COVER SHEET

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SEC Registration Number

ACEN CORPORATION AND SUBSIDIARIES

(Company's Full Name)

35TH FLOOR, AYALA TRIANGLE GARDENS TOWER 2, PASEO DE ROXAS CORNER MAKATI AVENUE, MAKATI CITY 1226

(Business address: No. Street City / Town / Province)

ATTY. ALAN T. ASCALON	**(632) 7730-6300**
Contact Person	*Company's Telephone Number*

1 2	**3 1**	**17-A**	**0 4**	**2 4**
Month	Day	Form Type	Month	Day

Not Applicable

(Secondary License Type, If Applicable)

CFD	**-**
Dept. Requiring this Doc.	*Amended Articles Number/Section*

Total Amount of Borrowings

4,205	**-**	**-**
Total No. of Stockholders	*Domestic*	*Foreign*

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

CASHIER

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

CERTIFICATION

I, Kyla Kamille U. Samson, Assistant Vice-president for Finance and Controller of **ACEN CORPORATION** (the "Company") with SEC registration number 069-039274 and principal office at 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City, do hereby certify and state that:

1) In compliance with Securities and Exchange Commission (SEC) Memorandum Circular No. 2, series of 2024, the Company is timely filing its 2023 SEC Form 17-A by sending the same (in portable document format through email to ictdsubmission@sec.gov.ph and by uploading the same through the PSE EDGE in accordance with the relevant PSE rules and procedures.

2) The information contained in the attached SEC Form 17-A is true and correct to the best of my knowledge.

3) I am executing this certification this April 11, 2024 to attest to the truthfulness of the foregoing facts and for whatever legal purpose it may serve.

Kyla Kamille U. Samson
Controller

35F Tower 2
Ayala Triangle Gardens
Paseo de Roxas cor. Makati Ave.
Makati City, Philippines 1226

SEC Number: 069-039274
File Number: __________

ACEN CORPORATION
(Company's Full Name)

35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City
(Company's Address)

(632) 7730-6300
(Telephone Number)

2023 December 31
(Fiscal Year ending) (month & day)

SEC FORM 17-A
(Form Type)

___

Amendment Designation (If Applicable)

2023 December 31
(Period Ended Date)

___

(Secondary License Type and File Number) /

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1.	For the fiscal period ended	**December 31, 2023**
2.	Commission identification number	**069-039274**
3.	BIR Tax Identification No.	**000-506-020-000**
4.	Exact name of issuer as specified in its charter	**ACEN CORPORATION**
5.	Province, country or other jurisdiction of incorporation or organization	**Metro Manila, Philippines**
6.	Industry Classification Code:	(SEC Use Only)
7.	Address of issuer's principal office	**35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City** Postal Code: **1226**
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	**AC Energy Corporation**

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	
Common	**: 39,677,394,773 shares**
Series A Preferred Shares	**: 8,341,500 shares**
Series B Preferred Shares	**: 16,658,500 shares**
Amount of debt outstanding	**: ₱10 billion – registered in the Philippine SEC and listed in PDEX**

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

Yes [**X**] No [ ]

Stock Exchange	Philippine Stock Exchange
Classes of Securities Listed	Common shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that the registrant was required to file such reports);

Yes [**X**] No [ ]

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

Yes [**X**] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form (As of December 31, 2023, Php42,279,088,463 equivalent to the total number of shares in the hands of the public based on the Company's Public Ownership Report, multiplied by the average price of the last trading day).

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission. **Not applicable**

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of the SEC Form 17-A into which the document is incorporated:

2023 Consolidated Financial Statements of ACEN CORPORATION and Subsidiaries
2023 Opinion on and Individual Supplementary Schedules
2023 Financial Statements of ACEN CORPORATION (with BIR ITR Filing Reference)
2023 Consolidation Financial Statements of ACEN Renewables International Pte. Ltd. and Subsidiaries

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PART I BUSINESS AND GENERAL INFORMATION

Item 1. Business

ACEN CORPORATION ("ACEN" or the "Company", formerly AC Energy Corporation) is a corporation duly organized and existing under Philippine law with Securities and Exchange Commission ("SEC") Registration No. 069-39274 and listed with the Philippine Stock Exchange ("PSE") with ticker symbol "ACEN" (formerly "ACEPH").

As of 29 February 2024, AC Energy and Infrastructure Corporation ("AC Energy", formerly AC Energy, Inc.) owns 58.12% of the outstanding capital stock of the Company.[1] AC Energy is a Philippine corporation wholly owned by Ayala Corporation. AC Energy, its subsidiaries, and affiliates (the "AC Energy Group") manages a diversified portfolio of renewable and conventional power generation projects and engages primarily in power project development operations and in other businesses located in the Philippines, Australia, Vietnam, India, and Indonesia, as well as other countries.

The Company manages diversified portfolio power plants with renewable and conventional sources. As of 31 December 2023, the Company had an attributable capacity of 4,733 MW from owned projects in operation and under construction across the region, which includes strategic investments in renewable and conventional power generation projects.

The Company is not subject of any bankruptcy, receivership, or similar proceedings.

History and Corporate Milestones

The Company was incorporated on 8 September 1969 and was originally known as "Trans-Asia Oil and Mineral Development Corporation," reflecting its original purpose of engaging in petroleum and mineral exploration and production. In order to diversify its product and revenue portfolio, the Company invested in power generation and supply, which eventually became its main business and revenue source. On 11 April 1996, the Company's name was changed to "Trans-Asia Oil and Energy Development Corporation." On 22 August 2016, the Company changed its name to "PHINMA Energy Corporation," and extended its corporate life by another fifty (50) years.

AC Energy was designated in 2011 as Ayala Corporation's vehicle for investments in the power sector to pursue greenfield, as well as currently operating, power related projects for both renewable and conventional technologies in various parts of the Philippines. From 2011 to 2019, AC Energy has grown from a Philippine energy company to a regional player with investment, development, and operation capabilities in the Asia Pacific Region. In addition to capacity held under ACEN, AC Energy has over ~1,400MW in attributable capacity in operation and under construction located in Indonesia, Vietnam, and India, as well as 710MW of legacy coal assets.

In February 2019, PHINMA, Inc. ("PHI") disclosed the signing of an agreement on the sale of approximately 51.48% of outstanding shares in the Company held collectively by PHINMA Corporation ("PHN") and PHI to AC Energy of the Ayala Group. AC Energy is a corporation engaged in the business of managing a diversified portfolio of renewable and conventional power generation projects and in power project development and operations. AC Energy is ACEN's partner in the South Luzon Thermal Energy Corporation ("SLTEC") coal plant venture. AC Energy, which is fully committed to the energy sector, was in the best position to grow the Company and viewed ACEN as a strategic fit into its own business.

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[1] On 10 May 2022, ACEIC sold 1,861,000,000 ACEN shares to ACEIC's parent company, Ayala Corporation ("AC"), pursuant to a regular block sale. ACEIC retained beneficial ownership of the shares being a 100% subsidiary of AC. On 29 April 2022, AC then declared these 1,861,000,000 ACEN shares as property dividends to its shareholders as of 27 May 2022.

As of 29 February 2024, AC has distributed a total of 1,744,765,582 ACEN shares to its qualified shareholders pursuant to its Declaration of Property Dividends as disclosed under AC's PSE Edge Disclosure Report No. C00247-2023 dated 10 January 2023.

As of 29 February 2024, ACEIC has a total of 23,061,956,078 ACEN shares, of which 116,234,418 are indirect shares, corresponding to 58.12% of the Company's outstanding shares. The indirect shares are the remaining ACEN shares that were declared by AC as property dividends but have yet to be distributed to its stockholders as disclosed under AC's PSE Edge Disclosure Report No. C00247-2023 dated 10 January 2023. Until such actual distribution, ACEIC retains beneficial ownership of the indirect shares, being a 100% subsidiary of AC.

On 24 June 2019, AC Energy acquired the 51.48% combined stake of PHI and PHN in the Company for a total purchase price of PhP 3,669,125,213.19. In addition, AC Energy acquired an additional 156,476 Company shares under the mandatory tender offer which ended on 19 June 2019, and subscribed to 2.632 billion Company shares thereafter.

At the annual stockholders' meeting held on 17 September 2019, as the Company marked its 50th year in the business and following AC Energy's acquisition of a controlling stake in the Company, the Company's management was formally transferred from the PHINMA Group to the Ayala Group, in particular to AC Energy. At the same meeting, the stockholders of the Company voted to rename the Company to "AC Energy Philippines, Inc." to recognize its affiliation with its largest stockholder, AC Energy. The SEC approved the change of name of the Company on 11 October 2019. On 20 April 2020, the stockholders of the Company voted to rename the Company to "AC Energy Corporation" to emphasize that the business and operations of the Company are no longer limited to the Philippines but are also in other countries in the Asia Pacific region. The SEC approved the change of name of the Company on 5 January 2021. On 15 December 2021, the stockholders of the Company voted to rename the Company to "ACEN CORPORATION" in recognition of the Company being one of Ayala's core businesses, and the attainment of a standalone brand and identity. The SEC approved the change of the Company's name on 20 July 2022.

AC Energy and ACEN executed an Amended and Restated Deed of Assignment effective as of 9 October 2019 under which, in exchange for the issuance of 6,185,182,288 shares of ACEN, AC Energy will transfer certain of its onshore operating and development companies to ACEN (the "AC Energy-ACEN Exchange"). On 30 October 2020, the BIR issued a ruling confirming that the AC Energy-ACEN Exchange qualifies as a tax-free exchange under the National Internal Revenue Code. Subsequently, the SEC approved the issuance of the shares on 21 December 2020. On 28 January 2021, the shares issued pursuant to the AC Energy-ACEN Exchange were listed on the Exchange.

The following table sets forth the Company's corporate milestones post AC Energy's acquisition of a controlling stake therein:

Year	Milestones
2019	(A) ACEN enters into two power supply agreements ("PSAs") with Meralco for (1) a baseload supply of 200MW from 26 December 2019 until 25 December 2029, and (2) a mid-merit supply of 110MW from 26 December 2019 until 25 December 2024, after being declared a winning bidder in separate competitive selection process bidding by Meralco. The PSAs are subject to the approval of the ERC. (B) AC Energy assigns its right to purchase the 20% ownership stake of Axia Power Holdings Philippines Corporation ("Axia Power"), a subsidiary of Marubeni Corporation, in SLTEC in favor of ACEN, subject to satisfaction of conditions precedent. (C) AC Energy, through ACEN, enters into a share purchase agreement with Macquarie Infrastructure Holdings (Philippines) Pte. Limited, Langoer Investments Holding B.V., and the Government Service Insurance System (collectively, the Philippine Investment Alliance for Infrastructure or "PINAI") for the acquisition of PINAI's 31% effective preferred equity ownership and 15% effective common equity ownership in North Luzon Renewables Energy Corp. ("North Luzon Renewables"), subject to the satisfaction of conditions precedent.
2020	(D) ACEN completes its acquisition of PINAI's ownership in North Luzon Renewables). (E) ACEN completes its acquisition of PINAI's entire ownership in San Carlos Solar Energy, Inc. ("SACASOL") and Negros Island Solar Power, Inc. ("ISLASOL"), respectively. (F) ACEN and its subsidiary, ACE Endevor, Inc. ("ACE Endevor") enter into a shareholders' agreement with Axia Power for the development, construction, and operation of Ingrid Power Holdings, Inc.'s ("Ingrid Power") 150 MW diesel power plant project in Pililla, Rizal, which is expected to be operational in the first quarter of 2021.

Year	Milestones	
	(G)	The Board of Directors of ACEN approves the consolidation of AC Energy's international business and assets into ACEN *via* a tax-free exchange, whereby AC Energy will transfer 100% of its shares of stock in AC Energy International (AC Energy's 100%-owned subsidiary holding AC Energy's international business and investments), consisting of 1,650,166,347 common shares and 15,035,347,600 redeemable shares, to ACEN in exchange for the issuance to AC Energy of additional common shares (the "AC Energy International Transaction"). The additional common shares shall be issued out of the increase of ACEN's authorized capital stock ("ACS") to Php 48,400,000,000.00 consisting of 48,400,000,000 with a par value of Php 1.00 per share. The AC Energy International Transaction and increase in ACS are subject to further Board and regulatory approvals.
	(H)	ACEN, AC Energy, and Arran Investment Pte Ltd ("Arran"), an affiliate of GIC Private Limited, sign an investment agreement for Arran's acquisition of an effective 17.5% ownership stake in ACEN (the "Arran Investment"). The 17.5% ownership stake is on a fully-diluted basis assuming that the Follow-On Offering, as hereinafter defined, and the AC Energy International Transaction have been completed.
2021	(I)	ACEN enters into (1) a Deed of Absolute Sale of Shares with Solar Philippines Power Project Holdings, Inc. ("SP") for the Company's acquisition of SP's 244,000 common shares in Solar Philippines Central Luzon Corporation ("SPCLC"), and (2) a Subscription Agreement with SPCLC for ACEN's subscription to 375,000 common shares to be issued out of the unissued ACS of SPCLC. The acquisition and subscription will allow ACEN to have a significant ownership in SPCLC and is meant to implement the joint venture between ACEN and SP for the development and operation of solar power projects in the Philippines.
	(J)	ACEN completes a rights offer of 2,267,580,434 common shares (the "SRO"), raising around Php 5.4 billion to partially fund at least six renewable energy projects.
	(K)	The Executive Committee of ACEN, pursuant to authority delegated by the Board, approves a follow-on offering price range of Php 6.00 to Php 8.20 per share (the "Follow-On Offering" or the "FOO"). On 8 February 2021, the Company submitted a registration statement for up to 2,430,248,617 common shares (primary and secondary shares with over-allotment) with the SEC. On 18 March 2021, the Board approved the primary share issuance size of 1,580,000,000 common shares.
	(L)	Arran Investment Pte. Ltd. ("Arran"), an affiliate of GIC Private Limited, agrees to acquire a 17.5% interest in ACEN, subject to satisfaction of certain conditions. On 18 March 2021, pursuant to the Investment Agreement that ACEN signed with Arran, Arran subscribed to 4 billion common shares of ACEN at a price of Php 2.97 per common share through a private placement (the "Private Placement"), for an aggregate value or consideration of Php 11.88 billion. The subscription price was offered by Arran pursuant to its binding offer on 10 November 2020, and which offer was approved by the BOD of ACEN during its meeting on 11 November 2020.
	(M)	ACEN signs a shareholders' agreement with Citicore Solar Energy Corporation ("CSCE") and Greencore Power Solutions 3, Inc. ("Greencore 3") for the development, construction, and operation of a PV solar power plant in Arayat and Mexico, Pampanga with an installed nominal capacity of 50 MWac.
	(N)	In April 2021, ACEN signs a Deed of Assignment with AC Energy and Infrastructure Corporation ("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.

Year	Milestones
	(O) The SEC approves ACEN's increase in authorized capital stock 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. (P) In May 2021, ACEN completes 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 Generation Corporation ("BPGC") pursuant to a secondary offer, and an over-subscription of 100 million secondary shares sold by ACEIC. (Q) In September 2021, ACEN, through its wholly-owned subsidiary, ACEN Finance Limited, successfully issues its U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Green Bonds (the Bonds) at an aggregate principal amount of US$400.0 million, with a fixed coupon of 4.0% for life, with no step-up and no reset, priced at par. The Bonds are issued under its US$1.5-billion medium-term note program, are guaranteed by ACEN, and are listed on Singapore Exchange Securities Trading (SGX-ST). Pricing for the bonds was at 4.0%, which was 45 basis points tighter than the initial price guidance. The final order book volume exceeded US$2.0 billion (more than 5 times oversubscribed), attracting a wide range of high-quality investors. (R) At the Special Stockholders' Meeting ("SSM") held on 15 December 2021, stockholders approve the issuance of ACEN primary shares to the owners, affiliates, and/or partners of UPC Renewables Asia Pacific Holdings Pte Ltd ("UPCAPH"), UPC Philippines Wind Investment Co. BV ("UPC Philippines") and the minority investors in NorthWind Power Development Corporation ("NorthWind Minorities"). In separate transactions, ACEN (directly or indirectly through its subsidiaries) enters into agreements to acquire the ownership interests of UPCAPH, UPC Philippines and the NorthWind Minorities in various operating and development companies (in Australia for UPCAPH, and in the Philippines for UPC Philippines and the NorthWind Minorities). These transactions have already been completed (first stage for the transaction with UPCAPH) and increased ACEN's attributable capacity by ~154 MW and pipeline by ~4,200 MW in net dependable capacity.
2022	(S) In September 2022, the Company successfully issues and lists its maiden peso-denominated ASEAN Green Bonds at an aggregate principal amount of Php 10 billion, with a fixed interest rate of 6.0526% per annum for a five-year tenor, under its Php 30 billion Debt Securities Program registered with the SEC. The Green Bonds were 8.6 times oversubscribed as a result of robust demand for the issuance, with strong participation from leading institutional investors. The Green Bonds are listed on the Philippine Dealing and Exchange Corp. (PDEx) platform. The Green Bonds were 8.6 times oversubscribed as a result of robust demand for the issuance, with strong participation from leading institutional investors. The Green Bonds are listed on the Philippine Dealing and Exchange Corp. (PDEx) platform. The Green Bonds comply with ASEAN Green Bond Standards, which require proceeds to be used exclusively for the funding of eligible green projects. The Green Bonds have been rated 'PRS Aaa' by the Philippine Rating Services Corporation, the highest possible rating. (T) In November 2022, the Company completes the world's first market-based Energy Transition Mechanism (ETM) transaction which will enable the early retirement of its remaining coal plant. This entailed the full divestment of ACEN's equity stake in the 246 MW SLTEC coal plant, bringing the Company closer to its commitment of 100% renewables generation by 2025. The entire ₱7.2 billion of proceeds received by ACEN will be reinvested in its renewable energy projects.

Year	Milestones
	As part of the ETM structure, the facility is scheduled to be retired and transitioned to a cleaner technology by 2040, essentially cutting in half its intended operating life as a coal plant of 50 years. This will help avoid or reduce up to 50 million metric tons of carbon dioxide emissions.
2023	(U) On February 1, 2023, AC Renewables International Pte Ltd ("ACRI") and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-ACE Australia, which completes the second and final tranche of ACRI's acquisition of ACEN Australia. The acquisition transformed the previously UPC Renewables Australia Pty. Ltd. joint venture into ACEN Australia Pty. Ltd., the Group's first wholly owned development and operating platform outside of the Philippines. (V) In March 2023, ACEN signed a partnership with BrightNight, a US-based renewable power company, to develop, construct, and operate at least 1.2 GW of large-scale hybrid wind-solar and round-the-clock renewable power projects in India. (W) That same month, ACEN, through joint venture company UPC Power, signed a Purchase and Sale Agreement with GlidePath for the acquisition of a portfolio of eight operating wind projects totaling 136 MW in northern Texas, USA, subject to regulatory approvals. This milestone marks ACEN's anticipated entry into the fast-growing American renewables market as it expands its geographic footprint beyond the Asia Pacific region. On June 1, 2023, regulatory approval from the U.S. FERC was received. (X) ACEN recently announced the completion of a robust Net Zero roadmap that includes near-term emission reduction targets aligned with the GHG Protocol and the latest climate-science and long-term targets that are consistent with the deep decarbonization of the power sector. This makes ACEN the first energy company in Southeast Asia to take this critical step towards achieving Net Zero, providing an accountable and transparent framework for monitoring progress.

DESCRIPTION OF PRINCIPAL BUSINESSES

POWER BUSINESS

The principal product of power generation and supply is the electricity produced and delivered to the end-consumers. It involves the conversion of fuel or other forms of energy to electricity, or the purchase of electricity from power generation companies and the Philippine Wholesale Electricity Spot Market ("WESM").

ACEN conducts its power generation and supply activities directly or through its subsidiaries, associates, and joint ventures. In 2023, attributable output reached 4,656 gigawatt-hours (GWh) from 3,751 GWh in 2022. This includes generation from international plants of 3,328 GWh, up from 2,542 GWh the previous year.

The following tables set forth selected data on the Company's power generation portfolio in operation and under construction as of 31 December 2023, totaling 4,733 MW. This includes owned assets only, and not leased units.

Plant	Class	Technology	Geography	Status	Net Dependable Capacity (MW)	Approx. Economic Interest	Attributable Capacity (MW)
North Luzon Renewables	Renewable	Wind	Philippines	Operating	**81**	81%	66
Guimaras Wind	Renewable	Wind	Philippines	Operating	**54**	100%	54
Northwind Power	Renewable	Wind	Philippines	Operating	**52**	100%	52
Islasol	Renewable	Solar	Philippines	Operating	**80**	60%	48
Sacasol	Renewable	Solar	Philippines	Operating	**45**	100%	45
Montesol	Renewable	Solar	Philippines	Operating	**18**	100%	18
Alaminos Solar	Renewable	Solar	Philippines	Operating	**120**	100%	120
Palauig 1 Solar	Renewable	Solar	Philippines	Operating	**63**	100%	63
Arayat-Mexico Solar[1]	Renewable	Solar	Philippines	Operating	**116**	50%	58
ACEN RE Tech Hub	Renewable	Solar	Philippines	Operating	**4**	100%	4
Maibarara Geothermal	Renewable	Geothermal	Philippines	Operating	**32**	25%	8
Bulacan Power	Thermal	Diesel	Philippines	Operating	**48**	100%	48
CIP II	Thermal	Diesel	Philippines	Operating	**20**	100%	20

Plant	Class	Technology	Geography	Status	Net Dependable Capacity (MW)	Approx. Economic Interest	Attributable Capacity (MW)
Alaminos Battery Storage	Renewable	Battery	Philippines	Operating	**40**	100%	40
Sitara Solar	Renewable	Solar	India	Operating	**140**	80%	112
Paryapt Solar	Renewable	Solar	India	Operating	**70**	80%	56
Sidrap Wind	Renewable	Wind	Indonesia	Operating	**75**	75%	56
Salak & Darajat Geothermal[2]	Renewable	Geothermal	Indonesia	Operating	**663**	15%	99
Ninh Thuan Solar	Renewable	Solar	Vietnam	Operating	**405**	50%	203
Khanh Hoa & Dak Lak	Renewable	Solar	Vietnam	Operating	**80**	80%	64
SUPER (Solar NT) First Phase Closing[3]	Renewable	Solar	Vietnam	Operating	**287**	49%	141
Mui Ne Wind	Renewable	Wind	Vietnam	Operating	**80**	80%	64
Quang Binh Wind	Renewable	Wind	Vietnam	Operating	**252**	80%	202
Ninh Thuan Wind (BIM Wind)	Renewable	Wind	Vietnam	Operating	**88**	65%	57
NEFIN	Renewable	Rooftop Solar	Various[4]	Operating	**71**	66%	47
Pagudpud Wind (Bayog/Balaoi)	Renewable	Wind	Philippines	Under Construction	**160**	100%	160
Capa Wind (Amihan)	Renewable	Wind	Philippines	Under Construction	**70**	81%	57
Palauig 2 Solar	Renewable	Solar	Philippines	Under Construction	**300**	100%	300
SanMar Solar	Renewable	Solar	Philippines	Under Construction	**585**	100%	585
Cagayan North Solar (CleanTech/NAREDCO)	Renewable	Solar	Philippines	Under Construction	**133**	80%	106
Pangasinan Solar (Sinocalan)	Renewable	Solar	Philippines	Under Construction	**60**	100%	60
New England Solar Farm (NESF) Phase 1	Renewable	Solar	Australia	Under Construction	**521**	100%	521
Stubbo Solar	Renewable	Solar	Australia	Under Construction	**520**	100%	520
Masaya Solar	Renewable	Solar	India	Under Construction	**420**	80%	336
Monsoon Wind	Renewable	Wind	Lao PDR	Under Construction	**600**	24%	146
Stockyard Wind	Renewable	Wind	United States	Under Construction	**136**	80%	109
NEFIN	Renewable	Rooftop Solar	Various[4]	Under Construction	**51**	80%	41
Lac Hoa & Hoa Dong Wind	Renewable	Wind	Vietnam	Under Construction	**60**	80%	48
						Grand Total	**4,733**

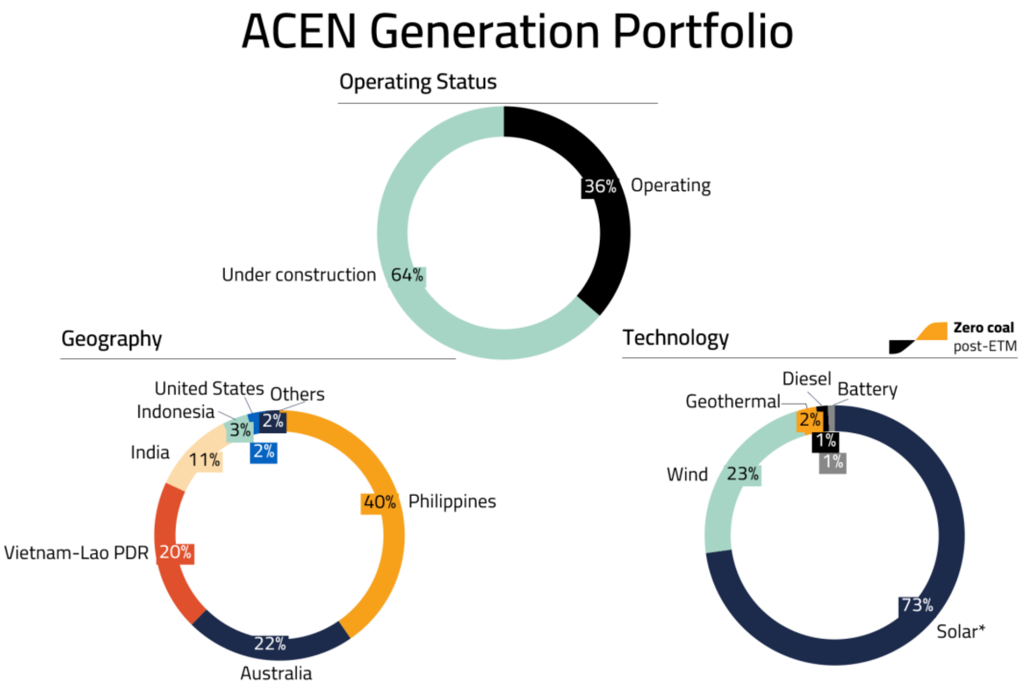
Notes:

1. Includes 44-MW expansion under construction.
2. Includes Salak Binary Plant under construction
3. Phases 2, 3, and 4 of the Solar NT acquisition are subject to completion of conditions precedent.
4. Comprises of Mainland China, Hong Kong, Malaysia, Thailand, Taiwan, and Singapore.

Renewable Energy Portfolio

As of 31 December 2023, the Company's portfolio of projects under its renewable energy ("RE") platform had a total net attributable capacity of approximately 4,733 MW renewable energy in operation and under construction. This includes owned assets only, and not leased units. ACEN's RE platform is divided into 3,447 MW of solar energy (including rooftop solar), 1,071 MW of wind power, and 107 MW of geothermal resources. The platform also contains 40 MW of battery storage linked to solar farms.

The charts below show the breakdown of the Company's power project portfolio per country, technology, and status (in terms of Net Attributable Capacity[2] as of 31 December 2023):



* Includes rooftop solar.

Renewable Energy Projects in Operation in the Philippines

Guimaras Wind

Background. Guimaras Wind Corporation ("GWC") was incorporated and registered with the SEC on 2 September 1994 to engage in developing and utilizing renewable energy and pursuing clean and energy-efficient projects. GWC was awarded by the Department of Energy ("DOE") Wind Energy Service Contract ("WESC") No. 2009-10-009, pursuant to which it developed the 54 MW San Lorenzo Wind Farm in Guimaras, Iloilo.

On 20 May 2013, the DOE confirmed the Declaration of Commerciality of the Guimaras Wind 54MW San Lorenzo Wind Project ("SLWP") in San Lorenzo, Guimaras under WESC No. 2009-10-009. The DOE confirmation affirms the conversion of said WESC from Pre-Development to Commercial Stage. On 7 October 2014, Guimaras Wind started delivering power to the grid from the commissioning operations of the first three units of wind turbine generators. On 16 February 2015, Guimaras Wind received from the DOE the confirmation of Commercial Operation starting 27 December 2014 for its 54 MW SLWP.

Power Offtaker / Energy Sales. Pursuant to Section 7 of Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008 (the "**RE Law**") and Section 5 of the RE Law Implementing Rules and Regulations ("IRR"), the ERC adopted and promulgated the FIT Rules. Eligible plants are entitled to the appropriate FIT administered and paid by the National Transmission Corporation ("TransCo"). On 10 June 2015, the wind farm was issued a Certificate of Endorsement for FIT Eligibility by the DOE. On 1 December 2015, GWC received its Certificate of Compliance ("COC")-FIT from the ERC which entitles the company to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning 27 December 2014, for a guaranteed period of 20 years until 26 December 2034. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rate in 2020 was ₱8.59/kWh and remains unchanged in 2021.

[2] Refers to gross capacity of owned assets, multiplied by ACEN's effective economic ownership. Does not include leased units.

Operations. Guimaras Wind started delivering power to the grid on 7 October 2014 during the commissioning operations of the first three units of wind turbine generators. The 54MW wind energy plant started Commercial Operations on 27 December 2014.

Maibarara Geothermal

Background. On 19 May 2010, the Company, PetroGreen Energy Corporation ("**PetroGreen**"), and PNOC Renewables Corporation ("**PNOC RC**") signed a joint venture agreement, a wholly-owned subsidiary of publicly-listed PetroEnergy, to form Maibarara Geothermal Inc. ("MGI"). MGI, with the following shareholding interests: PetroGreen - 65%; the Company - 25%; and PNOC RC - 10%, would develop and operate the Maibarara Geothermal Power Project ("**Maibarara Thermal Project**") pursuant to the geothermal renewable energy service contract awarded by the DOE to PetroEnergy, PetroGreen's parent company, and subsequently assigned by PetroEnergy to MGI. On 27 August 2019, the Company and MGI executed an Amendment to the Unit 1 Electricity Supply Agreement ("**ESA**") and Unit 2 ESA where the electricity fee rate structure was amended and the electricity supply period was amended until 25 June 2039.

Operations. Unit 1 and Unit 2 of Maibarara Project commenced commercial operation on 8 February 2014 and on 9 March 2018, respectively.

MonteSol

Background. In 2015, ACEIC entered into a subscription and shareholders' agreement with Visayas Renewables Corp. ("VRC") for the development, construction, and operation of the MonteSol Project, a solar power farm located in Bais City, Negros Oriental. This project is owned and operated by Monte Solar Energy Inc. ("MonteSol"). The first phase of the project was for an 18 MWdc solar power plant with a total project cost of ₱1.3 billion, which was completed in February 2016 and is currently dispatching its full capacity to partially meet the energy requirements of Dumaguete City and Cebu City. The Company believes that there is further potential for the expansion of the initial 18 MWdc solar power plant to up to 40 MWdc.

Power Offtaker / Energy Sales. On 26 May 2015 and 15 October 2015, the MonteSol Project secured the certificates of registration with the DOE and Board of Investments ("BOI"), respectively, as a renewable energy developer of solar energy resources. On 3 June 2016, the DOE certified the MonteSol Project as an eligible project under the feed-in tariff ("FIT") system. On 14 July 2016, the ERC issued a provisional authority to operate in favour of MonteSol and on 8 December 2016 qualified this to a provisional authority to operate as a renewable energy generation company, thereby entitling it to a FIT Rate of ₱8.69/kWh for a period of 20 years from 13 March 2016. On 6 February 2017, the company received final authority by way of its COC-FIT from the ERC and recognized revenues from energy sales using the FIT Rate.

Pursuant to Section 7 of the RE Law and Section 5 of the RE Law IRR, the ERC adopted and promulgated FIT rules. Eligible plants are entitled to the appropriate FIT Rate for its energy sales, which is administered and paid by the TransCo. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rate in 2020 was ₱10.12/kWh and remains unchanged in 2021.

Operations. The MonteSol Project started commercial operations in February 2016 initially at WESM prices until the receipt of the COC allowing the company to retroactively recognize revenue from generation starting from March 2016 at FIT Rate.

Northwind Power

Background. The wind farm currently has total of 26 wind turbines and is the first commercial wind farm ever established in Southeast Asia. Commercial operations started in June 2005 with 15 wind turbines (Phase 1) followed by an additional five turbines in August 2008 (Phase 2) and another six turbines in September 2014 (Phase 3), increasing the project's generation capacity to 51.9 MW.

Power Offtaker / Energy Sales. Northwind Power delivers all its generation to the national grid via its own 57-kilometre 69kV transmission line from its plant site in Bangui, Ilocos Norte to the substation of the NGCP in Laoag City, Ilocos Norte.

The tariff on the generation of Phases 1 and 2 is a FIT Rate of ₱5.76/kWh specific to the company, approved by the ERC in its decision dated 30 June 2014. The FIT Rate is valid for 20 years less the actual years of operation as provided for under the FIT Rules.

The tariff on the Phase 3 turbines is the national FIT Rate of ₱8.53/kWh and is valid for a period of 20 years. Annual adjustment to the FIT Rate is provided for under the FIT Rules. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rates in 2020 were ₱6.92/kWh and ₱9.90/kWh for Phases 1 and 2, respectively, and remain unchanged in 2021.

