record on such service and the bank's financial competence.

With respect to credit risk arising from the receivables of the Group, its exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

June 30, 2021 (Unaudited)						
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade and other receivables						
<i>Current:</i>						
Trade receivables	₱4,771,388	₱—	₱—	₱618,125	₱83,815	₱5,473,328
Due from related parties	23,560,404	53,566	91,687	118,947	—	23,824,604
Others	3,003,088	2,498	73,515	149,377	84,033	3,312,511
<i>Noncurrent</i>						
Trade receivables	913,993	—	—	1,137,262	13,752	2,065,007
Due from related parties	4,793,293	—	—	—	—	4,793,293
Receivables from third parties	2,018,615	1,524	—	632,213	—	2,652,352
	₱39,060,781	₱57,588	₱165,202	₱2,655,924	₱181,600	₱42,121,095



December 31, 2020 (As restated)						
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade and other receivables						
<i>Current:</i>						
Trade receivables	₱3,896,023	₱—	₱—	₱685,056	₱80,991	₱4,662,070
Due from related parties	9,158,284	2,158	—	217,807	—	9,378,249
Others	1,457,649	146,875	235,454	812,412	85,985	2,738,375
<i>Noncurrent</i>						
Trade receivables	810,021	—	—	1,106,705	13,752	1,930,478
Due from related parties	2,741,428					2,741,428
Receivables from third parties	1,812,366	—	—	69,768	—	1,882,134
	₱19,875,771	₱149,033	₱235,454	₱2,891,748	₱180,728	₱23,332,734

The Group uses the following criteria to rate credit risk as to class:

Class	Description
Class A	Customers with excellent paying habits
Class B	Customers with good paying habits
Class C	Unsecured accounts

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, short-term investments, financial assets at FVOCI and derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's assessments of the credit quality of its financial assets are as follows:

- Cash and cash equivalents, short-term investments and derivative assets were assessed as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.
- Listed and unlisted financial assets at FVOCI were assessed as high grade since these are investments in instruments that have a recognized foreign or local third-party rating or instruments which carry guaranty or collateral.

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

Maximum exposure to credit risk of financial assets not subject to impairment

The gross carrying amount of financial assets not subject to impairment also represents the Group's maximum exposure to credit risk which mainly pertains to financial assets at FVOCI amounting to ₱330.10 million and ₱13,001.92 million as at June 30, 2021 and December 31, 2020.

Maximum exposure to credit risk of financial assets subject to impairment

The gross carrying amount of financial assets subject to impairment are as follows:

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
<i>Financial Assets at Amortized Cost (Portfolio 1)</i>		
Cash and cash equivalents	₱39,478,339	₱28,075,433
Under "Receivables" account		

(Forward)



	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Current:		
Trade receivables	₱5,473,328	₱4,662,070
Due from related parties	23,824,604	9,378,249
Others	3,312,511	2,738,375
Noncurrent:		
Trade receivables	2,065,007	1,930,478
Receivables from third parties	2,615,556	1,812,366
Other financial assets at amortized cost	21,770,489	15,297,105
Under "Other Noncurrent Assets" account		
Deposits	138,142	105,337
	₱98,677,976	₱63,999,413

The Group's maximum exposure to credit risk are as follows:

	June 30, 2021 (Unaudited)				
	Lifetime ECL				
Grade	12-month Stage 1	Stage 2	Stage 3	Simplified Approach	Total
High	₱39,478,339	₱-	₱-	₱7,538,335	₱47,016,674
Standard	-	-	-	-	-
Substandard	-	-	-	-	-
Default	-	-	-	13,752	13,752
Gross carrying amount	39,478,339	-	-	7,552,087	47,030,426
Less loss allowance	-	-	-	167,848	167,848
Carrying amount	₱39,478,339	₱-	₱-	₱7,384,239	₱46,862,578

	December 31, 2020 (As restated, Note 4)				
	Lifetime ECL				
Grade	12-month Stage 1	Stage 2	Stage 3	Simplified Approach	Total
High	₱28,075,433	₱-	₱-	₱6,592,548	₱34,667,981
Standard	-	-	-	-	-
Substandard	-	-	-	-	-
Default	-	-	-	13,752	13,752
Gross carrying amount	28,075,433	-	-	6,606,300	34,681,733
Less loss allowance	-	-	-	166,975	166,975
Carrying amount	₱28,075,433	₱-	₱-	₱6,439,325	₱34,514,758

Liquidity Risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price.



Liquidity risk is managed through:

- Asset and Liability Management principle. Short-term assets are used to fund short-term liabilities while major investments, capital expenditures and long-term assets are funded by long-term liabilities.
- Detailed cash flow forecasting and continuous monitoring of the weekly and monthly cash flows as well as frequent updates of the annual plans of the Group.
- Investment maturities being spread on a weekly, monthly, and annual basis as indicated in the Group's plans. Average duration of investments does not exceed one (1) year.
- Setting up working capital lines to address unforeseen cash requirements that may cause pressure to liquidity.

June 30, 2021 (Unaudited)						
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year to 5 Years	More than 5 Years	Total
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	₱775,275	₱5,222,413	₱270,155	₱—	₱—	₱6,267,843
Retention payable	22,409	2,136	27,666	—	—	52,211
Accrued expenses ^a	336,469	788,399	49,571	—	—	1,174,439
Accrued interest	—	132,170	—	—	—	132,170
Due to related parties	37,155	23,083	16,722	—	—	76,960
Others	82,894	14,742	28	—	—	97,664
Derivative Liability	—	63,215	—	10,144	—	73,359
Short-term loans	—	—	—	—	—	—
Due to stockholders	—	16,585	—	—	—	16,585
Lease liabilities ^b	—	86,326	232,951	1,375,525	3,724,842	5,419,644
Long-term loans ^c	—	221,303	1,647,493	8,430,417	19,745,364	30,044,577
Other noncurrent liabilities ^d	—	—	—	616,749	1,028,589	1,645,338
	₱1,254,202	₱6,570,372	₱2,244,586	₱10,432,835	₱24,498,795	₱45,000,790

^a Excluding current portion of vacation and sick leave accruals.

^b Gross contractual payments.

^c Including contractual interest payments.

^d Excluding contract liabilities.

December 31, 2020 (As restated, Note 4)						
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year to 5 Years	More than 5 Years	Total
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	₱504,520	₱956,567	₱2,452,185	₱—	₱—	₱3,913,272
Accrued expenses ^a	20,441	287,762	333,480	—	—	641,683
Accrued interest	—	193,201	10,771	—	—	203,972
Due to related parties	—	131,265	498,637	—	—	629,902
Retention payable	—	—	74,973	—	—	74,973
Derivative liability	—	3,300	—	—	—	3,300
Others	—	800	41,051	—	—	41,851
Short-term loans	—	3,549,370	1,085,630	—	—	4,635,000
Due to stockholders	—	18,272	—	—	—	18,272
Lease liabilities ^b	—	62,605	174,583	903,641	3,154,948	4,295,777
Long-term loans ^c	—	266,765	1,720,907	8,597,483	80,163,617	90,748,772
Other noncurrent liabilities ^d	—	—	—	324,486	1,209,437	1,533,923
	₱524,961	₱5,469,907	₱6,392,217	₱9,825,610	₱84,528,002	₱106,740,697

^a Excluding current portion of vacation and sick leave accruals.

^b Gross contractual payments.

^c Including contractual interest payments.

^d Excluding contract liabilities.



As at June 30, 2021 and December 31, 2020, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	June 30, 2021 (Unaudited)				Total
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	
Loans and receivables:					
<i>Current:</i>					
Cash and cash equivalents	₱39,480,353	₱—	₱—	₱—	₱39,480,353
Receivables:					
Trade	—	5,335,347	54,166	—	5,389,513
Due from related parties	—	23,706,395	118,209	—	23,824,604
Others	—	3,102,527	125,951	—	3,228,478
<i>Noncurrent:</i>					
Trade receivables	—	—	—	2,051,255	2,051,255
Receivable from third parties	—	—	—	2,652,352	2,652,352
Deposit receivables	—	—	—	138,142	138,142
Derivative assets	—	—	—	—	—
Financial assets at FVOCI:					
Quoted	—	—	—	328,909	328,909
Unquoted	—	—	—	1,190	1,190
	₱39,480,353	₱32,144,269	₱298,326	₱5,171,848	₱77,094,796

	December 31, 2020 (As restated, Note 4)				Total
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	
Loans and receivables:					
<i>Current:</i>					
Cash and cash equivalents	₱28,077,171	₱—	₱—	₱—	₱28,077,171
Receivables:					
Trade	313	3,920,394	660,372	—	4,581,079
Due from related parties	—	2,125	9,376,124	—	9,378,249
Others	—	163,139	2,489,252	—	2,652,391
<i>Noncurrent:</i>					
Trade receivables	—	—	—	1,916,726	1,916,726
Receivable from third parties	—	—	—	1,882,134	1,882,134
Deposit receivables	—	—	—	105,337	105,337
Derivative assets	—	35,046	—	—	35,046
Financial assets at FVOCI:					
Quoted	—	—	—	379,978	379,978
Unquoted	—	—	—	1,190	1,190
	₱28,077,484	₱4,120,704	₱12,525,748	₱4,285,365	₱49,009,301

Market Risk

Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rates and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2021 and December 31, 2020, the Group has fixed rate financial instruments measured at fair value.

The Group's exposure to interest rate risk relates primarily to long-term debt obligations that bear floating interest rate. The Group generally mitigates risk of changes in market interest rates by constantly monitoring fluctuations of interest rates and maintaining a mix of fixed and floating interest-bearing loans. Specific interest rate risk policies are as follows:



ACEN

In 2019, the Parent Company availed a ₱5.00 billion loan with BDO with a term of ten (10) years payable in semi-annual installments. The loan has a fixed interest rate for the first five (5) years and is subject to be repriced for the succeeding five (5) years.

On July 10, 2020, the Parent Company entered into a term loan agreement with CBC amounting to ₱7.00 billion. The loan has a term of ten (10) years with an option to choose the pricing structure prior to each drawdown. As at December 31, 2020, the Parent Company has drawn ₱1.50 billion and is subject to a fixed interest rate of 5% for ten (10) years with no repricing. The undrawn portion of the term loan facility amounting to ₱5.50 billion is still subject to interest rate risk depending on the pricing structure to be selected once drawdown is made.

On March 19, 2021, the Parent Company entered into a term loan agreement with DBP amounting to ₱4.50 billion. The loan has a term of ten (10) years with an option for a floater or fixed interest rate. As at June 30, 2021, the Parent Company has drawn ₱805 million and is subject to a floating interest rate, subject to repricing on every semi-annual payment date. The undrawn portion of the term loan facility amounting to ₱3.695 billion is still subject to interest rate risk depending on the then benchmark rate plus spread.

Guimaras Wind

Guimaras Wind entered into a ₱4.30 billion peso-denominated Term Loan Facility that will be used to partially finance the 54MW San Lorenzo Wind Farm. The loan facility is divided into two tranches amounting to ₱2.15 billion each - DBP as the Tranche A lender and SBC as the Tranche B lender.

Both tranches have a term of fifteen (15) years with semi-annual interest payments starting on the date on which the loan is made. The interest of Tranche A bears a fixed rate for the first ten (10) years and is subject to an interest rate repricing on the last five (5) years.

On April 28, 2016, the Group prepaid a portion of its long-term debt in accordance with the terms of the Agreement as follows:

- the Group shall effect a mandatory prepayment of the loan, without premium or penalty, within three (3) business days from receipt by the Group of any transmission line proceeds;
- prepay the loan to the extent of seventy percent (70%) of the transmission line proceeds;
- the remaining thirty percent (30%) shall be transferred directly into the Group controlled distribution account for further distribution to the Project Sponsor.

SLTEC

On April 29, 2019 SLTEC entered into an Omnibus Loan and Security Agreement (the “New Omnibus Agreement”) with the following:

- Banco de Oro Unibank, Inc. (BDO), Security Bank Corporation (SBC) and Rizal Commercial Banking Corporation (RCBC) as the Lenders;
- ACEI, ACEN, and APHC as the Sponsors;
- BDO Capital & Investment Corporation as the Mandated Lead Arranger and Sole Bookrunner;
- RCBC Capital Corporation and SB Capital Investment Corporation as the Lead Arrangers; and,
- Banco de Oro Unibank, Inc. - Trust and Investments Group as the Facility Agent, Security Trustee and Paying Agent



The New Omnibus Agreement covering a ₱11,000.00 million syndicated loan facility was entered into for the purpose of re-leveraging and optimizing the capital structure of the Company as permitted by law and other agreements to which the Company is a party and to fund its general corporate requirements. Tenor of the loan is 12 years from initial drawdown date and is subject to interest rates ranging from 4.44% to 7.11%. The Company shall pay the interest at the applicable interest rate on the unpaid principal amount of each advance on each interest payment date for the interest period then ending. Such interest shall accrue from and including the first day of each interest period and excluding the last day of such interest period.

NorthWind

On May 29, 2020, NorthWind entered into an Omnibus Loan and Security Agreement with BPI for a long-term loan facility amounting to ₱2.30 billion. The proceeds of the loan were used to fully repay its senior loans. The loan shall be repaid in twenty-four (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 of 1.115%, or (b) 5.125% per annum, whichever is higher.

BWPC

The outstanding loan balance to UPC Holdco amounting to nil million and ₱145.04 million as at June 30, 2021 and December 31, 2020, respectively, was used for the funding of the Balaoi and Caunayan Wind Energy Project. BWPC availed loans from UPC Holdco amounting to ₱33.62 million and ₱17.28 million in 2021 and 2020, respectively. These loans are unsecured, due in 5 years and bears interest at an annual rate of 8.00%. Interest is accrued daily and compounded annually and payable together with the principal amount.

In May 2021, outstanding loan balance including the interest payable were paid in full.

Equity Price Risk

Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets at FVOCI.

Cash flow hedges

Commodity Price Risk

The Group defines Commodity Price Risk as the risk of realizing reduced profit margins and/or increasing the volatility of future earnings that are affected by the pricing variability and uncertainty in coal and fuel supply and any associated foreign exchange risk. The risk is measured based on potential downside impact of market volatility to target earnings.

To manage Commodity Price Risk, the Group develops a Coal and Fuel Hedging Strategy aimed to:

- Manage the risk associated with unexpected increase in coal and fuel prices which affect the target Profit & Loss of the Group
- Determine the Hedge Item and appropriate Hedging Instrument to use, including but not limited to price, amount and tenor of the hedge to reduce the risk to an acceptable level
- Reduce Mark-to-Market impact of hedges by qualifying the hedging transaction for hedge accounting

Only the Group's Chief Executive Officer 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 and 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 BOD for approval.

The Group purchases coal and bunker fuel oil on an ongoing basis for its operating activities in the thermal energy power generators, composed of SLTEC and other diesel power plants (CIPP, One Subic Power, Bulacan Power). The increased volatility in coal and fuel oil price over time led to entering in commodity swap contracts. The forecasted volumes are determined based on each plant's projected operating capacity, plant availability, required monthly consumption and storage capacity.