Operations. Phases 1 and 2 use Vestas turbines and have a total 33 MW of capacity and while Phase 3 uses Siemens turbines and have a total 18.9 MW of capacity.

North Luzon Renewables

Background. The North Luzon Renewables wind farm started commercial operations on 11 November 2014. The wind farm is comprised of 27 wind turbines with individual capacity of 3MW each. The power generated by the wind farm is supplied to the NGCP via its 62-kilometer, 115 kV transmission line from the project site to the NGCP substation in Laoag City, Ilocos Norte.

Power Offtaker / Energy Sales. On 11 December 2014, the DOE through the issuance of a certificate of endorsement certified the project as an eligible project under the feed-in-tariff ("FIT") system. In April 2015, NLR received the FIT COC from the ERC entitling the wind farm to a FIT Rate of ₱8.53/kWh for a period of 20 years. The FIT Rate covers the period from 11 November 2014 to 10 November 2034. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rate in 2020 is now ₱9.90/kWh.

IslaSol

Background. IslaSol owns a 32 MWdc solar farm in La Carlota City, Negros Occidental ("**IslaSol II**") and a 48 MWdc solar farm in Manapla, Negros Occidental ("**IslaSol III**"). IslaSol II and IslaSol III began their commercial operations on 29 March 2016 and 8 March 2016, respectively, and are currently dispatching their full capacity to the grid. IslaSol II uses a mix of JA Solar and Astronergy 260W solar panels, while IslaSol III uses JA Solar panels ranging from 265W to 275W.

Power Offtaker / Energy Sales. IslaSol II is connected to the Bacolod-San Enrique 69 kV line, while IslaSol III is directly connected to NGCP's Cadiz substation. On 13 January 2017, the ERC granted IslaSol II provisional authority to operate and issued its COC on 5 June 2017. For IslaSol III, the ERC granted a provisional authority to operate on 29 July 2016, which was extended on 23 January 2017. IslaSol III's COC was eventually issued on 10 July 2017. The power plant supplies the ACEN wholesale and retail electricity supply ("RES") business.

SacaSol

Background. Located in San Carlos City, Negros Occidental, SacaSol AB (a 22 MWdc solar farm) and SacaSol CD (a 23 MWdc solar farm) began operating commercially on 15 May 2014 and 6 September 2015, respectively, with both solar farms currently dispatching full capacity to the grid. The SacaSol solar farms use a combination of Astronergy 270W PV solar modules and JA Solar 245W PV Modules.

Power Offtaker / Energy Sales. SacaSol AB and SacaSol CD are connected to the San Carlos-Cadiz 69 kV line. SacaSol AB has been awarded a guaranteed FIT Rate of ₱9.68/per kWh, subject to adjustment as may be approved by the ERC, for 20 years. For SacaSol CD, the awarded guaranteed FIT Rate is ₱8.69/per kWh, also subject to adjustment as may be approved by the ERC, for 20 years. On 6 July 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible renewable energy plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the project's FIT Rates in 2020 were ₱11.28/kWh and ₱10.12/kWh for SacaSol AB and SacaSol CD, respectively, and remain unchanged in 2021.

Palauig 1 Solar

Palauig 1 Solar is a standalone solar farm that is capable of supplying daytime power to the Luzon grid throughout the year. It has a designed capacity of 63 MWdc that can power approximately 30,000 houses in the region and can reduce annual carbon emission by at least 50,000MT of CO_2 of greenhouse gases.

Background. In July 2020, the Company commenced construction of its 63 MWdc solar farm located in the Municipality of Palauig, Zambales, through its wholly-owned subsidiary Gigasol3, Inc. ("Gigasol3"). In April 2021, the Company energized its Palauig Solar project and successfully ended commissioning stage in May 2021. In July 2021 the Independent Electricity Market Operator of the Philippines ("IEMOP") approved Gigasol Palauig Solar project commercial operations date.

Power Offtaker / Energy Sales. Palauig Solar is connected to the 69kV NGCP Botolan Substation via tap in connection to the 69jV NGCP Botolan-Candelaria Transmission Line. On June 2021, the ERC granted Palauig Solar provisional authority to operate. The power plant supplies the ACEN wholesale and RES business.

Alaminos Solar

Alaminos Solar is a greenfield solar farm that is capable of supplying daytime power to the local grid throughout the year. It is the second largest solar power plant in the Philippines and can generate enough power to supply clean energy to approximately 80,000 homes while avoiding 111,034.37 MT CO_2 of greenhouse gases. The Alaminos solar farm is notable for its pioneering Sustainability Hub where ACEN has started to integrate the circular approach.

Background. In January 2020, the Company commenced construction of its 120 MWdc solar power farm located in the Municipality of Alaminos, Laguna, through its wholly-owned subsidiary SolarAce1 Energy Corp. ("SolarAce1"). On June 2021, the Company energized Alaminos Solar and achieved full commercial operations on July 2021.

Power Offtaker / Energy Sales. Alaminos Solar is connected to NGCP's 69kV Bay Substation through a 2.5km 69kV Transmission Line. Although the ERC granted Alaminos Solar provisional authority to operate, the plant is still awaiting COC. The power plant supplies the ACEN wholesale and RES business.

Alaminos Battery Energy Storage System Project

In October 2020, the Company commenced construction of the 2x20 MW Alaminos Battery Energy Storage System Project located in the Municipality of Alaminos, Laguna. The project was completed in the first quarter of 2022.

Bataan Solar (Bataan RE Tech Hub)

Bataan Solar Energy Inc. ("BSEI") was incorporated and registered with the SEC on 27 July 2016 with the primary purpose to carry on the business of operating, managing, maintaining, and rehabilitating solar energy systems, including bulk procurement, marketing and setting up of arrangement and brokerage of the same solar energy systems as necessary for the generation, transmission, distribution and sale and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities. It is a wholly-owned subsidiary of Gigasol2, Inc.

Background. It is the holder of Solar Energy Service Contract No. 2017-06-410, pursuant to which it has the exclusive right to explore, develop, and utilize solar energy resources within a certain area in the Municipality of Mariveles in the Province of Bataan. The Company began the construction of the Bataan RE Tech Hub in September 2020. The renewable energy laboratory shall be used to study state-of-the-art PV modules and other emerging technologies that may be incorporated by the Company in its upcoming projects.

Power Offtaker / Energy Sales. The Bataan RE Tech Hub is a research facility using various technologies for PV, Inverter, and Energy Storage Systems.

Arayat-Mexico Solar Farm

On 26 April 2021, ACEN issued a notice to proceed for its 72 MWdc Arayat Solar project located in Arayat and Mexico, Pampanga. The project is under Greencore, a joint venture between ACEN and CSCE, and is targeted to be completed by 2022. CSCE (through its affiliates) is expected to provide the engineering, procurement and construction services for the Arayat-Mexico Solar project as well as project development and plant operations and maintenance. The project was expanded to 116MW through a 44-MW second phase, which is under construction as of 31 December 2022.

Background. In April 2022, ACEN and Citicore Renewable Energy Corporation announced that they have fully energized the 72-megawatt (MW) first phase of the Arayat-Mexico solar farm in Pampanga in time for the demand surge that summer. Once fully operational, the solar farm will produce an estimated 105 gigawatt-hours of renewable energy per year, enough to power 45,000 households and avoid 72,000 metric tons of carbon dioxide emissions annually.

Renewable Energy Projects in Operation in Vietnam

Khanh Hoa Solar Plant and Dak Lak Solar Plant

Background. The Khanh Hoa Solar Plant has a capacity of 50MWp and is located in the Khanh Hoa province. The Dak Lak Solar Plant has a capacity of 30MWp and is located in the Dak Lak province. The projects reached commercial operations in the second quarter of 2019.

Power Offtaker / Energy Sales. The Khanh Hoa Solar Plant delivers its power through a 5.5km 110kVtransmission line to a Vietnam Electricity ("EVN") substation. EVN is a state-owned corporation which ensures electricity supply for Vietnam. The Dak Lak Solar Plant delivers its power through a 110kV transmission line adjacent to an EVN substation.

The projects have a 20-year power purchase agreement ("PPA") with EVN with a FIT rate of U.S.$0.0935/kWh.

Ninh Thuan Solar Farm

Background. In October 2017, the Company, through its subsidiary, entered into a partnership with the BIM Group for the development of an up to 330MWp of solar plants—the Ninh Thuan Solar Plants. Total capacity was divided among three sites—30MWp in site 1, 50MWp in site 2, and up to 250MWp in site 3. The project is the first project under the partnership with the BIM Group and is one of the largest solar farms in Vietnam. The Ninh Thuan Solar Plants commenced operations in the second quarter of 2019. In the second quarter of 2020, the Company commenced construction of a 75MWp expansion within the site area of the existing 330MWp Ninh Thuan Solar Plants, which reached commercial operations in the fourth quarter of 2020. The expansion was completed in 2021.

Power Offtaker / Energy Sales. All three sites have a 20-year PPA with EVN with a FIT rate of U.S.$0.0935/kWh. The solar expansion has been awarded the second phase ground mounted solar projects FIT rate of U.S.$0.0709/kWh 20-year PPA with EVN. The contracts are paid in Vietnamese Dong but amount received is indexed against the U.S. Dollar on a monthly basis, preserving the U.S. Dollar FIT rate under the PPA.

Mui Ne Wind Farm (Phase 1)

Background. Construction of the first phase of the Mui Ne Wind Farm (40MW) located in the Binh Thuan Province commenced in 2019. The project uses 10 4.2MW V150 wind turbines from Vestas.

Power Offtaker / Energy Sales. The project delivers its power through a combination of 6.5km transmission lines to the 110kV Mui Ne substation. The project is qualified for a 20-year PPA with EVN and FIT rate of U.S.$0.085/kWh.

Mui Ne Wind Farm (Phase 2)

Background. In the second quarter of 2021, the Company awarded General Electric the turbine supply of the 40MW second phase of the Mui Ne Wind Farm located in Binh Thuan Province under its partnership with The Blue Circle. It began commercial operations in 2021.

Power Offtaker / Energy Sales. The project was completed in 2021 and qualified for the wind FIT rate of U.S.$0.085/kWh PPA with EVN.

Ninh Thuan Wind Farm

Background. The Company commenced construction of an 88 MW wind farm located in Ninh Thuan Province, Vietnam under its partnership with the BIM Group (the "Ninh Thuan Wind Farm") in 2020. It is expected to produce 327 GWh per year once fully operational, enough to power around 50,000 homes per year with renewable energy that can help avoid 298,551 tons of CO_2 annually.

Power Offtaker / Energy Sales. The project was completed in 2021 to qualify for the wind FIT rate of U.S.$0.085/kWh PPA with EVN.

Quang Binh Wind Farm

Background. As part of the joint venture with AMI Renewables signed in December 2017, the joint venture, through its subsidiary, B&T WindFarm Joint Stock Company, owns the Quang Binh Wind Farm in Quang Binh Province. In July 2020, construction commenced on one of the largest onshore wind farms in Vietnam with an aggregate capacity of 210 MW. The Quang Binh Wind Farm has two phases consisting of 109.2 MW and 100.8 MW, with firm orders already having been issued to the wind turbine supplier for both phases. In the first quarter of 2021, the joint venture issued a notice to proceed for a 42 MW expansion of the Quang Binh Wind project. The project's capacity is expanded to 252 MW. Quang Binh Wind was completed in 2021.

Power Offtaker / Energy Sales. The Quang Binh Wind Farm qualified for the wind FIT rate of U.S.$0.085/kWh PPA with EVN.

First Phase Acquisition of SUPER Energy's Vietnam Solar Platform (Solar NT)

ACEN, through its subsidiary, ACEN Vietnam Investments Pte. Ltd., in June 2023, moved forward on signing the Shareholders' Agreement and other definitive agreements for the closing of the acquisition of Super Energy Corporation Public Company Limited's ("SUPER") solar power business in Vietnam. This strategic partnership follows the share purchase agreement signed by the two companies in 2022.

SUPER currently owns and operates 837 MW of solar projects in Vietnam through Solar NT; ACEN is to take up 49% ownership of Solar NT through a phased acquisition. The closing of the first phase of the transaction has just been completed, covering 287 MW of net dependable capacity. Meanwhile, the remaining phases are expected to be completed within the year, with a total consideration estimated at $165 million.

Renewable Energy Projects in Operation in Indonesia

Sidrap Wind Project

Background. In January 2017, the Company, through its subsidiary, invested in the development of a 75MW wind farm in Sidrap, South Sulawesi, Indonesia. The project uses 30 x 2.5MW Gamesa turbines for total effective capacity of 75MW. Sidrap commenced commercial operations in April 2018. The project is the first utility-scale wind farm project in Indonesia and is also the first greenfield offshore investment of the Company, through its subsidiary, and was undertaken with UPC Renewables.

Power Offtaker / Energy Sales. The Sidrap Wind Project delivers its power through a 7.5km 150kV transmission line to a *Perusahaan Listrik Negrara* ("PLN") substation. PLN is the sole electricity business authority in Indonesia. The ownership and maintenance of the transmission asset is with PLN but the project is compensated through a tariff supplement.

The Sidrap Wind Project has a 30-year PPA with the PLN.

Salak-Darajat Geothermal Projects

Background. The assets include the Salak and Darajat geothermal fields in West Java, Indonesia with a combined capacity of 637MW of steam and power. The project has a combination of long term steam and power supply agreements with PLN.

Power Offtaker / Energy Sales. The project has multiple agreements with PLN to purchase steam and energy with various tariff ranging from U.S.$0.06-0.07 /kWh with various tenors until 2047.

Renewable Energy Projects in Operation in India

Sitara Solar

Background. In July 2020, the Company, through its joint venture UPC-AC Energy Solar, issued notice-to-proceed for the 140 MWdc Sitara Solar farm in Rajasthan, a desert state with the highest irradiation in India. The project utilizes Risen Energy monocrystalline panels and is expected to start power generation in the first half of 2021. In May 2021, despite the worsening pandemic situation in India, the 140 MWdc Sitara Solar project in Rajasthan started commercial operations.

Power Offtaker / Energy Sales. The project will supply energy to the Solar Energy Corporation of India. UPC-AC Energy Solar won the power supply agreement for Sitara Solar via a competitive bid at INR 2.48 per kWh, fixed over a 25-year period.

Paryapt Solar

Background. In October 2020, the Company, through its joint venture UPC-AC Energy Solar, issued notice-to-proceed for a 70 MWdc solar plant in Gujarat, one of the first states to develop solar generation capacity in India and with its own target to set up 8,000MW of solar power by 2022. The Paryapt Solar Farm uses Jinko monocrystalline solar panels. The project is expected to supply energy to Gujarat Urja Vikas Nigam Ltd. UPC-AC Energy Solar won the power supply agreement for the project via a competitive bid at INR 2.55 per kWh, fixed over a 25-year period.

Power Offtaker / Energy Sales. In April 2021, UPC-AC Energy Solar achieved a significant milestone with the start of commercial operations of its 70 MWdc Paryapt Solar project located in the State of Gujarat, India.

Renewable Energy Projects Under Construction in the Philippines

Pagudpud Wind

Pagudpud Wind Power Corp. (“PWPC”) was incorporated and registered with the SEC on 9 December 2009 as a holding company for renewable energy and other corporations. PWPC is the parent company of Bayog Wind Power Corp. (“BWPC”), which is the project company for the Pagudpud Wind Project in Ilocos Norte.

On 18 May 2021, the Company commenced construction of the 160 MW GigaWind Pagudpud wind farm in Pagudpud, Ilocos Norte province, which is set to be the biggest wind farm in the Philippines to date. The ₱11.4 billion facility will be the Company’s third wind development in Ilocos Norte. The Company is developing the Ilocos Norte Wind Project in partnership with UPC Renewables. The Ilocos Norte Wind Project is targeted to commence commercial operations in 2024.

Pagudpud Wind secured a long-term offtake agreement through the Green Energy Auction Program (“GEAP”) of the DOE auctioned in June 2022.

SanMar Solar

SanMar Solar, a 585 MWdc solar farm located in San Marcelino, Zambales, is one of the largest solar projects in the country as of 31 December 2023. The solar farm’s three phases are capable of producing over 871 GWh of renewable energy per year and eliminating 287,796 tonnes of CO_2 emissions annually.

The solar farm sits on approximately 300 hectares of unutilized land covered by lahar, effectively converting the area into a sustainable energy source, and has an expansion potential of up to 700 MW. The project is expected to bring significant value to the local community, with up to 500 direct jobs during construction.

Cagayan North Solar

On 24 March 2022, ACEN, ACE Endevor, Inc. ("Endevor") and CleanTech Renewable Energy 4 Corp. ("CleanTech") announced that they formed a joint venture company, Natures Renewable Energy Development Corporation (NAREDCO) to develop, own and operate a 133 MW solar farm and transmission line project located in Lal-lo, Cagayan. The companies signed a shareholders' agreement for the strategic partnership, with ACEN and Endevor to have a combined 60% ownership stake in NAREDCO, and CleanTech owning the remaining 40%.

NAREDCO is constructing the solar farm and transmission line, which has a potential expansion of up to 200 MW. The solar farm will be constructed on a 115-hectare flat land known for its high solar irradiance in Barangays Magapit and Sta. Maria, which will connect to the 69kV NGCP Lal-lo (Magapit) substation via a 3-km transmission line.

Once completed, the 133 MW solar farm will produce 188 GWh of renewable energy annually, enough to power 75,000 households while avoiding approximately 112,405 MT of CO_2 emissions annually. About 1,000 job opportunities and community partnerships could be created during the solar farm's construction stage. It is expected to be operational by early 2023.

Capa Wind

Amihan Renewable Energy Corp. ("Capa Wind") is the fourth wind farm project of ACEN in Ilocos Norte. Capa Wind provided the lowest winning bid for wind supply at a flat rate of ₱3.8583/kWh for 20 years under the first round of GEAP. The 70 MW wind farm will generate and supply clean power to more than 60,000 homes per year, and provide over 300 local jobs during its construction stage.

On 29 July 2022, ACEN, through its subsidiary Capa Wind, signed an agreement with Siemens Gamesa Renewable Energy Technology (SGRE) for the supply and installation of fourteen units of wind turbines for the construction of the next wind project of ACEN in Caparispisan, Pagudpud, Ilocos Norte. Once completed, the wind project can produce over 220 GWh of renewable energy per year and eliminate over 130,000 tonnes of CO2 emissions annually.

The 70 MW Capa Wind project will help deliver ACEN's supply commitments secured under the first round of the Department of Energy's Green Energy Auction Program held in June this year. Capa Wind provided the lowest winning bid for wind renewable energy supply at a flat rate of ₱3.8583/kilowatt-hour for 20 years.

The estimated project cost is ₱6 billion, with a target completion by 2024. Capa Wind is a wholly owned subsidiary of North Luzon Renewables, which is a joint venture between ACEN and Diamond Generating Asia, Limited. Capa Wind is the second wind project of the joint venture company.

Palauig 2 Solar

ACEN further boosted its renewable energy portfolio the Philippines, with the construction of the 300 MW Palauig 2 Solar farm located in Zambales, an area with one of the country's highest irradiance zones and solar energy potential.

In proximity to ACEN's operating 63 MW Palauig 1 Solar project, the cost of the new development, including the construction of the 1,200 MW transmission line, is estimated at ₱16 billion. 540 MWp high-efficiency solar panels will be supplied by module manufacturer, Seraphim.

ERS Energy Pte. Ltd. (ERS) and Global Electric Power Development Corporation (GEC) are signed on as the project's Engineering Procurement and Construction (EPC) contractors, with ERS as the offshore supplier and GEC as the onshore construction contractor.

Palauig 2 Solar is expected to produce over 450 GWh of clean energy per year, and together with Palauig 1 Solar's 90 GWh output, can sustainably power the equivalent of around 139,000 homes and avoid 350,000 tonnes of carbon emissions annually. ACEN has also created around 2,200 green energy jobs in Zambales since the start of the development of Palauig 1 Solar in 2020, helping stir the local economy and improve national prosperity as the country gears up for a post pandemic era.

Pangasinan Solar

In January 2023, ACEN began the construction of the 60 MW Pangasinan Solar farm, ACEN's first development in Pangasinan, and the company's second solar farm to commence major construction works in 2023. The ₱2.8 billion project utilizes ground-mounted solar photovoltaic panels and will be directly connected to the grid through a 2-km transmission line to the NGCP 69kV San Manuel Substation.

Once operational, Pangasinan Solar is expected to generate 94 GWh of renewable energy per year, enough to power an estimated 55,000 homes and avoid approximately 58,369 metric tons of CO_2 emissions annually. The project also aims to boost Pangasinan's local economy with the creation of an estimated 1,000 jobs during the plant's construction phase.

In December 2022, ACEN announced its acquisition of Sinocalan Solar Power Corp. through the signing of a deed of absolute sale of shares with Sungrow Power Renewables Corp. and Havilah AAA Holdings Corp. This allowed ACEN to fast-track the development of Pangasinan Solar, with a potential expansion of up to 100 MW.

Renewable Energy Projects under Construction in Australia

New England Solar

UPC-AC Energy Renewables Australia issued a notice to proceed on the Group's first project in Australia – the first phase of New England Solar, located near Uralla in New South Wales. The first phase of NESF, which will have a capacity of 521MWdc, as well as an adjacent 50 MW battery energy storage system, achieved financial close in February 2021 and is expected to be completed in 2024.

With the construction of the 521 MWdc (400 MWac) first stage in full swing, New England Solar is expected to be ultimately a combined 720 MW solar farm and 400 MWh battery energy storage development. Once fully constructed, the project will produce enough energy to power approximately 250,000 typical NSW households each year.

Stubbo Solar

ACEN Australia awarded the Engineering, Procurement and Construction (EPC) contract for the construction of the 520 MWdc (400 MWac) Stubbo Solar project to PCL Construction ("PCL"). PCL is an experienced and diverse construction partner that delivers complete solar energy solutions in Australia, the United States and Canada.

The 520 MWdc (400 MWac) solar project is located within the Central-West Orana Renewable Energy Zone in the Mid-Western Regional Council region and will connect to the existing 330 kV network between Wollar and Wellington. The project will produce enough clean, renewable energy to power more than 185,000 average Australian homes. The project's development approval also includes provisions for a 200 MWh battery energy storage system, allowing for the project to later be adapted to dispatch energy when it is most needed during peak hours and provide important grid stability services.

Stubbo Solar was granted development consent in 2021. Construction of the site access recently commenced, with construction of the main works by PCL also starting in 2023. With all going to plan, the project will be operational in 2025. The solar farm is expected to create up to 400 jobs during construction and up to 10 ongoing jobs, generating many contracting opportunities for local businesses. Wherever possible, workers and businesses from the local and regional area will be prioritised for employment and contracting opportunities to help maximise the benefits for local communities.

Renewable Energy Projects Under Construction in Vietnam & Lao PDR

Lac Hoa Wind & Hoa Dong Wind Farm

The Company and UPC have formed a joint venture in the construction of two wind projects, the Lac Hoa and Hoa Dong Wind Farms, in the Soc Trang province of southern Vietnam, with an aggregate capacity of 60 MW. The projects will utilize wind turbines from Vestas delivered in different power ratings with site-specific towers for both projects. To maximize energy yields on both sites, the turbines will feature a record hub height of 162m. The project commenced construction in June 2020.

Project construction was impacted by the recent Vietnam COVID-19 lockdowns wherein stricter restrictions of travel and movement of both people and equipment were imposed.

Monsoon Wind

ACEN, through subsidiary ACEN Renewables International Pte. Ltd., signed the financing documents for the non-recourse project financing for the Monsoon Wind, the first wind power project in Lao PDR. Monsoon Wind will construct, own, and operate a 600 MW wind power plant and its 500 kV transmission line in the Sekong and Attapeu provinces located in southeastern provinces of the Lao PDR. Monsoon Wind is also the first cross-border wind project in Southeast Asia.

Under the 25-year power purchase agreement, the electricity generated will be sold to Vietnam Electricity (EVN) through the Project Company's 500 kV transmission line.

The Monsoon Wind project is a partnership with ACEN, BCPG Public Company Limited, Impact Electrons Siam Limited, Mitsubishi Corporation and SMP Consultation and STP&I Public Company Limited. The project will be co-financed by the Asian Development Bank as lead arranger, Asia Infrastructure Investment Bank, Japan International Corporation Agency, the Export-Import Bank of Thailand, Hong Kong Mortgage Corporation Limited, Sumitomo Mitsui Banking Corporation, Kasikornbank, and Siam Commercial Bank.

Monsoon Wind is one of the key projects in the Vietnamese government's electricity development plan. It is expected to alleviate the electricity supply-demand challenges in Vietnam, while the country pushes through with their decarbonization goal. The project aims to help strengthen the connectivity in the ASEAN region through the provision of cross-border electricity sales. The Lao government will benefit from the project through revenue from royalty fees and other sources based on the Concession Agreement. The project will also bring green energy jobs with the construction of the 600 MW wind power and during its operation. The project expects to achieve commercial operations before the end of 2025.

Renewable Energy Projects under Construction in India

Masaya Solar

On January 30, 2022, ACEN and UPC Solar Asia Pacific, commenced construction of their 300 MWac (420 MWdc) Masaya Solar farm. Through their joint venture company, UPC-AC Energy Solar, they have built a total of 630 MWdc across India.

The Masaya Solar project is located in the Khandwa District, State of Madhya Pradesh, and is set to produce 691 GWh of renewable energy per year while avoiding approximately 635,720 MT of CO_2 emissions annually. The project will also create approximately 500 jobs during its construction stage. Once completed, the Masaya Solar farm will be UPC-AC Energy Solar's third and largest solar project in India to date.

The joint venture is set to supply electricity at INR 2.71 per kWh fixed over a 25-year period under a power supply agreement with the Solar Energy Corporation of India.

Renewable Energy Projects Under Construction in the United States of America

Stockyard Wind

In March 2023, ACEN, through its joint-venture company, UPC Power Solutions LLC, signed a Purchase and Sale Agreement with US-based GlidePath Power Solutions LLC ("GlidePath") for the acquisition of a portfolio of eight operating wind projects. Collectively known as Stockyard Wind, the assets have a total net dependable capacity of 136 MW, located in northern Texas, USA. The resulting strong-growth U.S. platform leverages the combined expertise of ACEN and its partners, Pivot Power Management and UPC Solar & Wind Investments. The wind assets are expected to generate approximately 360 GWh of wind energy per year, enough to power around 24,000 households and avoid ~127,000 metric tons of CO_2 emissions.

This milestone marks ACEN's anticipated entry into the fast-growing US renewables market as it expands its geographic footprint beyond the Asia Pacific region. Announced in April 2022, ACEN, through its subsidiary ACEN USA LLC, formed a strategic partnership with Pivot Power Management (PivotGen) and UPC Solar & Wind Investments LLC to pursue opportunities to acquire operating wind projects in the US, and explore strategies for extending their useful life through preventative maintenance and repowering. **Conventional Energy Portfolio**

As of 31 December 2023, the Company's thermal energy portfolio had a total Net Attributable Capacity of 68 MW from owned assets (equivalent to less than 1% of the Company's total portfolio as of 31 December 2023), all of which are operational.

Thermal Plants in Operation

CIPP

Background. CIPP was incorporated and registered with the SEC on 2 June 1998 primarily to construct, erect, assemble, commission, operate, maintain, and rehabilitate gas turbine and other power generating plants for the conversion of coal and other fuel into electricity, and transmit and distribute thereof to Carmelray Industrial Park II in Calamba, Laguna. The 21 MW diesel bunker C-fired power plant used to supply power to locators in the industrial park but in April 2009, CIPP sold its distribution assets resulting in the cessation of the company's operations and the separation of substantially all of its employees effective 31 January 2010. On 22 February 2010, the ACEN Board approved the acquisition of CIPP, and on December 2010, the transfer of the plant from Carmelray Industrial Park II to Brgy. Quirino, Bacnotan, La Union. The transfer was completed in December 2012 and resumed operations in January 2013.

Power Offtaker / Energy Sales. On 26 June 2013, CIPP entered into a Power Administration and Management Agreement ("PAMA") with ACEN valid for 10 years for ACEN to administer and manage the entire capacity and net output of One Subic Power Generation Corporation ("One Subic Power") in consideration of energy fees to be paid by ACEN to CIPP. Fixed capacity fees paid to CIPP are recorded as revenue from sale of electricity on the basis of the applicable terms of the PAMA. CIPP has an existing approved non-firm Ancillary Services Procurement Agreement ("ASPA") with NGCP and revenues from sale of electricity through said ancillary services is recognized monthly based on the capacity scheduled and/or dispatched.

Operations. In January 2013, CIPP resumed commercial operations in La Union. Under the terms of the PAMA, ACEN will administer and manage the entire generation output of CIPP Power Plant by selling or trading the entire capacity.

One Subic Power

Background. One Subic Power was incorporated and registered with the SEC on 4 August 2010 to engage in the business of owning, constructing, operating, developing, and maintaining all types of power generation plants. On 18 November 2010, ACEN and One Subic Power entered into a PAMA wherein ACEN administers and manages the entire generation output of the 116 MW diesel power plant in Subic, Olongapo City. The PAMA became effective on 17 February 2011 and shall be valid throughout the term of the lease agreement with Subic Bay Metropolitan Authority ("SBMA"). On 12 May 2014, the Company purchased from Udenna Energy Corporation the entire outstanding shares of stock of One Subic Power. On 19 June 2017, the SEC approved the amendment of One Subic Power's Articles of Incorporation for the change in the primary purpose to include exploration, discovery, development, processing, and disposal of any and all kind of petroleum products.

Power Offtaker / Energy Sales. One Subic Power has an existing PAMA with ACEN under which ACEN is given the right to administer and manage the net output of One Subic Power's Power Plant in consideration of energy fees to be paid by ACEN to One Subic Power. Capacity and energy recovery fees paid to One Subic Power are recorded as revenue from sale of electricity based on the PAMA. One Subic Power Plant has an existing approved non-firm ASPA with NGCP. The One Subic Diesel Power Plant provides dispatchable reserve services to NGCP, as they are fast start generators that are readily available for dispatch when called by NGCP to replenish the contingency reserve services whenever a generating unit trips or a single transmission interconnection loss occurs.

Operations. One Subic started commercial operations on 17 February 2011. Under the terms of the PAMA, ACEN will administer and manage the entire generation output of One Subic Power Plant by selling or trading the entire capacity. This is only a leased asset.

Bulacan Power

Background. BPGC (formerly PHINMA Power Generation Corporation) was incorporated and registered with the SEC on 18 March 1996 and is primarily engaged in power generation. In October 2006, Philippine Electricity Market Corporation ("**PEMC**") approved BPGC's application for registration as trading participant for both generation and customer categories in the WESM. Both ACEN and BPGC obtained membership in the WESM allowing both to participate in electricity trading managed by PEMC, including selling of excess generation to the WESM. On 26 December 2013, BPGC entered into a PAMA with ACEN valid for 10 years for the administration and management by ACEN of the entire capacity and net output of BPGC starting 2014 in consideration of energy fees to be paid by ACEN to BPGC.

Offtaker / Energy Sales. On 10 December 2012, the NGCP and BPGC executed an ASPA for the latter to provide dispatchable reserves ensuring reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five years upon the effectivity of the provisional approval or final approval issued by the ERC. By the ERC Order dated 25 February 2013, the ERC provisionally approved the application filed by NGCP and BPGC allowing BPGC to provide ancillary services to NGCP in January 2015.

Under the PAMA with ACEN dated 26 December 2013, ACEN has the sole and exclusive right to dispatch all of the capacity and the output of the BPGC's Power Plant, where any fees paid in connection with the capacity of BPGC's Power Plant, including ancillary services to NGCP, belong to ACEN as the sole administrator and manager. However, effective 26 March 2018, the amended PAMA allows BPGC to retain the ancillary fees and no longer paid to ACEN.

Operations. Under the terms of the PAMA, ACEN administers and manages the entire generation output of BPGC by selling or trading the entire capacity of its diesel power plant.

Other Businesses

Retail Electricity Supply Business

The Company began its active participation in the WESM when it obtained membership as a Wholesale Aggregator on 20 September 2007. The WESM serves as a platform where electricity generated by power producers are centrally coordinated and traded like any other commodity in a market of goods. On 19 November 2012, the Company secured its RES license from the ERC under RES License No. SL-2012-11-009 to supply electricity to the Contes1 Market. On 20 November 2019, the ERC issued to the Company RES License No. 11-2019-0057RS valid until 19 November 2022. On 18 November 2022, the Company was issued RES License No. 01-2023-0091RS valid from 20 November 2022 until 19 November 2027. As of the year ended 31 December 2023, the revenue sales from power supply contracts reached ₱25.0 billion and ₱11.2 billion, respectively, and contributed the bulk of total energy sold for each period.

As of 31 December 2023, the Company has an estimated 218 MW of retail customer contracts and 310 MW of wholesale customer contracts, which consist of a 200MW baseload and 110MW mid-merit capacity to MERALCO.