These contracts are expected to reduce the volatility attributable to price fluctuations. Hedging the price volatility of forecast coal and bunker fuel oil purchases is in accordance with the risk management strategy outlined by the Board.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity swap contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity swap contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange and commodity swap contracts:

	Maturity						
	< 1 month	1-3 months	4-6 months	7-9 months	10-12 months	>12 months	Total
As at June 30, 2021 (Unaudited)							
<i>Foreign exchange forward contracts</i>							
Notional amount (\$000)	\$—	\$1,636	\$2,495	\$32,935	\$49,894	\$7,404	\$94,364
Average forward rate (\$/₱)	—	47.95	48.01	48.15	48.31	48.72	
<i>Commodity swap contracts - Coal</i>							
Notional amount (in Metric Tons)	16,500	—	—	69,500	—	—	86,000
Notional amount (in \$000)	\$—	—	—	\$2,970,689	—	—	\$2,970,689
Average hedged rate (\$ per Metric ton)	\$74.73	—	—	\$76.01	—	—	
As at December 31, 2020 (As restated)							
<i>Foreign exchange forward contracts</i>							
Notional amount (\$000)	\$—	\$100,000	\$—	\$—	\$—	\$—	\$100,000
Average forward rate (\$/₱)	—	48.24	—	—	—	—	
<i>Commodity swap contracts - Coal</i>							
Notional amount (in Metric Tons)	27,500	—	49,500	49,500	49,500	145,500	321,500
Notional amount (in \$000)	\$144	—	\$272	\$291	\$258	\$742	\$1,707
Average hedged rate (\$ per Metric ton)	\$74.45	—	\$75.41	\$74.73	\$75.28	\$73.29	



The Group had fuel oil hedges entered in 2020 but were all settled in 2020. There were no additional fuel commodity swap contracts entered into by the Company as at June 30, 2021.

The impact of the hedging instruments on the consolidated statements of financial position is, as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
As at June 30, 2021 (Unaudited)				
Foreign exchange forward contracts	\$94,364	₱73,359	Other current assets; Other noncurrent assets	₱73,359
Commodity swap contracts - Coal	\$2,970,689	144,209	Other current assets	₱50,748
As at December 31, 2020 (As restated)				
Foreign exchange forward contracts	\$100,000	(₱3,300)	Accounts payable and other current liabilities	(₱3,300)
Commodity swap contracts - Coal	1,707	82,014	Other current and noncurrent assets	72,151

The impact of hedged items on the consolidated statements of financial position is as follows:

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
As at June 30, 2021 (Unaudited)			
Coal purchases	₱50,748	₱108,157	₱—
Highly probable forecast purchases	73,359	—	—
As at December 31, 2020 (As restated, Note 4)			
Coal purchases	₱72,151	₱57,409	₱—
Highly probable forecast sale	(3,300)	—	—

The effect of the cash flow hedge in the consolidated statements of comprehensive income is as follows:

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in consolidated statements of comprehensive income	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
As at June 30, 2021 (Unaudited)						
Foreign exchange forward contracts	₱—	₱73,359	Other income (expense)	₱—	₱—	₱—
Commodity swap contracts - Coal	50,748	—	Unrealized fair value gains on derivative instruments designated as hedges	—	—	—



	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in consolidated statements of comprehensive income	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
As at December 31, 2020						
(As restated)						
Foreign exchange forward contracts	P—	(P3,300)	Other income (expense)	P—	P—	P—
Commodity swap contracts - Coal	72,151	—	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:

- 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 Management Committee that includes updates from the various business and functional units, including market updates.
- Semiannual planning sessions are conducted to set the targets for the Group, and review the 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 is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire long-term debts.

The Group monitors capital using a gearing ratio of debt to equity and net debt to equity.

Debt consists of short-term and long-term debts of the Group. Net debt includes short-term and long-term debts less cash and cash equivalents, short-term investments and restricted cash. The Group considers its total equity as capital.

	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Short-term debt (Note 18)	P—	P4,635,000
Long-term debt (Note 18)	21,272,717	22,254,155
Total debt	21,272,717	26,889,155
(Forward)		



	June 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Less:		
Cash and cash equivalent (Note 5)	39,330,238	27,864,929
Restricted cash (Note 5)	150,115	212,242
Net debt	(18,207,636)	(1,188,016)
Total equity	133,589,078	104,279,335
Debt to equity	15.92%	25.79%
Net debt to equity	(13.63%)	(1.14%)

The Group closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keep the compliance of these covenants into consideration. The Group is not subject to externally imposed capital requirements.

33. Fair Values

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at June 30, 2021 and December 31, 2020:

	June 30, 2021 (Unaudited)			
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVOCI	₱330,099	₱21	₱330,078	₱—
Other financial assets at amortized cost	21,770,489	—	—	21,770,489
Derivative asset*	207,424	—	207,424	—
Refundable deposits**	138,142	—	—	128,496
Trade Receivables***	2,041,077	—	—	1,962,938
Receivables from third parties****	2,178,976	—	—	2,178,976
	₱26,666,207	₱21	₱537,502	₱26,040,899
Liabilities				
Long-term debt	₱21,272,716	₱—	₱—	₱22,193,848
Deposit payables and other liabilities*****	206,866	—	—	204,146
Derivative liability	73,359	—	73,359	—
	₱21,552,941	₱—	₱73,359	₱21,476,862

* Included under "Other current assets" account.

** Included under "Other noncurrent assets" account.

*** Included under "Receivables" and "Other noncurrent assets" accounts and pertain to FIT adjustments and multilateral agreement with PEMC

**** Included under "Receivables" and "Other noncurrent assets" accounts.

***** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.



December 31, 2020 (As restated)				
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVOCI	₱13,001,924	₱21	₱13,001,903	₱—
Other financial assets at amortized cost	15,297,105	—	—	15,297,105
Derivative asset*	82,014	—	82,014	—
Refundable deposits**	105,337	—	—	105,337
Trade Receivables***	2,008,697	—	—	1,942,804
Receivables from third parties****	1,177,755	—	—	1,177,755
	₱31,672,832	₱21	₱13,083,917	₱18,523,001
Liabilities				
Long-term debt	₱22,254,155	₱—	₱—	₱22,800,565
Short-term loans	4,635,000	—	—	4,635,000
Deposit payables and other liabilities*****	172,768	—	—	172,768
Derivative liability	3,300	—	3,300	—
	₱27,065,223	₱—	₱3,300	₱27,608,333

* Included under "Other current assets" account.

** Included under "Other noncurrent assets" account.

*** Included under "Receivables" and "Other noncurrent assets" accounts and pertain to FIT adjustments and multilateral agreement with PEMC

**** Included under "Receivables" and "Other noncurrent assets" accounts.

***** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investment, Receivables, Accounts Payable and Other Current Liabilities and Due to Stockholders

The carrying amounts of cash and cash equivalents, short-term investment, receivables, accounts payable and other current liabilities and due to stockholders approximate their fair values due to the relatively short-term maturities of these financial instruments.

Financial Asset at FVOCI

Quoted market prices have been used to determine the fair values of quoted financial assets at FVOCI.

For unquoted financial assets at FVOCI, 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 which is a related party investment company, management estimates the amount and timing of the future cash inflow arising from redemption of preferred shares.



Other Financial Assets at Amortized Cost

This includes investments in redeemable preferred shares and convertible loans. The carrying amount approximates their fair values since the financial instruments are interest-bearing.

Noncurrent trade receivables, Receivables from third parties, Refundable Deposits, Deposits Payable and Other Liabilities

Estimated fair value is based on present value of future cash flows discounted using the prevailing BVAL rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Long-Term Loans

The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows ranged from 4.16% to 6.74% and 3.11% to 6.25% as at June 30, 2021 and December 31, 2020, respectively.

Derivative asset and liability

The fair value of the derivative asset and liability is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for risks existing at the end of each reporting period.

34. Operating Segments

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 scope of the operating segments has been modified following the changes in the organization due to various acquisitions (see Notes 1, 2 and 4).

- Parent and Others - represents operations of the Parent Company (excluding Retail Electricity Supply (RES) / Commercial Operations) and ACE Shared Services, Inc.
- Philippines, which includes:
 1. RES or Commercial Operations;
 2. Petroleum and exploration;
 3. Renewables - generation, transmission, distribution and supply of electricity using renewable sources such as solar, wind and geothermal resources;
 4. Thermal - generation, transmission, distribution and supply of electricity using conventional way of energy generation.
 5. Project development expenses incurred by ACE Endeavor, Inc and SPVs; and
 6. Leasing, bulk water supply
- International - represents the operations of ACRI, which is the holding company for all offshore investments. This includes earnings from the international investments, as well as project development expenses for the various power projects in the pipeline, ACE International, ACEC and ACE HK.



2020 comparative segment information have been restated.

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 interim condensed 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 ₱3,444.28 million and ₱546.35 million for the six-month periods ended June 30, 2021 and 2020, respectively, which accounted for more than 10% of the consolidated revenue from external customers, arise from sale 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 six-month periods ended June 30, 2021 and 2020 and assets and liabilities as at June 30, 2021 and December 31, 2020:

	For the six-month period ended June 30, 2021 (Unaudited)			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱13,319,362	₱—	₱—	₱13,319,362
Rental income	29,530	—	—	29,530
Dividend income	—	6,549	—	6,549
Other revenues	8,635	15,306	35,492	59,433
	13,357,527	21,855	35,492	13,414,874
Costs and expenses				
Cost of sale of electricity	10,384,349	—	—	10,384,349
General & administrative expenses	804,182	166,759	250,278	1,221,219
	11,188,531	166,759	250,278	11,605,568
Interest and other finance charges	(453,310)	(36,842)	(313,516)	(803,668)
Equity in net income of associates and joint ventures	649,822	286,232	—	936,054
Other income - net	231,030	1,800,244	209,545	2,240,819
Net income (loss) before income tax	2,596,538	1,904,730	(318,757)	4,182,511
Provision for (benefit from) income tax	131,011	(10,252)	(55,435)	65,324
Segment net income (loss)	₱2,465,527	₱1,914,982	(₱263,322)	₱4,117,187
Other disclosures				
Depreciation and amortization	921,604	14	44,182	965,800
Capital expenditures	1,463,317	203	193,410	1,656,930
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	139,673	—	—	139,673



As at June 30, 2021 (Unaudited)				
Operating assets	₱65,358,029	₱85,062,818	₱18,362,933	₱168,783,780
Operating liabilities	₱19,872,072	₱473,378	₱14,849,252	₱35,194,702
Other disclosures:				
Investments in associates and joint ventures	7,466,117	12,534,523	—	20,000,640
Pension & other employment benefits	37,357	—	34,455	71,812

For the six-month period ended June 30, 2020 (Unaudited)(As restated, Note 4)				
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱9,887,477	₱—	₱—	₱9,887,477
Rental income	63,073	—	—	63,073
Other revenues	6,419	2,018	13,037	21,474
	9,956,969	2,018	13,037	9,972,024
Costs and expenses				
Cost of sale of electricity	6,405,995	—	—	6,405,995
General & administrative expenses	584,435	153,008	246,853	984,296
	6,990,430	153,008	246,853	7,390,291
Interest and other finance charges	(576,029)	(46,533)	(304,017)	(926,579)
Equity in net income of associates and joint ventures	338,534	614,686	—	953,220
Other income (expense) - net	190,154	1,682,951	(231)	1,872,874
Net income (loss) before income tax	2,919,198	2,100,114	(538,064)	4,481,248
Provision for (benefit from) income tax	577,235	236,759	(145,595)	668,399
Segment net income (loss)	₱2,341,963	₱1,863,355	(₱392,469)	₱3,812,849
Other disclosures:				
Depreciation and amortization	837,445	19	37,408	874,872
Capital expenditures	6,409,317	—	43,105	6,452,422
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	618,435	—	—	618,435

As at December 31, 2020 (As restated)				
Operating assets	₱58,576,953	₱78,281,075	₱4,957,792	₱141,815,820
Operating liabilities	₱22,385,676	₱595,696	₱14,555,112	₱37,536,484
Other disclosures:				
Investments in associates and joint ventures	6,593,492	12,201,596	—	18,795,088
Pension & other employment benefits	31,617	—	19,312	50,929

Adjustments and Eliminations

Interest on parent loans and other financial income, including fair value gains and losses on financial assets, are not allocated to individual segments as the underlying instruments are managed on a group basis. Likewise, certain operating expenses and finance-related charges are managed on a group basis and are not allocated to operating segments. Allocable operating expenses have been allocated as applicable.



Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditures consist of additions to property, plant and equipment. Investments and advances consist of investments and cash advances to the Group's associates and joint ventures.

Other income - Net includes interest and other financial income from investments in redeemable preferred shares of associates and joint ventures and from development loans and advances to these associates and joint ventures, guarantee fee income, reversal of impairment on property, plant and equipment and impairment of investments in joint venture, tax credits on real property taxes, gain (loss) on derivatives, gain on sale of by-product, claims on insurance, foreign exchange gain (loss), gain (loss) on sale of property, plant and equipment, mark-to market gains, fees on advisory services, and other miscellaneous income (expense) which are allocated to operating segments.

35. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the six-month periods ended June 30, 2021 and 2020 are as follow:

	For the six-month period Ended June 30	
	2021 (Unaudited)	2020 (As restated)
Non-cash additions to property, plant and equipment	₱166,343	₱2,615,535
Set-up of ROU assets from new lease agreements	1,166,148	—
Reclassifications to (from):		
Property, plant and equipment	253,211	11,835
Assets held for sale	14,890	(3,546)
Investment properties	(438,375)	—
Investments in other financial assets at amortized cost	(192,491)	1,807,231
Acquired through business combination:		
Property, plant and equipment	—	5,783,074
Right-of-use assets	—	983,032
Other noncurrent assets	—	280,156

Movements in the Group's liabilities from financing activities for the six-month periods ended June 30, 2021 and 2020 are as follows:

	January 1, 2021 (As restated)	Availments/ Proceeds	Payments	Others	June 30, 2021 (Unaudited)
Current portion of:					
Short-term loans	₱4,635,000	₱3,000,000	(₱7,635,000)	₱—	₱—
Long-term loans	707,782	—	(1,847,701)	1,808,813	668,894
Lease liabilities	285,001	—	(140,122)	236,682	381,561
Interest payable	265,313	—	(804,655)	671,512	132,170
Due to stockholders	18,272	—	(2,350,888)	2,349,201	16,585
Noncurrent portion of:					
Long-term loans	21,546,373	848,276	—	(1,790,826)	20,603,823
Lease liabilities	1,631,628	—	—	776,075	2,407,703
Other noncurrent liabilities	1,695,048	200,539	—	3,579	1,899,166
Total liabilities from financing activities	₱30,784,417	₱4,048,815	(₱12,778,366)	₱4,055,036	₱26,109,902



	January 1, 2020 (As restated)	Availments/ Proceeds	Payments	Others	June 30, 2020 (Unaudited)
Current portion of:					
Short-term loans	₱3,556	₱9,610,325	(₱1,690,726)	₱2,001,724	₱9,924,879
Long-term loans	593,847	—	(593,848)	741,096	741,096
Lease liabilities	128,796	—	(116,948)	149,321	161,168
Interest payable	56,401	—	(741,961)	868,075	182,515
Due from stockholders	16,594	—	(102,018)	106,818	21,394
Noncurrent portion of:					
Long-term loans	22,325,599	2,300,000	(1,857,250)	(731,838)	22,036,511
Lease liabilities	852,742	—	—	908,105	1,760,847
Other noncurrent liabilities	3,289,903	1,257,143	—	—	4,547,046
Total liabilities from financing activities	₱27,267,438	₱13,167,468	(₱5,102,751)	₱4,043,301	₱39,375,456

Others include foreign exchange translation and reclassifications of current and noncurrent.

36. Provisions and Contingencies

Tax assessments:

- a. On August 20, 2014, ACEN distributed cash and property dividends in the form of shares in ACEX after securing SEC's approval of the registration and receipt of CAR from the BIR.

On October 22, 2014, ACEN received from the BIR a Formal Letter of Demand ("FLD"), assessing ACEN for a total donor's tax due of ₱157.75 million inclusive of penalty and interest up to September 30, 2014.

On November 21, 2014, ACEN and its independent legal counsel filed an administrative protest in response to the FLD, on the following grounds:

- 1) The dividend distribution is a distribution of profits by ACEN to its stockholders and not a "disposition" as contemplated under Revenue Regulations Nos. 6-2008 and 6-2013 which would result in the realization of any capital gain of ACEN;
- 2) ACEN did not realize any gain or increase its wealth as a result of the dividend distribution; and,
- 3) There was no donative intent on the part of ACEN.

On May 27, 2015, ACEN received from the BIR a Final Decision on Disputed Assessment ("FDDA") denying the protest. On June 25, 2015, ACEN filed with the Court of Tax Appeals ("CTA") a Petition for Review seeking a review of the FDDA and requesting the cancellation of the assessment.

In its decision dated September 28, 2018, the CTA Third Division granted ACEN's petition and ordered the cancellation and withdrawal of the FLD (the "CTA Third Division Decision"). On January 18, 2019, the CTA denied the Commissioner of Internal Revenue's ("CIR") motion for reconsideration ("CTA Resolution"). On February 22, 2019, the CIR filed a petition for review with the CTA *en banc* seeking the reversal of the CTA Third Division's Decision and CTA Resolution. On July 21, 2020, the CTA *en banc* upheld the CTA Third Division Decision and denied the CIR's petition. The CIR filed a motion for reconsideration dated August 26, 2020. In response, ACEN filed its Comment/ Opposition. As at August 27, 2021, the CIR's motion for reconsideration has not been resolved by the CTA *en banc*.



- b. NLR 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 NLR located in the municipalities of Pagudpud, Bacarra, Burgos, Pasuquin, and Bangui. NLR was assessed RPT at a rate of two percent (2%) or an aggregate amount of ₱411.01 million for years 2015 to 2019. NLR paid under protest the RPT thereon and filed a protest questioning the imposition of 2% tax rate on its RE facilities, and the penalty assessed for the RPT for the year 2015. Under the RE Act, 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.

In 2017, the Central Board Assessment Appeals ("CBAA") ruled in favor of NLR stating that NLR can recover the RPT paid in year 2015 to 2016 and the penalty paid in 2015 totaling ₱50.96 million. In a decision dated February 26, 2020, the CTA *en banc* upheld the CBAA ruling and ruled in favor of NLR. On March 16, 2021, the CTA *en banc* issued a resolution granting NLR's Motion for Entry of Judgment.

As at August 27, 2021, the 2017 to 2021 RPT protest, regarding an aggregate amount of ₱369.37 million, is still pending decision with the Local Board Assessment Appeals of Ilocos Norte.

On October 19, 2020, Guimaras Wind has settled its tax assessments for the period from January 1, 2017 to December 31, 2017.

On July 30, 2021, Guimaras Wind received from the BIR a PAN for taxable year 2018, assessing Guimaras Wind for a total of deficiency income tax, VAT, EWT and administrative penalties (including interest and compromise penalty) of ₱10.6 million. Guimaras Wind recognized provision amounting to ₱7.9 million as at June 30, 2021.

c. Claims for tax refund

- a. On August 15, 2016, Guimaras Wind filed with the BIR a letter and application for tax credits or refund for Guimaras Wind's excess and unutilized input VAT for the period July 1, 2014 to June 30, 2015 amounting to ₱335.76 million attributable to Guimaras Wind's zero-rated sales. On December 19, 2016, Guimaras Wind received a letter from the BIR denying the administrative claim for refund of excess and unutilized input VAT for the period July 1, 2014 to December 31, 2014. On January 11, 2017, Guimaras Wind filed with the CTA a Petition for Review. In 2018, Guimaras Wind and the BIR presented their evidence and arguments. On January 9, 2020, Guimaras Wind received a copy of the Decision of the CTA.

In its Decision, the CTA partially granted Guimaras Wind's Petition for Review and ordered the BIR to refund or issue a tax credit certificate in favor of Guimaras Wind in the reduced amount of ₱16.15 million. The CTA ruled that Guimaras Wind was able to prove compliance with the essential elements for the grant of VAT zero-rating under Section 15(g), RE Act beginning June 1, 2015, which are as follows:

1. The seller (Guimaras Wind) is an RE Developer of renewable energy facilities;
2. It sells fuel or power generated from renewable sources of energy, such as wind;
3. The said seller is a "generation company," i.e., a person or entity authorized by the ERC to operate facilities used in the generation of electricity; and
4. Such authority is embodied in a COC issued by the ERC which must be secured before the actual commercial operations of the generation facility.



However, the CTA held that Guimaras Wind was not able to prove compliance with the 3rd and 4th essential elements to qualify for VAT zero-rating prior to June 1, 2015. The CTA considered the condition fulfilled only upon the issuance of the COC by the ERC in favor of Guimaras Wind on June 1, 2015. Hence, Guimaras Wind's generated sales from its power generation activities which were considered by the CTA to be subject to zero percent (0%) VAT were only those made during the period June 1, 2015 to June 30, 2015.

On January 24, 2020, Guimaras Wind filed its motion for reconsideration where it presented that the sale of power through renewable sources of energy by VAT-registered persons shall be subject to 0% VAT per the NIRC and RE Act and that the COC issued by the ERC merely confirms the status of Guimaras Wind as a Generation Company. Nowhere in Section 108(B)(7), Tax Code, Section 15(g) Renewable Energy Act of 2008, and its IRR can the requirement be found that a VAT-registered person must secure a COC, or any document for that matter, before its sale can be considered subject to zero percent VAT. Rather, this provision requires that: (a) there is a sale of power or fuel; (b) the power or fuel is generated through renewable sources of energy; (c) the sale is done by a VAT-registered person; and (d) the sale was done in the Philippines. For as long as it is sufficiently established that all of the above-mentioned requirements are complied with, then there should be no question that the sale of power is subject to zero percent VAT.

On January 29, 2020, the BIR also filed a motion for reconsideration praying that the Court reconsider its January 3, 2020 Decision and deny the entirety of Guimaras Wind's claim for refund.

On July 1, 2020, Guimaras Wind received the CTA Third Division's Resolution denying Guimaras Wind's motion for reconsideration for lack of merit. Guimaras Wind filed its appeal on August 20, 2020 with the CTA Third Division.

On September 23, 2020, the CTA Third Division denied CIR's Motion for Partial Reconsideration and affirmed its earlier decision partially granting Guimaras Wind's claim for refund in the amount of ₱16.15 million. On October 30, 2020, the CIR filed an appeal with the CTA *en banc* which may be consolidated with the Petition for Review which Guimaras Wind filed on August 20, 2020.

Meanwhile, on September 4, 2020, Guimaras Wind filed a Motion to Amend Petitioner's Name from PHINMA Renewable Energy Corporation to Guimaras Wind Corporation which motion was granted by the CTA *en banc* on September 18, 2020.

Pursuant to a Resolution promulgated by the CTA *en banc* on February 23, 2021, the consolidated cases are now submitted for decision.

- b. In 2018, SACASOL filed a Petition for Review with the CTA regarding the disallowed claim of 2014 and 2015 input VAT amounting to ₱62.64 million. On February 3, 2020, SACASOL filed a Memorandum with the CTA on the pending case. No decision has been received from the CTA as at report date.
- c. In March 2018, NLR filed a claim with the BIR for the conversion of its unutilized Input VAT for the taxable period from 1st quarter to 4th quarter of 2016 amounting to ₱9.28 million into tax credit certificates, of which, ₱8.32 million was disallowed by the BIR. Related impairment loss of the same amount was recognized in 2019 for the disallowed input VAT.



In 2018, NLR converted into tax credit certificates the amount of ₱0.96 million out of the ₱9.28 million.

On July 25, 2020, NLR filed an appeal with the CTA questioning the BIR's denial of the conversion. The CTA denied NLR's appeal through its decision dated 19 February 2021. NLR filed a motion for reconsideration on 16 March 2021 awaiting for the CTA's decision.

NLR's allowance for input VAT impairment amounted to ₱19.31 million for both years ended December 31, 2020 and 2019.

Power Barge 102 Oil Spill

ACEN's Power Barge ("PB") 102 located in Barrio Obrero, Iloilo City, accidentally discharged fuel oil in the afternoon of July 3, 2020. Based on the investigation, an explosion in one of the barge's fuel tanks ruptured the hull of the barge which resulted in the oil spill. Bulacan Power, the operator and maintenance services provider of PB 102, immediately activated containment protocols. With the assistance of the Philippine Coast Guard ("PCG") and industry and community partners, the leakage was substantially contained within the same day. After containment, ACEN, through Bulacan Power, and the PCG immediately started recovery of the spilled fuel oil with recovery capacity being accelerated with the deployment of additional oil skimming equipment. ACEN also engaged Harbor Star Shipping Services, Inc. ("Harbor Star"), a leading maritime services provider, to complete the clean-up of both the waters and the coastline.

ACEN notified the insurers of PB 102 about the incident, and discussions are ongoing in this regard. As at August 27, 2021, the Group has incurred ₱35.35 million in fuel loss, community assistance oil containment and recovery expenses, net of insurance proceeds. The Group will continue to take measures to mitigate the environmental impact of the spill and to fully cooperate with authorities to address all relevant concerns.

On July 28, 2020, the Parent Company received a Resolution dated July 27, 2020 issued by the Department of Environment and Natural Resources - Environmental Management Bureau ("DENR-EMB") Region VI, in relation to Notice of Violation No. 20-NOVW-0630-164, for possible violation of Section 27(a) of DENR Administrative Order 2005-10, the Implementing Rules and Regulations of the Philippine Clean Water Act of 2004 (Republic Act or "RA No. 9275"), in connection with the oil spill involving PB 102 which occurred on July 3, 2020.

Possible payment of fines to be determined by the Pollution Adjudication Board, are in the range of (1) ₱10,000 to ₱200,000 per day from the time of the incident (July 3, 2020) until full recovery of the discharged fuel (July 13, 2020), for alleged violation of RA 9275; and (2) ₱50,000 to ₱1,000,000 or imprisonment of not less than one (1) year but not more than six (6) years, or both, for alleged violation of Section 4 of PD 979.

The Parent Company has contested this Resolution and filed a Motion for Reconsideration.

The Parent Company has received claims for compensation for property damages and loss of livelihood from claimants in Iloilo and Guimaras which were allegedly affected by the oil spill. The claims undergo validation before they are paid.



Compliance with Must Offer Rule

On October 4, 2018, CIPP, One Subic Power, Bulacan Power and the Parent Company received a letter from PEMC for pending investigation of trading intervals covering periods from 2014 to 2018. The scope of the investigation covers possible non-compliance with the Must Offer Rule (MOR) and with the Real-Time Dispatch (RTD) or System Operator Instructions. As at August 27, 2021, the investigations are still ongoing.

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 and directed PEMC to submit its plan of action for the refund scheme. The Group monitors PEMC's action relative to the ERC's Decision and Order.

ACRI Guarantee Agreements

On October 12, 2018, the Group through ACRI has entered into a guarantee agreement with the bank for a total of \$37 million to guarantee the obligation of AMI Khan Hoa Solar project to the project lender. Subsequently, on October 3, 2019, loan amounting to \$33.71 million was drawn by AMI Khan Hoa. As at June 30, 2021, the outstanding loan amounts to \$30.97 million. The Group recognizes guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

In 2020, the Group through ACRI entered into various guarantee agreements with banks for a total of \$39.8 million for projects in India and Vietnam, of which, \$36.1 million was outstanding as at year-end. The purpose of the guarantee is to secure various module and supply agreements of the projects.

During the year ended December 31, 2020, the Group through ACRI entered into various guarantee agreements with BT1 Windfarm JSC ("BT1 Wind") and BT2 Windfarm JSC ("BT2 Wind") to provide a Parent Company Guarantee (PCG) in favour of the contractors as security for the obligations of BT1 Wind and BT2 Wind.

On August 19, 2020, the Group through ACRI entered into a guarantee agreement with the bank as guarantor for its Australia project amounting to AUD 26 million (\$18.7 million), but was cancelled in 2021.

On September 30, 2020, the Group through ACRI signed an agreement with the bank to guarantee BT1 Windfarm's payment obligation to the project lender on its loan amounting to \$118.28 million. As at June 30, 2021, the outstanding guarantee related to the loan amounts to \$84.7 million.

On various dates in January to June 2021, the Group through ACRI entered into additional guarantee agreements with banks for a total of US\$262.8 million for the projects in India and Australia. Of this amount, AU\$260 million (US\$200 million) is for the Australia project.

For the six-month periods ended June 30, 2021 and 2020, the Group recognized corresponding guarantee fee income amounting to ₱138.68 million (\$2.86 million) and ₱17.36 million (\$0.34 million), respectively (see Note 27).



37. Impact of Coronavirus Diseases 2019 (COVID-19) Outbreak

The Philippines remains vulnerable to exposure and spread of the disease for the following reasons: (a) the considerable number of Overseas Filipino Workers (“OFWs”) globally; (b) the impact of international travel which raises the probability of transmission; and (c) lack of the necessary infrastructure to contain the spread of the disease. In response to the recent outbreak of COVID-19, the Philippines has imposed travel bans on several affected countries, which may have an adverse impact on ACEN’s suppliers’ ability to deliver, which could delay the construction of ACEN’s projects.