Bulk Water Supply Business

ACE Endevor owns 100% ownership interests in bulk water supply companies SCC Bulk Water, HDP Bulk Water, LCC Bulk Water, and MCV Bulk Water. The companies entered into water supply contracts for the provision of water to the power generation plants of San Carlos Biopower Inc. (“SCBP”), San Carlos Bioenergy, Inc., South Negros Biopower, Inc., and North Negros Biopower, Inc., respectively, in Negros Occidental.

Land Lease and Development

The Company, through its subsidiaries, owns 100% ownership interests in Solienda Incorporated (“Solienda”) and San Julio Land Development Corporation (“SJLD”) and approximately 66% of Manapla Sun Power Development Corp. (“MSPDC”). These companies enter into various contracts with the Company’s projects to assist in the management and maintenance, among others, of select renewable projects.

Solienda

Solienda was incorporated and registered with the SEC on 29 November 2016 to deal and engage in land lease and real estate business. On 5 December 2016, San Julio Realty, Inc. assigned to Solienda the absolute and irrevocable title, rights and interest in the contract of lease, and the subsequent amendment agreements, with San Carlos Sun Power, Inc., SacaSol and SCBP.

San Julio Land

SJLD was incorporated on 20 June 2014 with a primary purpose to deal and engage in land and real estate business, to hold, own, develop, manage, administer, purchase, lease, encumber, construct, alter in whole or in part, or otherwise deal in and dispose of, for itself or for others, for profit, all kinds of real estate projects, including, but not limited to, residential, commercial, industrial, as well as utilities, with or for persons and entities an under such terms and conditions as may be permitted by law; to enter into joint ventures and other similar arrangements in the furtherance of such land and real estate business. SJLD has ownership interest in MSPDC.

Manapla Sun Power

MSPDC was incorporated and registered with the SEC on 16 December 2014 with a primary purpose to engage in the business or renewable energy such as, but not limited to biomass, mini-hydro or solar power and ancillary business, and to own, lease, operate, manage or develop public or private lands. In March 2017, ACEIC, acquired 66.2% of MSPDC. MSDPC is the landowner of and the lessor for IslaSol’s solar farm in Manapla, Negros Occidental.

SOURCES AND AVAILABILITY OF RAW MATERIALS

For its power business, 99% of the Company’s attributable capacity from owned assets is fueled by renewable energy sources, while less than 1% are thermal assets running on liquid fuel, as of 31 December 2023.

For thermal energy power plants, the Company has several term contracts for its annual fuel requirements. Liquid fuel requirements are mainly sourced from Shell, SL Harbor Bulk Terminal Corporation, Chevron, and Petron. As there are multiple suppliers of fuel, the Company believes that it is not dependent on a single supplier for such raw materials.

TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of business, the Company transacts with its related parties, such as its subsidiaries, and certain of its associates, joint ventures, and affiliates enter into transactions with each other. These transactions principally consist of advances, loans, reimbursement of expenses, management, marketing, and administrative service agreements. (*See Note 22 to the Company’s audited consolidated financial statements as of and for the year ended 31 December 2023*.)

INTELLECTUAL PROPERTY

The Company applies with the Intellectual Property Office ("**IPO**") of the Philippines for the registration of various trademarks as part of its continuing efforts to protect and strengthen its brand. As of 29 February 2024, the following trademarks are registered in the name of the Company under the following terms:

Trademark	Date of Registration	Term
Gigawind (with logo)	10 March 2022	10 years (until 10 March 2032)
CampMak (tradename only)	10 March 2022	10 years (until 10 March 2032)
Energy Storage (with logo)	7 April 2022	10 years (until 7 April 2032)
Renewable Energy TechHub An AC Energy Research Center (with logo)	7 April 2022	10 years (until 7 April 2032)
Bulacan Thermal (with logo)	7 April 2022	10 years (until 7 April 2032)
La Union Thermal (with logo)	7 April 2022	10 years (until 7 April 2032)
Subic Thermal (with logo)	7 April 2022	10 years (until 7 April 2032)
Ingrid Power Pililla (with logo)	7 April 2022	10 years (until 7 April 2032)
ACEN (with logo)	23 April 2022	10 years (until 23 April 2032)
Gigasol (with logo)	23 April 2022	10 years (until 23 April 2032)
Giga Storage (tradename only)	10 June 2022	10 years (until 10 June 2032)
ENEX (tradename only)	25 August 2022	10 years (until 25 August 2032)
ACEN RES (tradename only)	31 July 2023	10 years (until 31 July 2033)
ACEN RES Recharge (tradename only)	25 August 2023	10 years (until 25 August 2033)
ACEN RES Renewable Energy Solutions (tradename only)	5 October 2023	10 years (until 5 October 2033)
ACEN RES Renewable Energy Solutions (with logo)	6 October 2023	10 years (until 5 October 2033)

The Company maintains a record of all its trademark applications and ensures the timely execution and filing of the relevant Declaration of Actual Use within three (3) years from the date of filing of the application to avoid removal of its trademarks from the IPO's registry. The Company also files the 5th year DAU within one (1) year from the 5th anniversary of the date of registration. Finally, the Company files for renewal no later than six (6) months before expiration of the registration to safeguard its rights over the trademark/s.

The Company regularly monitors applications with the IPO to ensure that it can timely oppose trademarks that are confusingly or deceptively similar to its registered marks.

FUTURE PROJECTS

ACEN continues to scale up its RE platforms and existing partnerships with a strong pipeline of RE projects in the region, in various stages of development.

The development of these projects is intended to help the Company attain its objective of reaching 20,000 MW in attributable RE capacity by the year 2030. Several of these pipeline projects are being developed with strategic partners. ACEN expects the geographic mix of its portfolio in 2030 to follow the below long-term outlook, which is subject to calibration based on market opportunities and conditions:

In GW	Current	2030 Outlook
Philippines	1.9	**8.0**
Australia	1.0	**5.0**
Vietnam-Lao PDR	0.9	**2.0**
India	0.5	**2.0**
Indonesia and other markets [3]	0.4	**3.0**
Total	4.8	**20.0**

[3] Includes United States of America, as well as markets covered by ACEN's joint venture with NEFIN Holding Limited.

DISTRIBUTION OF PRODUCT

For the power business, electricity sales have been sold at the ERC approved rates for electric cooperatives and distribution utilities ("DUs") and at negotiated, market-determined prices for bilateral contracts. The WESM is another default market where electricity purchases are settled based on market or spot rates. Delivery of the product is coursed through transmission lines currently owned by NGCP and to a certain extent, the electric cooperatives and DUs in exchange for payment of distribution wheeling charges. However, any "delivery" to a customer is in reality electricity generated and delivered to the grid by the Company which is indistinguishable from the electricity generated by other generators.

Existing off-take agreements assure a certain level of demand from the Company's customers. In 2019, the Company was declared one of the best bids for MERALCO's 1,200MW baseload demand and 500MW mid-merit supply. The Company was awarded supply agreements for 200MW baseload and 110MW mid-merit MERALCO's demand for ten (10) and five (5) years, respectively. ACEN CORPORATION also has other large customers aside from MERALCO, and is thus not dependent on any single customer for the viability of the power business.

As of 31 December 2023, the Company holds around 218 MW of retail/contestable customer contracts and 310 MW of wholesale customer contracts. Furthermore, the Company also has wholesale contracts with MERALCO for 200MW baseload and 110MW mid-merit capacity. In addition, the recent Supreme Court ruling, upholding the requirement of Power Supply Agreements submitted by MERALCO and other DUs with the ERC after 30 June 2015 to undergo a competitive selection process, provided an opportunity for the Company to enter into wholesale supply contracts with the distribution utility. The Company won the bid to supply MERALCO with a 200MW baseload demand from 26 December 2019 to 26 December 2029. Subsequently, the Company won the bid to supply 110MW mid-merit supply to MERALCO from 26 December 2019 to 26 December 2024. The Company received a copy of the provisional ERC approvals for the contracts on 31 January 2020 and the final approvals on 13 May 2020 for the baseload and on 1 June 2020 for the mid-merit. The Company's larger supply portfolio will help supply this demand, coupled with the new projects in the pipeline.

Internationally, the Company's operating portfolio provides power mainly to four markets as of 31 December 2023: Indonesia, India, Vietnam, and Australia. In Indonesia, the Company provides power to PLN, under a PPA. As for India, the Company provides power through PPAs to various DUs, which are linked to respective state governments. As of 31 December 2023, these are the Solar Energy Corporation of India ("SECI") and Gujarat Urja Vikas Nigam Ltd. ("GUVNL"). In Vietnam, ACEN's platform provides power under FIT contracts to state-owned power company EVN, which has total control of the national power transmission and distribution market. In Australia, as of 31 December 2023, ACEN's platform, which was still partially operating at the time, sold all of its offtake to the National Electricity Market ("NEM"), the country's spot market.

Revenues from foreign sources are not consolidated into the Company's total revenues because the international assets are not accounted for as subsidiaries; thus, the percentage of sales or revenues and net income contributed by foreign sales for each of the last three (3) financial years is not material.

COMPETITION

The Company believes that it will face competition in both the development of new power generation facilities, the acquisition of existing power plants, competition for financing for these activities, as well as in the electricity supply business. The performance of the Philippine economy and the potential for a shortfall in the Philippines' energy supply have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of various electric power generation projects within the Philippines. Accordingly, competition for and from new power projects, and in retail electricity supply may increase in line with the long-term economic growth in the Philippines.

In Vietnam, EVN controls the generation, transmission, and distribution of energy but it also encourages independent power producers ("IPP") to supplement its own generation capacity. In the renewable energy space, local and international developers are actively competing to secure allocation for the FIT. The government's support and initiatives on renewable energy to grow its supply portfolio mix will continue to bring in more market players. See "*Risk Factors—Risks Relating to the Company and its Businesses—Risks and delays relating to the development of greenfield power projects could have a material adverse effect on the Company's operations and financial performance*".

Australia has a fully open energy market that is dominated by a few big generator-retailers ("gentailers"). Several international and smaller domestic players are also very active in the market.

In Indonesia, similar to Vietnam, the generation, transmission, and distribution is controlled by PLN, but the Indonesian government also encourages IPP. Indonesia is a highly competitive market with major domestic and international developers. Given the continuing growth of the Indonesian economy, the Company sees competition to continue to intensify moving forward.

In India, coal continues to fuel India's economy, accounting for more than 50% of the country's installed generation capacity. However, India has added to the current target of 175GW of renewable energy capacity by 2022 with a 450GW of renewable energy capacity target by 2030. This higher RE target and the decreasing cost of RE power prices discovered through competitive tenders will likely result to the displacement of coal-based power production in India.

RESEARCH AND DEVELOPMENT

The Company intends to utilize the 4-MWdc Bataan RE Laboratory under BSEI as its main hub for the research and development of innovative renewables solutions to energy-related challenges. ACEN believes that the adoption of emerging technologies will play a prominent role in the expansion of its business. At the Bataan RE Tech Lab, different energy and energy storage technologies will be tested for possible large-scale use in the Philippines.

For the year 2023, the Company spent close to ₱40 million, higher than the ₱30 million in the previous year, for automation initiatives and information technology infrastructure. This constitutes 0.11 percent of the Company's consolidated revenue. There is no readily available data for R&D costs for the years 2021 and 2020.

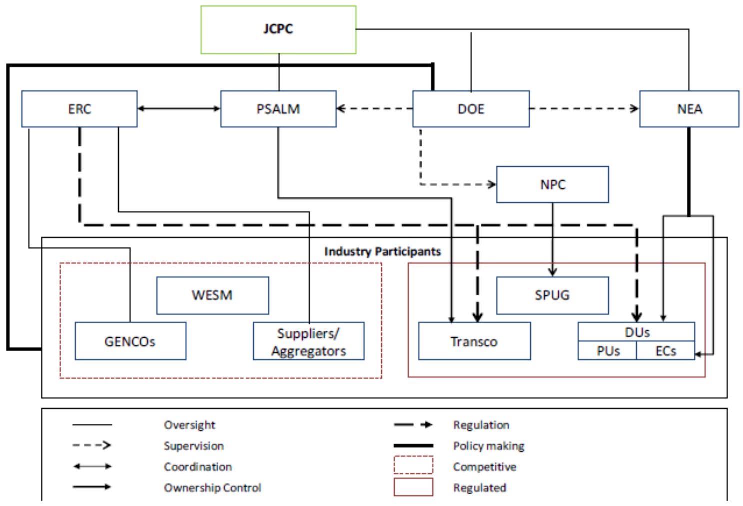
REGULATORY FRAMEWORK

The Company's power business is subject to the following laws, rules, and regulations:

Regulation of the Philippine Power Industry

Republic Act No. 9136, otherwise known as the Electric Power Industry Reform Act ("EPIRA") established a framework for the organization and operation of the electric power industry in connection with its restructuring, with the industry divided into four sectors: generation, transmission, distribution, and supply. The structural reforms resulted among others in the creation of two government-owned and controlled corporations ("GOCCs"), the PSALM and the TransCo.

The following diagram shows the current structure of the electric power industry under the EPIRA:



Note:
DUs: distribution Utilities
ECs: Electric Cooperatives
GENCOs: Any entity authorized by the ERC to operate electricity generation facilities
JCEC: Joint Congressional Energy Commission
PUs: Production Utilities

Since the enactment of the EPIRA in 2001, the Philippine power industry has undergone and continues to undergo significant restructuring. Through the EPIRA, the Philippine government began to institute major reforms with the goal of fully privatizing all aspects of the power industry. The major aspects of the reforms include the (1) restructuring of the entire power industry to introduce competition in the generation sector, (2) change from government to private ownership, and (3) introduction of a stable regulatory framework for the electricity sector.

With a view to implementing the EPIRA's objectives, the DOE, in consultation with the relevant government agencies, electric power industry participants, non-government organizations and electricity consumers, promulgated the Implementing Rules and Regulations of the EPIRA (the "EPIRA IRR") on 27 February 2002.
The EPIRA IRR governs the relations among, and respective responsibilities of, the different electric power industry participants as well as the particular governmental authorities involved in implementing the structural reforms in the industry, namely the DOE, National Power Corporation ("NPC"), National Electrification Administration ("NEA"), ERC and PSALM.

Primary Regulatory Agencies

Energy Regulatory Commission

The ERC is the independent, quasi-judicial regulatory body created under the EPIRA that replaced the Energy Regulatory Board. The ERC plays a significant role in the restructured industry environment, consisting of, among others, promoting competition, encouraging market development, ensuring consumer choice, and penalizing abuse of market power by industry participants.

The ERC is an independent quasi-judicial regulatory body mandated to carry out (but not limited to) the following:

- promote competition and encourage market development;
- determine the pricing in the energy market;
- review and approve any plan for expansion or improvement of transmission facilities submitted by TransCo; and
- perform other regulatory functions as appropriate and necessary to ensure successful restructuring and modernization of the electric power industry.

Department of Energy

In accordance with its mandate to supervise the restructuring of the electric power industry, the DOE exercises, among others, the following functions:

(a) preparation and annual updating of the Philippine Energy Plan and the Philippine Power Development Program, and thereafter integrate the latter into the former;
(b) ensuring the reliability, quality and security of the supply of electric power;
(c) exercise of supervision and control over all government activities pertaining to energy projects;
(d) encouragement of private investment in the power industry sector and promotion of the development of indigenous and renewable energy sources for power generation;
(e) facilitation of reforms in the structure and operation of DUs for greater efficiency and lower costs;
(f) promotion of incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply;
(g) education of the public (in coordination with NPC, ERC, NEA and the Philippine Information Agency) on the restructuring of the industry and the privatization of NPC assets;
(h) establishment of the WESM in cooperation with electric power industry participants, and formulating rules governing its operations; and
(i) formulation of policies for the planning and implementation of a comprehensive program for the efficient supply and economical use of energy consistent with the approved national economic plan and with the policies on environmental protection and conservation and maintenance of ecological balance, and provision of a mechanism for the integration, rationalization and coordination of the various energy programs of the government.

The DOE supervises the operation of the WESM of the PEMC. The Philippines fosters a liberal competitive environment for market players under each segment within the power structure.

Joint Congressional Energy Commission

The Joint Congressional Power Commission ("JCPC") created pursuant to the EPIRA consists of 14 members with the Chairmen of the Committee on Energy of the Philippine Senate and House of Representatives and six additional members from each House to be designated by the Senate President and the Speaker of the House of Representatives, respectively. The JCPC has the authority to conduct hearings and receive testimony, reports, and technical advice; invite or summon any public official or private citizen to testify before it; and require any person to produce records or documents that JCPC may require. The JCPC will also now be assisted by a secretariat who may be seconded from the Senate and the House of Representatives and may retain consultants. The secretariat shall be headed by an executive director who has sufficient background and competence on the policies and issues relating to electricity industry reforms as provided in the EPIRA. On 12 April 2019, Republic Act No. 11285 or the Energy Efficiency and Conservation Act ("EEC") was signed into law. Under this law, the Joint Congressional Power Commission was renamed to the Joint Congressional Energy Commission ("JCEC"). On 7 July 2021, Republic Act No. 11571 or the JCEC Enhancement Act was signed into making the JCEC as the permanent oversight body tasked of ensuring the full implementation of landmark energy laws.

Reorganisation of the Electric Power Industry

Of the many changes initiated by the EPIRA, of primary importance is the reorganization of the electric power industry by segregating the industry into four sectors: (1) the generation sector; (2) the transmission sector; (3) the distribution sector; and (4) the supply sector. The goal is for the generation and supply sectors to be fully competitive and open, while the transmission and distribution sectors will remain regulated. Prior to the EPIRA, the industry was regulated as a whole, with no clear distinctions between and among the various sectors and/or services.

The Generation Sector

The generation sector converts fuel and other forms of energy into electricity. This sector, by utility, consists of the following: (i) NPC-owned and -operated generation facilities; (ii) NPC-owned plants, which consist of plants operated by IPPs, as well as IPP-owned and -operated plants; and (iii) IPP-owned and -operated plants that supply electricity to customers other than NPC. Successes in the privatization process of NPC continue to build up momentum for the power industry reforms.

Historically, the generation sector has been dominated by NPC. To introduce and foster competition in the sector, and, more importantly, to lessen the debt of NPC, the EPIRA mandates the total privatization of the generation assets and IPP agreements of NPC, which exclude the assets devoted to missionary electrification through the NPC Small Power Utilities Group. NPC is directed to transfer ownership of all the assets for privatization to a separate entity, PSALM, which is specially tasked to manage the privatization. Beginning early 2004, PSALM has been conducting public bidding for the generation facilities owned by NPC.

The goal of the EPIRA is for the generation sector to be open and competitive, while the private sector is expected to take the lead in introducing additional generation capacity. Generation companies will compete either for contracts with various suppliers and private DUs, or through spot sale transactions in the WESM. Competition will be based largely on pricing, subject to availability of transmission lines to wheel electricity to the grid and/or buyers. Recovery by DUs of their purchased power cost is subject to review and regulation by the ERC to determine reasonableness of the cost that are passed on to consumers. With the implementation of RCOA, generation rates, except those intended for the "Captive Market" (*i.e.*, a market of electricity end-users who may not choose their supplier of electricity), ceased to be regulated to a certain extent.

Under the EPIRA, generation companies are allowed to sell electricity to DUs or to retail electricity suppliers through either bilateral contracts or the WESM as described below. With the implementation of RCOA on 26 December 2013, as supplemented by DOE Department Circular No. DC2015-06-0010, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750KW and certified by the ERC to be such ("Contestable Market"). No generation company is allowed to own more than 30.0% of the installed generating capacity of the Luzon, Visayas or Mindanao grids and/or 25.0% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50.0% of the distribution utility's total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the enactment of the EPIRA.

The EPIRA provides that power generation is not a public utility operation and thus, not required to secure national franchises and there are no restrictions on the ability of non-Filipinos to own and operate generation facilities. However, in order to operate, generation companies must obtain a COC from the ERC, as well as health, safety and environmental clearances from appropriate government agencies under existing laws. Upon implementation of RCOA, the prices charged by a generation company for the supply of electricity shall not be subject to regulation by the ERC except as otherwise provided under the EPIRA.

In 2016, the ERC issued the implementing rules governing the issuance and renewal of licenses to RESs and the rules governing contestability of qualified end-users (collectively, the "ERC RES Rules"). However, in February 2017, the Philippine Supreme Court, acting on the petition filed by certain entities, issued a temporary restraining order enjoining the DOE and the ERC from implementing the rules and regulations implementing the RCOA, including the ERC RES Rules. In response thereto, the DOE issued DOE Circular No. 2017-12-0013 allowing the voluntary participation in the retail market of Contestable Customers with average peak demand of 750 kW. Further, on 3 December 2020, the ERC issued Resolution No. 12, Series of 2020 prescribing the timeline for the implementation of the RCOA. In the said Resolution, the threshold level of 500kW-749kW qualified Contestable Customers with existing electronic meters capable of recording and reading interval of time, with a built-in communication port for remote and manual data retrieval, shall be allowed to switch to Competitive Retail Electricity Market or the Contestable Market starting 26 February 2021.

Section 47(j) of the EPIRA prohibits NPC from incurring any new obligations to purchase power through bilateral contracts with generation companies or other suppliers. Also, NPC is only allowed to generate and sell electricity from generating assets and IPP contracts that have not been disposed of by PSALM.

The ERC may impose fines and penalties for violations by generation companies of the EPIRA and the EPIRA IRR policies as well as the ERC's rule and regulations on market power abuse, cross-ownership, and anti-competitive behaviour.

Requirement of Public Offering for Generation Companies

Under Section 43(t) of the EPIRA, the ERC was mandated to issue rules and guidelines under which, among others, generation companies which are not publicly listed shall offer and sell to the public a portion of not less than 15% of their common shares of stock.

ERC Resolution No. 9, Series of 2011, adopted the rules to implement Section 43(t) of the EPIRA. Under the resolution, generation companies, among others, which are not publicly listed are required to sell to the public a portion of not less than 15% of their common shares of stock. If the authorized capital stock of a generation company is fully subscribed, such company must increase its authorized capital stock by 15% or sell or cause the sale of 15% of its existing subscribed capital stock in order to comply with the public offering requirement under the EPIRA.

According to Resolution No. 9, which took effect on 29 June 2011, any offer of common shares of stock for sale to the public through any of the following modes may be deemed as a public offering for purposes of compliance with the public offering requirement under the EPIRA: (1) listing on the PSE; and (2) listing of the shares of stock in any accredited stock exchange or direct offer of the required portion of a company's capital stock to the public. For generation companies registered with the BOI under the Omnibus Investments Code, the public offering requirement may be complied with by a direct offer of the required portion of the registered enterprise's shares of stock to the public or through its employees through an employee stock option plan (or any plan analogous thereto), provided such offer is deemed feasible and desirable by the BOI.

However, the offer of common shares through an employee stock option plan is not considered a public offering since the offer is limited only to the employees of the generation companies or the DUs and not to the general public. The offer to employees may be considered public offering only when the generation company or distribution utility is a registered enterprise under the Omnibus Investment Code. Further, the public offering requirement does not apply to: (i) self-generation facilities, (ii) generation companies and DUs already listed on the PSE, (iii) generation companies and DUs whose holding companies are already listed on the PSE, (iv) generation companies and DUs which are organized as partnerships, and (v) electric cooperatives which have no common shares of stock.

On 4 June 2019, the ERC issued Resolution No. 4 amending Resolution No. 9, Series of 2011. The new resolution maintained the previous rule that companies already listed with the PSE are already deemed in compliance of the 15% public offering requirement. Under Resolution No. 4, Series of 2019, the following modes shall be deemed to be public offerings:

- Listing on the PSE;
- In accordance with the 2015 IRR of the Securities Regulation Code ("SRC"):
- Publication in any printed material distributed in the Philippines;
- Public presentations;
- Advertisements or announcements on radio, television, electronic communications, information communication technology, or any other forms of communications; and
- Distribution of flyers, brochures, or any offering material in a public or commercial place, or through prospective purchasers through the portal system, information communication technology and other means of information distribution.
- Listing of any shares of stock in any accredited stock exchange or direct offer to the public or the employees of an entity registered with the BOI, when deemed feasible and desirable by the latter.

ERC Resolution No. 4, Series of 2019 also provides that generation companies under a Build-Operate-Transfer Scheme must comply with the 15% public offering requirement. Further, it requires that the sale of securities to the public must comply with the SRC and its IRR.
The public offering by existing companies shall be made within five years from the effectivity of ERC Resolution No. 9, Series of 2011, or until 29 June 2016. The five-year period was extended up to 29 June 2017 pursuant to ERC Resolution No. 18, Series of 2016. For new companies, however, the five-year period is counted from the issuance by the ERC of their respective COCs. The period for compliance has further been extended pursuant to ERC Resolution No. 10, Series of 2017 for another year, or until the resolution of the petition filed by the Private Electric Power Operators Association regarding the clarification on whether the registration of common shares at the SEC may be considered as a mode of public offering is resolved, whichever comes earlier. On 21 June 2018, the ERC issued Resolution No. 14, Series of 2018 which further extended the period for compliance until 29 December 2018.

The Transmission Sector

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the operation of the electrical transmission systems throughout the Philippines. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability, and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code (the "Grid Code"). TransCo is also mandated to provide Open Access to all industry participants. The EPIRA granted TransCo a monopoly over the high-voltage network and subjected it to performance-based regulations.

The transmission of electricity through the transmission grid is subject to transmission wheeling charges. Since the transmission of electric power is a regulated common carrier business, the transmission wheeling charges of TransCo are subject to regulation and approval by the ERC.

The EPIRA also requires the privatization of TransCo through an outright sale of, or the grant of a concession over, the transmission assets while the subtransmission assets of TransCo are to be offered for sale to qualified DUs. In December 2007, NGCP, comprising a consortium of Monte Oro Grid Resources, Calaca High Power Corporation and State Grid Corporation of China, won the concession contract to operate, maintain and expand the TransCo assets with a bid of U.S.$3.95 billion. NGCP was officially granted the authority to manage and operate the country's sole transmission system on 15 January 2009, pursuant to a legislative franchise granted by the Philippine Congress under Republic Act No. 9511. Ownership of all transmission assets, however, remained with TransCo.

The Grid Code establishes the basic rules, requirements, procedures and standards that govern the operation, maintenance and development of the Philippine grid, or the high-voltage backbone transmission system and its related facilities. The Grid Code identifies and provides for the responsibilities and obligations of three key independent functional groups, namely: (a) the grid owner, or TransCo; (b) the system operator, or NGCP as the current concessionaire of TransCo; and (c) the market operator, or PEMC. These functional groups, as well as all users of the grid, including generation companies and DUs, must comply with the provisions of the Grid Code as promulgated and enforced by the ERC.

In order to ensure the safe, reliable and efficient operation of the Philippine Grid, the Grid Code provides for, among others, the following regulations:

- performance standards for the transmission of electricity through the grid, as well as the operation and maintenance thereof, which standards shall apply to TransCo, NGCP, DUs and suppliers of electricity;
- technical and financial standards and criteria applicable to users of the grid, including generation companies and DUs connected or seeking to connect thereto; and
- other matters relating to the planning, management, operation, and maintenance of the grid.

The Distribution Sector

The distribution of electric power to end-users may be undertaken by private DUs, cooperatives, local government units presently undertaking this function, and other duly authorized entities, subject to regulation by the ERC. The distribution business is a regulated public utility business requiring a franchise from Congress, although franchises relating to electric cooperatives remained under the jurisdiction of the NEA until the end of 2006. All DUs are also required to obtain a Certificate of Public Convenience and Necessity from the ERC to operate as public utilities.

All DUs are also required to submit to the ERC a statement of their compliance with the technical specifications prescribed in the Philippine Distribution Code ("Distribution Code"), the Distribution Services and Open Access Rules and the performance standards set out in the EPIRA IRR.

The distribution sector is and will continue to be regulated by the ERC, with distribution and wheeling charges, as well as connection fees from its consumers, subject to ERC approval. Likewise, the retail rate imposed by DUs for the supply of electricity to its captive consumers is subject to ERC approval. In addition, as a result of the Philippine government's policy of promoting free competition and open access, DUs are required to provide universal and non-discriminatory access to their systems within their respective franchise areas following commencement of RCOA.

The Distribution Code establishes the basic rules and procedures that govern the operation, maintenance, development, connection, and use of the electric distribution systems in the Philippines.

The Distribution Code defines the technical aspects of the working relationship between the distributors and all the users of the distribution system, including DUs, embedded generators, and large customers. All such electric power industry participants in distribution system operations are required to comply with the provisions of the Distribution Code as promulgated and enforced by the ERC.

The Supply Sector

The supply of electricity refers to the sale of electricity directly to end-users. The supply function used to be undertaken solely by franchised DUs. However, with the implementation of RCOA, the supply function has become competitive. The business is not considered a public utility operation and suppliers are not required to obtain franchises. However, the supply of electricity to the "Contestable Market" (*i.e.*, a market of electricity end-users who have a choice on their supplier of electricity) is considered a business with a public interest dimension. As such, the EPIRA requires all suppliers of electricity to the Contestable Market to obtain a license from the ERC and they are subject to the rules and regulations of the ERC on the abuse of market power and other anti-competitive or discriminatory behaviour.

With the implementation of the RCOA, a RES is allowed to enter into retail electricity supply agreements with Contestable Customers. This set-up encourages competition at the retail level. It has been planned that the threshold for retail competition will gradually decrease over time; provided, that retail electricity suppliers are sufficiently creditworthy to be suitable offtakers for generation companies.

Competitive Market Devices

Wholesale Electricity Spot Market

The EPIRA mandates the establishment of the WESM, which is a pre-condition for the implementation of RCOA, within one year from its effectivity. The WESM provides a venue whereby generators may sell power, and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two. The establishment of the WESM facilitates a transparent and competitive electricity market for the country.

All generation companies, DUs, suppliers, bulk consumers/end-users, and other similar entities authorized by the ERC are eligible to become WESM members subject to compliance with membership requirements.

On 28 June 2002, the DOE, in cooperation with electric power industry participants, promulgated detailed rules for the WESM. These rules set the guidelines and standards for participation in the market, reflecting accepted economic principles and providing a level playing field for all electric power industry participants, and procedures for establishing the merit order dispatch for each time (hourly trading period). These rules also provide for a mechanism for setting electricity prices that are not covered by bilateral contracts between electricity buyers and sellers.

On 18 November 2003, upon the initiative of the DOE, the PEMC was incorporated as a non-stock, non-profit corporation with membership comprising an equitable representation of electricity industry participants and chaired by the DOE. The PEMC acts as the autonomous market group operator and the governing arm of the WESM. The PEMC was tasked to undertake the preparatory work for the establishment of the WESM, pursuant to Section 30 of the EPIRA and in accordance with the WESM Rules. Its primary purpose is to establish, maintain, operate, and govern an efficient, competitive, transparent, and reliable market for the wholesale purchase of electricity and ancillary services in the Philippines in accordance with relevant laws, rules and regulations.

The PEMC and the IEMOP, have executed the Operating Agreement to formalize the transfer of all functions, assets and liabilities associated with market operations from PEMC to the IEMOP effective on 26 September 2018. Republic Act No. 9136 requires PEMC to divest itself of this function in favour of a separate entity that is independent of the market participants. On 6 February 2018, the market participants and the DOE Secretary approved the transition plan calling for the formation of an independent market operator and the transfer of the market operation functions to it. IEMOP, a non-stock, non-profit corporation, led by a Board of Directors, all of whom are not affiliated and do not have any interest or connection to the WESM participants, was incorporated and organized to implement the transition plan. Starting on 26 September 2018, the IEMOP runs the electricity market and manages the registration of market participants, receive generation offers, come out with market prices and dispatches schedules of the generation plants, and handle billing, settlement, and collections, among other things. Under the policy and regulatory oversight of the DOE and the ERC, PEMC remains the governing body for WESM to monitor compliance of the market participants with the market rules.

Through the DOE Department Circular 2021-06-0015, the DOE declared the commercial operation of the Enhanced WESM Spot Market effective 26 June 2021 which shortened the dispatch, settlement, and trading interval at the WESM from the current one-hour interval to five-minute interval. As part of the pre-emptive mitigating measures to address price volatilities in the WESM, the ERC, through ERC Resolution 7, Series of 2021, adopted a shorter rolling average period of 72 hours from 120 hours, in relation to the application of the secondary price cap of ₱6,245/MWh, to be applied upon breaching of a ₱9,000/MWh rolling average price over a 72-hour period.

Retail Competition and Open Access

The EPIRA likewise provides for a system of RCOA on transmission and distribution wires, whereby TRANSCO/NGCP and DUs may not refuse the use of their wires by qualified persons, subject to the payment of distribution and wheeling charges. Conditions for the commencement of the open access system are as follows:

- Establishment of the WESM;
- approval of unbundled transmission and distribution wheeling charges;
- initial implementation of the cross-subsidy removal scheme;
- privatization of at least 70.0% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- transfer of the management and control of at least 70.0% of the total energy output of power plants under contract with NPC to the IPPAs.

Prior to the implementation of the RCOA, the distribution utility exclusively procures energy on behalf of its customers, and delivers the energy through its distribution wires. With RCOA, competing RES will do the buying and selling of electricity, and have the distribution utility deliver the energy for them through the distribution utility's existing distribution wires. The Contestable Customers will have more choices in pricing and power supply contracting, thereby getting the best deal in terms of price and value for money.