Due to numerous uncertainties and factors beyond its control, the Group is unable to predict the impact that COVID-19 will have going forward on its businesses, results of operations, cash flows, and financial condition. These factors and uncertainties include, but are not limited to:

- the severity and duration of the pandemic, including whether there is a “second wave” or “third wave” or other additional periods of increases or spikes in the number of COVID-19 cases in future periods in areas in which the Group operates;
- the duration and degree of governmental, business or other actions in response to the pandemic, including but not limited to quarantine, stay-at-home or other lockdown measures as well as measures taken by the Group’s regulators;
- restrictions on operations up to and including complete or partial closure of offices, plants and other facilities;
- economic measures, fiscal policy changes, or additional measures that have not yet been effected;
- the health of, and effect of the pandemic on, the Group’s personnel and the Group’s ability to maintain staffing needs to effectively operate its power generation portfolio;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- impacts - financial, operational or otherwise - on the Group’s supply chain, including manufacturers, suppliers and third party contractors, particularly for ongoing maintenance and construction of certain plants and facilities;
- volatility in the credit and financial markets during and after the pandemic;
- the impact of any litigation or claims from customers, suppliers, regulators or other third parties relating to COVID-19 or the Group’s actions in response thereto;
- the pace of recovery when the pandemic subsides; and
- the long-term impact of the pandemic on the Group’s businesses.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. In particular, the enhance community quarantine and various degrees of community quarantine imposed across the Philippines have affected and could adversely impact (a) the completion of ACEN’s projects as construction is not an activity given priority under the government guidelines, (b) demand for ACEN’s product, as industries, offices, and shopping malls account for bulk of energy consumption, (c) WESM prices as demand for electricity is lower, and (d) ability to collect from its customers, which could negatively impact its cash flows. The outbreak of COVID-19 and the measures to contain this increase in severity, have had an adverse effect on economic activity in the Philippines and could materially and adversely affect ACEN’s business, financial condition and results of operations.

Even as quarantine measures continue at the current time, with various levels of restrictions applicable to certain areas, DOE recognized that energy utilization is a basic necessity and is vital to the society. To this end, DOE allows the movement of energy related goods and the movement of energy related personnel subject to adherence to necessary public health precautions prescribed by the DOH. As such, the Group’s operating plants continues to produce power.



38. Events After the Reporting Period

Below are the events after the reporting period which are treated as non-adjusting events as at June 30, 2021.

On August 20, 2021, the Parent Company's Executive Committee approved the following:

1. Sale of PB 101 to Prime Strategic Holdings Inc. or its designated affiliate or subsidiary, and PB 102 and PB 103 to SPC Power Corporation or its designated affiliate or subsidiary; and
2. Amendment of ACEN's PAMAs with its wholly-owned subsidiaries CIP II, Bulacan Power and One Subic Power, all diesel power plant operators, to, among others: (a) update the fixed capacity fees billable to ACEN; and (b) include a variable capacity fee billable by CIP II and Bulacan Power.

The sale of the power barges is expected to be completed in the fourth quarter of 2021, subject to satisfaction of agreed conditions precedent, including obtaining the applicable regulatory approvals.

CIP II and Bulacan Power respectively own and operate a 21 MW diesel plant in Bacnotan, La Union and a 52 MW diesel plant in Norzagaray, Bulacan, while One Subic Power leases the 116 MW diesel plant in Subic Bay Freeport. The amendments to the PAMAs are effective as of July 1, 2021.



REVIEW REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
AC Energy Corporation
4th Floor, 6750 Office Tower
Ayala Avenue, Makati City

We have reviewed in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, the unaudited interim condensed consolidated financial statements of AC Energy Corporation and its Subsidiaries (the “Group”) as at June 30, 2021 and for the six months ended June 30, 2021 and 2020 and have issued our report thereon dated August 27, 2021. Our review was made for the purpose of forming a conclusion on the basic interim condensed consolidated financial statements taken as a whole. The schedules listed in the Index to the Interim Condensed Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group’s management. These schedules are presented for purposes of complying with the requirements related to filing a prospectus and are not part of the basic interim condensed consolidated financial statements. These schedules have been subjected to the review procedures applied in the review of the basic interim condensed consolidated financial statements and, based on our review, nothing has come to our attention that causes us to believe that the accompanying supplementary schedules do not present fairly, in all material respects, the financial information required to be set forth therein in relation to the basic interim condensed consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



August 27, 2021



REVIEW REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
AC Energy Corporation
4th Floor, 6750 Office Tower
Ayala Avenue, Makati City

We have reviewed in accordance with Philippine Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, the unaudited interim condensed consolidated financial statements of AC Energy Corporation and its Subsidiaries (the “Group”) as at June 30, 2021 and for the six months ended June 30, 2021 and 2020, and have issued our report thereon dated August 27, 2021. Our review was made for the purpose of forming a conclusion on the basic interim condensed consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group’s management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the requirements related to filling a prospectus and is not a required part of the basic interim condensed consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group’s interim condensed consolidated financial statements as at June 30, 2021 and for the six months ended June 30, 2021 and 2020, and based on our review, nothing has come to our attention that causes us to believe that the accompanying supplementary schedule of financial soundness indicators contains material exceptions.

SYCIP GORRES VELAYO & CO.



August 27, 2021



AC ENERGY CORPORATION
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F. Guarantees of Securities of Other Issuers*	Not Applicable
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<i>*These schedules are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or notes to consolidated financial statements.</i>	

Attachment I

AC ENERGY CORPORATION AND SUBSIDIARIES**Schedule A. Financial Assets****June 30, 2021**

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at FVOCI				
Tagaytay Midlands Golf Club, Inc.	1	₱600,000	₱600,000	₱—
Puerto Azul Golf & Country Club, Inc.	1	150,000	150,000	—
Capitol Hills Golf & Country Club, Inc.	1	150,000	150,000	—
Philam Tower Club	1	100,000	100,000	—
Camp John Hay	1	190,000	190,000	—
A. Soriano	179	1,073	1,073	—
PLDT Inc.		19,500	19,500	—
UPC Sidrap HK Limited		328,888,220	328,888,220	—
		330,098,793	330,098,793	—
Loans and Receivables				
Cash and Cash Equivalents		39,480,352,716	39,480,352,716	29,524,821
Trade and Other Receivables		32,442,595,031	32,442,595,031	87,816,857
Long-term Receivables		9,496,900,008	9,496,900,008	716,899,800
Other Financial Assets		21,770,488,622	21,770,488,622	941,401,734
		103,190,336,377	103,190,336,377	1,775,643,212
Derivative Assets				
		217,568,241	217,568,241	—
		₱103,738,003,411	₱103,738,003,411	₱1,775,643,212

Attachment I

AC ENERGY CORPORATION AND SUBSIDIARIES

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)

June 30, 2021

[illegible]

Attachment I

AC ENERGY CORPORATION AND SUBSIDIARIES**Schedule C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements****June 30, 2021**

Name and Designation of Debtor	Balance at Beginning of Period, As Restated	Additions	Deductions		Current	Non-Current	Balance at End of Period
			Amount Collected	Amount Written-Off			
SolarAce1, Inc.	₱2,704,262,439	₱234,801,165	₱—	₱—	₱2,939,063,604	₱—	₱2,939,063,604
Gigasol3, Inc.	1,925,986,499	6,095,517	(561,427,590)	—	1,370,654,426	—	1,370,654,426
AC Energy Corporation	784,314,534	362,820,858	(446,173,998)	—	700,961,394	—	700,961,394
Giga Ace 4, Inc.	285,982,031	31,193,825	(26,387,159)	—	290,788,697	—	290,788,697
Bataan Solar Energy, Inc.	954,826	146,487,690	(548,914)	—	146,893,602	—	146,893,602
Pagudpud Wind Power Corp.	40,696,730	88,668,612	(226,142)	—	129,139,200	—	129,139,200
Sta Cruz Solar Energy, Inc.	20,301,295	117,699,123	(11,152,207)	—	126,848,211	—	126,848,211
ACE Renewables Philippines Inc.	—	110,000,000	—	—	110,000,000	—	110,000,000
Gigasol2, Inc.	95,116,531	103,820,660	(99,031,436)	—	99,905,755	—	99,905,755
South Luzon Thermal Energy Corporation	73,961,441	22,617,908	—	—	96,579,349	—	96,579,349
Palawan55 Exploration and Production Corporation	44,260,870	2,314,278	(58,700)	—	46,516,448	—	46,516,448
Gigawind1, Inc.	10,436,939	10,046,887	(220,379)	—	20,263,447	—	20,263,447
Bulacan Power Generation Corporation	82,051,374	130,794,074	(192,586,796)	—	20,258,652	—	20,258,652
Guimaras Wind Corporation	—	6,448,640	—	—	6,448,640	—	6,448,640
Giga Ace 8, Inc.	2,704,832	3,581,300	(275,382)	—	6,010,750	—	6,010,750
ACE Endeavor, Inc.	85,616,567	15,084,147	(94,888,414)	—	5,812,300	—	5,812,300
CIP II Power Corporation	34,078,317	25,742,029	(54,039,566)	—	5,780,780	—	5,780,780
San Julio Land Development Corp.	59,300	18,611,739	(13,206,108)	—	5,464,931	—	5,464,931
Giga Ace 9, Inc.	204,832	5,246,880	(209,962)	—	5,241,750	—	5,241,750
Montesolar Energy, Inc.	3,894,803	6,221,469	(5,120,857)	—	4,995,415	—	4,995,415
SolarAce2, Inc.	3,058,316	1,753,578	(272,383)	—	4,539,511	—	4,539,511
Giga Ace 5, Inc.	142,732	4,142,764	(233,596)	—	4,051,900	—	4,051,900
San Carlos Solar Energy, Inc.	2,594,618	97,812,845	(96,470,405)	—	3,937,058	—	3,937,058
Negros Island Solar Power, Inc.	4,035,135	67,167,079	(67,331,141)	—	3,871,073	—	3,871,073
One Subic Power Generation	1,147,701	24,559,727	(23,601,101)	—	2,106,327	—	2,106,327
Viage Corporation	1,769,975	—	(58,200)	—	1,711,775	—	1,711,775
Giga Ace 6, Inc.	261,832	1,054,209	(243,631)	—	1,072,410	—	1,072,410
ACE Enexor, Inc.	118,000	673,075	(58,200)	—	732,875	—	732,875

(Forward)

Name and Designation of Debtor		Additions	Deductions	Current	Non-Current	Balance at
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	Balance at Beginning of Period, As Restated						End of Period
			Amount Collected	Amount Written-Off			
ACE Investments HK. LTD.	–	405,795	–	–	405,795	–	405,795
Giga Ace 7, Inc	204,832	78,106	(21,200)	–	261,738	–	261,738
Giga Ace 10, Inc	204,832	1,000	(10,700)	–	195,132	–	195,132
Gigawind3, Inc.	–	91,098	–	–	91,098	–	91,098
Gigasol5, Inc.	–	79,010	–	–	79,010	–	79,010
Gigasol7, Inc.	–	79,010	–	–	79,010	–	79,010
Gigawind5, Inc.	–	79,010	–	–	79,010	–	79,010
Ingrid5 Power Corp.	–	79,010	–	–	79,010	–	79,010
Ingrid4 Power Corp.	–	74,110	–	–	74,110	–	74,110
Gigasol4, Inc.	–	73,610	–	–	73,610	–	73,610
Gigasol6, Inc.	–	73,610	–	–	73,610	–	73,610
Ingrid6 Power Corp.	–	74,110	(500)	–	73,610	–	73,610
Gigawind4, Inc.	–	73,610	–	–	73,610	–	73,610
One Subic Oil Distribution Corp.	58,200	–	–	–	58,200	–	58,200
SolarAce3, Inc.	176,575	57,813	(205,075)	–	29,313	–	29,313
Giga Ace 1, Inc.	187,694	–	(166,332)	–	21,362	–	21,362
Ingrid3 Power Corp.	65,764	14,097	(68,763)	–	11,098	–	11,098
Giga Ace 2, Inc.	176,832	947	(167,779)	–	10,000	–	10,000
Giga Ace 3, Inc.	142,732	947	(133,679)	–	10,000	–	10,000
AC Subic Solar, Inc.	62,170	30,669	(86,638)	–	6,201	–	6,201
	₱6,209,292,100	₱1,646,825,640	(₱1,694,682,933)	₱–	₱6,161,434,807	₱–	₱6,161,434,807

Attachment I

AC ENERGY CORPORATION AND SUBSIDIARIES

Schedule D. Long-Term Debt

June 30, 2021

Title of Issue and Type of Obligation		Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in related Balance Sheet	Amount shown under Caption "Long-Term Debt" in related Balance Sheet	Interest Rate	Periodic Payments	Maturity Date
<u>ACEN</u>	China Bank Corporation	₱1,000,000,000	₱6,000,000	₱994,000,000	5.00%	20 semi-annual payments	August 24, 2030
	China Bank Corporation	500,000,000	3,000,000	497,000,000	5.00%	20 semi-annual payments	July 15, 2030
	BDO Unibank Inc.	4,921,052,632	52,631,579	4,868,421,053	5.05%	20 semi-annual payments	November 14, 2029
	Development Bank of the Philippines	805,000,000	—	805,000,000	6.00%	25 semi-annual payments	July 10, 2029
	Security Bank Corporation	804,645,424	74,026,968	730,618,456	6.50%	25 semi-annual payments	July 11, 2029
	Total	8,030,698,056	135,658,547	7,895,039,509			
	Unamortized debt issue costs	(55,900,030)	(5,353,004)	(50,547,025)			
		7,974,798,026	130,305,543	7,844,492,484			
<u>PREC</u>	Development Bank of the Philippines	673,732,800	66,941,400	606,791,400	5.84%-6.25%	25 semi-annual payments	February 14, 2029
	Security Bank Corporation	673,732,800	66,941,400	606,791,400	6.24%-6.68%	25 semi-annual payments	February 14, 2029
	Total	1,347,465,600	133,882,800	1,213,582,800			
	Unamortized debt issue costs	943,080	943,080	—			
		1,348,408,680	134,825,880	1,213,582,800			
<u>SLTEC</u>	BDO Unibank Inc.	3,034,750,000	83,875,000	2,950,875,000	5.711%-7.05%	24 semi-annual payments	May 7, 2031
	BDO Unibank Inc.	3,034,750,000	83,875,000	2,950,875,000	6.98%	24 semi-annual payments	May 7, 2031
	Rizal Commercial Banking Corporation	1,492,500,000	41,250,000	1,451,250,000	5.711%-7.05%	24 semi-annual payments	May 7, 2031
	Rizal Commercial Banking Corporation	1,492,500,000	41,250,000	1,451,250,000	6.98%	24 semi-annual payments	May 7, 2031
	Security Bank Corporation	895,500,000	24,750,000	870,750,000	6.98%	24 semi-annual payments	May 7, 2031
	Total	9,950,000,000	275,000,000	9,675,000,000			
	Unamortized debt issue costs	(152,963,146)	(18,157,766)	(134,805,380)			
		9,797,036,854	256,842,234	9,540,194,620			
<u>NPDC</u>	Bank of the Philippine Islands	2,167,060,000	149,040,000	2,018,020,000	5.13%	24 semi-annual payments	May 29, 2032
	Unamortized debt issue costs	(14,587,113)	(2,119,933)	(12,467,180)			
		2,152,472,887	146,920,067	2,005,552,820			
		₱21,272,716,447	₱668,893,724	₱20,603,822,724			

Attachment I

AC ENERGY CORPORATION AND SUBSIDIARIES**Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)****June 30, 2021**