On 6 June 2011, pursuant to Resolution No. 10, Series of 2011, the ERC declared 26 December 2011 as the "Open Access Date" to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas.

The implementation of retail competition and open access is mandated by the EPIRA, subject to the fulfilment of certain conditions including, but not limited to, the establishment of the WESM, the unbundling of transmission and distribution wheeling charges, and privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas. 26 December 2011 was the commencement of the full operations of the competitive retail electricity in Luzon and Visayas. Initially, all electricity end-users with an average monthly peak demand of one MW for 12 months preceding 26 December 2011, as certified by the ERC to be contestable customers, shall have the right to choose their own electricity suppliers and are, thus, enjoined to exercise such right to their full benefit.

On 17 December 2012, the ERC promulgated the transitory rules for the implementation of RCOA.

With the purpose of ensuring quality, reliable and affordable electricity under a regime of free and fair competition, the DOE and the ERC issued the following circulars and resolutions to promote customer choice and foster competition in the electricity supply sector:

- **DOE Circular No. DC2015-06-0010 –** Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access (RCOA) in the Philippine Electric Power Industry;

- **ERC Resolution No. 05, Series of 2016 –** A Resolution Adopting the 2016 Rules Governing the Issuance of Licenses to Retail Electricity Suppliers (RES) and Prescribing the Requirements and Conditions Therefor;

- **ERC Resolution No. 10, Series of 2016 –** A Resolution Adopting the Revised Rules for Contestability;

- **ERC Resolution No. 11, Series of 2016 –** A Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market;

- **ERC Resolution No. 28, Series of 2016 –** Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, Series of 2016 entitled Revised Rules for Contestability; and

- **ERC Resolution No. 1122, Series of 2020 –** A Resolution Prescribing the Timeline for the Implementation of the Retail Competition and Open Access (RCOA).

The above resolutions/circulars required electricity end-users with an average monthly peak demand of at least 1MW to secure retail supply contracts with licensed retail electricity suppliers on or before 26 February 2017.

On 21 February 2017, the Supreme Court issued a temporary restraining order ("TRO") against the enforcement of several orders and regulations promulgated by the ERC and the DOE in relation to RCOA, particularly those compelling Contestable Customers to enter into a retail supply contracts with any of the RES accredited by the DOE and the ERC by 26 February 2017. In response thereto, the DOE issued DOE Circular No. 2017-12-0013 allowing the voluntary participation in the retail market of Contestable Customers with average peak demand of 750 kW. Further, on 3 December 2020, the ERC issued Resolution No. 12, Series of 2020 Prescribing the Timeline for the Implementation of the RCOA. In the said Resolution, the threshold level of 500kW-749kW qualified Contestable Customers with existing electronic meters capable of recording and reading interval of time, with a built-in communication port for remote and manual data retrieval, shall be allowed to switch to Competitive Retail Electricity Market or the Contestable Market starting 26 February 2021.

As such, notwithstanding the TRO issued by the Supreme Court, electricity end-users with average peak demands of at least 500 kW may choose their retail electricity supplier on a voluntary basis.

Unbundling of Rates and Removal of Cross Subsidies

The EPIRA mandates that transmission and distribution wheeling charges be unbundled from retail rates and that rates reflect the respective costs of providing each service. The EPIRA also states that cross-subsidies shall be phased out within a period not exceeding three years from the establishment by the ERC of a universal charge, which shall be collected from all electricity end-users. However, the ERC may extend the period for the removal of the cross-subsidies for a maximum of one year if it determines that there will be a material adverse effect upon the public interest or an immediate, irreparable, and adverse financial effect on a distribution utility. The initial implementation of the cross-subsidy removal scheme was accomplished in 2001.

These arrangements are now in place, in satisfaction of the conditions for RCOA.

The EPIRA likewise provides for a socialized pricing mechanism such as the lifeline rate subsidy to be set by the ERC for marginalized or low-income captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users are exempt from the cross-subsidy removal for a period of 10 years. In June 2011, R.A. No. 10150 extended for another 10 years the application of the lifeline rate subsidy. In May 2021, R.A. No. 11552 extended the implementation of the current level of consumption, subsidy, and rate to all marginalized end-users until such time that a new level shall be determined and approved by the ERC.

Implementation of the PBR

On 12 July 2016, the ERC issued the Rules for Setting Distribution Wheeling Rates that apply to privately owned DUs entering Performance Based Regulation ("PBR") for the fourth entry points, which set out the manner in which the new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR is intended to replace the return-on-rate-base regulation that has historically determined the distribution charges paid by the distribution companies' customers. Under the PBR, the distribution-related charges that DUs can collect from customers over a four-year regulatory period will be set by reference to projected revenues which are reviewed and approved by the ERC and used by the ERC to determine a distribution utility's efficiency factor. For each year during the regulatory period, a distribution utility's distribution charge is adjusted upwards or downwards taking into consideration the utility's efficiency factor set against changes in overall consumer prices in the Philippines. The ERC has also implemented a performance incentive scheme whereby annual rate adjustments under PBR will also take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the average time to provide connections to customers and the average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

Reduction of Taxes and Royalties on Indigenous Energy Resources

To equalize prices between imported and indigenous fuels, the EPIRA mandates the President of the Philippines to reduce the royalties, returns and taxes collected for the exploitation of all indigenous sources of energy, including but not limited to, natural gas and geothermal steam, so as to effect parity of tax treatment with the existing rates for imported coal, crude oil, bunker fuel and other imported fuels. Following the promulgation of the EPIRA IRR, President Arroyo enacted Executive Order No. 100 on 3 May 2002, to equalize the taxes among fuels used for power generation. This mechanism, however, is yet to be implemented.

Government Approval Process

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a franchise. However, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a COC from the ERC to operate facilities used in the generation of electricity. A COC is valid for a period of five years from the date of issuance.

In addition to the COC requirement, a generation company must comply with technical, financial, and environmental standards. A generation company must ensure that all its facilities connected to the grid meet the technical design and operational criteria of the Grid Code and Distribution Code promulgated by the ERC. In this connection, the ERC has issued "Revised Guidelines for the Financial Standards of Generation Companies," which sets the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service coverage ratio of 1.25x throughout the period covered by its COC. For COC applications and renewals, the guidelines require the submission to the ERC of, among other things, comparative audited financial statements for the two most recent 12-months periods, if available, a schedule of liabilities, and a five-year financial plan. For the duration of the COC, the guidelines also require a generation company to submit audited financial statements and forecast financial statements to the ERC for the next two financial years, as well as other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be a ground for the imposition of fines and penalties.

The ERC also approves PSAs between DUs and power suppliers. Aside from the regulatory certificates from the SEC, BOI, DOE, and the like, the ERC also requires additional documentary support for PSA approval, such as but not limited to financial data such as debt-to-equity ratios, project costs, annual interests, weighted average cost of capital, bank loans, cash flow on the initial costs, operating & maintenance expenses, minimum energy offtake, fuel costs, technical and economic characteristics of the generating plant such as the kWh generation (basis of maintenance allowance), installed capacity, mode of operation, and dependable capacity, among others.

Upon the introduction of RCOA, the rates charged by a generation company will no longer be regulated by the ERC, except rates for Captive Markets (which are determined by the ERC). In addition, since the establishment of the WESM, generation companies are now required to comply with the membership criteria and appropriate dispatch scheduling as prescribed under the WESM Rules.

In the course of developing a power plant, other permits, approvals and consents must also be obtained from relevant national, provincial and local government authorities, relating to, among others, site acquisition, construction and operation, including environmental licenses and permits.

Retail rates charged by RES to Contestable Customers will not require ERC approval. Only the retail rates charged by DUs to their Captive Customers will be subject to the approval of the ERC.

The Energy Efficiency and Conservation Act

The EEC was enacted to establish a framework for introducing and institutionalizing policies on energy efficiency and conservation.

Under the EEC, energy efficiency projects shall be included in the annual investment priorities plan of the BOI and shall be entitled to incentives under Executive Order No. 226 or the "Omnibus Investments Code of 1987," and other applicable laws for ten years from the effectivity of the EEC. After the lapse of ten years, the inclusion of energy sufficient projects in the annual investment priorities plan shall be reviewed and may be extended by the BOI. Energy efficient projects are exempt from the nationality requirements under Article 32(1) of the Omnibus Investments Code of 1987, unless the project involved exploration, development and utilization of natural resources which is reserved to Filipino citizens, or corporations or association at least 60% of whose capital is owned by Filipino citizens as per Section 2, Article XII of the 1987 Constitution. Further, establishments that will implement or are implementing energy efficient projects are entitled to provision of awards and recognitions, and technical assistance from government agencies in the development and promotion of energy efficient technologies.

The following acts are prohibited under the EEC:

- Failing to comply with energy labelling;
- Removing, defacing, or altering any energy label on the energy-consuming product before the product is sold to the first purchaser, or leased to the first lessee;
- Failing to provide accurate information or provision of false or misleading energy information as required to be submitted under the EECA;
- Selling, leasing, or importing energy-consuming products that do not comply with the minimum energy performance;
- Failing or wilfully refusing to appoint or designate a Certified Energy Conservation Officer or Certified Energy Manager;
- Wilfully refusing to submit to an on-site inspection by the DOE;
- Failing or wilfully refusing to submit any of the reports required;
- Failing to comply with issued orders of the DOE in the discharge of its enforcement powers; and
- Violating any provisions of the IRR, codes, and guidelines issued in accordance with the EECA.

The DOE is empowered to impose fines and penalties for the violation of the provisions of the EEC, DOE Department Circular No. DC2019-11-0014 (the "EEC IRR"), and other related issuances. The fines and penalties shall range from ₱10,000.00 to ₱1,000,000.00, without prejudice to criminal penalties and penalties under existing regulations. The responsible officers and employees of establishments who commit any of the prohibited acts listed above shall, upon conviction, suffer the penalty of imprisonment of one year to five years, or a fine ranging from a minimum of ₱100,000.00 to ₱100,000,000.00 or twice the amount of costs avoided for noncompliance, whichever is higher, or both, upon the discretion of the court. Any person who aids or abets the commission of the prohibited acts or causes such commission by another, shall be liable as a principal. In case of associations, partnerships, or corporations, the penalty shall be imposed on the partner, president, chief operating officer, chief executive officer, director, or officer responsible for the violation.

The Renewable Energy Act of 2008

The RE Law provides for the acceleration and development of renewable resources. It was signed into law on 16 December 2008 and became effective in January 2009.

Renewable energy developers of renewable energy facilities, including hybrid systems, in proportion to and to the extent of the renewable energy component, for both power and non-power applications as certified by the DOE are entitled to the following general incentives:

- Income tax holiday ("ITH") for the first seven years of its commercial operations. Additional investments in the project are entitled to additional income tax exemption on the income attributable to the investment. For this purpose, the discovery and development of new renewable energy resource is treated as a new investment and is therefore entitled to a fresh package of incentives. The entitlement period for additional investments shall not be more than three times the period of the initial availment of the income tax holiday.
- Duty-free importation of renewable energy machinery, equipment and materials which are directly and actually needed and used exclusively in the RE facilities for transformation into energy and delivery of energy to the point of use and covered by shipping documents in the name of the duly registered operator to whom the shipment will be directly delivered by customs authorities, within the first 10 years upon the issuance of a certification of an RE developer. DOE endorsement must be obtained before the importation and before any sale, transfer or disposition of the imported capital equipment, machinery or spare parts is made. There are additional conditions for sale, transfer, disposition made within the 10-year period from date of importation.
- Special realty tax rates on equipment and machinery.
- The net operating loss carry-over of the RE developer during the first three years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as a deduction for the next seven consecutive taxable years following the year of such loss.
- RE developers shall enjoy a 10% corporate income tax rate after the expiration of its ITH.
- Accelerated depreciation if the RE project fails to receive an ITH before full operation.
- Zero-percent value added tax rate for sale of fuel or power generated from renewable sources.
  - Further, all RE developers are entitled to zero-rated value added tax on its purchases of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities.
- Cash incentive for RE developers for missionary electrification.

- Tax exemption of carbon credits.
- Tax credit on domestic capital equipment and services.

The RE Law likewise provides incentives for manufacturers, fabricators and suppliers of locally-produced RE equipment and components duly recognized and accredited by the DOE and upon registration with the BOI.

Further, the RE Law provides a policy on FIT. The FIT scheme mandates electric power industry participants to source RE-derived electricity at a guaranteed fixed price (the "FIT Rate"). This scheme was primarily viewed as a way to entice the private sector players to hasten investment into the renewable power generation sector due to the urgent need of the Philippines to deploy additional capacity.

RE projects are governed by an RE Contract, a service agreement between the Philippine Government and an RE developer over an appropriate period of time as determined by the DOE in which the RE developer will have the exclusive right to explore, develop or utilize a particular RE area.

Feed-In Tariff

The ERC issued Resolution No. 16, Series of 2010 ("ERC Resolution No. 16-2010" or the "FIT Rule**s**"), otherwise known as "Resolution Adopting the Feed-In Tariff Rules," which establishes the FIT system and regulates the method of establishing and approving the FITs and the FIT Allowance ("FIT-All").

The FIT Rules are specific for each emerging renewable energy technology and to be applied only to generation facilities which enter into commercial operation after effectivity of the FIT Rules or to such parts of such existing facilities which have been substantially modified or expanded as provided under the FIT Rules.

Under the FIT Rules, the FITs are specific for each eligible renewable energy plants ("Eligible RE Plants"), which are those power facilities with COCs issued to them that utilize emerging renewable energy resources or to such parts of such existing facilities that have been substantially modified or expanded, which enter into commercial operation after effectivity of the FIT Rules. These include facilities intended for their owners' use, which are connected to the transmission or distribution networks and are able to deliver to such networks their generation or parts thereof but FIT shall only be paid for such amount of electricity actually exported to the distribution or transmission network and not utilized for their own use.

The renewable energy plants which have started commercial operations after the effectivity of the RE Law and are not bound under any contract to supply the energy they generate to any distribution utility or consumer, may avail of the FITs from time to time they are certified by the ERC as eligible through an amendment of the COC issued to them and for a period of 20 years less the number of years they have been in operation. RE Plants, which have been in operation prior to the effectivity of the RE Law may be granted lower FITs specific to them upon application and hearing, and after a showing that:

- Such FITs are indispensable for their continued operations;
- There is no legal impediment for them to be allowed such FITs, such as the existence of a power supply agreement/power purchase agreement with any DU or End-User; and,
- They have fulfilled such other requirements of the ERC.

FITs shall be established for each generation plant using: (i) wind energy resources; (ii) solar energy resources; (iii) ocean energy resources; (iv) run-of-river hydroelectric power resources; (v) biomass energy resources; and (vi) renewable energy components of technologies listed above of hybrid systems under the RE Law.

The FIT System applicable to renewable energy plants in on-grid areas are: (i) Technology-specific FITs; (ii) Fixed FITs but subject to adjustment to allow pass-through of local inflation and foreign exchange rate variations. FITs for peak and off-peak hours may be established for renewable energy technologies that can follow the dynamics of demand such biomass energy systems and hydropower, as may be recommended by NREB.

Eligible RE Plants shall be entitled to the applicable FITs to them for a period of 20 years. After this period, should these plants continue to operate, their tariffs will be based on prevailing market prices or whatever prices they should agree with an off-taker.

Electricity consumers who are supplied with electricity through the distribution of transmission network shall share in the cost of the FITs in part through a uniform charge (in ₱/kWh) referred to as the FIT-All and applied to all billed kWh. Under ERC Resolution No. 15, Series of 2012, as the FIT-All Fund Administrator, TransCo ensures that the FIT-All fund is sufficient to pay all renewable energy producers regularly.

Renewable Portfolio Standards

The RE Law also provides for the establishment of the Renewable Energy Market ("REM"), a venue where the Renewable Energy Certificates may be traded; and a facility to determine the compliance of Mandated Participants with their Renewable Portfolio Standards ("RPS") obligations.

To mandate electric participants to source an agreed portion of their energy supply from eligible RE resources, DOE issued Department Circular Nos. DC2017-12-0015 and DC2018-08-0024 prescribing the rules and guidelines governing the establishment of the Renewable Portfolio Standards for On-Grid on 22 December 2017, and for Off-Grid Areas on 24 August 2018 ("RPS Rules"), respectively.

The RPS is a market-based policy that mandates power DUs, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy facilities. The RPS Rules established a minimum annual RPS requirement. This pertains to the RE share of electricity coming from RE resources in the energy mix based on an aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE. The RPS Rules also established the minimum annual incremental RE percentage. This is initially set at 1% to be applied to the net electricity sales of the mandated participant for the previous year, and thereafter adjusted by the DOE as may be necessary.

Also, the DOE issued Department Circular No. DC2019-12-0016 or the REM Rules which established the guidelines, requirements and procedures for the operation and governance of the REM. The REM operations is supervised and monitored by the REM Governance Committee ("RGC") under the oversight of PEMC Board. Currently, RGC is composed of one independent member to be elected from the independent members of the PEM Board, who shall be the Chairperson, one representative each from the RE Registrar, REM Generators/Retail Electricity Suppliers, Electric Cooperatives, and Private DUs to be appointed by the PEM Board.

Green Energy Auction Program

DOE Circular No. DC2020-07-0017, or the GEAP Guidelines, sets out the framework for the mechanism established by the DOE which provides mandated participants an additional avenue to meet their RPS requirements under DOE Department Circular No. 2017-12-0015, and to promote investment in RE resources to meet the nationally set RE targets.

The Green Energy Auction facilitates contracting of supply between qualified suppliers and qualified customers by consolidating the RPS requirements of the qualified customers and auctioning them off to the qualified suppliers under a competitive process. In August 2021, the DOE released a draft circular revising the original guidelines where the GEAP will adopt the framework for the Feed-in-Tariff system. Under this framework, the energy will be sold to the WESM, the bid price of the winning bidders will be their guaranteed payment, and any difference between the bid price and the spot price will be settled through the Feed-in-Tariff system.

The DOE originally planned to auction 2,000 MW of RE capacity in June 2021 but deferred the schedule to October 2021 due to the impact of the COVID-19 pandemic to the demand-supply scenario and in light of the proposed revisions to the GEAP Guidelines. In June 2022, the DOE awarded 19 contracts to various renewable energy developers, including BWPC and Amihan Renewable Energy Corp. after conducting the first round of the GEAP through an electronic bidding program on 17 June 2022. The DOE has announced that it will conduct the second round of the GEAP "by the second quarter of 2023."

Green Energy Option Program

DOE Department Circular No. DC2018-07-0019, or the Green Energy Option Program ("GEOP") Guidelines, provides for the mechanism where eligible end-users with average peak demand of 100 kW and above are given the option to choose RE resources as their source of energy. With GEOP, consumers can choose RE as its supply of energy at competitive costs; contribute to the growth of the RE industry in the country; contribute to a cleaner and sustainable environment; and support national and global decarbonization goals.

All entities engaged in the business of generating and/or supplying electricity from RE resources may become an RE supplier under GEOP after obtaining an operating permit from the DOE. This includes any RE facility, whether eligible for RPS compliance, as long as there is still available capacity or energy for supply under GEOP. Existing retail electricity suppliers may be automatically issued an operating permit as RE supplier under the GEOP, subject to the submission of certain documents. As of 31 May 2021, there are only 12 registered RE Suppliers under the GEOP.

The ERC has recently issued ERC Resolution No. 08, Series of 2021 or A Resolution Adopting the Rules for the Green Energy Option Program. ERC Resolution No. 08, Series of 2021 provides for, among others, the regulatory framework of the GEOP; guidelines for eligible end-users; procedures for customer switching; billing procedures and disconnection process; procedures to facilitate arrangements between the PEMC, IEMOP, RE Suppliers, DUs. It also provides for the technical and interconnection standards, and templated agreements for the seamless implementation of the GEOP.

Competitive Selection Process

DUs are now required to conduct a competitive selection process ("CSP") in the procurement of their electricity requirements. Prior to 2018, DUs were allowed to procure their electricity requirements through direct negotiation with power suppliers or generation companies. On 1 February 2018, the DOE issued Department Circular No. DC2018-02-003 Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreements for the Captive Market (the "CSP Circular").The CSP Circular provides for a simplified and streamlined procurement process and was promulgated to, among others, ensure transparency in the procurement of the electricity requirements of the DUs, ensure wide dissemination of bid opportunities and participation of all power suppliers or generation companies, and guarantee the electricity demand of DUs are met at the least cost of electricity to consumers, among others.

Energy Virtual One Stop Shop Law

Republic Act No. 11234 or the Energy Virtual One Stop Shop ("EVOSS") Law which became effective on 30 March 2019 established an online process of completing the requirements of energy related projects to ensure the timely completion of power generation, transmission and distribution projects by eliminating duplication in documentary submissions and processes through an online platform for government agencies to coordinate and share information. It provides for the paperless and electronic application and processing system which proponents can access all information necessary in the application of new projects, submit all requirements and monitor the approval.

The EVOSS Law provided specific timeframe within which the government agencies involved to issue the required permits and licenses upon receipt of the complete documents. The failure of a particular agency to act upon the application or release the permits and licences within the prescribed period shall deem the application approved and warrants corresponding penalty. It also created the EVOSS Steering Committee which had a limited life of two (2) years from the effectivity of the law or until 29 March 2021. Thus, to maintain the momentum and continuity of the initiatives of the law, Executive Order No. 143 was signed on 2 July 2021, which created the EVOSS Task Group, which has the same composition and has the same powers and functions as the EVOSS Steering Committee.

The Philippine Energy Research and Policy Institute Act

Republic Act No. 11572 created the Philippine Energy Research and Policy Institute tasked to enhance and promote the acquisition of knowledge in recent developments and scientific breakthroughs in the field of energy. It is an independent agency attached to the University of the Philippines.

The Institute will be headed by an executive director to be appointed by the UP President upon recommendation of the Executive Board. The Executive Board shall be composed of seven members comprised of the UP President as the ex-officio chairperson, and at least one representative from the fields of engineering, law, science, statistics, economics, social science, and public health, either from the academe or the private sector. Four members shall come from the academe, two members shall come from the private sector, while each representative shall come from different fields.

The Institute shall support the education and training for its officers and employees to include advanced degree studies, short-term programs, online courses, and participation in conferences. Research papers, data, and other resources shall be made available to the public through its website. However, proprietary or confidential data and other resources cannot be posted or disclosed unless prior consent of the source or owner of such data and resources has been obtained by the requesting party.

Petroleum

The Company's petroleum business is subject to the following laws, rules, and regulations:

Section 2, Article XII of the 1987 Constitution

This constitutional provision reserves ownership to the State and declares non-alienable all lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources.

The State has full control of exploration, development, and utilization of natural resources but may enter into co-production, joint venture, or production-sharing agreements with Filipinos, or corporations or associations which are at least 60% owned by Filipinos, and only for a period of 25 years, renewable for another 25 years.

The President may enter into agreements with foreign-owned corporations involving either technical or financial assistance for large-scale exploration, development, and utilization of minerals, petroleum, and other mineral oils according to the general terms and conditions provided by law. The President shall notify the Congress of every contract entered into in accordance with this provision, within thirty days from its execution.

Presidential Decree (P.D.) No. 87, as amended, or The Oil Exploration and Development Act of 1972

P.D. 87, as amended, or "The Oil Exploration and Development Act of 1972" declares that the State should accelerate the discovery and production of indigenous petroleum through utilization of government and/or private resources, local and foreign, under arrangements calculated to yield maximum benefit to the Filipino people and revenues to the Philippine government, and to assure just returns to participating private enterprises, particularly those that will provide services, financing, and technology, and fully assume all exploration risks. The government may undertake petroleum exploration and production by itself or may indirectly undertake the same through Service Contracts. Under a service contract, service and technology are furnished by a contractor for which it would be entitled to a service fee of up to 40% of net production proceeds. Where the Government is unable to finance petroleum exploration or in order to induce the contractor to exert maximum efforts to discover and produce petroleum, the service contract would stipulate that, if the contractor furnishes service, technology and financing, the proceeds of the sale of the petroleum produced under the service contract would be the source of payment of the service fee and the operating expenses due the contractor. Operating expenses are deductible up to 70% of gross production proceeds. If, in any year, the operating expenses exceed 70% of gross proceeds from production, the unrecovered expenses may be recovered from the operations of succeeding years. Intangible exploration costs may be reimbursed in full, while tangible exploration costs (such as capital expenditures and other recoverable capital assets) are to be depreciated for a period of five or 10 years. Any interest or other consideration paid for any financing approved by the Government for petroleum development and production would be reimbursed to the extent of two-thirds of the amount, except interest on loans or indebtedness incurred to finance petroleum exploration.

Aside from reimbursement of its operating expenses, a contractor with at least 15% Filipino participation is allowed to recover a Filipino participation incentive allowance equivalent to a maximum of 7.5% of the gross proceeds from the crude oil produced in the contract area. Incentives to service contractors include (i) exemption from all taxes except income tax which is paid out of Government's share, (ii) exemption from all taxes and duties on importation of machinery, equipment, spare parts, and materials for petroleum operations, (iii) repatriation of investments and profits, and (iv) free market determination of crude oil prices. Finally, a subcontractor is subject to special income tax rate of 8% of gross Philippine income while foreign employees of the service contractor and the subcontractor are subject to a special tax rate of 15% on their Philippine income.

A service contract has a maximum exploration period of 10 years and a maximum development and production period of 40 years. Signature bonus, discovery bonus, production bonus, development allowance and training allowance are payable to the Government. Other pertinent laws and issuances include P.D. 1857, a law amending certain sections of P.D. 87, as amended, offering improved fiscal and contractual terms to service contractors with special reference to deep water oil exploration; *DOE Circular No. 2009040004*, a circular that establishes the procedures for the Philippine Contracting Rounds; *DOE Circular No. 200305006*, a circular that provides the guidelines to the financial and technical capabilities of a viable petroleum exploration and production company; *Executive Order (EO) No. 66* issued in 2002 which designated the DOE as the lead government agency in developing the natural gas industry; and *DOE Circular 200208005*, a circular setting the interim rules and regulations governing the transmission, distribution and supply of natural gas.

Republic Act No. 8371 or The Indigenous Peoples' Rights Act of 1997

Republic Act No. 8371 or The Indigenous Peoples' Rights Act of 1997 ("IPRA") requires the free and prior informed consent ("FPIC") of indigenous peoples ("IP") who will be affected by resource exploration and extraction activities. Under the IPRA, IPs are granted certain preferential rights to their ancestral domains and all resources found therein. Ancestral domains are defined as areas generally belonging to IPs, subject to property rights within ancestral domains already existing or vested upon the effectivity of the IPRA, comprising lands, inland waters, coastal areas, and natural resources, held under a claim of ownership, occupied or possessed by IPs themselves or through their ancestors, communally or individually, since time immemorial, continuously to the present, except when interrupted by war, force majeure or displacement by force, deceit, stealth, or as a consequence of government projects or any voluntary dealings entered into by the Government and private persons, and which are necessary to ensure their economic, social and cultural welfare.

Under the IPRA, no concession, license, lease, or agreement shall be issued by any government agency without the certification precondition ("CP") from the National Commission on Indigenous People ("NCIP"). The CP states that the FPIC has been obtained from the concerned IPs. For areas not occupied by IPs, a certificate of non-overlap is issued instead by the NCIP. For areas occupied by IPs, the applicant and representatives from the NCIP will conduct consultations and consensus building to obtain the consent of IPs. The FPIC is manifested through a memorandum of agreement with IPs, traditionally represented by their elders. The CP is then issued by the NCIP stating that the FPIC has been obtained from the IPs concerned.

Environmental Matters

Philippine Clean Water Act

In 2004, Republic Act No. 9275, or the "Philippine Clean Water Act of 2004," was enacted to streamline processes and procedures in the prevention, control, and abatement of pollution in the country's water resources and provide for a comprehensive water pollution management program focused on pollution prevention. The law primarily applies to the abatement and control of water pollution from land-based sources. The EMB, in partnership with other Philippine government agencies and the respective local government units, is tasked by the Implementing Rules of the Clean Water Act to identify existing sources of water pollutants and strictly monitor pollution sources which are not in compliance with the effluent standards provided in the law. The Philippine Clean Water Act also authorizes the Department of Environment and Natural Resources ("DENR") to formulate water quality criteria and standards for oil and gas exploration which encounter re-injection constraints.

The Clean Water Act requires owners or operators of facilities that discharge regulated effluents (such as wastewater from manufacturing plants or other commercial facilities) to secure a discharge permit from the DENR which authorizes the owners and operators to discharge waste and/or pollutants of specified concentration and volumes from their facilities into a body of water or land resource for a specified period of time.

Philippine Clean Air Act

Republic Act 8749 or "The Philippine Clean Air Act of 1999" is a comprehensive air quality management program which aims to achieve and maintain healthy air for all Filipinos. Under this, the DENR is mandated to formulate a national program on how to prevent, manage, control, and reverse air pollution using regulatory and market-based instruments, and setup a mechanism for the proper identification and indemnification of victims of any damage or injury resulting from the adverse environmental impact of any project, activity or undertaking. To implement this law, the Government is promoting energy security through policies on energy independence, sustainability, and efficiency. These involve:

- increasing oil and gas exploration;
- strengthening of the PNOC to spearhead the development of indigenous energy resources and building global partnerships and collaborative undertakings;
- pursuing the development of renewable energy such as geothermal, wind, solar, hydropower, and biomass, and the vigorous utilization of the cleaner development mechanism and the emerging carbon market;
- expanding the use of natural gas; and
- adopting energy efficiency promotion strategies.

The Philippine Clean Air Act of 1999 requires enterprises that operate or utilize air pollution sources to obtain an Authority to Construct or a Permit to Operate from the DENR with respect to the construction or use of air pollutants The issuance of said permits seek to ensure that regulations of the DENR with respect to air quality standards and the prevention of air pollution are achieved and complied with by such enterprises.

The Philippine Environmental Impact Statement System

Projects relating to resource exploration and extraction are required to comply with the Philippine Environmental Impact Statement System ("EIS System"). The EIS System was established by virtue of P.D. 1586 entitled "Establishing An Environmental Impact Statement System, Including Other Environmental Management Related Measures And For Other Purposes," issued in 1978. The EIS System requires all government agencies, government owned or controlled corporations and private companies to prepare an Environmental Impact Assessment ("EIA") for any project or activity that affects the quality of the environment. An EIA is a process that involves evaluating and predicting the likely impacts of a project (including cumulative impacts) on the environment and includes designing appropriate preventive, mitigating and enhancement measures to protect the environment and the community's welfare. An entity that complies with the EIS System is issued an Environmental Compliance Certificate ("ECC"), which is a document certifying that, based on the representations of the project proponent, the proposed project or undertaking will not cause significant negative environmental impacts and that the project proponent has complied with all the requirements of the EIS System.

To strengthen the implementation of the EIS System, the Office of the President of the Philippines issued Administrative Order ("A.O.") No. 42 in 2002, providing the streamlining of the ECC application processing and approval procedures. Pursuant to A.O. 42, the DENR promulgated DENR AO No. 2003-30, also known as the IRR for the Philippine EIS System, in 2003.

Under the IRR, only projects that pose potential significant impact to the environment would be required to secure ECCs. In determining the scope of the EIS System, two factors are considered, namely: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

Specifically, the criteria used to determine projects covered by the EIS System are as follows:

Characteristics of the project or undertaking:

- size of the project;
- cumulative nature of impacts compared to other projects;
- use of natural resources;
- generation of wastes and environment related nuisance; and
- environment related hazards and risk of accidents.

Location of the project:

- vulnerability of the project area to disturbances due to its ecological importance endangered or protected status;
- conformity of the proposed project to existing land use, based on approved zoning or on national laws and regulations; and
- relative abundance, quality and regenerative capacity of natural resources in the area, including the impact absorptive capacity of the environment.

Nature of the potential impact:

- geographic extent of the impact and size of affected population;
- magnitude and complexity of the impact; and
- likelihood, duration, frequency, and reversibility of the impact.

The ECC of a project not implemented within five years from its date of issuance is deemed expired. The proponent must reapply for a new ECC if it intends to still pursue the project. The reckoning date of project implementation is the date of ground-breaking, as stated on the proponent's work plan submitted to the Environmental Management Bureau ("EMB").

Petroleum service contractors are mandated to comply with all environmental laws and rules and regulations in all phases of exploration and production operations. ECCs or certificates of no coverage, if applicable, are obtained from the EMB of the DENR, in coordination with the DOE.

The exploration, production and sale of oil are subject to extensive national and local laws and regulations. The Company and its Associates may incur substantial expenditures to comply with these laws and regulations, which may include permitting costs, adoption and implementation of antipollution equipment, methods and procedures, and payment of taxes and royalties.

Under these laws, the Company could be subject to claims for personal injury or property damages, including damages to natural resources, which may result from the Company's operations. Failure to comply with these laws may also result in the suspension or termination of the Company's operations and subject it to administrative, civil, and criminal penalties. Moreover, these laws could be modified or reinterpreted in ways that substantially increase the Company's costs of compliance. Any such liabilities, penalties, suspensions, terminations, or regulatory changes could have a material adverse effect on the Company's financial condition and results of operations.

Environmental Compliance

The Company's operations are subject to evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations address, among other things, air emissions, wastewater discharges, generation, handling, storage, transportation, treatment and disposal of oil products, workplace conditions and employee exposure to hazardous substances.

Development projects that are classified by law as environmentally critical or projects within statutorily defined environmentally critical areas are required to obtain an ECC prior to commencement. As a prerequisite for the issuance of an ECC, an environmentally critical project is required to submit an EIS while project in an environmentally critical area is generally required to submit an Initial Environmental Examination ("IEE") to the DENR, through its regional offices or through the EMB.

The EIS refers to both the document and the study of a project's environmental impact, including a discussion of the scoping agreement identifying critical issues and concerns as validated by the EMB, environmental risk assessment if determined necessary by the EMB during the scoping, environmental management program, direct and indirect consequences to human welfare and the ecological as well as environmental integrity. The IEE refers to the document and the study describing the environmental impact, including mitigation and enhancement measures, for projects in environmentally critical areas.

While the terms and conditions of an EIS or an IEE may vary from project to project, as a minimum it contains all relevant information regarding the project's environmental effects. The entire process of organization, administration, and assessment of the effects of any project on the quality of the physical, biological and socio-economic environment as well as the design of appropriate preventive, mitigating and enhancement measures is known as the EIS System. The EIS System successfully culminates in the issuance of an ECC. The issuance of an ECC is a Philippine government certification that the proposed project or undertaking will not cause a significant negative environmental impact; that the proponent has complied with all the requirements of the EIS System; and that the proponent is committed to implementing its approved Environmental Management Plan in the EIS or, if an IEE was required, that it shall comply with the mitigation measures provided therein before or during the operations of the project and in some cases, during the project's abandonment phase.

Project proponents that prepare an EIS are required to establish an Environmental Guarantee Fund when the ECC is issued for projects determined by the DENR to pose a significant public risk to life, health, property, and the environment or where the project requires rehabilitation or restoration. The Environmental Guarantee Fund is intended to meet any damage caused by such a project as well as any rehabilitation and restoration measures. Project proponents that prepare an EIS are required to include a commitment to establish an Environmental Monitoring Fund when an ECC is eventually issued. In any case, the establishment of an Environmental Monitoring Fund must not occur later than the initial construction phase of the project. The Environmental Monitoring Fund must be used to support the activities of a multi-partite monitoring team, which will be organized to monitor compliance with the ECC and applicable laws, rules, and regulations.

In order to address air pollution from mobile and stationary sources, equipment that emit or may emit air pollutants may only be operated upon obtaining a Permit to Operate from the DENR. An application for a Permit to Operate must be filed for each source emitting regulated air pollutants, but facilities having more than one source may group the sources under a single permit application.

Other Regulations on Water Pollution

Philippine maritime laws and regulations are enforced by two Philippine government agencies: the MARINA and the Philippine Coast Guard. Both are agencies under the Philippine Department of Transportation.

The MARINA is responsible for integrating the development, promotion, and regulation of the maritime industry in the Philippines. It exercises jurisdiction over the development, promotion, and regulation of all enterprises engaged in the business of designing, constructing, manufacturing, acquiring, operating, supplying, repairing, and/or maintaining vessels, or component parts thereof, of managing and/or operating shipping lines, shipyards, dry docks, marine railways, marine repair ships, shipping and freight forwarding agencies, and similar enterprises.

To address issues on marine pollution and oil spillage, the MARINA issued: (i) Circular No. 2007-01 which mandated the use of double-hull vessels including those below 500 tons deadweight tonnage by the end of 2008 for transporting Black Products; and (ii) Circular No. 2010-01 for transporting White Products in certain circumstances by 2011.

The Philippine Coast Guard, in a 2005 Memorandum Circular, provided implementing guidelines based on the International Convention for the Prevention of Pollution from Ships, MARPOL 73/78. The guidelines provide that oil companies in major ports or terminals/depots are required to inform the Philippine Coast Guard through its nearest station of all transfer operations of oil cargoes in their respective areas. Furthermore, oil companies and tanker owners are required to conduct regular team trainings on managing oil spill operations including the handling and operations of MARPOL combating equipment. A dedicated oil spill response team is required to be organized to react to land and ship-originated oil spills.

Oil companies, oil explorers, natural gas explorers, power plants/barges and tanker owners are also required to develop shipboard oil pollution emergency plans to be approved by the Philippine Coast Guard.

Moreover, both the Clean Water Act and the Philippine Coast Guard Guidelines provide that the spiller or the person who causes the pollution has the primary responsibility of conducting clean-up operations at its own expense.

The Toxic Substances and Hazardous and Nuclear Waste Control Act

Republic Act No. 6969 or "The Toxic Substances and Hazardous and Nuclear Waste Control Act of 1990," regulates, restricts or prohibits the (i) importation, manufacture, processing, handling, storage, transportation, sale, distribution, use and disposal of chemical substance and mixtures that present unreasonable risk or injury to health or the environment, and (ii) entry into the Philippines or the keeping in storage of hazardous wastes which include by-products, process residue, contaminated plant or equipment or other substances from manufacturing operations. The said law is implemented by the DENR.

Hazardous wastes are substances brought into the country without any safe commercial, industrial, agricultural, or economic usage. On the other hand, toxic wastes are substances that are poisonous and have carcinogenic, mutagenic, or teratogenic effects on human or other life forms.

Ecological Solid Waste Management Act

Republic Act No. 9003 or "The Ecological Solid Waste Management Act of 2000" provides for the proper management of solid waste which includes discarded commercial waste and non-hazardous institutional and industrial waste. The said law prohibits, among others, the transporting and dumping of collected solid wastes in areas other than prescribed centres and facilities. The same law mandates all, especially, the local government units, to adopt a systematic, comprehensive, and ecological solid waste management program which shall ensure protection of public health and environment, utilize environmentally sound methods, set targets and guidelines for solid waste avoidance and reduction, and ensure proper segregation, collection, transport, and storage of solid waste.

The National Solid Waste Management Commission, together with other government agencies and the different local government units, are responsible for the implementation and enforcement of the said law.

Code on Sanitation of the Philippines

Presidential Decree No. 856 or the "Code on Sanitation of the Philippines" provides for sanitary and structural requirements for industrial establishments, among others, in connection with the promotion and preservation of the health of the people and raise the health standards of individuals and communities throughout the Philippines. It states that no person, firm, corporation, or entity shall operate any industrial establishment without first obtaining a sanitary permit. Industrial establishments shall be allowed to operate only in places or zones assigned for the kind of industry by existing zoning laws, ordinances, or policies. The local health authority shall determine the suitability of location where no zoning law, ordinance or policy exists.

Strategic Environmental Plan for Palawan Act

A significant number of the Company's Petroleum Service Contracts is located in or in the surrounding areas of Palawan Province. While R.A. No. 7611 (Strategic Environmental Plan for Palawan Act) is a national law, it applies specifically to Palawan. R.A. No. 7611 has adopted Palawan's Comprehensive Framework Plan as a guide for the local government and other government agencies concerned in provincial development.

The main strategy of the SEP is implemented out in the following manner:

- Forest conservation and protection through the imposition of a total commercial logging ban in all areas of maximum protection and in such other restricted use zones as the Palawan Council for Sustainable Development (PCSD) may provide
- Protection of watersheds
- Preservation of biological diversity
- Protection of tribal people and the preservation of their culture
- Maintenance of maximum sustainable yield
- Protection of rare and endangered species and their habitat
- Provision of areas for environmental and ecological research, education and training
- Provision of areas for tourism and recreation

The law implements the Environmentally Critical Areas Network, a graded system of protection and development control. This graded system covers tribal lands, forests, mines, agricultural areas, settlement areas, small islands, mangrove, coral reefs, seagrass beds and the surrounding sea. It divides Palawan into a terrestrial zone, coastal/marine zone, and tribal lands. The first two are classified further into: a core zone, an area of maximum protection which shall be free of human disruption, and a buffer zone which consists of a restricted use area, which serves as the protective barrier to the core zone; a controlled use area wherein limited extractive activities are allowed and the traditional use area where land use has already been stabilized. For marine zones, the multiple use zone is the development area and serves as the buffer zone to the core. Fishery, mariculture, recreation, rehabilitation of small islands and mangrove ecosystem, education and research are allowed in this area.

Central to the law is the creation of the Palawan Council for Sustainable Development, which serves as governance, implementation, and policy director of the SEP. It is composed of the Members of the House of the Representatives representing the province of Palawan, the Deputy Director General of the National Economic and Development Authority, the Undersecretary of Environment and Natural Resources, the Undersecretary for Special Concerns of the Department of Agriculture, the Governor of Palawan, the Mayor of Puerto Princesa City, the President of the Mayor's League of Palawan, the President of the Provincial Chapter of the Liga ng mga Barangay, the Executive Director of the Palawan council for Sustainable Development Staff.

Other Applicable Regulations

Foreign Investment Act

The FIA liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Eleventh Regular Foreign Investment Negative List (the "**Negative List**") signed on 29 October 2018. This Negative List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining, and the operation of public utilities.

In connection with the ownership of private land, the Philippine Constitution states that no private land shall be transferred or conveyed except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. Likewise, under the Philippine Constitution, only citizens of the Philippines or corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens may engage in activities relating to the exploration, development, and utilization of natural resources, which covers the utilization of natural resources for the operation of renewable energy power plants.

Data Privacy Act

Republic Act No. 10173, otherwise known as the Data Privacy Act of 2012 or DPA, was signed into law on 15 August 2012, to govern the processing of all types of personal information (*i.e.*, personal, sensitive, and privileged information) in the hands of the government or private natural or juridical person through the use of Information and Communications System or ICT, which refers to a system for generating, sending, receiving, storing or otherwise processing electronic data messages or electronic documents and includes the computer system or other similar device by or which data is recorded, transmitted or stored and any procedure related to the recording, transmission or storage of electronic data, electronic message, or electronic document. While the law expressly provides that it does not apply to certain types of information, including those necessary for banks and other financial institutions under the jurisdiction of BSP to comply with the AMLA and other applicable laws, the said law applies to all other personal information obtained by banks for other purposes.

It mandated the creation of a National Privacy Commission, which shall administer and implement the provisions of the DPA and ensure compliance of the Philippines with international standards set for data protection. The Philippines recognizes the need to protect the fundamental human right of privacy and of communication, while ensuring free flow of information to promote innovation and growth. It also identifies the vital role of information and communications technology in nation building and its inherent obligation to ensure that personal information in ICT in the government and in the private sector are secured and protected.

The DPA seeks to protect the confidentiality of "personal information," which is defined as "any information, whether recorded in material form or not, from which the identity of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual." The law provides for certain rights of a data subject or an individual whose personal information is being processed. The law imposes certain obligations on "personal information controllers" and "personal information processors." It also provides for penal and monetary sanctions for violations of its provisions.

The Philippine Competition Act

Republic Act No. 10667 or the Philippine Competition Act ("PCA") authorizes the Philippine Competition Commission or the PCC to review mergers and acquisitions to ensure compliance with the PCA. The PCA, its Implementing Rules and Regulations, as amended, and the Rules on Merger Procedure (collectively, the "Merger Rules") provide for mandatory notification to the PCC of any merger or acquisition within 30 days of signing any definitive agreement relating to the transaction, where the transaction value exceeds ₱2.5 billion; and where the size of the ultimate parent entity, including the entities directly or indirectly controlled by the ultimate parent entity of either party exceeds ₱6.1 billion. Parties may not consummate a notifiable transaction prior to receiving PCC approval or the lapse of the period stated in the Merger Rules. A merger or acquisition that meets the thresholds under the Merger Rules but was not notified to the PCC, or notified but consummated, in whole or in part, prior to the expiration of the waiting period, is considered void and will subject the parties to a fine ranging from 1% to 5% of the value of the transaction. Anti-competitive agreements, as defined under the law, are subject to penalties that include: (a) a fine of not less than ₱50 million but not more than ₱250 million; and (b) imprisonment for two to seven years for directors and management personnel who knowingly and wilfully participate in such criminal offenses. Administrative fines of ₱100 million to ₱250 million may be imposed on entities that engage in anti-competitive agreements, abuse their dominant position, and conclude prohibited mergers and acquisitions. Treble damages may be imposed where the violation involves the trade or movement of basic necessities and prime commodities.

Section 4(eee) of Republic Act No. 11494 or the Bayanihan 2 Act exempts from compulsory notification all mergers and acquisitions with transaction values below ₱50 billion if entered into within two years from the effectivity of Bayanihan 2 Act, or from 15 September 2020. A transaction is considered "entered into" upon signing by the parties of the definitive agreement.

Under the PCC Resolution No. 22-2020 adopting the rules implementing Section 4 (eee) of the Bayanihan 2 Act, mergers and acquisitions shall still be subject to compulsory notification when:

- both the transaction value and the size of the ultimate parent entity of either party is at least ₱50 billion; and
- the transaction is entered into prior to the effectivity of the Bayanihan 2 Act and exceeds the thresholds applicable.

Additionally, the Bayanihan Act 2 suspends PCC's power to motu proprio review mergers and acquisitions for one year from the effectivity of the law. However, transactions entered into prior to the effectivity of the Bayanihan 2 Act which has not yet been reviewed by the PCC; and transactions pending review by the PCC prior to the effectivity of the Bayanihan 2 Act shall not be covered by the exemption from the PCC's power to review transactions motu proprio. Further, mergers and acquisitions entered into during the effectivity of the Bayanihan 2 Act may still be reviewed by the PCC motu proprio after one year from the effectivity of the law.

Any voluntary notification shall constitute a waiver to the exemption from review.

On 15 September 2022, the 2-year moratorium on compulsory notification of mergers and acquisitions pursuant to the Bayanihan Act 2 expired. Starting 1 March 2023, mergers and acquisitions that breach a Size Party of Php 7 billion and a Size of Transaction of Php 2.9 billion have to be notified to the PCC for mandatory merger review.

Local Government Code

The Local Government Code ("LGC") establishes the system and powers of provincial, city, municipal, and *barangay* governments in the country. The LGC general welfare clause states that every local government unit ("LGU") shall exercise the powers expressly granted, those necessarily implied, as well as powers necessary, appropriate, or incidental for its efficient and effective governance, and those which are essential to the promotion of the general welfare.

LGUs exercise police power through their respective legislative bodies. Specifically, the LGU, through its legislative body, has the authority to enact such ordinances as it may deem necessary and proper for sanitation and safety, the furtherance of the prosperity, and the promotion of the morality, peace, good order, comfort, convenience, and general welfare of the locality and its inhabitants. Ordinances can reclassify land, order the closure of business establishments, and require permits and licenses from businesses operating within the territorial jurisdiction of the LGU.

Revised Corporation Code of the Philippines

Republic Act No. 11232, or the Revised Corporation Code, was signed into law on 20 February 2019 and became effective on 8 March 2019. Among the salient features of the Revised Corporation Code are:

- Corporations are granted perpetual existence, unless the articles of incorporation provide otherwise. Perpetual existence shall also benefit corporations whose certificates of incorporation were issued before the effectivity of the Code, unless a corporation, upon a vote of majority of the stockholders of the outstanding capital stock notifies the Philippine SEC that it elects to retain its specific corporate term under its current Articles of Incorporation;

- The Code allows the creation of a "One Person Corporation" ("OPC"), which is a corporation composed of a single stockholder, provided that, only natural person, trust, or an estate may form such. No minimum authorized capital stock is also required for an OPC, unless provided for under special laws;

- Material contracts between the Corporation and its own directors, trustees, officers, or their spouses and relatives within the fourth civil degree of consanguinity or affinity must be approved by at least two-thirds of the entire membership of the Board, with at least a majority of the independent directors voting to approve the same;

- The right of stockholders to vote in the election of directors or trustees, or in shareholders meetings, may now be done through remote communication or in absentia if authorized by the corporate by-laws or by a majority of the board of directors. However, as to corporations vested with public interest, the right to vote through such modes, may be exercised notwithstanding the absence of a provision in the corporate by-laws. The shareholders who participate through remote communication or in absentia are deemed present for purposes of quorum. When attendance, participation and voting are allowed by remote communication or in absentia, the notice of meetings to the stockholders must state the requirements and procedures to be followed when a stockholder or member elects either option; and,

- In case of transfer of shares of listed companies, the Commission may require that these corporations whose securities are traded in trading markets and which can reasonably demonstrate their capability to do so, to issue their securities or shares of stock in uncertificated or scripless form in accordance with the Rules of the Commission.

The Revised Corporation Code refers to the PCA in case of covered transactions under said law involving the sale, lease, exchange, mortgage, pledge, or disposition of properties or assets; increase or decrease in the capital stock, incurring creating or increasing bonded indebtedness; or mergers or consolidations covered by the PCA thresholds.

Overview of Regulatory Framework for Wind Farm Power Plant Projects in Indonesia

Regulation Background

The relevant laws and regulations for a wind farm power plant project ("WFPP") in Indonesia include the following:

- Law No. 30 of 2009 on Electricity, as recently amended by Law No. 11 of 2020 on Job Creation ("Law on Electricity");
- Law No. 32 of 2009 on Environmental Protection and Management, as recently amended by Law No. 11 of 2020 on Job Creation ("Law on Environment");
- Law No. 25 of 2007 on Investment, as recently amended by Law No. 11 of 2020 on Job Creation ("Law on Investment");

- Law No. 40 of 2007 on Limited Liability Company, as recently amended by Law No. 11 of 2020 on Job Creation ("Law on Company");
- Law No. 41 of 1999 on the Forestry, as amended by Law No. 19 of 2004 and partly revoked by Law No. 18 of 2013 and, as recently amended by Law No. 11 of 2020 on Job Creation ("Law on Forestry");
- Law No. 2 of 2017 on Construction Services, as recently amended by Law No. 11 of 2020 on Job Creation;
- Government Regulation No. 21 of 2021 on Implementation of Spatial Layout;
- Government Regulation No. 22 of 2021 on Implementation of Environmental Protection and Management;
- Government Regulation No. 23 of 2021 on Forestry Implementation ("Government Regulation 23");
- Government Regulation No. 25 of 2021 on Implementation in Energy and Mineral Resources Field;
- Minister of Energy and Mineral Resources ("MEMR") Regulation No. 39 of 2018 regarding Electronically Integrated Business Licensing Services in the Field of Electricity ("MEMR Regulation 39-2018");
- Government Regulation No. 14 of 2012 on Power Supply Business Activities, as amended by Government Regulation No. 23 of 2014 ("Government Regulation 14");
- MEMR Regulation No. 50 of 2017 regarding the Utilization of Renewable Energy Sources for Electricity Supply, as amended lastly by MEMR Regulation No. 4 of 2020 ("MEMR Regulation 50-2017");
- MEMR Regulation No. 001 of 2006 on the Procedure of Purchase of Electricity and/or Lease of Network in Procurement of Electricity for Public Interest, as amended by MEMR regulation No. 004 of 2007 and partly revoked by MEMR Regulation No. 19 of 2017 and MEMR Regulation 50-2017;
- MEMR Regulation No. 27 of 2018 on Compensation for Land, Buildings and/or Plants Located under Electrical Transmission Network Free Spaces;
- Presidential Regulation No. 1044 of 2021 on Line of Business on Investment ("Investment List");
- Head of National Land Agency (Badan Pertanahan Nasional – "BPN") Regulation No. 17 of 2019 regarding Location Permits, as amended by Head of BPN Regulation No. 13 of 2020 ("Head of BPN Regulation 17-2019");
- Minister of Environment and Forestry ("MOEF") Regulation No. P.38/MENLHK/SETJEN/KUM.1/7/2019 on Types of Planned Businesses and/or Activities Subject to Mandatory Environmental Impact Assessment ("Regulation 38-2019");
- MOEF Regulation No. P.26/MENLHK/SETJEN/KUM.1/7/2018 regarding the Guidelines on the Preparation and Assessment as well as Evaluation of Environmental Documents in the Implementation of Electronically Integrated Business Licensing Services; and
- MOEF Regulation No. P.27/MENLHK/SETJEN/KUM.1/7/2018 regarding the Guidelines on the Borrow and Use of Forestry Area, as amended by MOEF Regulation P.7/MENLHK/SETJEN/KUM.1/2/2019 ("MOEF Regulation 27-2018").

This section sets out the overall regulatory framework and the main business licenses applicable to WFPPs in Indonesia. This section is not intended to set out a comprehensive review of all of the different regulations, regulatory requirements or licenses/permits applicable to Indonesian WFPPs. Additional regulatory requirements (as well as the obligation to obtain additional technical and/or operational licenses) may apply based on the specific activities, operating procedures and utilized equipment of a project company. For example, specific construction activities, manpower arrangements, use or development of ancillary facilities (such as roads and ports) and hazardous waste arrangements are subject to separate regulatory requirements outside the scope of this section.

General Corporate Documents and Licenses

Based on the Law on Company, among the general corporate documents applicable for a newly established company involved in a WFPP is the Deed of Establishment and any amendments thereto, together with the relevant approval and notification receipts from the Minister of Law and Human Rights.
With regard to general business licenses, the relevant mandatory licenses include the company's tax related licenses.

Company Registration

Foreign investment companies (Penanaman Modal Asing or the "PMA company/ies") are generally allowed to engage in the business of electricity supply for the public interest and electricity power generation under the Law on Electricity but subject to business activities closed to foreign ownership under the Investment List.

A Business Registration Number (Nomor Induk Berusaha - "NIB") is an identity number for Indonesian business entities issued by the Online Single Submission ("OSS") system following the registration of such business entity in the OSS system. An NIB also serves as a company's Company Registration Certificate (Tanda Daftar Perusahaan), Importer Identification Number (Angka Pengenal Importir) and customs access right (nomor induk kepabeanan). Business entities with an NIB are also automatically registered with the national healthcare and employment social security schemes (Badan Penyelenggara Jaminan Sosial). The requirement to obtain an NIB through the OSS system also applies to business entities which were established prior to the establishment of the OSS system in 2018. The registration of an Indonesian PMA company is generally evidenced by its NIB.

Under the Law on Investment, a PMA company engaged in a WFPP must have an NIB with a classification of "electricity generation." The "electricity generation" business classification for WFPPs, in turn, is separated into two different categories under the Investment List, as follows:

- electricity generation of less than 1MW (which is allocated to local cooperatives and local micro, small and medium-scale business only – where such business involves simple technology, having specific process/labour intensive/cultural heritage and/or having capital of no more than Rp 10 billion); and
- electricity generation of equal to or more than 1MW (which generally allows for foreign ownership up to 100%).

Operational Licenses

Under the Law on Electricity and its implementing regulations, a company engaged in the development of a WFPP must secure a Business License in the form of an Electricity Supply Business License (Izin Usaha Penyedia Tenaga Listrik or the "IUPTL"), which is its main business license.

IUPTL

As a requirement for the supply of electricity to PT PLN (Persero) ("PLN"), a project company is required to secure an IUPTL, as its Business License, issued by MEMR (or by its delegated authority). The IUPTL is granted for up to 30 (thirty) years and can be extended.

Pursuant to MEMR Regulation 39-2018, MEMR, in the framework of electronically integrated business licensing services, has delegated to the OSS system its authority to grant several licenses, including IUPTLs. Therefore, an application to obtain an IUPTL must be submitted through the OSS system and the IUPTL will be issued by the OSS system for and on behalf of MEMR.

In order for an IUPTL issued through the OSS system to become effective, certain administrative and technical requirements are required to be complied with by the project company. These include, among others, MEMR approval of the selling price of electricity, a copy of the relevant Power Purchase Agreement entered into with PLN and evidence of the financial capabilities of the project company.

Operational Feasibility Certificate

After the commissioning test of a WFPP, MEMR Regulation 39-2018 requires the power plant to undergo inspection and testing for the purpose of obtaining an Operational Feasibility Certificate (Sertifikat Laik Operasi) issued through the OSS system, which will certify the fitness of the electricity installation and formally recognize that the power plant is ready to commence operations.

Environmental and Forestry Licenses

Environmental Approval

An environmental approval is required to be secured with respect to the construction of a WFPP. In case of a WFPP with capacity of equal to or more than 50MW, Regulation 38-2019 categorizes the construction thereof as an activity that requires an Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan Hidup* or the "AMDAL"). However, if the capacity of the WFPP is less than 50 MW, then it would instead be required to have an Environmental Management Effort-Environmental Monitoring Effort (*Upaya Pengelolaan Lingkungan Hidup-Upaya Pemantauan Lingkungan Hidup*) document. The AMDAL is a document which consists of an Environmental Impact Assessment Report (*Analisa Dampak Lingkungan Hidup* or the "ANDAL"), an ANDAL Terms of Reference Form (*Formulir Kerangka Acuan Analisa Dampak Lingkungan Hidup* or the "KA-ANDAL"), an Environmental Management Plan (*Rencana Pemantauan Lingkungan* or the "RPL") and an Environmental Monitoring Plan (*Rencana Pengelolaan Lingkungan* or the "RKL").

The approval process of the AMDAL includes the project company's preparation and submission of a KA-ANDAL to the AMDAL Valuation Committee for approval. The AMDAL documents must then be prepared and eventually submitted to the MOEF or Head of Regional Government (Governor or Regent/Mayor), as applicable. The Environmental Approval, in the form of Environmental Feasibility Approval, will state that the business activities are feasible for the environment, the obligations of the project company and the validity of the approval, among others.

Forestry Area Utilization Approval, if applicable

Under the Law on Forestry and Government Regulation 23, a Forestry Area Utilization Approval is mandatorily required to be obtained if a project company is to carry out electricity business in an area which has been categorized as "production forest" or "protection forest" (together, the "Forest Zones"). The Forestry Area Utilization Approval can be issued to a company conducting activity in a Forest Zone for the period equal to the validity period of the business License (*i.e.*, in this case, the IUPTL). The conditions attaching to a Forestry Area Utilization Approval, in the form of a Borrow and Use Permit can be extensive (including the obligation to comply with financial and land compensation requirements). In accordance with MOEF Regulation 27-2018, an application to obtain a Borrow and Use Permit must be submitted by the management of the relevant project company (which has obtained an NIB) to the MOEF through the OSS system.

Land Arrangements

Location Permit

Under Head of BPN Regulation 17-2019, a Location Permit is required to be secured by the project company in order to be allowed to acquire a certain land area and apply for the relevant land title in respect of such land in accordance with Regional Spatial Layout Plan. A Location Permit will typically be based on a commitment from its holder to obtain additional approvals. If the land acquisition process cannot be completed within the initial period provided in the Location Permit (of up to 3 years), the Location Permit can be extended for a one (1) year period, provided the holder of the Location Permit has acquired at least 50% of the total land area specified in the Location Permit at the time of extension.

A PMA company can only acquire land within the area indicated in the Location Permit issued in its favour. Based on Head of BPN Regulation 17-2019, Location Permits are applied for and issued through the OSS system. For purposes of a WFPP, it is necessary that the Location Permit specifically allows for electricity business activities, among others, to be carried out on that land. The Location Permit is different from and separate to the actual underlying land title.

Land rights applicable to a WFPP

While there are different kinds of registered land titles in Indonesia, the most relevant for an IUPTL holder is a 'right to build' (hak guna bangunan or the "HGB"). The HGB gives the holder the right to own and use land and to erect and/or possess buildings and installations on the land. HGB certificates are issued to evidence the ownership of this type of title. Usually, an HGB is for a period of up to 30 years and extendable for maximum periods of 20 years per extension.

Electricity Tariffs and Power Purchase Agreements with PLN

Pursuant to MEMR Regulation 50-2017, for Indonesian WFPPs, the relevant electricity sale pricing shall be determined as follows:

- up to 85% of the local grid average national PLN electricity supply cost (biaya pokok penyediaan pembangkitan - "BPP"), if the local grid BPP is higher than the national BPP; or
- based on mutual agreement between PLN and the independent power producer, if the local grid BPP is less than or equal to the national BPP.

The electricity price based on the above pricing mechanism must obtain an electricity price approval from MEMR which must be applied by PLN to the MEMR at the latest 5 business days as of the completion of the independent power producer procurement process. This process will be managed through the co-operation of PLN during the negotiation of the terms of the power purchase agreement.

Overview of Regulatory Framework for Renewable Solar/Wind Power Plant Projects in Vietnam

Relevant laws and regulations

General (applicable to all power projects)

- Investment Law No. 61/2020/QH14 passed by the National Assembly ("Investment Law")
- Decree No. 31/2021/ND-CP dated 26 March 2021as the implementing regulations of the Investment Law
- Electricity Law No. 28/2004/QH11 dated 3 December 2004 passed by the National Assembly (as amended by Law No. 24/2012/QH13 dated 20 November 2012) ("Electricity Law")
- Decree No. 137/2013/ND-CP dated 21 October 2013 implementing the Electricity Law (as amended by Decree No. 08/2018/ND-CP)
- National Power Master Plan VII (amended) for the period 2011—2020 approved by the Prime Minister under Decision 428/QD-TTg dated 18 March 2016 ("Power Master Plan VII"). Power Master Plan VII aims to increase solar power capacity from the current almost zero to 850MW by 2020 and 12,000MW by 2030
- Land Law No. 45/2013/QH13 dated 29 November 2013 passed by the National Assembly (as amended by Law No. 35/2018/QH14) ("Land Law")
- Decree No. 43/2014/ND-CP dated 15 May 2014 implementing the Land Law (as amended by Decree No. 01/2017/ND-CP and Decree No. 148/2020/ND-CP)
- Construction Law No. 50/2014/QH13 dated 18 June 2014 passed by the National Assembly (as amended by Law No. 35/2018/QH14 dated 20 November 2018 and by Law on Amendment to Construction Law No. 62/2020/QH14 dated 17 June 2020 as from 1 January 2021) ("Construction Law")
- Decree No. 44/2015/ND-CP dated 6 May 2015 on detailed regulations on construction planning (as amended by Decree 72/2019/ND-CP)
- Consolidated Document No. 07/VBHN-BXD dated 22 November 2019 on detailed regulations on construction planning
- Decree No. 15/2021/ND-CP dated 3 March 2021 on management of construction investment projects ("Decree 15")
- Consolidated Document No. 02/VBHN-BXD dated 20 July 2018 on management of construction investment projects
- Circular No. 06/2021/TT-BXD dated 30 June 2021 on classification of constructions and guidelines for application in management of construction investment (took effect on 15 August 2021)
- Grid-connected solar power projects
- Circular No. 18/2020/TT-BCT dated 17 July 2020 issued by the Ministry of Industry and Trade ("MOIT") on project development and model power purchase agreements for solar power projects ("Circular 18")

Grid-connected wind power projects

- Decision No. 37/2011/QD-TTg dated 29 June 2011 issued by the Prime Minister on mechanism to support in development of wind power projects in Vietnam (as amended by Decision No. 39/2018/QD-TTg)
- Consolidated Document No. 05/VBHN-BCT dated 1 August 2019 issued by the MOIT on mechanism to support in development of wind power projects in Vietnam
- Circular No. 02/2019/TT-BCT dated 15 January 2019 issued by the MOIT on wind power project development and model power purchase agreements for wind power projects

Environment; Firefighting and Fire Prevention

- Law on Environmental Protection No. 55/2014/QH13 dated 23 June 2014 passed by the National Assembly (to be replaced by Law on Environmental Protection No. 72/2020/QH14 dated 17 November 2020 as from 1 January 2022) ("Law on Environmental Protection")
- Decree No. 18/2015/ND-CP dated 14 February 2015 on environmental protection planning, strategic environmental assessment, environmental impact assessment and environmental protection plans (as amended by Decree No. 40/2019/ND-CP dated 13 May 2019)
- Law on Firefighting and Fire Prevention No. 27/2001/QH10 dated 29 June 2001 passed by the National Assembly (as amended by Law No. 40/2013/QH13 dated 22 November 2013)
- Decree No. 136/2020/NP-CP dated 24 November 2020 providing guidelines for the amended Law on Firefighting and Fire Prevention No. 40/2013/QH13 ("Decree 136")

Enterprise Registration Certificate

The enterprise registration certificate is a license issued by the provincial Planning and Investment Department certifying the incorporation of a project company. The enterprise registration certificate generally contains the following information:

- name and enterprise number of the project company
- address of the project company's head office
- information of the legal representative of the project company
- information of the owner/members of the project company (applicable to a limited liability company only)
- charter capital of the project company

Inclusion in power master plan

A proposed solar/wind power project must be included in the provincial (general) power development master plan or the national (general) power development master plan, or the provincial solar/wind power development master plan or the national solar/wind power development master plan. To have a project included in such master plans, the project proponent must first conduct a preliminary feasibility study for the project, which should include, among others, the description of the project: proposed location, construction scale and area, construction items, relevant contents of industry master plan and local construction master plan, need for the project and its advantages and disadvantages, total investment capital, source of funds, capacity of project proponent to mobilize funds, project implementation schedule, analysis of economic, financial and social efficiency, plan for land using, land clearance and compensation, environmental impact assessment, fire fight and fire prevention plan and other requirements in respect of national defence and public security (if any) and plan for supports in construction of technical infrastructure ("Pre-FS").

As a matter of procedure, the Pre-FS should then be submitted to and reviewed by the Energy General Department (for inclusion in the national solar/wind power development master plan) or submitted to relevant provincial Department of Planning and Investment and then forwarded to the Energy General Department for review (for inclusion in the provincial solar/wind power development master plan).