Name and Designation of Debtor	Balance at Beginning of Period	Balance at End of Period
Bank of the Philippine Islands	₱2,233,530,000	₱2,152,472,888
	₱2,233,530,000	₱2,152,472,888

Attachment I

AC ENERGY CORPORATION AND SUBSIDIARIES
Schedule F. Guarantees of Securities of Other Issuers
June 30, 2021

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
<p>Not Applicable: The Company has no guarantees of securities of other issuers as at June 30, 2021.</p>				

Attachment I

AC ENERGY CORPORATION AND SUBSIDIARIES**Schedule G. Capital Stock****June 30, 2021**

Title of Issue	Number of Shares Authorized	Number of Shares Issued	Treasury Shares	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Deductions		
						Affiliates	Directors, Officers and Employees	Others
Common stock	48,400,000,000	38,240,338,177	(14,500,000)	38,225,838,177	-	31,461,248,453	797,561,713	5,967,028,011

AC ENERGY CORPORATION**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION****June 30, 2021****(Amounts in Thousands)**

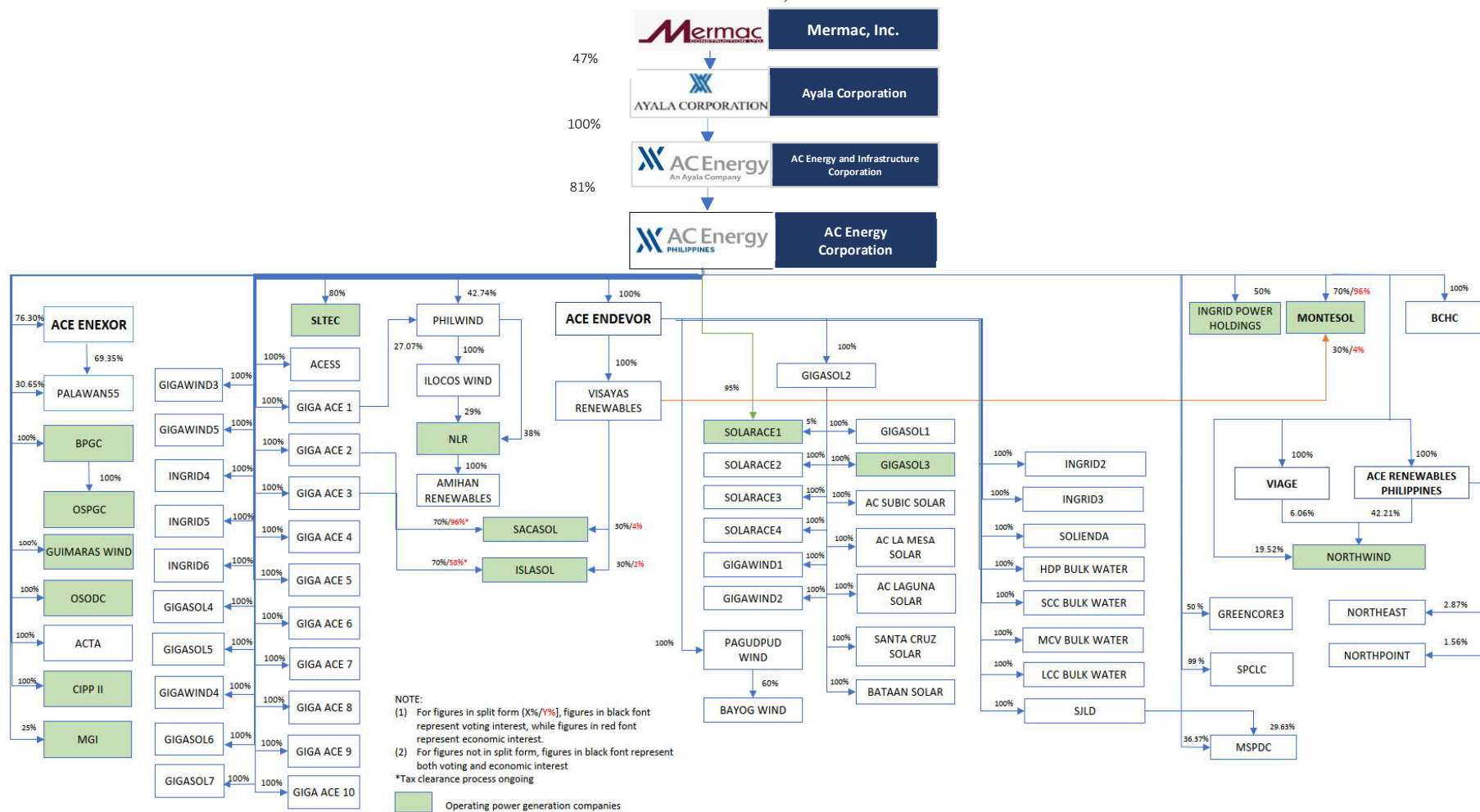
Retained earnings, beginning, as restated	₱5,230,267
Adjustment:	
Deferred income tax asset as at December 31, 2019	(430,113)
Unrealized FV gain of FVPL as at December 31, 2019	-
Derivative asset as at December 31, 2019	-
Retained earnings, beginning, as adjusted to amount available for dividend declaration, beginning	4,800,154
Add: Net income actually realized during the year	
Net income during the year closed to retained earnings	1,191,897
Add (deduct):	
Movement of recognized deferred income tax assets	23,488
Unrealized fair value loss on financial asset through FVPL and derivative assets	-
Net income actually realized during the year	6,015,539
Less: Dividends declared during the year	1,197,602
Treasury Shares	28,657
Retained earnings available for dividend declaration, end	₱ 4,789,280

Attachment III

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AC ENERGY CORPORATION AND SUBSIDIARIES SUPPLEMENTARY SCHEDULE REQUIRED UNDER REVISED SRC RULE 68

Conglomerate Map
As of June 30, 2021



Attachment III

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**AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

**Conglomerate Map
As of June 30, 2021**

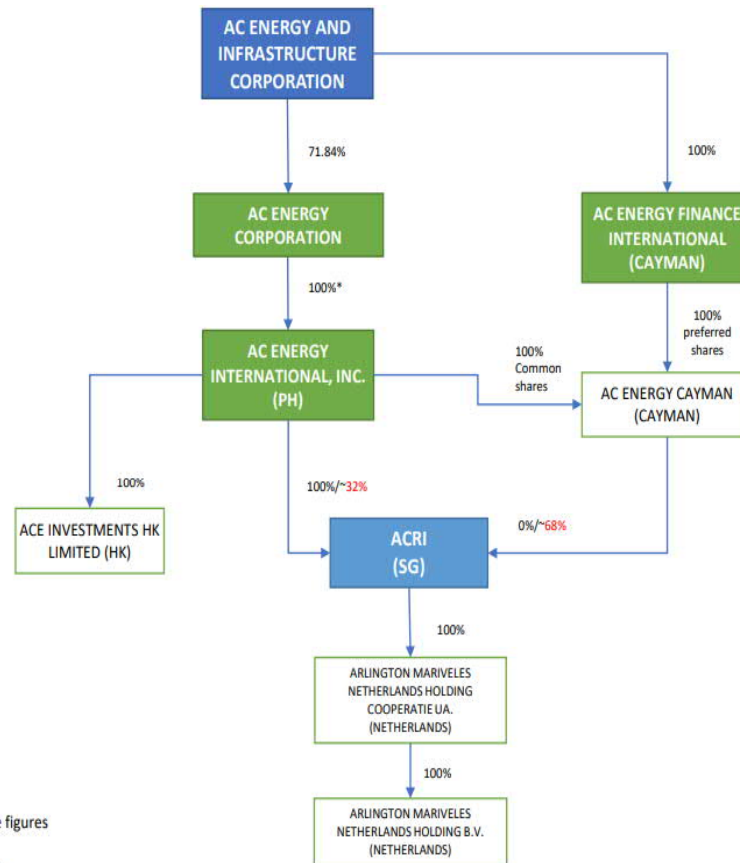
Glossary

SHORT NAME	FULL NAME	SHORT NAME	FULL NAME	SHORT NAME	FULL NAME	SHORT NAME	FULL NAME
AC SUBIC SOLAR	AC Subic Solar, Inc.	GIGA ACE 7	Giga Ace 7, Inc.	INGRID POWER HOLDINGS	Ingrid Power Holdings Inc.	SACASOL	San Carlos Solar Energy Inc.
AC LA MESA SOLAR	AC La Mesa Solar, Inc.	GIGA ACE 8	Giga Ace 8, Inc.	INGRID2	Ingrid2 Power, Inc.	SCC BULK WATER	SCC Bulk Water Supply, Inc.
AC LAGUNA SOLAR	AC Laguna Solar, Inc.	GIGA ACE 9	Giga Ace 9, Inc.	INGRID3	Ingrid3 Power, Inc.	SJLD	San Julio Land Development Corp.
ACTA	ACTA Power Corporation	GIGA ACE 10	Giga Ace 10, Inc.	INGRID4	Ingrid4 Power, Inc.	SLTEC	South Luzon Thermal Energy Corp.
ACE ENDEVOR	ACE Endeavor, Inc. (formerly, AC Energy Development, Inc.)	GIGASOL1	GigaSol1, Inc.	INGRID5	Ingrid5 Power, Inc.		
ACE ENEXOR	ACE Enexor, Inc.	GIGASOL2	GigaSol2, Inc.	INGRID6	Ingrid6 Power, Inc.	SolarAce1	SolarAce1 Energy Corp.
ACE RENEWABLES PHILIPPINES	ACE Renewables Philippines, Inc. (formerly, Moorland Philippines)	GIGASOL3	GigaSol3, Inc.	ISLASOL	Negros Island Solar Power Inc.	SolarAce2	SolarAce2 Energy Corp.
ACCESS	ACE Shared Services, Inc.	GIGASOL4	GigaSol4, Inc.	LCC Bulk Water	LCC Bulk Water Supply, Inc.	SolarAce3	SolarAce3 Energy Corp.
AMIHAN RENEWABLES	Amihan Renewable Energy Corp.	GIGASOL5	GigaSol5, Inc.	MGI	Maibarara Geothermal Inc.	SolarAce4	SolarAce4 Energy Corp.
BATAAN SOLAR	Bataan Solar Energy Inc.	GIGASOL6	GigaSol6, Inc.	MONTESOL	Monte Solar Energy, Inc.	SOLIENDA	Solienda, Incorporated
BAYOG WIND	Bayog Wind Power Corp.	GIGASOL7	GigaSol7, Inc.	MSPDC	Manapla Sun Power Development Corp.	SANTA CRUZ SOLAR	Santa Cruz Solar Energy Inc.
BCHC	Buendia Christiana Holdings Corp.	GIGAWIND1	GigaWind1, Inc.	NLR	North Luzon Renewable Energy Corp.	SPCLC	Solar Philippines Central Luzon Corporation
BPGC	Bulacan Power Generating Corp. (formerly, PHINMA Power Generating Corp.)	GIGAWIND2	GigaWind2, Inc.	NORTHEAST	Northeast Wind Systems Corporation	VIAGE	Viage Corporation
CIPP II	CIP II Power Corporation	GIGAWIND3	GigaWind3, Inc.	NORTHPOINT	North Point Wind Power Development Corp.	VISAYAS RENEWABLES	Visayas Renewables Corp.
GIGA ACE 1	Giga Ace 1, Inc.	GIGAWIND4	GigaWind4, Inc.	NORTHWIND	Northwind Power Development Corp.		
GIGA ACE 2	Giga Ace 2, Inc.	GIGAWIND5	GigaWind5, Inc.	OSODC	One Subic Oil Distribution Corp.		
GIGA ACE 3	Giga Ace 3, Inc.	GREENCORE3	Greencore Power Solutions 3, Inc.	OSPGC	One Subic Power Generating Corp.		
GIGA ACE 4	Giga Ace 4, Inc.	GUIMARAS WIND	Guimaras Wind Corporation (formerly, PHINMA Renewables)	PALAWAN55	Palawan55 Exploration and Production Corp.		
GIGA ACE 5	Giga Ace 5, Inc.	HDP BULK WATER	HDP Bulk Water Supply, Inc.	PAGUDPUD WIND	Pagudpud Wind Power Corp.		
GIGA ACE 6	Giga Ace 6, Inc.	ILOCOS WIND	Ilocos Wind Energy Holding Co., Inc.	PHILWIND	Philippine Wind Holdings Corporation		

Attachment III

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AC ENERGY CORPORATION INTERNATIONAL BUSINESS



Note:

(1) For figures in split form (X%/Y%), figures in black font represent voting interest, while figures in red font represent economic interest.

(2) For figures not in split form, figures in black font represent both voting and economic interest

* The Certificate Authorizing Registration for the transfer to AC Energy Corporation of the shares in AC Energy International, Inc. is currently being processed with the Bureau of Internal Revenue

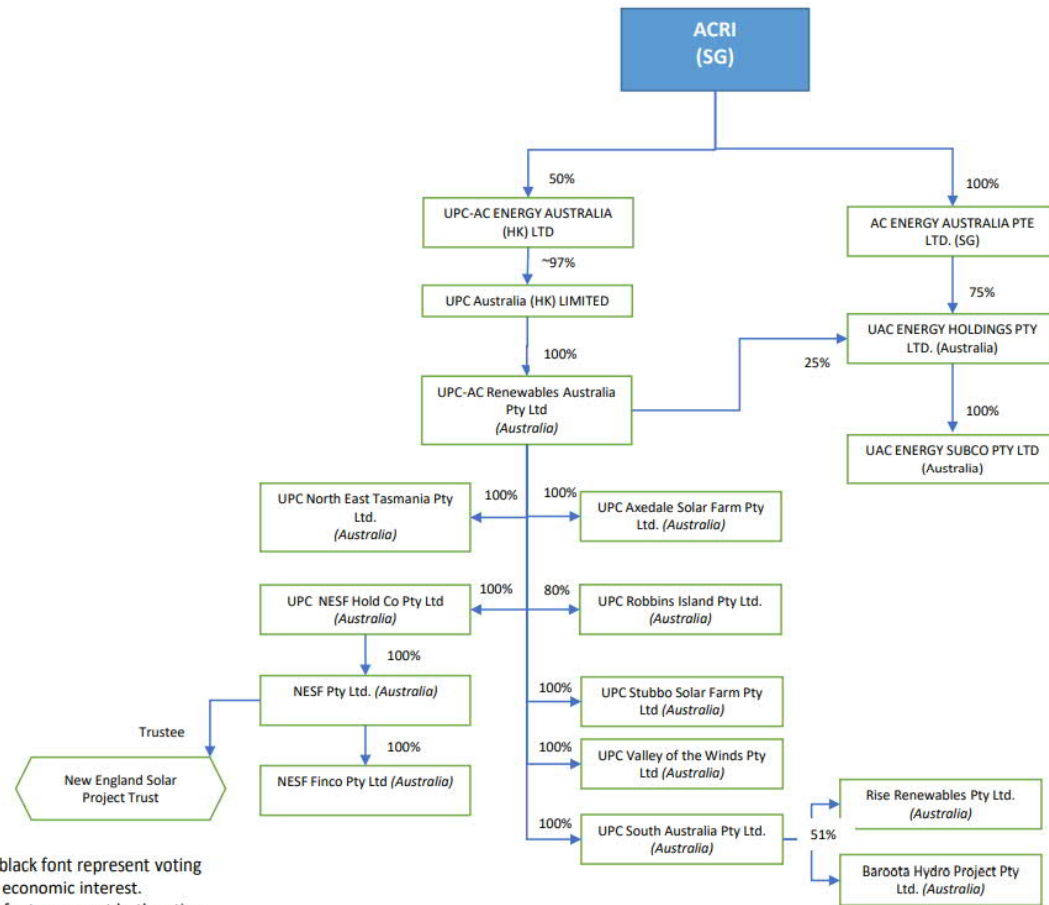
GLOSSARY

ACRI – AC Renewables International Pte Ltd.