The Prime Minister has issued Decision 1264/QD-TTg on 1 October 2019 approving the mission of preparation of the national electricity development planning for the period 2021-2030 ("National Master Plan VIII") in order to replace the National Master Plan VII. Pending the issuance of the National Master Plan VIII, currently, a proposed solar/wind power project, regardless its capacity, needs to be approved by the Prime Minister.

In-principle approval for investment

Upon inclusion in the relevant power master plan, the project proponent, in accordance with the Investment Law, must apply for in-principle approval for investment with:

- the National Assembly—in the case of (i) a project which seriously affects or may seriously affect the environment; (ii) a project involving the conversion of land use purpose for wet rice dual harvest cultivation in an area of 500 hectares or more; (iii) a project involving the relocation and resettlement of 20,000 people or more in mountainous areas or 50,000 people or more in other areas; or (iv) a project requiring the application of a special mechanism or policy which should be decided by the National Assembly;

- the Prime Minister—in case of a project involving the relocation and resettlement of 10,000 people or more in mountainous areas or 20,000 people or more in other areas; or
- the People's Committee—in case of (i) a project to which the State allocates or leases land without auction, tendering or transfer; (ii) a project requiring the conversion of land use purpose; or (iii) a project of foreign investors and foreign-invested business entities executed on islands or in border or coastal communes, or in other areas affecting national defence and security.

The *in-principle approval for investment* is necessary for and will enable the project proponent to apply for an investment registration certificate

Investment Registration Certificate

Within five working days from the issuance date of the in-principle approval for investment, the provincial Department of Planning and Investment ("DPI") will issue an investment registration certificate ("IRC") to the project company in accordance with the Investment Law. The IRC is the official document recording the right of the project proponent to invest in and implement the solar/wind power project.

Under the Investment Law, generally, the term of an investment project is 50 years. The term of an investment project to be implemented in areas with specially difficult socio-economic conditions or an investment project with large investment capital but slow capital recovery may be longer but shall not exceed 70 years.

Land Clearance and Compensation Process; Land Lease

The project proponent may proceed with the land clearance and compensation process with respect to the project land upon receipt of the in-principle approval for investment.

Upon completion of the land clearance process, the project company may then proceed with the application for a land lease decision to be issued by the People's Committee and for the People's Committee to sign a land lease agreement.

1/500 Master Plan

The project proponent submits a proposed detailed (1/500) construction master plan of the solar/wind power plant for appraisal by the provincial People's Committee. The approved 1/500 construction master plan is a basis for the project company to prepare the dossier and to obtain a construction permit.

Construction permit

After a land lease decision, land lease agreement and 1/500 construction master plan are secured, the project company may then apply for a construction permit from the provincial Department of Construction in accordance with the Construction Law. Upon issuance of the construction permit, the project company must then commence construction work within 12 months thereafter. The 12-month construction deadline can be extended twice for a period of additional 12 months each in accordance with the Construction Law.

Land use right certificate

The land use right certificate ("LURC") is the prima facie evidence of title to land use rights. The LURC will be issued in favour of the project company by the provincial People's Committee or its authorized land division after the land lease agreement is executed and rent obligations to the government are fulfilled. It has the same term as the land lease agreement.

Feasibility Study and Technical design approval

In terms of construction and pursuant to the Construction Law (including Decree 59 and Circular 3), another part of the process is the submission of a feasibility study ("FS") for appraisal by: (i) the Department of Construction or the specialized construction management Department for a project with a capacity of up to 30MW; or (ii) the specialized construction management agency of the MOC or the specialized construction management Ministry for a project with a capacity of more than 30MW.

The FS should contain the basic design, among others. Upon approval of the basic design and the FS, the project company must then prepare a more detailed technical design, which will be evaluated and approved by: (i) the Department of Construction or the specialized construction management Department for a project with a capacity of up to 30MW; or (ii) the specialized construction management agency of the Ministry of Construction ("MOC") or the specialized construction management Ministry for a project with a capacity of more than 30MW.

Electricity contracts and licenses

The following agreements/licenses must be secured by the project company for a solar/wind power project with various divisions of EVN:

- the Power Purchase Agreement (PPA);
- the Grid Connection Agreement;
- the SCADA/EMS (DMS) Agreement;
- the Load Dispatch Information System Agreement; the Protective Relay System Agreement;
- the Metering Agreement; and
- the Electricity Operation License.

The agreements are typically negotiated with the EVN or its relevant divisions during the FS process.

Environment impact assessment

The solar/wind power project company which uses land with a total area of 200 hectares or more must also prepare the Environmental Impact Assessment Report ("EIAR") during the preparation of the basic design for the FS. The EIAR will then be submitted to and evaluated and approved by either the Ministry of Natural Resources and Environment ("MONRE") or the provincial People's Committee depending on the scale and sector of the project pursuant to the Law on Environmental Protection. The investor is required to re-prepare an EIAR in cases (i) the investment project does not commence operation within 24 months from the date on which the EIAR is approved; or (ii) the increase of the investment project's scale and capacity or change in technology to increase negative impacts on the environment compared to the approved EIAR.

The solar/wind power project company which (i) uses land from 50 hectares to under 200 hectares; or (ii) during its operation, generates wastewater from 20 m3/day or more, or discharges solid waste from one ton/day, or waste gas from 5,000 m3/hour or more, must register the environmental protection plan with the local environmental authorities.

Fire Prevention and Firefighting design approval and implementation

Pursuant to Decree 136 and as part of the requirements for issuance of the construction permit, the project company must also submit its Fire Prevention and Firefighting ("FPFF") design to the Police Department of Fire Prevention and Firefighting ("Fire Department") for appraisal and approval.

As required by Decree 136, after completion of construction works, but before operations, the project company must also have the Fire Department certify that the construction works are built in accordance with the FPFF design approval.

Overview of Electricity Regulatory Framework for Wind Farm Project in Tasmania & Solar Farm Project in New South Wales, Australia

Electricity generation and connection approvals

A project company who wishes to supply electricity from a wind farm project in Tasmania or solar farm project in New South Wales ("NSW") is required to register as a Market Participant with the Australian Energy Market Operator ("AEMO") under the National Electricity Law ("NEL"). In addition, a generator must liaise with the relevant transmission or distribution network supplier to connect to the electricity transmission network under a process set out in the National Electricity Rules ("NER"), which is overseen by AEMO.

In Tasmania, a company must also secure a license from the Tasmanian Economic Regulator ("TER").

Registration as a Participant with AEMO

Under the NEL, a person who will engage in the activity of owning, controlling, or operating a generating system connected to the interconnected transmission or distribution system in the National Electricity Market ("NEM") is required to be a registered participant with AEMO, unless an exemption applies. The transmission and distribution systems in both Tasmania and NSW are part of the NEM.

To be a registered participant, such a person must register within a particular category with AEMO. In case of generation, such a person is required to register with AEMO in the "Generator" category before commencing operation of any generation facilities.

The process for registration and requirements for applicants is outlined in the NER. The applicant must, among other matters, satisfy AEMO that it is (and will continue to be) able to fulfil the financial obligations relating to market participants and has demonstrated an ability to comply with the NER.

License for generation of electricity in Tasmania

In addition, a person wishing to carry on operations in the electricity supply industry in Tasmania, including generating electricity from a wind farm project, is required to secure, a license in Tasmania as a generator under the Electricity Supply Industry Act 1995 (Tasmania). This license is in addition to registration as a Market Participant with AEMO.

The project company should file a license application with the TER, specifying the information required by TER in the applicable form. In addition, the application must, among other matters, identify the officers and major shareholders, if applicable, of the project company, contain the details of the proposed generating plant and details relating to the generator's connection to the relevant the transmission system or distribution network, and such any other relevant information requested by TER.

Connection to transmission network

The NER provides for the procedure for connection to a transmission network or a distribution network and access to the national grid. This procedure is overseen by AEMO.

To be able to connect, the project company is required to submit an application to connect and enter into a connection agreement with a network service provider prior to being connected to the network.

On receipt of a connection inquiry, a network service provider must, in accordance with the system strength impact assessment guidelines, undertake a system strength impact assessment of each proposed new connection of a generating system. The network service provider must then proceed to prepare an offer to connect and accept with a specific period, which should also contain the relevant terms and conditions for connection.

If the network service provider determines that an application will have an adverse system strength impact as part of its assessment, it can require as a condition of connection that the applicant participate in a system strength remediation scheme. This may include installation of plant or undertaking other works to augment the capacity of the transmission network.

Once it has received an offer to connect, the project company then has the opportunity negotiate and enter into a connection agreement with the relevant network service provider. The timing of the connection process is heavily dependent on the specific nature of the connection and features of the relevant parts of the transmission or distribution network. AEMO guidelines suggest that the entire process could a number of years, but could also be much shorter (for example, 10 months) in the case of less complicated connections.

Overview of Electricity Regulatory Framework for Solar Projects in Gujarat and Rajasthan, India

Central Regulatory Framework

The Electricity Act 2003, as amended from time to time (the "Electricity Act"), primarily governs the regulatory framework of the solar power sector in India. The Electricity Act is proposed to be amended *vide* the Electricity (Amendment) Bill, 2021, which is currently pending before the Parliament of India. The Electricity Act has created several independent regulatory agencies for the electricity sector, namely, the Central Electricity Regulatory Commission ("CERC"), the State Electricity Regulatory Commissions ("SERCs"), Appellate Tribunal for Electricity ("APTEL"), the Central Electricity Authority ("CEA"), regional and national load dispatch centres, regional power committees, central transmission utility ("CTU") and the state transmission utilities ("STUs"). The electricity sector is also regulated through several laws and regulations framed by the CERC, SERC and orders issued by the CERC, SERCs, the APTEL, along with other policies adopted by the Government of India ("GoI") and the relevant State Governments.

The CERC mainly regulates and determines tariff for generation and inter-state power supply or inter-state transmission and is also responsible for issuance of transmission licenses. CERC also adjudicates disputes involving generation companies, distribution licensees or inter-state transmission licensees. SERCs determine tariffs for generation, distribution and transmission of power within a state, regulate the power procurement process of distribution licensees, issue distribution and transmission licenses and regulate intra-state electricity transmission, along with adjudication of disputes involving generation companies, distribution licensees or intra-state transmission licensees.

The CEA acts as an advisory body to the GoI with regard to technical matters concerning generation, transmission and distribution, which also includes prescribing grid standards for operation and maintenance of transmission lines. APTEL, which has the appellate power under the Electricity Act, acts in a superintending role over regulators. The CTU is a government owned company which operates majority of the inter-state/inter-regional transmission networks in India. Likewise, STUs are government owned companies appointed at the state level and both, the CTU and the STUs provide connectivity to generators and ensure development of the transmission lines. Lastly, to ensure optimum scheduling and dispatch of electricity in terms of the relevant grid code, load dispatch centres are established under the Electricity Act at the national, regional and state levels.

The Electricity Act also mandated the GoI, in consultation with the State Governments and the CEA, to prepare a national electricity policy and a tariff policy. Accordingly, the GoI issued the national electricity policy in 2005 ("NEP") and a tariff policy in 2006 which was replaced by the tariff policy of 2016 ("Tariff Policy"). The NEP aims at laying guidelines for accelerated development of the power sector, providing electricity to all areas and protecting interests of consumers, keeping in view the availability of energy resources, the technology available to exploit these resources, economics of generation using different resources and energy security issues. The Tariff Policy provides for guidelines for the development of the power sector, to attract investments in the power sector and to ensure reasonable charges for the consumers. The Tariff Policy also provides, among others, guidance to the regulatory bodies in framing the tariff regulations and encourages competitive procurement of power.

Forecasting and Scheduling

In March 2015, the CERC published its proposed 'Framework for Forecasting, Scheduling and Imbalance Handling for Wind & Solar Generating Stations at Inter-State Level' according to which renewable energy forecasting was required to be done by both, the renewable energy generator, and the concerned load dispatch centre. Further, under the deviation settlement mechanism ("DSM"), load serving entities are charged with penalties for deviations from requested day-ahead schedules and generators are charged for deviations from committed day-ahead schedules.

Tariff Determination

The Electricity Act provides for the procedures for two types of tariff determination. The first is when tariff is determined by the CERC or the relevant SERC through negotiated power purchase agreements ("PPAs") with the distribution licensees, which should be approved by the CERC or the relevant SERC, as the case may be. The second way to discover tariff is through a competitive bidding conducted in accordance with the competitive bidding guidelines issued by the GoI. The standard bidding guidelines were issued by the Ministry of Power under Section 63 of the Electricity Act in 2017 for tariff-based competitive bidding processes, for procurement of power from grid-connected solar PV projects and wind power projects.

Introduction of the Basic Customs Duty

The Ministry of New and Renewable Energy, GoI ("MNRE") issued an office memorandum dated 9 March 2021 ("MNRE OM"), whereby the acceptance by the Ministry of Finance, GoI of the MNRE's proposal to impose basic customs duty ("BCD") on solar cells and solar modules (without grandfathering of bid out projects) was notified. The MNRE OM states that with the objective of developing India's domestic solar manufacturing capacities and to reduce India's dependence on imports, a BCD of 40% will be leviable on imported solar modules and 25% on imported solar cells, with effect from 1 April 2022.

The MNRE OM also clarifies that imposition of the BCD will not be considered as a 'change in law' event for any bids, with bid submission dates falling subsequent to the date of the MNRE OM.

SC Order for Protection of the Great Indian Bustard

In *M.K. Ranjitsinh v. Union of India* (I.A. No. 85618 of 2020 in Writ Petition (Civil) No. 838 of 2019), the Supreme Court of India ("SC") issued an order dated 19 April 2021, which contained directions to the Government of Rajasthan ("GoR") and Government of Gujarat ("GoG") to ensure protection of the priority and potential habitats of the Great Indian Bustard ("GIB") (which is on the verge of extinction), as identified by the Wildlife Institute of India. The SC order noted the impact of overhead power transmission lines on the health and habitat of birds that die due to collision with power lines, particularly the GIB. Certain mitigation measures were issued as directions to the GoR and GoG by SC, which included the following:

- The GoR and GoG are required to take steps to install bird divertors on overhead power lines that currently exist in the priority and potential habitats of the GIB.
- Low voltage overhead power lines existing presently in the priority and potential habitats of GIB will be converted into underground power lines. All low voltage power lines to be laid in the priority and potential habitats of GIB, in all cases will be laid underground in the future.
- Laying of high voltage underground power lines would require expertise for feasibility assessment and therefore, a committee was constituted by the SC for such purpose. The committee may obtain technical reports from experts in the field of electricity supply or assistance of the GoI to arrive at a decision, if required. If the GoR and GoG face feasibility issues while laying underground power transmission lines, they should refer the matter to the committee with the relevant details.
- Where converting the overhead power lines into underground power lines is feasible, the GoR and GoG are required to complete such conversion within one year. Till such conversion is completed, the bird divertors should be hung from the existing power lines.

Regulatory Framework in Gujarat

The regulatory framework governing the solar energy sector in Gujarat comprises the Electricity Act and the rules thereunder, regulations framed by the Gujarat Electricity Regulatory Commission ("GERC") under the Electricity Act, orders passed by the GERC and policies formulated by the GoG.

Pursuant to enactment of the Electricity Act, the erstwhile Gujarat State Electricity Board was unbundled and reorganized into the following separate generation, distribution and transmission companies:

- Generating company: Gujarat State Electricity Corporation Limited;
- Transmission company: Gujarat Energy Transmission Corporation Limited ("GETCO"); and
- Distribution companies ("Discoms"): (a) Dakshin Gujarat Vij Company Limited; (b) Madhya Gujarat Vij Company Limited; (c) Uttar Gujarat Vij Company Limited; and (d) Paschim Gujarat Vij Company Limited.

Further, Torrent Power Limited is a private distribution licensee in Gujarat which operates in Surat, Ahmedabad, Gandhinagar and Dahej.

GETCO is the designated STU and is responsible for developing and providing access to the transmission system within the state of Gujarat, whereas the Discoms are responsible for the distribution and retail supply of electricity to consumers in their respective distribution areas. The GoG has also established the Gujarat Energy Development Agency ("GEDA") as the nodal agency to promote the development of renewable energy generation plants, including solar power plants.

The GoG has established a holding company, GUVNL, which is given the right to trade in electricity *i.e.*, purchase power from various sources for onward sale to the four Discoms. GUVNL executes the PPAs with power producers and subsequently sells such power purchased to the Discoms.

Gujarat Solar Policy

The GoG issued the Gujarat Solar Power Policy, 2015 ("Gujarat Policy 2015"), under which, GEDA is the nodal agency responsible for *inter alia*, facilitation of implementation of solar power projects in Gujarat.

The Gujarat Policy 2015 is superseded by the Gujarat Solar Policy 2021 dated 29 December 2020 ("Gujarat Policy 2021"). The solar power systems installed and commissioned during the operative period of the Gujarat Policy 2021, i.e. from the date of its notification, 29 December 2020 to 31 December 2025, are eligible for the benefits and incentives declared under the Gujarat Policy 2021, for a period of 25 yearsfrom their date of commissioning or for the lifespan of the solar power system, whichever is earlier, if registered with GEDA as per the Gujarat Policy 2021.

Deviation Settlement Mechanism

The GERC (Forecasting, Scheduling, Deviation Settlement and Related Matters for Solar and Wind Generation Sources) Regulations, 2019 ("Gujarat F&S Regulations") apply to every wind and solar power generator having a combined installed capacity of 1 MW and connected to the state grid, whether independently or through pooling substations and generating power for self-consumption or for sale within or outside the state. The GERC notified the Gujarat F&S Regulations with an objective to facilitate large scale grid integration of wind and/or solar power generating stations and grid security through forecasting, scheduling and commercial mechanism for deviation settlement of the generators.

Interconnectivity

In order to connect its solar project to the state grid, a solar power developer will be typically required to enter into a connection agreement with the STU, which sets out the terms relating to a connection and/or use of the intra-state transmission system. Any applicant seeking to establish a new connection to and/or use an existing transmission system is required to submit an application to the STU/Discom for connection to the state grid in accordance with the procedure set out in the GERC (Gujarat Electricity Grid Code) Regulations, 2013.

Regulatory Framework in Rajasthan

The regulatory framework governing the solar energy sector in Rajasthan comprises the Electricity Act, regulations framed by the Rajasthan Electricity Regulatory Commission ("RERC") under the Electricity Act, orders passed by the RERC and policies formulated by the GoR.

Pursuant to enactment of the Electricity Act, the erstwhile Rajasthan State Electricity Board was reorganized and the following companies were formed:

- Generating company: Rajasthan Rajya Vidyut Utpadan Nigam Limited;
- Transmission company: Rajasthan Rajya Vidyut Prasaran Nigam Limited ("RRVPNL"); and
- Discoms: (a) Jaipur Vidyut Vitran Nigam Limited; (b) Jodhpur Vidyut Vitran Nigam Limited; and (c) Ajmer Vidyut Vitran Nigam Limited.

RRVPNL is the designated STU and is responsible for developing and providing access to the transmission system within the state of Rajasthan. The Discoms are responsible for the distribution and retail supply of electricity to consumers in their respective distribution areas. The GoR has also established the Rajasthan Renewable Energy Corporation Limited ("RRECL") as the nodal agency to promote the development of renewable energy generation plants, including solar power plants and facilitate energy conservation in Rajasthan.

Rajasthan Solar Policy

The GoR issued the Rajasthan Solar Energy Policy, 2019 ("Rajasthan Solar Policy"), which is applicable to all grid connected solar power projects in Rajasthan, including grid connected solar rooftop projects and off-grid solar projects. Under the Rajasthan Solar Policy, RRECL is designated as the nodal agency, responsible for inter alia, facilitation of the implementation of solar power projects. All the projects installed in the state are required to be registered with RRECL under the Rajasthan Solar Policy. The Rajasthan Solar Policy also provides for various incentives/benefits for solar power projects.

Deviation Settlement Mechanism

The RERC (Forecasting, Scheduling, Deviation Settlement and Related Matters for Solar and Wind Generation) Regulations, 2017 ("Rajasthan F&S Regulations") apply to, inter alia, every solar power generator supplying power to Discoms in Rajasthan having individual or combined capacity of 5 MW, whether connected to the state grid independently or through pooling substations and/or solar park, or connected to the state grid through a pooling substation and/or solar park with a total capacity of 5 MW. For shortfall in generation and excess generation as against the schedule provided to the state load despatch centre, deviation charges as set out in the Rajasthan F&S Regulations are required to be paid.

Interconnectivity

In order to connect to the state grid, a solar power developer will be typically required to enter into connection agreements with the STU, which sets out the terms relating to a connection and/or use of the intra-state transmission system. Also, as per the RERC (Rajasthan Electricity Grid Code) Regulations 2008, in order to establish a new connection for the use of RRVPNL's (*i.e.*, the STU's) transmission system, a generating company has to apply to RRVPNL in accordance with the procedure set out by RRVPNL.

Applicable Permits and Consents

Development of solar projects in Gujarat and Rajasthan requires permits and consents from relevant government authorities, either at the central or the state level, as set out below. Permits which are required to be obtained for carrying out the general business of a project company and which are not specific to the solar power projects; *i.e.*, tax related registrations, shops and establishment registration, employees' state insurance, employees provident fund, corporate approvals, etc., have not been included in this section.

S.no.	**Consents and approvals**	**Particulars**
(A)	Applicable permits for solar projects	
1.	Registration of the solar power project	Solar power projects are required to be registered with the state nodal agencies, GEDA in Gujarat for availing incentives and RRECL in Rajasthan, as applicable.
	Approvals for overhead transmission lines	Prior to construction by a project company of overhead transmission lines (with voltage exceeding 11kv and outside the premises in its control), the approval from the CEA is required as per Section 68 of the Electricity Act.
	Clearance from the Power and Telecommunication Coordination Committee ("PTCC")	A clearance from the PTCC is required to be obtained to ensure safety of the personnel and telecom equipment as per Section 160 of the Electricity Act and under Regulation 77 of the CEA (Measures relating to safety and electricity supply) Regulations, 2010 before energization of new power lines of 11 kv and above.
	Approval under Section 164 of the Electricity Act	Grant of authorization under Section 164 of the Electricity Act is required to be obtained from the CEA to exercise the powers of a telegraph authority under the Indian Telegraph Act, 1885, for

S.no.	Consents and approvals	Particulars
		setting up electrical lines for the purposes of transmission of electricity.
	No-objection certificate from the CGWA	If the project company needs to withdraw ground water for the solar project, then a no-objection certificate (“NOC”) should be obtained from the Central Ground Water Authority. The requirements for the NOC would depend on whether the project falls within a notified area or a non-notified area.
	Connection Agreement	The project company is also required to submit an application to the STU/Discom to connect to the state grid. Thereafter, a connection agreement is required to be executed between the generating project company and the relevant transmission licensee prior to the physical interconnection of the solar power project with the state grid.
	Approval of the design and specification of	The Electricity Act, among others, requires the CEIG to certify that any equipment and plant for generation, transmission, distribution or use of energy meets the required safety regulations. This approval is necessary to be obtained prior to the energization of the solar power project.
	Approval for synchronization	Prior to synchronization of the solar power project, the project company is required to secure the approval of the transmission company /the state load despatch centre and GEDA/SECI, as the case maybe, as per the requirements of the PPA.
	Commissioning Certificate	The project company is also required to obtain a commissioning certificate from GEDA or RRECL, as applicable, before it can deliver power. Generally, the commissioning certificate will allow to ascertain the specific date on which the respective units have been commissioned.
	Authorization under Hazardous & Other Wastes (Management and Trans-boundary Movement) Rules, 2016 (“Hazardous Waste Rules”).	The Ministry of Environment, Forest and Climate Change issued an office memorandum dated 7 July 2017, which provides that the disposal of PV cells attracts the provisions of the Hazardous Waste Rules. From a reading of the Hazardous Waste Rules, it seems that any entity, including a solar project engaging in disposal of the PV cells will be required to obtain an authorisation of the relevant state pollution control board prior to such disposal of PV cells.
(B) Additional Permits Apart from the permits mentioned in (A) above, the following permits may also need to be obtained in respect of a solar power project, depending on other variable factors affecting the projects, such as the geographical location of the project, the number of workmen deployed or such other factually relevant circumstances affecting the project related activities.		
2.	IEC Code	In the event that any of the equipment, including spares, for the projects is imported into India or to export any equipment out of India, the project company must obtain an import export code from the Ministry of Commerce and Industry, GoI, in accordance with the provisions of Foreign Trade (Development and Regulations) Act, 1992.

S.no.	Consents and approvals	Particulars
	Crossing approvals	If any transmission line forming part of the projects crosses over a village road, national highway, state road (including state highways), river or nallah, then a crossing approval / NOC of the relevant sanctioning authority (such as, Gram Panchayat, National Highway Authority of India, Ministry of Railways or the relevant State Authority) is required to be obtained.
	Approval for storing explosives	If the solar power producer stores or brings fuel oil, explosives and inflammable liquids, gases and chemicals at the project site, it must obtain a license under the Explosives Act, 1884, Explosives Rules, 2008, the Petroleum Act, 1934 and the Petroleum Rules, 2002.
	Height clearance from the Airports Authority of India ("AAI")	A clearance is required from AAI if a power project is situated within 20 kilometres or less from an Aerodrome Reference Point ("ARP") of a Visual Flight Rules ("VFR") airport, and 56 kilometres or less from the ARP of an Instrument Flight Rules ("IFR") airport.
	NOC from Ministry of Defence if the project is located near an International border or an air force base	The Aircraft Act, 1934 and the Ministry of Civil Aviation (Height Restrictions for Safeguarding of Aircraft Operations) Rules, 2015 ("MoCA Rules") provide that an NOC for height clearance is required to be obtained for constructing or erecting any structure within a radius of 20 kilometres from the ARP of the civil and defence aerodromes as listed out in the MoCA Rules. Further, the MoCA Rules provide that no structure higher than the height specified in Schedule II of the MoCA Rules is required to be constructed or erected within a radius of 20 km from the ARP.
	Approvals under Factories Act, 1948 ("Factories Act")(1) Registration under the Contract Labour (Regulation and Abolition) Act, 1970 ("CLRA") Registration under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 ("BOCW Act") and payment of cess under the Building and Other Construction Workers Welfare Cess Act, 1996 ("Cess Act") Registration under the Inter-State Migrant Workmen (Regulation of Employment and Condition of Service) Act, 1979 ("Migrant Workers Act")	If the project company employs 10 or more workers during the operations of the solar project, then it would qualify as a factory under the Factories Act, requiring it to secure the relevant approvals from the Chief Inspector of Factories of the relevant state, including approval of the site and building plan, license to operate factory and certificate of stability. A certificate of registration under the CLRA and the rules framed thereunder must be obtained from the Labour Department of the relevant state by the principal employer of every establishment, if 20 or more workmen were employed on any day of the preceding 12 months at the factory (which is employing contract labour). The registration requirement with the Labour Department of the relevant state under the BOCW Act may apply to the project company if it employs or had employed 10 or more building workers on any day of the preceding 12 months. Further, the entity to whom the BOCW Act applies is also required to remit 'cess' to authorities at the rate of 1 percent of the 'cost of construction'. Registration under the Migrant Workers Act and the rules framed thereunder is required to be obtained by project company from the Labour Department of the relevant state if 5 or more inter-state migrant workmen are employed by it in Gujarat or

S.no.	Consents and approvals	Particulars
		Rajasthan, as the case may be, on any day of the preceding 12 months by the solar power producer or its contractor,
	Permission from the gram panchayat; *i.e.* the village council	Under Section 104 of the Gujarat Panchayats Act, 1993, no person can construct a building within the limits of the village without taking prior permission from the panchayat. While the Rajasthan Panchayati Raj Act, 1994 does not specifically provide for any approval required from the gram panchayat to construct a building on any land within the jurisdiction of the gram panchayat, there appears to be a requirement in practice to obtain permission from the relevant gram panchayat before undertaking any construction activities on land which falls within the jurisdiction of the gram panchayat.

Note:
(1) The Code on Social Security, 2020; Industrial Relations Code, 2020; and Occupational Safety, Health and Working Conditions Code, 2020, has been recently passed by the Indian Parliament, consolidating and amalgamating various employment laws in India. These codes are yet to come into force and when they do, certain employment law requirements associated with engaging contract workers, inter-state migrant workers, building and other construction workers would vary in India. The notes here will therefore need to be revisited as and when the new codes come into force.

Real Estate Regulations

In India, the primary modes of transfer of immovable property are sale and lease and the central laws pertaining to which are provided for under the Transfer of Property Act, 1882 (“TPA”). The provisions of the TPA deal with lease of immovable property (including the rights and liabilities of lessor and lessee, form of lease, transfer of lease, determination of lease and so on), as well as sale of immovable property (including types of sale and rights and liabilities of buyer and seller).

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (“LARR Act”) has been enacted by the GoI; and is the general unified legislation dealing primarily with: (i) the acquisition of land for public purposes by the Government or for/on behalf of private companies or public sector undertakings (for a public purpose); (ii) for providing fair compensation; and (iii) to make adequate provisions for rehabilitation and resettlement of the persons affected. The provisions of the LARR Act relating to land acquisition, compensation, rehabilitation and resettlement, may also be made applicable on sale and purchase of land acquired through private negotiations.

Forest Lands

Diversion and use of government owned land notified as forest land is regulated in terms of primarily the Forest Conservation Act, 1980 (“Forest Conservation Act”). Under the Forest Conservation Act, prior approval of the GoI is required before a state government can 'de-reserve' / use / assign forest land to a private person or corporation, for non-forest purposes. In addition, GoI has also promulgated the Forest (Conservation) Rules, 2003, wherein detailed guidelines have been prescribed for submission of proposals for diversion of forest land for non-forest purposes under the Forest Conservation Act.

Laws applicable to acquisition of land in Gujarat

Tenancy Laws

In Gujarat, acquisition of privately-owned agricultural land is governed by various tenancy laws, (applicable in distinct areas of the state), read along with the provisions Gujarat Land Revenue Code, 1879 (“Gujarat Land Revenue Code”). The aforesaid tenancy laws are set out hereunder:

- Gujarat Tenancy and Agricultural Lands (Vidharba Region and Kutch Area) Act, 1958, applicable to the Vidarbha and Kutch Regions;
- Saurashtra Gharked Tenancy Settlement and Agricultural Land Ordinance, 1949, applicable to the Saurashtra Region; and

- Gujarat Tenancy and Agricultural Lands Act, 1948, applicable to the remaining regions of Gujarat.

Conversion of agricultural land for non-agricultural purposes

As per the Gujarat Land Revenue Code, if an occupant of agricultural land wishes to use his land for non-agricultural purposes, then the District Collector's prior approval must be obtained by such occupant. In the alternative, if the occupant of agricultural land wishes to use such land for a bona fide industrial purpose, it will be lawful for such occupant to use the land for such purpose, without the permission of the District Collector, subject to fulfilment of the conditions set out in the Gujarat Land Revenue Code.

Ceiling Restrictions

The Gujarat Agricultural Land Ceilings Act, 1960 ("Gujarat Ceiling Act") comprises *inter alia* restrictions (in terms of quantum) applicable to the acquisition of agricultural land. Under the Gujarat Ceiling Act, a person (including a private company) is not permitted to hold agricultural land in excess of the ceiling limits, either as an owner or as a tenant; and in this regard, the ceiling limits are set for each category of agricultural land (for example, dry crop land, seasonally irrigated land, land irrigated by private source etc.) with an upper limit of 21.85 hectares. The Gujarat Ceiling Act also sets out provisions for exemption from ceiling restriction.

Government Land

Section 60 of the Gujarat Land Revenue Code read with Rule 42 of the Gujarat Land Revenue Rules, 1972 provides that unoccupied government land required for non-agricultural purposes may be allotted by the District Collector by auction or in its discretion under private arrangement (on a leasehold basis) upon payment of a price fixed by the District Collector.

Gujarat Solar Policy

The Gujarat Policy 2015 provides that the developer is responsible for obtaining the land for setting up the solar project. Similar provisions are present under the Gujarat Policy 2021 as well.

Gujarat Wasteland Allotment Policy for Renewable Parks

The Gujarat Wasteland Allotment Policy for Renewable Parks (comprised in the resolutions passed by the GoG dated 25 January 2019 and 29 July 2019, as amended on 14 September 2020), in addition to providing the procedure to be followed for the allotment of government wastelands to renewable energy park developers, provides that government wastelands (if allotted) shall be provided on a leasehold basis, for a tenure of 40 years (comprising 5 years for the development of the project and 35 years for the operations thereof). The policy also allows sub-leasing of such lands by the developer of the project to the eventual power producers, amongst other conditions relating to the use, allotment and transfer thereof.

Laws applicable to acquisition of land in Rajasthan

Rajasthan Tenancy Act and Rajasthan Revenue Act

The Rajasthan Tenancy Act, 1955 ("Rajasthan Tenancy Act") was enacted with a view to regulate the tenancies of agricultural lands and to provide for certain measures of land reforms in relation to the same. Similarly, the Rajasthan Revenue Act, 1956 ("Rajasthan Revenue Act") aims to consolidate and amend various laws in relation to land and the revenue payable in relation to the same.

Ceiling Limits

The Rajasthan Imposition of Ceiling on Agricultural Holding Act, 1973 ("Rajasthan Ceiling Act") as amended *vide* the Rajasthan Imposition of Ceiling on Agricultural Holdings (Amendment) Act, 2020, ("Ceiling Amendment Act"), was enacted with a view to reduce the disparity in holding agricultural land and the concentration of such land with a few persons. In Rajasthan, the ceiling limit is prescribed basis the nature/class of agricultural land; *i.e.* fertile, semi-fertile, hilly, desert etc., and no person (including a company, whether incorporated or not) can acquire, through any mode of conveyance, agricultural land in excess of the applicable ceiling limit, except with the approval of the GoR.

Conversion of Agricultural Lands

Although prior permission from the GoR is mandatory as per the Rajasthan Revenue Act for the non-agricultural use of agricultural lands, the Rajasthan Land Revenue (Conversion of agricultural land for non-agricultural purposes in rural areas) Rules, 2007 ("Rajasthan Conversion Rules") provide that for leasing agricultural land for solar power projects, conversion is not mandatory and an intimation to the relevant jurisdictional authority and the RRECL, 30 days before the commencement of non-agricultural use, will be sufficient.

Rajasthan Solar Policy

The Rajasthan Solar Policy comprises of provisions relating to allotment/procurement of government land as well as private land for establishing solar power projects/solar park.

Land Tax

It is relevant to highlight that recently, the Finance Department (Tax Division), GoR *vide* notification dated 30 March 2020 ("GoR Notification") has notified the rates of land tax payable on a yearly basis on various categories of land, pursuant to the provisions of the Rajasthan Land Tax Act, 1985 and the Finance Act, 2020. The GoR Notification sets out that the rate for land tax payable for industrial lands is INR 2 per square meter for lands (in excess of 10,000 square meters). In view of this, the Finance Department (Tax Division) has issued notices to various solar power project developers operating in Rajasthan, demanding the land tax for certain periods, along with penalties and interest. From the information available in public domain, the issuance of notices and levy of land tax on renewable projects has been challenged by state and national renewable energy organisations.

Demand and Supply Targets for Energy Outlook 2020-2040.[4]

	Scenario Assumptions	
	Reference Scenario *(Business as Usual)*	**Clean Energy Scenario** *(Alternative Scenario)*
Energy Demand	▪ Supports an accelerated economic expansion post-COVID19 (i.e., High GDP scenario). ▪ Maintains current blending schedule for biofuels (2.0 percent biodiesel and 10.0 percent bioethanol) until 2040. ▪ 5.0 percent penetration rate of electric vehicles for road transport (motorcycles, cars, jeepneys) by 2040. ▪ Current efforts on energy efficiency and conservation (EEC) as a way of life continues until 2040.	▪ 10.0 percent penetration rate of electric vehicles for road transport (motorcycles, cars, jeepneys) by 2040. ▪ 1.5 percent increase in aggregate natural gas consumption from the Transport and Industry sectors between 2020 and 2040. ▪ 5.0 percent blending for biodiesel starting 2022. ▪ Up to 5.0 percent energy savings on oil products and electricity by 2040.
Energy Supply	▪ Present development trends and strategies continue. ▪ Existing power plant as of December 2019 and committed power projects as of September 2020. ▪ 35.0 percent RE share in generation mix by 2040. ▪ 25.0 percent reserve margin. ▪ 70.0 percent load factor for the total Philippines. ▪ Indigenous production targets: Coal - 282 million metric tons (MMT) at 14.8 MMT/year; Oil - 64 million barrels (MMB) at 3.4 MMB/year; Natural Gas - 4 trillion standard cubic feet (SCF) at 4.8 billion SCF/year. ▪ LNG imports to come in starting 2022 at 349 billion SCF/year to augment supply from Malampaya gas field.	▪ Assumptions under the Reference, as well as the following: ▪ Up to 50.0 percent RE share in generation mix by 2040; and ▪ Achieve at least 12.0 percent reduction in the greenhouse gas (GHG) emission for the country's Nationally Determined Contribution (NDC).

Note: Reference date for energy and energy-related data, including macroeconomic indicators, used in the simulation for this Energy Outlook is 10 June 2021.

[4] Philippine Energy Plan 2020-2040 available on the DOE's website https://www.doe.gov.ph/sites/default/files/pdf/pep/PEP%202022-2040%20Final%20eCopy_20220819.pdf last accessed on 8 March 2024.

The Renewable Energy Act of 2008

On 16 December 2008, then President Gloria Macapagal-Arroyo signed into law Republic Act No. 9513, also known as the Renewable Energy Act of 2008 (the "RE Law"). The RE Law then took effect on 31 January 2009. It aims to accelerate the development and exploration of renewable energy resources in the country such as wind, hydro, and geothermal energy sources to achieve energy self-reliance and independence. It also aims to increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives.

With this Act, it is envisioned that the country will aggressively develop resources such as solar, biomass, geothermal, hydropower, wind, and ocean energy technologies. The said law is also expected to mitigate the global problem of climate change.

Specifically, the law provides prospective proponents in renewable energy with the following benefits and advantages:

1. Market
   a. Renewable portfolio market – all registered suppliers of electricity will have to source a certain percentage of their supply from eligible renewable energy sources
   b. Renewable energy market – refers to the market (to be incorporated in the WESM) where the trading of renewable energy certificates to an amount generated from renewable energy resources is made;
   c. Green option – provides end-users with the option to choose renewable energy resources as their sources of energy; also allows end-users to directly contract from renewable energy facilities their energy requirements distributed through their utilities; and
   d. Net metering for renewable energy – allows a user of renewable energy technology (e.g., solar) to sell back to a utility at the latter's retail price any excess in generation from the house electricity consumption.

2. Pricing mechanism through a FIT system
   a. Allows a fixed price of electricity from renewable energy sources for twelve (12) years, to be determined by the ERC in consultation with the National Renewable Energy Board ("NREB") within one (1) year upon the effectivity of the law and priority purchase, transmission, and payment from the national grid; and
   b. Mandated for electricity produced from wind, solar, ocean, run-of-river hydropower, and biomass.

3. Access to the grid through transmission and distribution system development
   a. Requires the Transmission Corporation and DUs to include required connection facilities for renewable energy-based projects in the Transmission and Distribution Plans subject to the approval of the DOE; and
   b. Connection facilities of renewable energy plants, including the extension of transmission and distribution lines, shall be subject only to ancillary services covering such connections.

The DOE is the lead government agency tasked to implement the provisions of the RE Law. The IRR of the RE Law were released in May 2009 and presented the guidelines on the implementation of the various fiscal and non-fiscal incentives provided by the law, which include the following:

Renewable Portfolio Standards (RPS)

On 22 December 2017, the DOE signed the landmark Department Circular No. 2017-12-0015 promulgating the "Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards RPS for On-Grid Areas" or the "RPS On-Grid Rules."

The RPS On-Grid Rules mandates all electric power industry participants, including DUs for their captive customers, suppliers of electricity for Contestable Market, and generating companies to the extent of their actual supply to their directly connected customers, to source or produce a specified portion of their electricity requirements from eligible renewable energy resources including biomass, geothermal, solar, hydro, ocean, and wind. The RPS On-Grid Rules establishes a minimum annual RPS requirement and minimum annual incremental percentage of electricity sold by each mandated participant which shall, in no case, be less than one percent (1%) of such mandated participant's annual energy demand over the next ten (10) years.

FIT System

On 27 July 2012, the ERC approved the initial FIT rates that shall apply to generation from Run-of-River Hydro, Biomass, Wind, and Solar. The said FIT rates are as follows: ₱5.90/kwh for Run-of-River Hydro, ₱6.63/kwh for Biomass, ₱8.53/kwh for Wind, and ₱9.68/kwh for Solar. The ERC, however, deferred fixing the FIT for Ocean Thermal Energy Conversion Resource for further study and data gathering. The decision came after a series of public hearings ending in March 2012, on the petition of the NREB for the setting of the FIT rates.

Under the RE Law, all qualified and registered generating plants with intermittent renewable energy resources shall enjoy the benefit of priority dispatch. Priority purchase, transmission, and payment for such electricity is also provided for by the RE Law. Furthermore, all renewable energy generators are ensured of payment for electricity generated via the FIT scheme for a period of twenty (20) years.

On 17 May 2013, Guimaras Wind received DOE's Declaration of Commerciality ("DOC") for the San Lorenzo Project (the "Project"). The DOC means that the Project will be eligible to avail of the FIT, but only upon successful completion and commissioning of the Project.

On 23 November 2015, the ERC issued a Decision in ERC Case No. 2015-002RM entitled "In the Matter of the Adoption of the Amendments to Resolution No. 10, Series of 2012, entitled "A Resolution Approving the Feed-in-Tariff (FIT) Rates" (FIT Rules), Particularly for WIND FIT Rates, as necessitated by the review and re-adjustment of the WIND FIT since the Installation Target for Wind Technology has already been achieved."

In the said Decision, the ERC approved a FIT2 in the amount of PhP 7.4000/kWh for Guimaras Wind, Petrowind Energy Inc., and Alternergy Wind One Corporation.

c. The NGCP and all DUs are mandated to include the required connection facilities for renewable energy-based electricity in their transmission and distribution development plans. They are also required to effect the connection of renewable energy-based power facilities with the grid, upon the approval of the DOE, at the start of their commercial operations. The ERC shall provide the mechanism for the recovery of the cost of these connection facilities.

d. The RE Law provides for the following fiscal incentives:

- Income tax holiday for a period of seven (7) years from the start of commercial operation;
- Exemption from duties on renewable energy machinery, equipment, and materials;
- Special realty tax rates on equipment and machinery;
- Net operating loss carry over ("NOLCO") of the renewable energy developer during the first three (3) years from start of commercial operation shall be carried over for the next seven (7) consecutive taxable years immediately following the year of such loss;
- Corporate tax rate of ten percent (10%);
- Accelerated depreciation;
- Zero percent (0%) value-added tax on energy sale;
- Tax exemption of carbon credits; and
- Tax credit on domestic capital equipment and services related to the installation of equipment and machinery.

National Renewable Energy Board (NREB) and the Renewable Energy Management Bureau (REMB)

For purposes of promoting the development of renewable energy resources, two new government bodies were created under the R.A 9513 or the RE Law – the NREB and the REMB.

NREB will serve as the recommending body on renewable energy policies and action plans for implementation by the DOE. As provided under Section 27 of the RE Law, the powers and functions of the NREB are as follows:

- Evaluate and recommend to the DOE the mandated RPS and minimum RE generation capacities in off-grid areas, as it deems appropriate;
- Recommend specific actions to facilitate the implementation of the National Renewable Energy Program ("NREP") to be executed by the DOE and other appropriate agencies of government and to ensure that there will be no overlapping and redundant functions within the national government department and agencies concerned;

- Monitor and review the implementation of the NREP, including compliance with the RPS and minimum RE generation capacities in off-grid areas;
- Oversee and monitor the utilization of the Renewable Energy Trust Fund created pursuant to Section 28 of the Renewable Energy Law and administered by the DOE; and
- Perform such other functions, as may be necessary, to attain the objectives of the RE Law.

The NREB shall be composed of a Chairman and one (1) representative each from the DOE, Department of Trade and Industry, DENR, NPC, NGCP, PNOC, and PEMC shall be designated by their respective secretaries to the NREB on a permanent basis. The Board shall also have one (1) representative each from the following sectors: (1) renewable energy developers, (2) government financial institutions, (3) private DUs, (4) electric cooperatives, (5) electricity suppliers, and (6) non-government organizations (NGOs), duly endorsed by their respective industry associations and all to be appointed by the President of the Republic of the Philippines.

On the other hand, REMB was created for the purpose of implementing the provisions of the RE Law. The REMB shall replace the Energy Utilization Management Bureau under the DOE.

The powers and functions of the REMB are as follows:

- Implement policies, plans, and programs related to the accelerated development, transformation, utilization and commercialization of renewable energy resources and technologies;
- Develop and maintain a centralized, comprehensive, and unified data and information based on renewable energy resources to ensure the efficient evaluation, analysis, and dissemination of data and information on renewable energy resources, development, utilization, demand, and technology application;
- Promote the commercialization / application of renewable energy resources including new and emerging technologies for efficient and economical transformation, conversion, processing, marketing, and distribution to end users;
- Conduct technical research, socio-economic, and environment impact studies of renewable energy projects for the development of sustainable renewable energy systems;
- Supervise and monitor activities of government and private companies and entities on renewable energy resources development and utilization to ensure compliance with existing rules, regulations, guidelines, and standards;
- Provide information, consultation, and technical training and advisory services to developers, practitioners, and entities involved in renewable energy technology and develop renewable energy technology development strategies; and
- Perform other functions that may be necessary for the effective implementation of the RE Law and the accelerated development and utilization of renewable energy resources in the country.

Environmental Laws

The Company's power generation operations are subject to extensive, evolving, and increasingly stringent safety, health, and environmental laws and regulations. These laws and regulations, such as R.A. 8749 or the Clean Air Act and R.A. 9275 or the Philippine Clean Water Act, address, among other things, air emissions, wastewater discharges, the generation, handling, storage, transportation, treatment, and disposal of toxic or hazardous chemicals, materials and waste, workplace conditions, and employee exposure to hazardous substances. ACEN and its subsidiaries have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. The Company and its subsidiaries spend at least PhP 2.24 Million annually for emissions testing to comply with safety, health, and environmental laws and regulations.

Human Capital

As of 29 February 2024, ACEN has three hundred ten (310) employees. Of the total employees, one hundred eighty-three (183) are managers and officers, one hundred twenty-four (124) are supervisors, and three (3) are non-supervisory employees. The Company has the intention of hiring forty-five (45) additional employees for the ensuing months.

The Company has no Collective Bargaining Agreement with its employees. No employees went on strike within the past three (3) years nor are they planning to go on strike.

The relationship between management and employees has always been of coordination and collaboration. The Company believes that professionalism, open communication, and upright engagement between management and employees are the effective ways to resolve workplace concerns.

Aside from compensation, the Company's employees are given medical, hospitalization, vacation and sick leave, and personal accident insurance benefits. There are also medical benefits from the Company that extends to employee's dependents. Also, the Company has a retirement fund based on statutory benefits. It is a funded, noncontributory, defined benefit pension plan covering all full-time employees of ACEN. The benefits are based on tenure and remuneration at the time of retirement.

RISK FACTORS RELATED TO THE BUSINESS

Risks Relating to the Company and its Businesses

Increased competition in the power industry, including competition resulting from legislative, regulatory and industry restructuring efforts could have a material adverse effect on the Company's operations and financial performance.

The Company's success depends on its ability to identify, invest in and develop new power projects, and the Company faces competition to acquire future rights to develop power projects and to generate and sell power. No assurance can be given that the Company will be able to acquire or invest in new power projects successfully.

In recent years, the Philippine government has sought to implement measures designed to establish a competitive power market. These measures include the planned privatization of at least 70% of the NPC-owned-and-controlled power generation facilities and the grant of a concession to operate transmission facilities. The move towards a more competitive environment could result in the emergence of new and numerous competitors. These competitors may have greater financial resources, and have more extensive experience than the Company, giving them the ability to respond to operational, technological, financial and other challenges more quickly than the Company. These competitors may therefore be more successful than the Company in acquiring existing power generation facilities or in obtaining financing for and the construction of new power generation facilities. The type of fuel that competitors use for their generation facilities may also allow them to produce electricity at a lower cost and to sell electricity at a lower price. The Company may therefore be unable to meet the competitive challenges it will face.

The impact of the ongoing restructuring of the Philippine power industry will change the competitive landscape of the industry and such changes are expected to affect the Company's financial position, results of operations and cash flows in various ways.

Any decision to develop and construct power projects in various jurisdictions, including, but not limited to, the Philippines, Indonesia, Vietnam, India and Australia, will be made after careful consideration of regulatory requirements, availability of fiscal incentives, market conditions (including the demand and supply conditions), land availability, and other considerations. For those jurisdictions that require participation through a competitive bidding process or through the submission of a formal proposal, in which the Company will need to compete for projects based on pricing, technical and engineering qualifications, the financial condition of the Company, availability of land, access to financings, track record and other specifications of the proposed project, the bidding or proposal submission process and selection process may be affected by a number of factors, including factors which may be beyond the Company's control, such as market conditions or government incentive programs. In such cases, the Company may not acquire the rights to develop new power projects in the event that the Company misjudges its competitiveness when submitting its bids or proposals or, where bidding includes price competition, if the Company's competitors have more competitive pricing. The ability of the Company's competitors to access resources that it does not have access to, including labour and capital, may prevent the Company from acquiring additional power projects in strategic locations or from increasing its generating capacity, and the Company may not be able to expand its business as a result.

The Company may not successfully implement its growth and other strategic objectives and the impact of acquisitions and investments could be less favourable than anticipated.

As part of its business strategy, the Company continues to carry out acquisitions and investments of varying sizes, some of which are significant, as well as develop additional power projects. This strategy may require entering into strategic alliances and partnerships and will involve substantial investments. In addition, the Company may from time to time divest its interests in certain of its assets in order to realise value or to structure its portfolio to align with the Company's long-term objectives. The Company's success in implementing its strategic priorities will depend on, among other things, its ability to identify and assess potential partners, investments and acquisitions, successfully finance, close and integrate such investments and acquisitions, control costs, identify value realisation initiatives and potential purchasers, and maintain sufficient operational and financial controls.

The Company's strategic initiatives could place significant demands on the Company's management and other resources. The Company's future growth may be adversely affected if it is unable to make these investments, form these partnerships or engage in value realisation and portfolio restructuring initiatives, or if the Company's investments and partnerships prove unsuccessful. Further, the Company's strategic goals, including acquisitions and investments, involve numerous risks, including, without limitation, the following: (i) the assumptions used in the underlying business plans may not prove to be accurate, in particular with respect to synergies and expected demand; (ii) the Company may not integrate acquired businesses, technologies, products, personnel, and operations effectively; (iii) the Company may fail to retain key employees, customers and suppliers of the companies acquired; (iv) the Company may be required or wish to terminate pre-existing contractual relationships, which could be costly and/or on unfavourable terms; and (v) the Company may increase its indebtedness to finance these acquisitions. As a result, it is possible that the expected benefits of completed or future acquisitions, investments, or value realisation or portfolio restructuring initiatives may not materialise within the time periods or to the extent anticipated and may affect the Company's financial condition.

The Company may not be able to identify suitable acquisition, investment, value realisation and portfolio restructuring opportunities or make acquisitions, investments, value realisations or portfolio restructuring, on beneficial terms, or obtain financing necessary to complete and support such acquisitions and investments. Regulation of merger and acquisition activity by relevant authorities or other regulators may also limit the Company's ability to engage in future acquisitions or mergers. The impact on the Company of any future acquisitions or investments cannot be fully predicted and any of the risks outlined above, should they materialise, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The operations of the Company's power projects are subject to significant government regulation, including regulated tariffs such as FIT, and the Company's margins and results of operations could be adversely affected by changes in the law or regulatory schemes.

The Company's inability to predict, influence or respond appropriately to changes in law or regulatory schemes, including any inability or delay in obtaining expected or contracted increases in electricity tariff rates or tariff adjustments for increased expenses, or any inability or delay in obtaining or renewing permits for any facilities, could adversely impact the Company's results of operations and cash flow. Furthermore, changes in laws or regulations or changes in the application or interpretation of laws or regulations in jurisdictions where power projects are located, particularly utilities where electricity tariffs are subject to regulatory review or approval, could adversely affect the Company's business, including, but not limited to:

- adverse changes in tax law;
- changes in the timing of tariff increases or in the calculation of tariff incentives;
- change in existing subsidies and other changes in the regulatory determinations under the relevant concessions;
- other changes related to licensing or permitting which increase capital or operating costs or otherwise affect the ability to conduct business; or
- other changes that have retroactive effect and/or take account of revenues previously received and expose power projects to additional compliance costs or interfere with the Company's existing financial and business planning.

Any of the above events may result in lower margins for the affected businesses, which could adversely affect the Company's results of operations.

For renewable energy assets, pricing is fixed by regulatory arrangements which operate instead of, or in addition to, contractual arrangements. To the extent that operating costs rise above the level approved in the tariff, the Company's businesses that are subject to regulated tariffs would bear the risk. During the life of a project, the relevant government authority may unilaterally impose additional restrictions on the project's tariff rates and related payments, subject to the regulatory frameworks applicable in each jurisdiction. For example, in April 2021, the ERC released a public advisory that there will be a moratorium on the imposition of interest on delayed FIT payments due to the COVID-19 pandemic. This moratorium will be imposed for six billing periods from the relevant billing period wherein the interest had first been incurred. While the moratorium is not expected to have a significant impact on ACEN cash flows, future tariffs or changes to existing tariffs and the collection of payments in the future may not permit the project to maintain current operating margins, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Failure to obtain financing on reasonable terms or at all could adversely impact the execution of the Company's expansion and growth plans.

The Company's expansion and growth plans are expected to require significant fund raising. As part of the Company's current strategy to reach 5,000 MW of renewable energy capacity by 2025, the Company estimates that it will require around U.S.$2 billion. The Company's continued access to debt and equity financing as a source of funding for new projects, acquisitions and investments, and for refinancing maturing debt is subject to many factors, including: (i) laws, regulations, and internal bank policies limiting bank exposure (including single borrower limits) to a single borrower or related group of borrowers; (ii) the Company's compliance with existing debt covenants; (iii) the ability of the Company to service new debt; (iv) the macroeconomic fundamentals driving credit ratings of the Philippines and other jurisdictions; and (v) perceptions in the capital markets regarding the Company and the industries and regions in which it operates and other factors, some of which may be outside of its control, including general conditions in the debt and equity capital markets, political instability, an economic downturn, social unrest, changes in the regulatory environments where any power projects are located or the bankruptcy of an unrelated company operating in one or more of the same industries as the Company, any of which could increase borrowing costs or restrict the Company's ability to obtain debt or equity financing. There is no assurance that the Company will be able to arrange financing on acceptable terms, if at all. Any inability of the Company to obtain financing from banks and other financial institutions or from capital markets would adversely affect the Company's ability to execute its expansion and growth strategies.

The Company's international businesses and results of operations are subject to the macroeconomic, social and political developments and conditions of the countries where the Company's portfolio of projects are located.

The Company's portfolio of power projects in operation and under construction include those located in Australia, Indonesia, Vietnam, and India, with plans for further international expansion in other countries such as South Korea and Taiwan through its joint ventures. International operations and plans for further international expansion may be affected by the respective domestic economic and market conditions as well as social and political developments in these countries, government interference in the economy in certain countries, and changes in regulatory conditions. There is no guarantee that the Company's operations as well as expansion plans will be successful in those countries and the Company cannot provide assurance of effective mitigation to systemic risks in those countries. The Company's financial condition, prospects and results of operations could be adversely affected if it is not successful internationally or if these international markets are affected by changes in political, regulatory, economic and other factors, over which the Company has no control.

For example, in October 2019, the Group disclosed plans to form a joint venture with the Yoma Group, to invest in Yoma Micro Power and jointly explore developing renewable energy projects within Myanmar. Pursuant to this undertaking, AC Renewables International provided development loans to the Yoma Group amounting to U.S.$24.0 million. Due to the current situation in the country, plans in Myanmar have currently been put on hold. The Group takes a long-term view on its investment in Myanmar and continues to monitor the situation closely.

Changes in tax policies, affecting tax exemptions and tax incentives could also adversely affect the Company's results of operations. Certain Associates of the Company are registered with the BOI and the Philippine Economic Zone Authority as new operators with pioneer status and non-pioneer status for greenfield projects and benefit from certain capital tax exemptions and tax incentives, deductions from taxable income subject to certain capital requirements and duty-free importation of capital equipment, spare parts and accessories.

If these tax exemptions or tax incentives expire, are revoked, or are repealed, the income from these sources will be subject to the corporate income tax rate, which is 25% of net taxable income. As a result, the Company's tax expense would increase, and its profitability would decrease. The expiration, non-renewal, revocation or repeal of these tax exemptions and tax incentives, and any associated impact on the Company, could have a material adverse effect on the Company's business, financial condition and results of operations.

COVID-19, future pandemics, epidemics or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect the Company's business, financial condition and results of operations.

In December 2019, an outbreak of the novel coronavirus ("COVID-19") occurred in China and spread to other countries, including the Philippines. On 10 March 2020 the World Health Organization characterized COVID-19 as a pandemic.

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 its suppliers' ability to deliver, which could delay the construction of the Company's projects.

In a move to contain the COVID-19 outbreak, on 13 March 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective 15 March 2020. On 16 March 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine ("ECQ") throughout the island of Luzon until 12 April 2020, unless earlier lifted or extended. On 24 March 2020. Congress passed Republic Act No. 11469, the Bayanihan to Heal as One Act (the "Bayanihan Act") into law, which confers emergency powers on the President of the Philippines. On 25 June 2020, the Bayanihan Act measures implemented to address the pandemic in the Philippines expired without extension or replacement. On 11 September 2020, Republic Act No. 11494, the Bayanihan to Recover as One Act (the "Bayanihan 2 Act") was signed into law by President Duterte. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte was in effect until 19 December 2020. Such powers include the authority to adopt measures to "conserve and regulate the distribution and use of power, fuel, energy and water, and ensure adequate supply of the same." The Bayanihan 2 Act also imposes a minimum 30-day grace period for the payment of electricity and other utilities falling due within the period of community quarantine without penalty and further provides that such payments may be settled on a staggered basis in no fewer than three monthly instalments. On 17 November 2020, House Bill No. 8031 or the Bayanihan to Arise as One Act, was filed which proposes to extend the effectivity of Bayanihan 2 Act until 4 June 2021 to ensure its full implementation. On 29 December 2020, the Congress passed Republic Act No. 11519, extending the availability of appropriations under Bayanihan 2 until 30 June 2021.

On 1 June 2021, the House of Representatives approved on final reading House Bill No. 9411 or the Bayanihan to Arise as One bill ("Bayanihan 3 Bill"), which proposes a stimulus budget amounting to ₱401 Billion which will serve as financial aid and cash subsidy to Filipinos impacted by the COVID-19 pandemic. The Bayanihan 3 bill is currently pending before the Senate of the Philippines. Due to the increasing number of Delta variant cases in the Philippines, Metro Manila was place under ECQ from 6 August to 20 August 2021, while the rest of the country (including Metro Manila after 20 August 2021) is under various degrees of general community quarantines for the month of August 2021.

Other countries where the Company operates such as Vietnam, Australia, Indonesia, and India were also affected by COVID-19 and their respective governments have reacted in varying degrees of social and economic controls to mitigate the spread. To support their economies and local businesses, the various national governments have initiated various fiscal and monetary programs.

Vietnam, one of the few countries that initially managed to effectively contain the spread of COVID-19, began its response to the pandemic with a ban on all flights coming from China beginning 1 February 2020. On 3 March 2020, Prime Minister Nguyen Xuan Phuc announced a U.S.$1.16 billion fiscal stimulus package from the government's contingency budget. The package included tax breaks, delayed tax payments, and government spending on infrastructure. The government has delayed collecting an estimated U.S.$7.6 billion in value-added tax, corporate income tax, and land rent from various businesses and households for five months starting April. As the pandemic progressed, the country went into a national lockdown on 1 April 2020. Shortly thereafter, the government announced plans for a U.S.$2.6 billion fiscal package to support those most affected by the pandemic. Under the new package, those displaced from their jobs received about U.S.$76 per month through June 2020, low-income households collected about U.S.$42 per month, and those who "rendered services to the state during the revolution" were sent about U.S.$22 a month. By 25 April 2020, the government began releasing guidelines that allowed certain areas of Vietnam to lift quarantine measures once virus containment has been proven. Throughout May to July 2020, Vietnam attempted to reopen its economy, gradually allowing in-land travel as well as the resumption of flights to and from China. As Vietnam began to revive its tourism industry, a number of cases were detected, and the government immediately imposed lockdowns in select localities. Vietnam has since witnessed multiple waves of COVID-19 cases. Following the emergence of the Delta variant of the virus, the number of cases detected in the country has seen a sharp increase from just about 10,000 total cases in June 2021 to about 190,000 in early August 2021, this has caused the government to impose several lockdowns for its biggest cities.

The current project construction in Vietnam has been impacted by the recent COVID-19 outbreak in the country, wherein stricter restrictions of travel and movement of both people and equipment are imposed. This can potentially lead to restricted access of foreign consultants to the site and construction delays, resulting in portions of the projects to miss the FIT deadline if not extended by the Vietnam government.

During the pandemic, Australia's various states has varying degrees of restrictions, with some declaring state of emergencies, social restrictions, closing of schools, suspending flights, and closing interstate borders as needed. Generally, while most other countries faced prolonged strict restrictions, Australians enjoyed fairly open societies given its geographic isolation and its strict limits on international arrivals, however, following the emergence of the Delta variant, the National Cabinet also decided to halve the number of airline passengers allowed into Australia per week from over 6,000 to just about 3,000. In early March 2020, an initial AUD23 billion stimulus package was unveiled by the Prime Minister to protect Australians' health, secure jobs and set the economy to bounce back from the crisis. On 22 March 2020, the government announced a second stimulus package of AUD66 billion, increasing the amount of total financial package offered to AUD89 billion. This included several new measures; most notably a coronavirus supplement of an extra AUD550 per fortnight of income support, and relaxed eligibility criteria for individuals on Jobseeker Payment (formerly Newstart), and grants of up to AUD100,000 for small and medium-sized businesses. Australia's federal budget document in May 2021 also revealed that about AUD311 billion has been spent for direct economic and health support in the country since the onset of the pandemic.

While the pandemic has had no significant impacts to the construction of the New England Solar Farm, the Company did opt to delay the commencement of construction to 2021, after the initial wave of the pandemic in 2020. Travel restrictions have also posed some difficulties in the conduct of physical site visits, impacting the conduct of predevelopment works in the country.

Prior to any official social restrictions in Indonesia, in support of its economy, Indonesian President Joko Widodo issued the country's first stimulus package worth U.S.$725 million on 25 February 2020, providing fiscal incentives to support the country's tourism, aviation, and property industries as well as allocating U.S.$324 million to low-income households. In March 2020, the government announced two stimulus packages totalling to U.S.$33.1 billion covering tax reliefs, healthcare spending, and social protection. On 31 March 2020, by virtue of Presidential Decree No. 11 of 2020, the President of Indonesia declared COVID-19 a "Public Health Emergency" ("Darurat Kesehatan Masyarakat") and on 13 April 2020 through Presidential Decree No. 12 of 2020, a "National Disaster" ("Bencana Nasional"). The government of Indonesia implemented various protective measures, including large-scale social restrictions ("Pembatasan Sosial Berskala Besar"), imposing temporary travel restrictions on inbound travellers, closing of certain schools and workplaces, the cancellation of hajj pilgrimage which about 200,000 Indonesians were preparing to make, and bans on activities in public places. On 18 May 2020, the government announced another U.S.$43 billion in economic stimulus supporting state-owned enterprises and subsidizing loan repayments. In September 2020, Jakarta again went into large-scale social restrictions as cases in the capital city continued to rise. By October 2020, Indonesia began a wider reopening of the economy; however, following the emergence of coronavirus variants, the country has again been placed in varying degrees of lockdowns which are still in place as of August 2021.

In India, a nationwide lockdown was first announced on 24 March 2020 putting the country into a lockdown for 21 days. The lockdown was subsequently extended until 3 May then 17 May then 31 May, with relaxations for regions where the diseases is thought to be contained. On 30 May, restrictions were lifted for some areas, while extensions were implemented only for containment zones with businesses and services resuming in phases ("Unlock 1.0"). Subsequent easings named Unlock 2.0, 3.0, 4.0, 5.0, 6.0, and 7.0 followed thereafter for the months of July to October. In aiding its people and its economy, India first announced a relief package worth U.S.$22.6 billion to assist its poor population during the pandemic. On 12 May 2020, Narendra Modi announced another relief package worth U.S.$266 billion in fiscal and monetary measures to support the economy. On 12 November 2020, the country's finance minister also announced another U.S.$35.7 billion stimulus package which is aimed to incentivize job creation and boost real estate investments. Due to a second wave of infections in the county and the onset of the Delta variant infections, several localized lockdowns were again introduced beginning April of 2021.

The Company's two solar projects in India were completed despite the pandemic, and both started operations in the second quarter of 2021. However, the Company has experienced some delays in predevelopment work for other projects in its pipeline, given the implementation of lockdowns in India.

Due to numerous uncertainties and factors beyond its control, the Company 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 Company 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 Company's regulators;
- restrictions on operations up to and including complete or partial closure of offices, plants and other facilities;
- restrictions on travel or mobilization, which may results in supply chain disruptions and delays in construction;
- economic measures, fiscal policy changes, or additional measures that have not yet been effected;
- the health of, and effect of the pandemic on, the Company's personnel and the Company'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;
- dampened demand due to lower consumption, shutdown of businesses, and restrictions on operations of various industries;
- impacts—financial, operational or otherwise—on the Company'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 Company’s actions in response thereto;
- the pace of recovery when the pandemic subsides; and
- the long-term impact of the pandemic on the Company’s businesses.