Attachment III

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INTERNATIONAL BUSINESS-AUSTRALIA



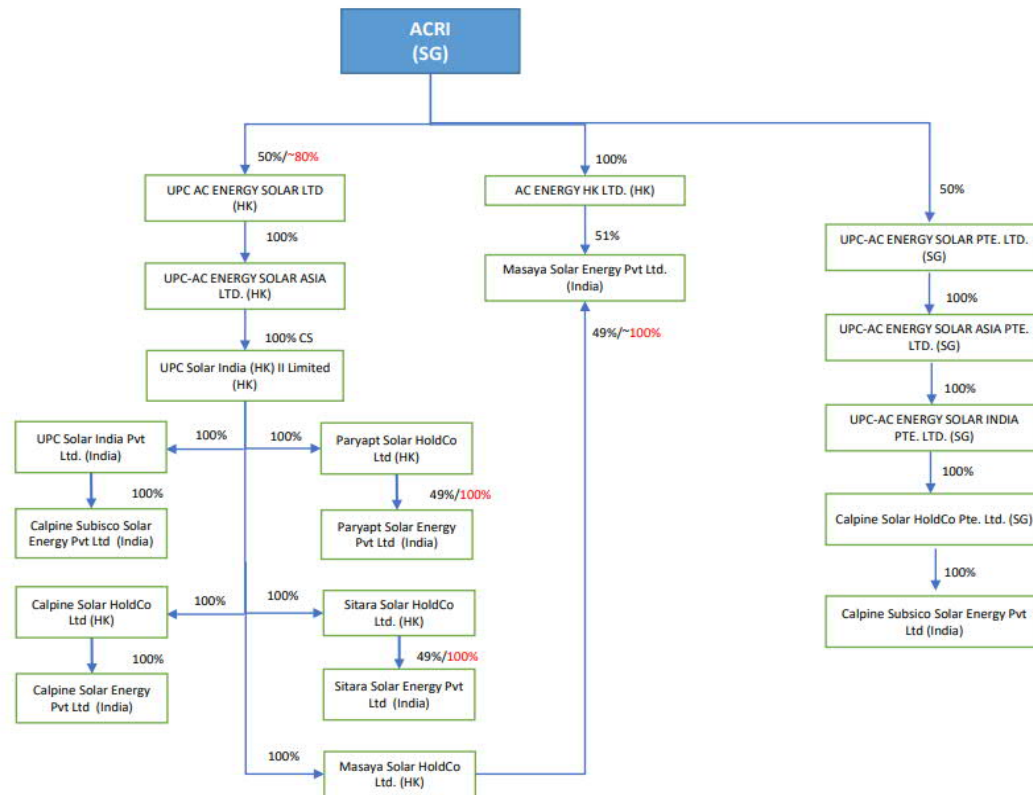
Note:

- (1) For figures in split form (X%/Y%), figures in black font represent voting interest, while figures in red font represent economic interest.
- (2) For figures not in split form, figures in black font represent both voting and economic interest

Attachment III

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INTERNATIONAL BUSINESS- INDIA



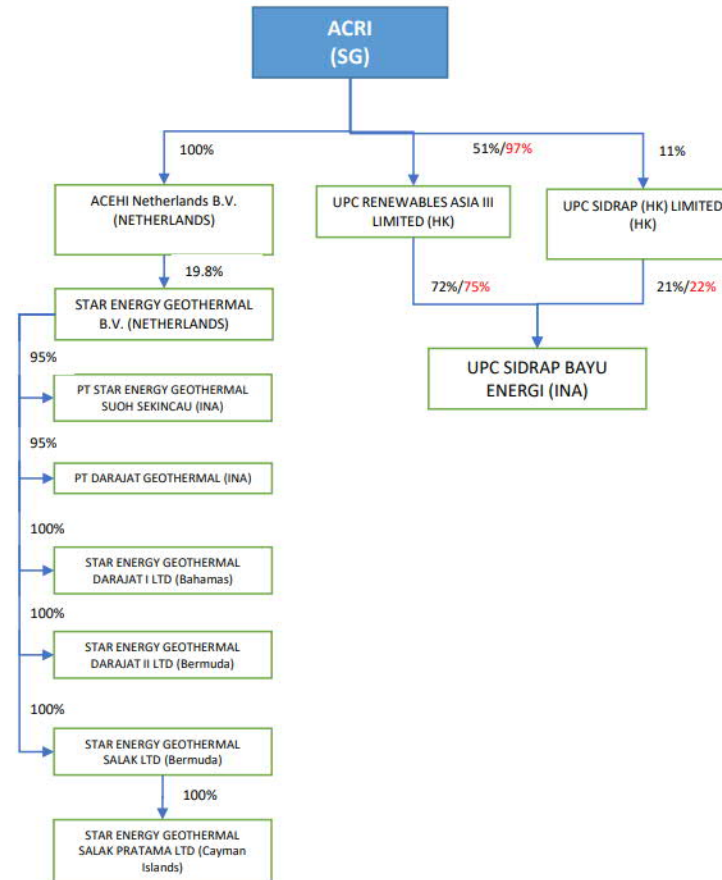
Note:

- (1) For figures in split form (X%/Y%), figures in black font represent voting interest, while figures in red font represent economic interest.
- (2) For figures not in split form, figures in black font represent both voting and economic interest

Attachment III

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INTERNATIONAL BUSINESS- INDONESIA



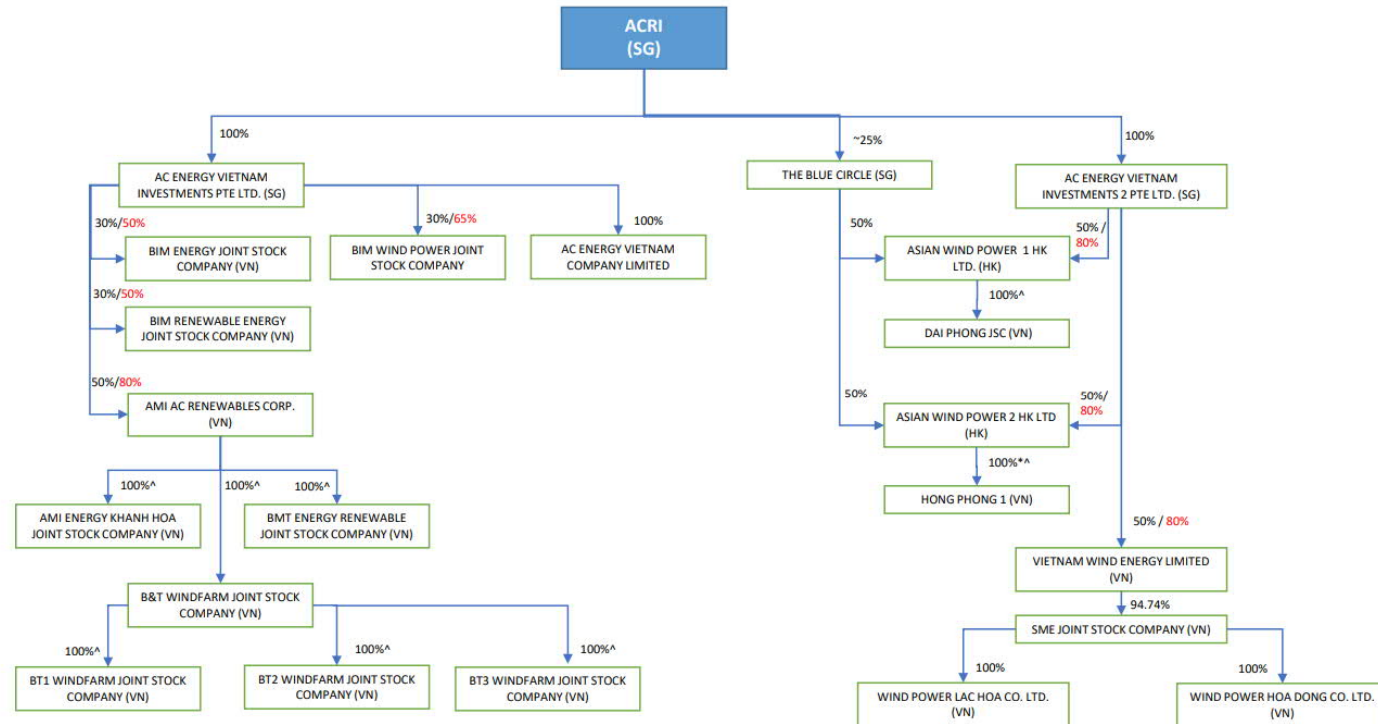
Note:

- (1) For figures in split form (X%/Y%), figures in black font represent voting interest, while figures in red font represent economic interest.
- (2) For figures not in split form, figures in black font represent both voting and economic interest

Attachment III

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INTERNATIONAL BUSINESS- VIETNAM



Note:

- (1) For figures in split form (X%/Y%), figures in black font represent voting interest, while figures in red font represent economic interest.
- (2) For figures not in split form, figures in black font represent both voting and economic interest

Attachment IV

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Key Performance Indicator	Formula	30-Jun-21 Unaudited	31-Dec-20 As restated	Increase (Decrease)	
				Amount	%
<i>Liquidity Ratios</i>					
Current Ratio	Current assets	7.43	4.83	2.60	54%
	Current liabilities				
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets	7.13	4.59	2.54	55%
	Current liabilities				
<i>Solvency Ratios</i>					
Debt/Equity ratio	Total liabilities	0.26	0.36	(0.10)	(28%)
	Total equity				
Asset-to-equity ratio	Total assets	1.26	1.36	(0.10)	(7%)
	Total equity				
Interest Coverage Ratio	Earnings before interest & tax (EBIT)	6.20	4.57	1.63	36%
	Interest expense				
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents	(0.14)	(0.01)	(0.13)	1,300%
	Total Equity				

Key Performance Indicator	Formula	30-Jun-21 Unaudited	30-Jun-20 Unaudited	Increase (Decrease)	
				Amount	%
<i>Profitability Ratios</i>					
Return on equity*	Net income after tax attributable to equity holders of the Parent Company	—	—	—	—
	Average stockholders’ equity				
Return on assets*	Net income after taxes	—	—	—	—
	Average total assets				
Asset Turnover	Revenues	8.64%	7.47%	1.17%	16%
	Average total assets				

*Computed on annual basis



ANNEX B

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of AC Energy Corporation or ACEN and its subsidiaries collectively referred to as “the Group”, should be read in conjunction with the unaudited interim consolidated financial statements as at June 30, 2021, for the six-month period ended June 30, 2021 and 2020 and the restated consolidated financial statements as at December 31, 2020. The unaudited interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (“PAS”) 34, *Interim Financial Reporting*.

Corporate Highlights:

- In April 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares in exchange for ACEIC’s 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in AC Energy International, Inc., which holds ACEIC’s international renewable assets. This is in line with the intention to designate ACEN as the energy platform of the Ayala Group, holding all of the group’s energy assets worldwide.

The SEC approved ACEN’s increase in ACS from 24.4 billion shares to 48.4 billion shares in June 2021, thus enabling the implementation of the assets-for-share swap between ACEN and ACEIC for the latter’s international assets. As such, the 1H 2021 results now present the results of operations of the international assets under ACEN. Prior period financials have similarly been restated, to account for the retroactive impact of the share swap transaction effective July 1, 2019, the date when ACEN and the Offshore Companies became under the common control of ACEIC.

- In May 2021, ACEN completed its follow-on offering (FOO) with an offer of 2.01 billion common shares priced at ₱6.50 per share, consisting of 1.58 billion shares sold pursuant to the primary offer, 330.24 million shares sold by ACEIC and Bulacan Power pursuant to a secondary offer, and an over-subscription of 100 million secondary shares sold by ACEIC.

This is the latest of ACEN’s capital raising activities for the year to fund its target of 5,000 MW of renewable energy capacity by 2025. The Parent Company has raised ₱27.5 billion of fresh capital this year, consisting of the recently concluded ₱5.4 billion SRO last January, the ₱11.9 billion private placement to GIC affiliate Arran last March, and the ₱10.3 billion raised from primary shares in the FOO.

- In June 2021, ACEN subsidiary NIBHI signed a Deed of Absolute sale for transfer of its equity stake in three biopower assets to ThomasLloyd CTI Asia Holdings Pte. Ltd., which already indirectly owns over 90% of the economics of these biomass-fired power plants. The divestment of its minority interest in the biomass assets allows ACEN to focus on the expansion of its core solar and wind businesses.

Operating Highlights:

- ACEN ended the period with 2,589MW of attributable capacity in operation and under construction, up from just 1,659MW in the same period in 2020.
 - o 46% of the portfolio is located in the Philippines, with the other 54% spread across the region: Indonesia, Vietnam, Australia and India.
 - o 60% of the capacity is operating, while the remaining 40% is still under construction
 - o 80% of the portfolio is powered by renewable energy



- In the Philippines, the 120MW Gigasol Alaminos and 63MW Gigasol Palauig solar farms have both started operating this quarter. ACEN is currently completing the 150MW Ingrid peaking plant, the 72MW Grencore Arayat solar plant, the 160MW GigaWind Pagudpud wind farm, the 40MWh Alaminos battery energy storage project, and the 4MW Bataan RE Tech Hub.
- Despite the pandemic, the Group has commenced with its first two solar projects in India, the 70MWdc Paryapt Solar and 140MWdc Sitara Solar projects, which have since started generating power. The Group also started construction of its first project in Australia, the 521MWdc New England Solar Farm, earlier this year. Two new wind projects in Vietnam, the 252MW Quang Binh and 88MW Ninh Thuan wind farms, have also started construction.
- The Group currently has 2,070MW of attributable renewable energy capacity and is working toward its goal of 5,000MW of renewable energy capacity by 2025, in line with its vision of becoming the largest listed renewables platform in Southeast Asia.

Financial Highlights:

- The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to **₱2,690.36 million** for the six-month period ended June 30, 2021, up from **₱2,573.41 million** restated net income in the same period last year.

This includes the results of operations of the international assets that have been infused into ACEN. Currently, none of the international assets are being consolidated by the Group, so the earnings from these assets are reflected under Equity in Net Income of Associates and Joint Ventures, which is presented net of project development expenses for the various power projects under construction and in the pipeline. Interest and other financial income from investments in redeemable preferred shares of associates and joint ventures, and from development loans and advances to these companies, are reflected under Other Income.

- Net income growth was mainly driven by the growth in operating capacity from acquisitions made in 2020 as well as recently completed renewable energy projects. Attributable generation grew 16% to 2,243.5 GWh in the first six months of the year, up from 1,931.71 GWh in the same period last year.

Challenges in the availability of thermal assets, coupled with high WESM prices, led to an increase in the cost of purchased power during the period, but this was partially offset by improved wind regime.

The tables below summarize the impact of operations on the Group's consolidated revenues, costs and expenses for the period ended June 30, 2021 and 2020.

Revenues

<i>In thousand Pesos</i>	Apr-Jun		Jan-Jun		Apr-Jun		Jan-Jun	
	2021	2020	2021	2020	Inc (Dec)	%	Inc (Dec)	%
Revenue from sale of electricity	7,630,587	5,352,134	13,319,362	9,887,477	2,278,453	43	3,431,885	35
Dividend income	—	—	6,549	—	—	—	6,549	—
Rental income	15,867	15,893	29,530	63,073	(26)	(0.2)	(33,543)	(53)
Other revenue	40,576	18,125	59,433	21,474	22,451	124	37,959	177

- **Revenue from sale of electricity** increased mainly due to demand recovery vis-à-vis the Enhanced Community Quarantine in the previous year, increased retail contracts, and growth in operating capacity following the acquisition of additional stakes in the ISLASOL and SACASOL

solar farms last year. Gigasol3 and SolarAce1 have also started commercial operations of the 60MWdc Palauig Solar Farm and 120MWdc Alaminos Solar Farm in April and June 2021, respectively, which also contributed to the increase.

- **Dividend Income** came from UPC Sidrap, which is recognized as financial asset at FVOCI.
- **Rental income** decreased due to the consolidation of ISLASOL and SACASOL, which have various lease agreements within the Group that have been eliminated following acquisition of majority interest in both companies last March 2020.
- **Other revenue** consists of management fees earned by ACEN from its joint ventures, as well as bulk water sales. Management fees drove the increase due to commencement of fees on the international projects this quarter.

Costs and Expenses

<i>In thousand Pesos</i>	Apr-Jun 2021		Jan-Jun 2021		Apr-Jun Inc (Dec)		Jan-Jun Inc (Dec)	
		2020		2020		%		%
Cost of sale of electricity	5,950,905	2,913,982	10,384,349	6,405,995	3,036,923	104	3,978,354	62
General and administrative expenses	826,449	640,672	1,221,219	984,296	185,777	29	236,923	24

- **Costs of sale of electricity** increased largely because of the higher cost of purchased power, due to high WESM prices during the SLTEC outage. Power for station use and start-up costs also increased due these outages. The account also included the cost of refractory works in thermal operations.
- **General and administrative expenses** include a ₱112 million provision for impairment of BSEI.

Other Income and Expenses

<i>In thousand Pesos</i>	Apr-Jun 2021		Jan-Jun 2021		Apr-Jun Inc (Dec)		Jan-Jun Inc (Dec)	
		2020		2020		%		%
Interest and other finance charges	(374,989)	(535,851)	(803,668)	(926,579)	160,862	(30)	122,911	(13)
Equity in net income of Associates and joint ventures	359,645	634,294	936,054	953,220	(274,649)	(43)	(17,166)	(2)
Other Income	1,226,367	1,317,648	2,240,819	1,872,874	(91,281)	(7)	367,945	20

- **Interest and other finance charges** were lessened due to lower nominal interest of loans and the repayment of short-term loans following ACEN's equity capital raising activities.
- **Equity in net income of associates and joint ventures** decreased mainly because of higher predevelopment costs from the commencement of construction of the Quang Binh wind farm in Vietnam, the Paryapt and Sitara solar projects in India, and the New England Solar Farm in Australia. This was cushioned by the increase in income contribution from NLR with better wind regime in current year and increase in ownership interest from same period last year.
- **Other income** is mainly comprised of interest and other financial income from investments in redeemable preferred shares of associates and joint ventures, and from development loans and advances to associates and joint ventures. Other Income for the current period also includes ₱139 million guarantee fee income, ₱86 million PPE impairment reversals, ₱21 million gain on deconsolidation of Ingrid and ₱42 million realized gain from foreign currency forward contracts. In addition, the Group recognized recoveries from investment in NIBHI amounting to ₱38 million impairment reversal upon the Group's divestment to biomass.

Provision for (benefit from) income tax

<i>In thousand Pesos</i>	Apr-Jun 2021	2020	Jan-Jun 2021	2020	Apr-Jun Inc (Dec)	%	Jan-Jun Inc (Dec)	%
Current	(47,253)	74,600	87,948	150,396	(121,853)	(163)	(62,448)	(42)
Deferred Income tax	(15,800)	500,910	(22,624)	518,003	(516,710)	(103)	(540,627)	(104)

- ⌚ The decrease in **provision for income tax - current** was due to the lowering of the income tax rate from 30% to 25% due to the CREATE Act.
- ⌚ **Provision for deferred income tax** in 2021 includes reversal of deferred tax assets mainly on NOLCO and accrued expenses.

⌚

Material changes in Consolidated Statements of Financial Position accounts

<i>In thousand pesos</i>	June 30, 2021 (Unaudited)	December 31, 2020 (As restated)	Increase (Decrease)	
			Amount	%
Current Assets				
Cash and cash equivalents	39,480,353	28,077,171	11,403,182	41
Receivables	32,442,595	16,611,719	15,830,876	95
Fuel and spare parts	1,459,064	1,391,340	67,724	5
Financial assets at fair value through other comprehensive income (FVOCI)	—	12,620,756	(12,620,756)	(100)
Current portion of:				
Input value added tax (VAT)	92,580	438,738	(346,158)	(79)
Creditable withholding taxes	597,024	649,271	(52,247)	(8)
Other current assets	952,624	453,424	499,200	110
Assets held for sale	9,927	—	9,927	—
Noncurrent Assets				
Investments in:				
Financial assets at FVOCI	330,099	381,168	(51,069)	(13)
Associates and joint ventures	20,000,640	18,795,088	1,205,552	6
Other financial assets at amortized cost	21,770,489	15,297,105	6,473,384	42
Property, plant and equipment	32,418,639	31,837,950	580,689	2
Right-of-use asset	2,881,719	2,343,404	538,315	23
Investment properties	13,085	341,549	(328,464)	(96)
Receivables - net of current portion	9,496,900	6,540,288	2,956,612	45
Goodwill and other intangible assets	2,448,902	2,537,094	(88,192)	(3)
Deferred income tax assets – net	480,907	416,353	64,554	16
Net of current portion:				
Input VAT	1,428,994	1,177,802	251,192	21
Creditable withholding taxes	726,804	601,840	124,964	21
Other noncurrent assets	1,752,435	1,303,760	448,675	34

- Increase in **cash and cash equivalents** were mainly attributable to ₱10.27 billion, ₱5.37 billion and ₱11.88 billion gross proceeds from the recently concluded FOO, SRO and Arran's private placement respectively. This is to fund the Group's various developmental and operating projects, as well as potential acquisitions. The increase was partially offset by investments in new projects, net repayment of short-term and long-term loans, and payment of cash dividends. Refer to the Consolidated Statements of Cash Flows for the detailed movement.
- Increase in **receivables** was largely due to loans and other advances extended by ACRI for the funding of various projects.
- **Fuel & spare parts** went up as a result of SLTEC's purchases of spare parts and other direct materials in preparation for maintenance works, coupled with the Group's purchases of fuel which have not yet been consumed as at June 30, 2021.
- Current **financial assets at FVOCI** were reduced with the full redemption of (ACRI's)

investment in AYCFL redeemable preferred shares.

- **Current portion of input VAT** decreased due to reclassification to non-current as well as deconsolidation of Ingrid with ₱266 million input VAT from importations.
- **Creditable withholding tax** decreased following utilization for income tax settlements.
- **Other current assets** increased primarily due to SLTEC's prepayments of taxes and insurance as well as advances to contractors.
- **Assets held for sale** pertain to BSEI's tools and equipment that are available for immediate sale.
- **Plant, property and equipment's** construction in progress decreased by ₱590 million coming from Ingrid's deconsolidation, partly offset by capitalizations during the period for solar power projects amounting to ₱175 million for Solarace1 in Laguna, ₱106 million for Gigasol3 in Zambales and ₱388 million for the Alaminos Battery Energy Storage System (BESS) Project through Giga Ace 4.
- **Investments in associates and joint ventures** increased mainly due to the reclassification of Ingrid from subsidiary to joint venture (₱981 million) following the effectivity of the Shareholder Agreement with APHPC on March 2021. There are also new joint venture investments reported during the period such as Greencore3 and Solar Philippines and additional investment in UPC-ACE Australia. Accumulated equity in net earnings increased for the period largely coming from PhilWind (₱523 million) and Salak-Darajat (₱505 million) but reduced by ₱1.1 billion total dividend payout and NIBHI divestment.
- **Noncurrent financial assets at FVOCI** is largely the investment in UPC Sidrap and also include golf club shares and listed equity instruments.
- **Investments in other financial assets at amortized cost** include investments in redeemable preferred shares of, and convertible loans extended to, associates and joint ventures. These increased with additional subscriptions into redeemable preferred shares of various international projects, as well as additional loan facilities extended.
- **Goodwill & other intangible assets** decreased coming from amortizations for the period.
- Majority of the balance of **deferred tax asset** came from recognition on accrued expenses, NOLCO, MCIT and lease liabilities. Deferred tax asset of the Group went down mainly due to the application of the Group's NOLCO in current period taxable income.
- **Input VAT non-current** increased due to reclassification of input vat in non-operating subsidiaries to non-current.
- **Right-of-use asset's** significant increase came from new ACEN office lease agreement with ALI, offset by amortizations during the period and IPHI deconsolidation.
- **Receivables - net of current portion** increased primarily due to non-current portion of Loans and Interest Receivable of ACRI from related parties amounting to ₱2.5 billion.
- **Other non-current assets** include various advances to contractors for the ongoing project developments

<i>In thousand pesos</i>	June 30, 2021 (Unaudited)	December 31, 2020 (As restated)	Increase (Decrease)	
			Amount	%
Current Liabilities				
Accounts payable and other current liabilities	8,768,009	6,490,189	2,277,820	35
Short-term loans	—	4,635,000	(4,635,000)	(100)
Current portion of long-term loans	668,894	707,782	(38,888)	(5)
Current portion of lease liability	381,561	285,001	96,560	34
Income and withholding taxes payable	258,601	345,281	(86,680)	(25)
Due to stockholders	16,585	18,272	(1,687)	(9)
Noncurrent Liabilities				
Long-term loans - net of current portion	20,603,823	21,546,373	(942,550)	(4)
Lease liabilities - net of current portion	2,407,703	1,631,628	776,075	48
Pension and other employment benefits	71,812	50,929	20,883	41
Deferred tax income liabilities - net	118,548	130,981	(12,433)	(9)
Other noncurrent liabilities	1,899,166	1,695,048	204,118	12
Equity				
Capital Stock	38,240,338	13,706,957	24,533,381	179
Additional paid-in capital	97,133,927	8,692,555	88,441,372	1,017
Other equity reserves	(55,620,195)	28,662,357	(84,282,552)	(294)
Unrealized fair value loss on equity instruments at FVOCI	(99,792)	143,625	(243,417)	(169)
Unrealized fair value gain on derivative instruments designated under hedge accounting	108,157	57,409	50,748	88
Remeasurement loss on defined benefit plan	(24,436)	(6,999)	(17,437)	249
Cumulative translation adjustments	(2,935,061)	(3,453,709)	518,648	(15)
Accumulated share in other comprehensive loss of associates and a joint venture	(2,723)	(229,844)	227,121	(99)
Retained earnings	6,146,693	6,349,084	(202,391)	(3)
Treasury shares	(34,498)	(40,930)	6,432	(16)
Non-controlling interests	50,676,668	50,398,831	277,837	1

- **Accounts payable and other current liabilities** includes ₱1.89 billion in non-trade payables to APHPC from the purchase of 20% interest in SLTEC. Trade payables accounted for most of the increase for the period.
- **Short term loans** decreased on repayments of bank loans to BDO (₱2.00 billion), CBC (₱1.35 billion) and SECB (₱800 million). Availments during the period amounting to ₱2.00 billion and ₱1.00 billion from RCBC and BDO, respectively, were paid in full during the period.
- **Current portion of long-term loans** decreased due to currently matured principal repayments made during the period.
- **Current portion of lease liability** increased due to new office lease agreement with ALI.
- Decrease in **income and withholding taxes payable** was mainly due to increase in withholding tax remittances during the period.
- **Pension & other employment benefits** increased due to ₱8.46 million remeasurement loss coming from various actuarial losses and ₱9.46 loss on return on plan assets.
- **Long-term loans - net of current portion** decreased due to the principal repayments by ACEN (₱902 million), Guimaras Wind (₱63 million), NorthWind (₱66 million) and BWPC (₱178 million). The decrease was offset by the new loans availed by ACEN and BWPC amounting to ₱805 million and ₱33 million, respectively, to fund various development and operating projects. SLTEC also made principal amortization payments (₱137.5 million) and cash sweep prepayment (₱500 million).
- **Lease Liability-net of current portion** increased mainly due to new office lease agreements with ALI.

- Majority of the balance of **deferred income tax liabilities** came from recognition on unrealized foreign exchange gains and right-of-use assets of the Group as at period ended.
- **Other non-current liabilities** include ₱1.13 billion trade payables in relation to a Multilateral Agreement signed by the Group, PEMC and other WESM participants. These also include contract liabilities and asset retirement obligations related to solar operations.
- **Capital stock and additional paid in capital** increased by 2.27 billion shares at ₱2.37 from SRO, 4 billion shares at ₱2.97 from the private placement with Arran and 1.58 billion shares at ₱6.50 from FOO. Proceeds from the SRO were used to fund ongoing Solar Power Projects of Solarace1, Gigasol3 and Greencore 3 Power Solutions, Inc. as well as other projects such as investment into a renewable energy laboratory, and funding for up to U.S.\$100 million for new technology investments in the Philippines. ACEN plans to utilize the proceeds of the Private Placement as follows:
 - o Funding of the development and construction of the Group's renewable energy projects, including its Arayat solar project in Pampanga and Bayog wind project in Ilocos Norte, as well as possible expansions of existing plants and acquisition of other operating plants, of approximately up to ₱10 billion, estimated to be used in the 1st half of 2021 at the earliest;
 - o Repayment of debt drawn earlier to fund development funding requirements; and
 - o Funding of working capital requirements and for general corporate purposes of approximately up to ₱500 million, estimated to be used in the first quarter of 2021 at the earliest.

Proceeds from FOO will be used to partially fund the development of renewable power projects in the pipeline and inorganic growth opportunities in and when they arise, repayment of loans and reduction of payables, and other general corporate requirements.

- The movement in **other equity reserves** pertain to the impact of the share swap transaction with ACEIC to acquire the latter's ownership interest in various international business and assets ("Offshore Companies") in exchange for ACEN's issuance of additional primary shares via a tax-free exchange, which rendered prior period restatement to account for the retroactive impact. This business combination of entities under common control had a ₱48.08 billion excess impact over subscription price from the acquisition.
- The decrease in **unrealized FV loss on equity instruments at FVOCI** came from mark-to-market loss for UPC Sidrap for the current period and reversal of unrealized fair value gain upon redemption of AYCFL shares.
- **Unrealized fair value gain on derivative instruments designated under hedge accounting** increased from its mark-to market gain in proportion to hypothetical value of the coal swap prices of the derivative contracts as at period end.
- The decrease in **accumulated share in other comprehensive loss of associates and joint ventures** came from share in remeasurement loss from defined benefit obligation of associate and joint venture.
- **Remeasurement loss on defined benefit plan** increased parallel to various actuarial loss and loss on return on plan assets.
- **Retained earnings** increased from resulting net income earned for the period offset by ₱1.20 billion dividends declared last March 19, 2021 and paid last April 19, 2021.
- **Treasury shares** decreased during the period through the offer of secondary shares during the FOO.
- **Non-controlling interests'** are mainly comprised of redeemable preferred shares of ACEC held by ACEFIL. Non-controlling interests' share in net income amounted to ₱1.42 billion, which was offset by dividends totaling ₱1.15 billion.

Key Performance Indicators

The key performance indicators of ACEN and its majority owned subsidiaries, as consolidated, are the following:

Key Performance Indicator	Formula	30-Jun-21 Unaudited	31-Dec-20 As restated	Increase (Decrease)	
				Amount	%
Liquidity Ratios					
Current Ratio	Current assets	7.43	4.83	2.60	54%
	Current liabilities				
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets	7.13	4.59	2.54	55%
	Current liabilities				
Solvency Ratios					
Debt/Equity ratio	Total liabilities	0.26	0.36	(0.10)	(28%)
	Total equity				
Asset-to-equity ratio	Total assets	1.26	1.36	(0.10)	(7%)
	Total equity				
Interest Coverage Ratio	Earnings before interest & tax (EBIT)	6.20	4.57	1.63	36%
	Interest expense				
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents	(0.14)	(0.01)	(0.13)	1,300%
	Total Equity				

Key Performance Indicator	Formula	30-Jun-21	30-Jun-20	Increase (Decrease)	
		Unaudited	Unaudited	Amount	%
Profitability Ratios					
Return on equity*	Net income after tax attributable to equity holders of the Parent Company	—	—	—	—
	Average stockholders' equity				
Return on assets*	Net income after taxes	—	—	—	—
	Average total assets				
Asset Turnover	Revenues	8.64%	7.47%	1.17%	16%
	Average total assets				

*Computed on annual basis.

Current ratio & Acid test ratio

Current ratio & acid test ratio increased due to higher liquid assets such as cash and cash equivalents at period end alongside the decrease in current liabilities primarily from short-term loans repayment.

Debt/Equity ratio & Asset-to-equity ratio

D/E ratio dropped with lower total liabilities and higher equity accounts, including net income for the period. Asset-to-equity ratio also declined as the increase in equity outpaced the increase in total assets.

Interest coverage ratio

Higher net income before interest and taxes coupled with lower interest expense following debt settlements yield to higher interest coverage ratio for the current period.

Net bank debt to equity ratio

The decrease in total debt and increase in cash and cash equivalents combined with higher capital accounts and retained earnings at period-end resulted to the drop in the ratio.

Asset turnover

Asset turnover's increase mainly attributable to the Group's efficiency in generating revenue from its assets, alongside the inclusion of international operations to ACEN.

Material events and uncertainties

- There were no events that triggered direct or contingent financial obligation that was material to the Group. There were no contingent assets or contingent liabilities since the last annual balance sheet date.
- There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Parent Company with unconsolidated entities or other persons created during the reporting period.
- There were no material events that had occurred subsequent to the balance sheet date except for the events after the reporting period disclosed in the Interim Condensed Consolidated Financial Statements.
- ACEN has material commitments to invest in capital expenditure projects mainly in the following:
 - o 120MWdc solar power project in Alaminos, Laguna through Solarace1;
 - o 150MW diesel plant in Pililla, Rizal through IPHI, a joint venture of ACEN, ACE Endeavor and APHPC
 - o 60MWdc solar power project in Palauig, Zambales through Gigasol3;
 - o 50MWac (72MWdc) solar power project in Arayat and Mexico, Pampanga through Greencore 3, a joint venture of ACEN, ACE Endeavor and Citicore;
 - o 500MW solar power project in San Marcelino, Zambales through Santa Cruz Solar;
 - o 2x20 MW Alaminos Battery Energy Storage System (BESS) Project through Giga Ace 4;
 - o Investment in 160MW Balaoi wind project through BWPC;
 - o Investment into 4MW renewable energy laboratory in Bataan through BSEI;
 - o 521MWdc New England Solar Farm (NESF) located near Uralla in New South Wales through UPC-ACE Australia, a joint venture of ACEN and UPC Renewables Australia.

- o Various Vietnam wind farms:
 - ♠ 252MW wind farm in Quang Binh through AMI Renewables Energy Joint Stock Company
 - ♠ 88MW wind farm in Ninh Thuan through BIM Energy Joint Stock Co. (“BIME”)
 - o Funding of up to U.S.\$100 million for new technology investments in the Philippines. Refer to Notes to Consolidated Financial Statements for the details.
- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations
 - The results of operations of ACEN and its subsidiaries depend to a significant extent, on the performance of the Philippine economy.
 - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and community quarantines resulted in lower demand for electricity and have driven market prices of electricity downward.
 - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Group’s financial results.
- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant’s liquidity increasing or decreasing in any material way - The Group is developing a line-up of renewable energy projects as part of its growth aspiration. The capital expenditures shall be funded by a combination of equity and debt. Several capital raising activities were executed in 2021: the 2.27 billion shares sold through SRO, the subscription by Arran to 4 billion primary shares pursuant to a private placement, and the issuance of 1.58 billion primary shares for FOO.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or results of operations.
- There were no operations subject to seasonality and cyclicity except for the operation of wind farms. The wind regime is high during the northeast monsoon (“amihan”) season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon (“habagat”).

ANNEX C

AC Energy Corporation (“ACEN” or the “Company”) (For Q2 2021)

1. April 12, 2021 – Public Ownership Report for the Quarter ended March 31, 2021
2. April 15, 2021 – List of Top 100 stockholders for the period ended March 31, 2020
3. April 16, 2021 – Disbursements of the proceeds generated from the Company's Stock Rights Offering
4. April 20, 2021 – Results of the Annual Stockholders' Meeting held on April 19, 2021
 - a. Approval of the minutes of previous meeting
 - b. Annual Report of Officers including the 2020 Audited Financial Statements
 - c. Ratification of the Acts of the Board of Directors and Officers
 - d. Approval of the Amendment to the Seventh Article of the Articles of Incorporation
 - i. to increase the authorized capital stock of the Corporation from ₱24.4 billion divided into 24.4 billion common shares at a par value of ₱1.00 per share to ₱48.4 billion divided into 48.4 billion common shares at a par value of ₱1.00 per share; and
 - ii. to increase the number of shares exempt from the preemptive right of shareholders in relation to shares issued in exchange for property needed for corporate purposes or in payment of a previously contracted debt from 16 billion shares to 24 billion shares
 - e. Approval of the Issuance of 4 Billion Common Shares to Arran Investment Pte Ltd
 - f. Approval of the Issuance of 1,580,000,000 Primary Common Shares Pursuant to the Corporation's Follow-On Offering
 - g. Approval of the Issuance of 16,685,800,533 Common Shares to AC Energy and Infrastructure Corporation ("ACEIC") in Exchange for ACEIC's International Renewable Energy Assets and Investments
 - h. Approval of the Waiver of the Requirement to Conduct a Rights or Public Offering of Shares in Relation to the Issuance of 16,685,800,533 Shares to ACEIC in Exchange for ACEIC's International Renewable Energy Assets and Investments
 - i. Approval of the Stock Ownership Plan
 - j. Approval of the Delegation of Power and Authority to Amend the Company's By-Laws to the Board of Directors
 - k. Election of Directors (including Independent Directors)

Fernando Zobel de Ayala
Jaime Augusto Zobel de Ayala
Jose Rene Gregory D. Almendras
Cezar P. Consing
John Eric T. Francia
John Philip S. Orbeta
Nicole Goh Phaik Khim
Consuelo D. Garcia (Independent Director)
Ma. Aurora D. Geotina-Garcia (Independent Director)
Sherisa P. Nuesa (Independent Director)
Melinda L. Ocampo (Independent Director)

- l. Appointment of SyCip Gorres Velayo & Co. as the External Auditor of the Company for the year 2021 and Fixing of its Remuneration



5. April 20, 2021 – Results of the Organizational Meeting of the Board of Directors held on April 19, 2021

a. Appointment of Officers

Fernando Zobel de Ayala	Chairman, Board of Directors
Jaime Augusto Zobel de Ayala	Vice-Chairman, Board of Directors
John Eric T. Francia	President & CEO
Maria Corazon G. Dizon	Treasurer & CFO; Compliance Officer; Chief Risk Officer
Solomon M. Hermosura	Corporate Secretary
Dodjie D. Lagazo	Assistant Corporate Secretary 1 and Head of Legal and Regulatory
Alan T. Ascalon	Assistant Corporate Secretary 2, VP-Legal and Data Privacy Officer
Jose Maria Eduardo P. Zabaleta	Chief Development Officer
Roman Miguel G. de Jesus	Head of Commercial Operations
Gabino Ramon G. Mejia	Head of Plant Operations
Irene S. Maranan	Head of Corporate Communications and Sustainability
Peter M. Buenaseda	Chief Human Resources Officer
Ronald F. Cuadro	VP-Finance and Controller
Henry T. Gomez, Jr.	Chief Audit Executive

b. Appointment of Chairpersons and Members of the Board Committees:

Executive Committee

Fernando Zobel de Ayala	Chairperson
Jaime Augusto Zobel de Ayala	Member
John Eric T. Francia	Member
Cezar P. Consing	Member

Personnel and Compensation Committee

Consuelo D. Garcia	Chairperson
Cezar P. Consing	Member
Sherisa P. Nuesa	Member

Audit Committee

Ma. Aurora D. Geotina-Garcia	Chairperson
Consuelo D. Garcia	Member
Nicole Goh Phaik Khim	Member

Board Risk Management and Related Party Transaction Committee

Sherisa P. Nuesa	Chairperson
Nicole Goh Phaik Khim	Member
Melinda L. Ocampo	Member

Corporate Governance and Nomination Committee

Consuelo D. Garcia	Chairperson
Melinda L. Ocampo	Member
Sherisa P. Nuesa	Member

c. Appointment of Ms. Sherisa P. Nuesa as the lead independent director

- d. Recoveries of ACEIC covering the period May 1 to December 31, 2021
 - e. Execution of a Power Supply Agreement between the Company and DirectPower Services, Inc.
 - f. Authorization of the Company's wholly-owned subsidiary, Buendia Christiana Holdings Corp., to execute an Option to Lease Agreement, and eventually, a Lease Agreement, with Tabangao Realty Inc. for properties in Brgy. Malaya, Pililla, Rizal and in Brgy. Libjo, Batangas City
 - g. Approval of the Investment of ₱4.5 billion into Santa Cruz Solar Energy Inc. and the issuance of a notice to proceed for the development, mobilization, design and construction of the access and infrastructure and grid connection facilities of a solar power project to be located in San Marcelino, Zambales
-
- 6. April 20, 2021 – Submission of SEC Form 23-A of Cezar P. Consing
 - 7. April 20, 2021 – Amendment of the disclosure on the amendment of the Company's Articles of Incorporation to reflect the stockholders' approval during the Company's Annual Stockholders' Meeting held on April 19, 2021
 - 8. April 20, 2021 – Stockholders' Approval of the Company's Follow-On Offering
 - 9. April 20, 2021 – Stockholders' Approval of the Property-for-Share Swap between the Company and ACEIC
 - 10. April 21, 2021 – Amendment of the disclosure on the results of the organizational meeting of the Board of Directors to correct the shareholdings of Mr. Ronald F. Cuadro to 900,000 indirect shares
 - 11. April 21, 2021 – Submission of SEC Form 23-A of Ronald F. Cuadro
 - 12. April 23, 2021 – Clarification of the news article in philSTAR.com on April 23, 2021 entitled "AC Energy gets SEC approval for P16.4 billion follow-on offering"
 - 13. April 26, 2021 - Update on Corporate Actions/Material Transactions/Agreements - Company's Follow-on Offering
 - 14. April 27, 2021 – Update on Corporate Actions/Material Transactions/Agreements - Property-for-Share Swap between the Company and ACEIC
 - 15. April 27, 2021 – Press release on AC Energy's Luzon solar projects
 - 16. April 28, 2021 – Notice of Investors' Briefing on May 3, 2021
 - 17. April 29, 2021 – Update on Corporate Actions/Material Transactions/Agreements - Executive Committee Approval of Follow-On Offer Price
 - 18. April 30, 2021 – Annual Report for the fiscal year ended December 31, 2020
 - 19. May 5, 2021 – Press Release on the Company's Follow-on Offering
 - 20. May 11, 2021 – Notice of Analysts' Briefing on May 14, 2021
 - 21. May 14, 2021 – Quarterly Report for the quarterly period ended March 31, 2021
 - 22. May 17, 2021 – Press release on completion of the Company's Follow-on Offering
 - 23. May 17, 2021 – Public Ownership Report reflecting results of the completion of the Company's Follow-on Offering
 - 24. May 18, 2021 – Submission of SEC Form 23-B of Fernando Zobel de Ayala
 - 25. May 19, 2021 – Press release on start of construction of the 160 MW Balaoi & Caunayan wind farm
 - 26. May 20, 2021 – Subscription by the Company to shares in Pagudpud Wind Power Corp.
 - 27. May 24, 2021 – Submission of SEC Form 23-B of ACEIC
 - 28. May 24, 2021 – Disposition of Bulacan Power Generation Corporation of 30,248,617 shares of the Company
 - 29. June 8, 2021 – Submission of SEC Form 23-B of Arran Investment Pte Ltd

30. June 9, 2021 – Executive Committee’s approval of conversion of advances to One Subic Power Generation Corporation into equity
31. June 11, 2021 – Amendment of the disclosure on the amendment of the Company’s Articles of Incorporation to reflect the Securities and Exchange Commission’s approval of the increase in authorized capital stock dated June 7, 2021 and the Company’s receipt thereof on June 10, 2021
32. June 16, 2021 – Subscription by the Company to shares in Buendia Christiana Holdings Corp.
33. June 18, 2021 – Press release on Negros Island Biomass Holdings Inc.’s divestment from biomass power companies
34. June 24, 2021 – Submission of SEC Form 23-B of Melinda L. Ocampo
35. June 28, 2021 – Omnibus Loan and Security Agreement among the Company, Provincia Investments Corporation, and Solar Philippines Power Project Holdings, Inc.