These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. In particular, the various degrees of community quarantine imposed across the jurisdictions where the Company operates have affected and could adversely impact (a) the completion of the Company’s projects as construction is not an activity given priority under the government guidelines, (b) demand for the Company’s product, as industries, offices, and shopping malls account for bulk of energy consumption, (c) spot market prices as demand for electricity may be 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 these countries and could materially and adversely affect the Company’s business, financial condition, and results of operations. To the extent the COVID-19 pandemic adversely affects the business and financial results of the Company, it may also have the effect of heightening many of the other risks described in this section.

The Company’s long-term success is dependent upon its ability to attract and retain key personnel and in sufficient numbers.

The Company depends on its senior executives and key management members to implement the Company’s projects and business strategies. If any of these individuals resigns or discontinues his or her service, it is possible that a suitable replacement may not be found in a timely manner or at all. If this were to happen, there could be a material adverse effect on the Company’s ability to successfully operate its power projects and implement its business strategies.

Power generation involves the use of highly complex machinery and processes, and the Company’s success depends on the effective operation and maintenance of equipment for its power generation assets. Technical partners and third-party operators are responsible for the operation and maintenance of certain power projects. Although the Company is circumspect in its selection of technical partners and third-party operators, any failure on the part of such technical partners and third-party operators to properly operate and/or adequately maintain these power projects could have a material adverse effect on the Company’s business, financial condition and results of operations.

In addition, the Company’s growth to date has placed, and the anticipated further expansion of the Company’s operations will continue to place, a significant strain on the Company’s management, systems, and resources. In addition to training, managing, and integrating the Company’s workforce, the Company will need to continue to develop the Company’s financial and management controls. The Company can provide no assurance that the Company will be able to efficiently or effectively manage the growth and integration of the Company’s operations dispersed businesses and any failure to do so may materially and adversely affect the Company’s business, financial condition, results of operations and prospects. In addition, if general economic and regulatory conditions or market and competitive conditions change, or if operations do not generate sufficient funds or other unexpected events occur, the Company may decide to delay, modify or forego some aspects of its growth strategies, and its future growth prospects could be adversely affected.

The Company’s business depends on various governmental policy commitments to the promotion of renewable energy.

The countries in which the Company has investments have demonstrated a commitment to renewable energy. As a result, these countries have created favourable regulatory and tax regimes and financial incentives, as well as renewable portfolio standards that require distributors to source a certain percentage of their power requirements from renewable energy sources.

For the Philippines, it adopted a FIT programme in 2010 for eligible renewable power projects from wind, solar, hydro, biomass, and hybrid energy sources, among others. Eligible renewable power plants are granted a 20-year entitlement. However, subsidies will gradually decrease with the expected grid parity of solar and wind to be achieved by 2020 and 2025 for new projects respectively.

Subsequent to the FIT programme in the Philippines, the DOE also issued the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards ("RPS") for On-Grid Areas and Off-Grid Areas in 2017 and 2018, respectively. The RPS is a market-based policy that mandates power DUs, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy facilities. The RPS Rules established a minimum annual RPS requirement. This pertains to the RE share of electricity coming from RE resources in the energy mix based on an aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE. The RPS Rules also established the minimum annual incremental RE percentage. This is initially set at 1% to be applied to the net electricity sales of the mandated participant for the previous year, and thereafter adjusted by the DOE as may be necessary.

For Vietnam, its FIT programme provides for a FIT rate of U.S.$0.0935/kWh for 20 years for solar plants completed by June 2019, with the exception of solar power projects in located in Ninh Thuan province, which has extended this period to December 2019, and U.S.$0.0850/kWh for wind projects completed by November 2021. In April 2020, the Vietnam government unveiled a second round of FIT rates as follows for project commissioned within 2020: U.S.$0.0769/kWh for floating solar, U.S.$0.0709/kWh for ground mounted solar, and U.S.$0.0838/kWh for rooftop energy solar energy projects. Both FIT rates for solar and wind projects are expected to be set for 20 years once awarded.

Due to the impact of COVID-19 and related travel and movement restrictions in Vietnam, construction of certain renewable energy projects in the country, including the Company's projects, has been interrupted. As such, certain turbines/portions of the projects may not be completed by the November 2021 FIT deadline, and may not receive the FIT, which may impact future cash flows and the profitability of such projects.

Further, the FIT commitments are generally matters of domestic public policy and are subject to the execution of the relevant power purchase agreement. Should these commitments to renewable energy be reduced for any reason, it could affect the project company's ability to operate or renew the project company's permits and licenses and reduce the financial incentives available to the project companies, which could, in turn, have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may not be able to adequately influence the operations of its Associates and joint ventures and the failure of one or more of its strategic partnerships may negatively impacts its business, financial condition, results of operations and prospects.

The Company derives a portion of its income from investments in Associates and joint ventures, in which it does not have majority voting control. These relationships involve certain risks including the possibility that these partners:

- may have economic interests or business goals that are not aligned with the Company's;
- may be unable or unwilling to fulfil their obligations under relevant agreements, including shareholder agreements under which the Company has certain voting rights in respect of key strategic, operating and financial matters;
- may take actions or omit to take any actions contrary to, or inconsistent with, the Company's policies or objectives or prevailing laws;
- may have disputes with the Company as to the scope of their responsibilities and obligations; and/or
- may have difficulties in respect of seeking funds for the development or construction of projects.

The success of these partnerships depends significantly on the satisfactory performance by the partners and the fulfilment of their obligations. If the Company or a strategic partner fails to perform its obligations satisfactorily, or at all, the partnership may be unable to perform adequately. As a result, cooperation among its partners or consensus with other shareholders in these entities is crucial to these businesses' sound operation and financial success. The Company's business, financial condition, results of operations and prospects may be materially adversely affected if disagreements develop between the Company and its strategic partners, and such disagreements are not resolved in a timely manner.

In addition, if any of the Company's strategic partners discontinues its arrangement with the Company, is unable to provide the expected resources or assistance, or competes with the Company on business opportunities, the Company may not be able to find a substitute for such strategic partner. Failure of one or more of the Company's strategic partners to perform their obligations may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Risks and delays relating to the development of greenfield power projects could have a material adverse effect on the Company's operations and financial performance.

The development of greenfield power projects involves substantial risks that could give rise to delays, cost overruns, unsatisfactory construction or development in the projects. Such risks include the inability to secure adequate financing, inability to negotiate acceptable offtake agreements, and unforeseen engineering and environmental problems, among others. Any such delays, cost overruns, unsatisfactory construction or development could have a material adverse effect on the business, financial condition, results of operation and future growth prospects of the Company.

For the Company's projects under development, the estimated time frame and budget for the completion of critical tasks may be materially different from the actual completion date and costs, which may delay the date of commercial operations of the projects or result in cost overruns. For example, due to the impact of COVID-19 and related travel and movement restrictions in Vietnam, construction of certain renewable energy projects in the country, including the Company's projects, has been interrupted. As such, certain turbines/portions of the projects may not be completed by the November 2021 FIT deadline, and may not receive the FIT, which may impact future cash flows and the profitability of such projects.

The Company is expanding its power generation operations and there are projects in its energy portfolio under construction. These projects involve environmental, engineering, construction and commission risks, which may result in cost overruns, delays or performance that is below expected levels of output or efficiency. In addition, projects under construction may be affected by the timing of the issuance of permits and licenses by government agencies, any litigation or disputes, inclement weather, natural disasters, accidents or unforeseen circumstances, manufacturing and delivery schedules for key equipment, defect in design or construction, and supply and cost of equipment and materials. Further, project delays or cancellations or adjustments to the scope of work may occur from time to time due to incidents of force majeure or legal impediments.

Depending on the severity and duration of the relevant events or circumstances, these risks may significantly delay the commencement of new projects, reduce the economic benefit from such projects, including higher capital expenditure requirements and loss of revenues, which in turn could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The Company's expected Net Attributable Capacity from its pipeline to be undertaken together with various partners and through various subsidiaries, associates and joint ventures have not yet been determined. The target pipeline reflects its current strategy and may change as proposed projects are reviewed or contracts are entered into, and subject to various factors, including market conditions, the general state of the economy and investment environment where the projects will be located and the ability to obtain financing, among others.

Any restriction or prohibition on the Company's Associates' or joint ventures' ability to distribute dividends would have a negative effect on its financial condition and results of operations and its ability to fulfil its guarantee obligations under the Notes.

The Company is a holding company that conducts its operations through its Associates and joint ventures. As a holding company, the Company's income is derived primarily from dividends paid to the Company by its Associates and joint ventures.

The Company is reliant on these sources of funds with respect to its obligations and in order to finance its Associates. The ability of the Company's Associates and joint ventures to pay dividends to the Company (and their shareholders in general) is subject to applicable law and may be subject to restrictions contained in loans and/or debt instruments of such Associates and may also be subject to the deduction of taxes. Currently, the payment of dividends by a Philippine corporation to another Philippine corporation is not subject to tax. Under Philippine law, dividends may be declared by a corporation's board of directors, however, any stock dividend declaration requires the approval of shareholders holding at least two-thirds of such corporation's total outstanding capital stock. Additionally, SEC approval is required if the issuance of stock dividends requires an increase in such corporation's authorized capital stock.

In addition, certain Associates are subject to debt covenants for their respective existing debt. Failure to comply with these covenants may result in a potential event of default, which if not cured or waived, could result in an actual event of default and the debt becoming immediately due and payable. This could affect the relevant company's liquidity and ability to generally fund its day-to-day operations. In the event this occurs, it may be difficult to repay or refinance such debt on acceptable terms or at all. Furthermore, such restrictions could likewise impact the Company's ability to fulfil its guarantee obligations under the Notes.

Any restriction or prohibition on the ability of some or all of the Company's Associates and/or joint ventures to distribute dividends or make other distributions to the Company, either due to regulatory restrictions, debt covenants, operating or financial difficulties or other limitations, could have a negative effect on the Company's cash flow and therefore, its financial condition.

The administration and operation of power generation projects by project companies involve significant risks.

The administration and/or operation of power generation projects by project companies involve significant risks, including:

- breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes, leading to unplanned outages and operational issues;
- flaws in the equipment design or in power plant construction;
- issues with the quality or interruptions in the supply of key inputs, including fuel or water;
- material changes in legal, regulatory or licensing requirements;
- operator error;
- performance below expected levels of output or efficiency;
- actions affecting power generation assets owned or managed by the Company, its Associates, joint ventures or its contractual counterparties;
- pollution or environmental contamination affecting the operation of power generation assets;
- claims or issues in relation to potential environmental, ecological and social effects in relation to the sites of its power development projects;
- force majeure and catastrophic events including fires, explosions, earthquakes, volcanic eruptions, floods and terrorist acts that could cause forced outages, suspension of operations, loss of life, severe damage and plant destruction;
- planned and unplanned power outages due to maintenance, expansion and refurbishment;
- inability to obtain or the cancellation of required regulatory, permits and approvals; and
- opposition from local communities and special interest groups.
- There is no assurance that any event similar or dissimilar to those listed above will not occur or will not significantly increase costs or decrease or eliminate revenues derived by the Company, its joint ventures and affiliates from their power projects.

Climate change may adversely affect the Company's business and prospects.

The Company is currently involved in the operation of a coal power plant in Batangas. Policy and regulatory changes, technological developments and market and economic responses relating to climate change may affect the Company's business and the markets in which it operates. The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal. Other efforts to reduce greenhouse gas emissions and initiatives in various countries to use cleaner alternatives to coal such as natural gas may also affect the use of coal as an energy source. For example, in October 2020, the DOE declared a moratorium on endorsements for greenfield coal power plants as its most recent assessment revealed the need for the country to shift to a more flexible power supply mix.

In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal generated power. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries to encourage the use of natural gas or renewable energy may also discourage the use of coal as an energy source. Similarly, recent trends in investment mandates and strategies favouring renewable over conventional energy sources may make it more difficult for the Company to obtain financing or refinance existing financing in respect of its thermal coal projects. The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt the Company's operations. As a result of the above, the Company's business, financial condition, results of operations and prospects may be materially and adversely affected.

Environmental regulations may cause the relevant project companies to incur significant costs and liabilities.

The operations of the project companies are subject to environmental laws and regulations by central and local authorities in which the projects operate. These include laws and regulations pertaining to pollution, the protection of human health and the environment, air emissions, wastewater discharges, occupational safety and health, and the generation, handling, treatment, remediation, use, storage, release and exposure to hazardous substances and wastes. These requirements are complex, subject to frequent change and have tended to become more stringent over time. The project companies have incurred, and will continue to incur, costs and capital expenditures in complying with these laws and regulations and in obtaining and maintaining all necessary permits. While the project companies have procedures in place to allow it to comply with environmental laws and regulations, there can be no assurance that these will at all times be in compliance with all of their respective obligations in the future or that they will be able to obtain or renew all licenses, consents or other permits necessary to continue operations or that there will be no complaints filed or issues raised by environmental groups and local communities against the Company, its subsidiaries, or its affiliates for its operations. Any failure to comply with such laws and regulations or to address such complaints or issues could subject the relevant project company to significant fines, penalties and other liabilities, which could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, environmental laws and regulations, and their interpretations, are constantly evolving and it is impossible to predict accurately the effect that changes in these laws and regulations, or their interpretation, may have upon the Company's business, financial condition, results of operations or prospects. If environmental laws and regulations, or their interpretation, become more stringent, the costs of compliance could increase. If the Company cannot pass along future costs to customers, any increases could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company's power project development operations and the operations of the power projects are subject to inherent operational risks and occupational hazards, which could cause an unexpected suspension of operations and/or incur substantial costs.

Due to the nature of the business of power project development and operations, the Company and its project companies engage or may engage in certain inherently hazardous activities, including operations at height, use of heavy machinery and working with flammable and explosive materials. These operations involve many risks and hazards, including the breakdown, failure or substandard performance of equipment, the improper installation or operation of equipment, labour disturbances, natural disasters, environmental hazards, and industrial accidents. These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in suspension of the development or operations of any of the power projects or even imposition of civil or criminal penalties, which could in turn cause the Company or any of the project companies to incur substantial costs and damage its reputation and may have a material adverse effect on the Company's business, financial condition and results of operations.

Grid curtailments may limit the generation capacity of power projects.

From time to time, national grid operators curtail the energy generation for a number of reasons, including to match demand with supply and for technical maintenance reasons, including as a result of grid infrastructure that is not up to international standards. For example, in the first half of 2021, the Company experienced a 5.8% curtailment in respect of the power generation of its solar assets in Vietnam as a result of lower demand due to the COVID-19 pandemic and the Tet holidays in the country, and it is possible that the Company will be subject to further curtailments in the future as electricity generation and supply is adjusted in line with demand and other market factors. In such circumstances, a power project's access to the grid and thus its generation capacity can be reduced. Such reductions result in a corresponding decrease in revenue, which if prolonged or occur frequently could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company enters into transactions with related parties.

In the ordinary course of business, the Company transacts with its related parties, such as its associates and certain of its associates and joint ventures enter into transactions with each other. These transactions have principally consisted of advances, loans, bank deposits, reimbursement of expenses, purchase and sale of real estate and other properties and services, sale of electricity, construction contracts and development, management, marketing and administrative service agreements.

While the Company believes that all past related party transactions have been conducted at arm's length on commercially reasonable terms, these transactions may involve conflicts of interest, which, although not contrary to law, may be detrimental to the Company.

The Company is exposed to credit and collection risks.

As in other businesses, the power business is exposed to credit and collection risks related to its customers. These include the TransCo, rated corporations as well as cooperatives that have varying credit ratings and private DUs. Further, the government may impose moratorium on collections. For example, the Bayanihan 2 Act imposed a minimum 30-day grace period for the payment of electricity and other utilities falling due within the period of ECQ or modified ECQ without penalty and further provides that such payments may be settled on a staggered basis in no fewer than three monthly instalments. In April 2021, the ERC released a public advisory that there will be a moratorium on the imposition of interest on delayed FIT payments due to the COVID-19 pandemic. This moratorium will be imposed for six billing periods from the relevant billing period wherein the interest had first been incurred. In addition, the power projects in Indonesia and in Vietnam are exposed to collection risks from the *Perusahaan Listrik Negara* ("PLN") as the sole electricity business authority in Indonesia and Vietnam Electricity ("EVN"), which has total control of the national power transmission and distribution market in Vietnam, respectively. The power projects in India, once operational, may also be exposed to collection risk from government related entities such as SECI and GUVNL, which are its off-takers. There can, however, be no assurance that all customers will pay the Company in a timely manner or at all. In such circumstances, the Company's working capital needs would increase, which could, in turn, divert resources away from the Company's other projects. If a large amount of its customers were unable or unwilling to pay the Company, its financial condition could be negatively affected.

Exchange rate and/or interest rate fluctuations may have a significant adverse impact on the Company's business, financial condition, results of operations and prospects.

The Company's functional currency is the Philippine Peso, and the Company has and may have assets, income streams and liabilities denominated in a number of currencies, including U.S. Dollars, Indonesian Rupiah, Vietnamese Dong, Indian Rupee, and Australian Dollars. Changes in foreign currency rates could have an adverse impact on the Company's business, financial condition, results of operations and prospects. Currency fluctuations affect the Company because of mismatches between the currencies in which operating costs are incurred and those in which revenues are received.

The insurance coverage of the power projects may not be adequate.

The power projects maintain levels of insurance, which the Company believes are typical with the respective business structures and in amounts that it believes to be commercially appropriate. However, a power project may become subject to liabilities against which it has not insured adequately or at all, or are unable to insure. In addition, insurance policies contain certain exclusions and limitations on coverage, which may result in claims not being honoured to the extent of losses or damages suffered. Further, such insurance policies may not continue to be available at economically acceptable premiums, or at all. The occurrence of a significant adverse event, the risks of which are not fully covered or honoured by such insurers, could have a material adverse effect on a power project's business, financial condition, results of operations and prospects. In addition, under some of the power project's debt agreements, the power project is required to name the lenders under such debt agreements as a beneficiary or a loss payee under some of its insurance policies, or assign the benefit of various insurance policies to the lenders. Therefore, even if insurance proceeds were to be payable under such policies, any such insurance proceeds will be paid directly to the relevant lenders instead of to the power project. If an insurable loss has a material effect on a power project's operations, the power project's lenders may not be required to pay any insurance proceeds or to compensate the power project for loss of profits or for liabilities resulting from business interruption, and this could have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company may be adversely affected by WESM price fluctuations.

Market prices for electric power fluctuate substantially. As electric power can only be stored on a very limited basis and generally must be produced concurrently with its use, frequent supply and demand imbalances result in power prices that are subject to significant volatility. Electricity prices may also fluctuate substantially due to other factors outside of the Company's control, including, but not limited to:

- changes in the generation capacity in the markets, including additional new supply of power from development or expansion of power plants, and decreased supply from closure of existing power plants;
- additional transmission capacity;
- electric supply disruptions, such as power plant outages and transmission disruptions;
- changes in power demand or in patterns of power usage, including the potential development of demand-side management tools and practices;
- the authority of the ERC to review and adjust the prices on the WESM;
- climate, weather conditions, natural disasters, wars, embargoes, terrorist attacks and other catastrophic events;
- availability of competitively priced alternative power sources; and
- changes in the power market and environmental regulations and legislation.

The foregoing factors may have a material adverse effect on the business, financial condition, and operations of the Company.

Increased volatility and uncertainty in fuel and commodity prices as a result of the war in Ukraine may affect supply and pricing of raw materials for production of thermal energy.

On 24 February 2022, the Russian Federation launched a "special military operation" to invade the country of Ukraine in Eastern Europe, resulting in the escalation of the Russo-Ukrainian War. Armed conflict between Russian and Ukrainian forces soon ensued, killing, and injuring several military and civilian personnel, and which continues to the date of this Information Statement.

To impose sanctions on Russia as a result of the invasion, the United States has banned the importation of Russian oil and gas, while the United Kingdom has committed to phase out the said petroleum products by the end of 2022. Both Russia and Ukraine are major exporters of raw materials for thermal energy production, namely coal, oil, and gas. As of end-2020 (latest available data), Russia is one of the world's largest producers of oil and coal.[5] In addition, Ukraine is an important transit country for supplies of oil and natural gas from Russia to countries throughout Europe, and prior to the war, also a major exporter of coal.[6]

With sanctions and conflict cutting thermal raw material supply in both countries, market expectations of oil and gas production from Russia, as well as coal production from Ukraine have similarly been reduced. Global market prices of petroleum and coal products in general subsequently began to rise, with Newcastle coal (ICE commodity symbol: NEWC) reaching US$336.00 per metric ton[7] and Brent Crude Oil reaching US$118.05 per barrel.[8] As a result, since the Philippines remains mostly dependent on thermal energy, spot market prices remain elevated. Should the war in Ukraine continue, high power prices may adversely impact ACEN's trading position, if it continues to be a net buyer on the WESM. However, with the completion of new projects in its aggressive RE expansion, the company believes that it may achieve a net seller position with an RE portfolio that may be able to take elevated power prices in the merchant market without the higher costs associated with raw materials for thermal resources.

[5] BBC News. <https://www.bbc.com/news/58888451>
[6] U.S. Energy Information Administration. <https://www.eia.gov/international/analysis/country/UKR>
[7] As of 18 March 2022, end of trading, for March 2022 contracts.
[8] As of 18 March 2022, end of trading, for front-month contracts.

Risks Relating to the Philippines

Any political instability in the Philippines may adversely affect the Company.

The Philippines has from time to time experienced political and military instability. The Philippine constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests. No assurance can be given that the political environment in the Philippines will stabilise or that periods of political instability will not occur in the future, particularly in connection with or resulting from the Philippine Presidential elections to be held in May 2022. There can be no assurance that the next administration will continue to implement the economic policies favoured by the current administration. Major deviations from the policies of the current administration or fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any political instability in the future may result in inconsistent or sudden changes in the economy, regulations and policies that affect the Company, which could have an adverse effect on its business, results of operations and financial condition.

Any decrease in the credit ratings of the Philippines may adversely affect the Company's business.

The Philippines is currently rated investment grade by major international credit rating agencies such as Moody's S&P and Fitch. While in recent months these rating agencies have assigned positive or stable outlooks to the Philippines' sovereign rating, no assurance can be given that these agencies will not in the future downgrade the credit ratings of the Government and, therefore, Philippine companies, including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

Territorial disputes among the Philippines and its neighbouring nations may adversely affect the Philippine economy and the Company's business.

China and other Southeast Asian nations, such as Brunei, Malaysia, and Vietnam, have been engaged in competing and overlapping territorial disputes over islands in the West Philippine Sea (also known as the South China Sea). This has produced decades of tension and conflict among the neighbouring nations. The West Philippine Sea is believed to house unexploited oil and natural gas deposits, as well as providing home to some of the biggest coral reefs in the world. China, in recent years, has been vocal in claiming its rights to nearly the whole of the West Philippine Sea – as evidenced by its increased military presence in the area. This has raised conflict in the region among the claimant countries.

In 2013, the Philippines filed a case to legally challenge China's claims in the West Philippine Sea and to resolve the dispute under the United Nations Convention on the Law of the Sea. The case was filed on the Permanent Court of Arbitration, the international arbitration tribunal at The Hague, Netherlands. In July 2016, the tribunal ruled in favour of the Philippines and stated that China's claim was invalid. China rejected the ruling, claiming that it did not participate in the proceedings as the tribunal had no jurisdiction over the case. News reports have reported increased Chinese activity in the area, including the installation of missile systems and the deployment of bomber planes. Other claimants have challenged China's actions in the West Philippine Sea.

There is no guarantee that tensions will not escalate further or that the territorial disputes among the Philippines and its neighbouring countries, especially China, will cease. In an event of escalation, the Philippine economy may be disrupted and the Company's business and financial standing may be adversely affected, particularly as to the operations of ENEX's SC 55 block which is located near the West Philippine Sea.

Corporate governance and disclosure standards in the Philippines may differ from those in more developed countries.

Although a principal objective of Philippine securities laws is to promote full and fair disclosure of material corporate information, there may be less publicly available information about Philippine public companies, such as the Company, than is regularly made available by public companies in the U.S. and other countries. As a result, public shareholders of the Company may not have access to the same amount of information or have access to information in as timely of a manner as may be the case for companies listed in the U.S. and many other jurisdictions. Furthermore, although the Company and its Philippine subsidiaries comply with the requirements of the Philippine SEC with respect to corporate governance standards, these standards may differ from those applicable in other jurisdictions. For example, the Revised Corporation Code of the Philippines requires the Company to have independent Directors constituting at least 20.0% of its board of directors. The Company exceeds that requirement and currently has four (4) independent directors.

Furthermore, corporate governance standards may be different for public companies listed on the Philippine securities markets than for securities markets in developed countries. Rules and policies against self-dealing and regarding the preservation of interests of public shareholders of the Company may be less well-defined and enforced in the Philippines than elsewhere, putting public shareholders at a potential disadvantage. Because of this, the directors of Philippine companies may be more likely to have interests that conflict with the interests of shareholders generally, which may result in them taking actions that are contrary to the interests of public shareholders of the Company.

Volatility in the value of the Peso against the U.S. dollar and other currencies as well as in the global financial and capital markets could adversely affect the Company's businesses.

The Philippine economy has experienced volatility in the value of the Peso and also limitations to the availability of foreign exchange. The value of the Peso underwent significant fluctuations between July 1997 and December 2004 and the Peso declined from approximately ₱29.00 to U.S.$1.00 in July 1997 to ₱56.18 to U.S.$1.00 by December 2004, recovering to ₱43.89 at the end of December 2010.

The value of the Peso has generally depreciated since 2010, and its valuation may be adversely affected by certain events and circumstances such as the strengthening of the U.S. economy, the rise of the interest rates in the U.S. and other events affecting the global markets or the Philippines, causing investors to move their investment portfolios from the riskier emerging markets such as the Philippines. Consequently, an outflow of funds and capital from the Philippines may occur and may result in increasing volatility in the value of the Peso against the U.S. Dollar and other currencies. As of 31 December 2021, according to the BSP reference exchange rate bulletin, the Peso was at ₱ 50.7740 per U.S.$1.00 from ₱48.0360 and ₱50.7440 per U.S.$1.00 at the end of 2020 and 2019, respectively.

Investors may face difficulties enforcing judgments against the Company.

The Company is organized under the laws of the Republic of the Philippines. A substantial portion of the Company's assets is located in the Philippines. It may be difficult for investors to effect service of process outside of the Philippines upon the Company. Moreover, it may be difficult for investors to enforce judgments against the Company outside of the Philippines in any actions pertaining to the Notes. In addition, most of the directors and officers of the Company are residents of the Philippines, and all or a substantial portion of the assets of such persons are or may be located in the Philippines. As a result, it may be difficult for investors to effect service of process upon such persons or enforce against such persons judgments obtained in courts or arbitral tribunals outside of the Philippines predicated upon the laws of jurisdictions other than in the Philippines.

The Philippines is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments but is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Moreover, the Philippine enacted Republic Act No. 9285, otherwise known as the Alternative Dispute Resolution Act of 2004, to facilitate the enforcement of arbitral awards in the Philippines. Judgments obtained against the Company in any foreign court may be recognized and enforced by the courts of the Philippines in an independent action brought in accordance with the relevant procedures set forth in the Rules of Court of the Philippines to enforce such judgment. The enforceability of foreign judgments in the Philippines is specifically provided for in the 1997 Rules of Civil Procedure. Section 48 of Rule 39 of the Rules of Civil Procedure provides that a judgment or final order of a tribunal of a foreign country having jurisdiction to give the judgment or final order is as follows: (a) in case of a judgment or final order upon specific property, is conclusive upon the title to that property; and (b) in case of a judgment or final order against a person, is presumptive evidence of a right between the parties and their successors in interest by a subsequent title. Further, Philippine courts have held that a foreign judgment is presumed to be valid and binding in the country from which it issues, until the contrary is shown, and the party contesting the foreign judgment has the burden of overcoming the presumption of its validity. However, such foreign judgment or final order may be rejected in the following instances: (i) such judgment was obtained by collusion or fraud, (ii) the foreign court rendering such judgment did not have jurisdiction, (iii) such order or judgment is contrary to good customs, public order, or public policy of the Philippines, (iv) the Company did not have notice of the proceedings before the foreign court, or (v) such judgment was based upon a clear mistake of law or fact.

Regulatory uncertainty may result in delays in implementation of government programs, or in changes in regulations

The Philippines is a unitary democratic republic, with a President as its head of state and government, elected to a non-renewable six-year term. General elections for the President, Vice President, are held every six years, while Congress and officials of local government units are elected to three-year terms. Presidential administrations and legislative sessions, as well as the officials and political parties holding these offices, vary from term to term, due to term limits prescribed by the 1987 Philippine Constitution and results of elections. As a result, the President and his administration may implement programs, endorse legislation, enforce executive orders, and/or execute other actions, that may result in delays of implementation of government programs, or may result in changes in regulations that benefit ACEN, its partners, and its affiliate businesses. In addition, the bicameral Philippine Congress, may also pass legislation that delays said implementation of government programs or change regulations that promote RE in the Philippines. Several government programs such as the Renewable Energy Law, the RCOA Program, and the Green Energy Option Program, benefit the Company through the expansion of its RE market.

COVID-19, future pandemics, epidemics, or outbreaks of diseases could have an adverse effect on economic activity in the Philippines, and could materially and adversely affect ACEN's business, financial condition and results of operations.

In December 2019, an outbreak of the novel coronavirus ("COVID-19") occurred in China and spread to other countries, including the Philippines. On 10 March 2020, the World Health Organization characterized COVID-19 as a pandemic. As of 8 March 2021, the Philippine Department of Health reported 597,763 cases of COVID-19 nationwide with 12,521 deaths attributed to COVID-19.

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 its suppliers' ability to deliver, which could delay the construction of ACEN's projects.

In a move to contain the COVID-19 outbreak, on 13 March 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective 15 March 2020. On 16 March 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine throughout the island of Luzon until 12 April 2020, unless earlier lifted or extended. On 24 March 2020. Congress passed Republic Act No. 11469, the Bayanihan to Heal as One Act (the "Bayanihan Act") into law, which confers emergency powers on the President of the Philippines. On 25 June 2020, the Bayanihan Act measures implemented to address the pandemic in the Philippines expired without extension or replacement. On September 11, 2020, Republic Act No. 11494, the Bayanihan to Recover as One Act (the "Bayanihan 2 Act") was signed into law by President Duterte. The Bayanihan 2 Act seeks to provide a stimulus package to struggling sectors as part of the country's COVID-19 response and recovery plan, and to scrutinize the government's implementation of programs related to the pandemic. Similar to the Bayanihan Act, the Bayanihan 2 Act confers emergency powers to President Duterte was in effect until 19 December 2020. Such powers include the authority to adopt measures to "conserve and regulate the distribution and use of power, fuel, energy and water, and ensure adequate supply of the same." The Bayanihan 2 Act also imposes a minimum 30-day grace period for the payment of electricity and other utilities falling due within the period of community quarantine without penalty and further provides that such payments may be settled on a staggered basis in no fewer than three monthly installments. On 17 November 2020, House Bill No. 8031 or the Bayanihan to Arise as One Act, was filed which proposes to extend the effectivity of Bayanihan 2 Act until 4 June 2021 to ensure its full implementation. On 29 December 2020, the Congress passed Republic Act No. 11519, extending the availability of appropriations under Bayanihan 2 until 30 June 2021.

Due to numerous uncertainties and factors beyond its control, the Company 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:

(a) 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 Company operates;
(b) 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 Company's regulators;
(c) restrictions on operations up to and including complete or partial closure of offices, plants and other facilities;
(d) economic measures, fiscal policy changes, or additional measures that have not yet been effected;
(e) the health of, and effect of the pandemic on, the Company's personnel and the Company's ability to maintain staffing needs to effectively operate its power generation portfolio;
(f) evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
(g) impacts—financial, operational or otherwise—on the Company's supply chain, including manufacturers, suppliers and third party contractors, particularly for ongoing maintenance and construction of certain plants and facilities;
(h) volatility in the credit and financial markets during and after the pandemic;
(i) the impact of any litigation or claims from customers, suppliers, regulators or other third parties relating to COVID-19 or the Company's actions in response thereto;
(j) the pace of recovery when the pandemic subsides; and
(k) the long-term impact of the pandemic on the Company'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. To the extent the COVID-19 pandemic adversely affects the business and financial results of ACEN, it may also have the effect of heightening many of the other risks described in this Annex.

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 Company's operating plants continue to produce power.

Item 2. Properties

ACEN and its subsidiaries own the following fixed assets as of 31 December 2023:

Properties	Location	**Amount (in thousand PhP)**
Land and land improvements	Bacnotan, La Union/ Norzagaray, Bulacan/ San Lorenzo, Guimaras/ Manapla/ Bangui, Ilocos Norte/ Palauig, Zambales/ Negros Occidental/ Botolan, Zambales	**1,884,063**
Buildings and improvements	Makati City/ Guimaras/ Norzagaray, Bulacan/ Subic/ San Carlos, Negros Occidental	**775,693**
Machinery and equipment	Guimaras/ Norzagaray, Bulacan/ Bacnotan, La Union// San Carlos, Negros Occidental/ Ilocos Norte/ Lanao Del Norte/ Olongapo City/ Iloilo/ Bais City, Negros Oriental/ Alaminos, Laguna/ Palauig, Zambales/ Mariveles, Bataan	**22,072,710**
Transportation equipment	Makati City/ Guimaras/ Norzagaray, Bulacan/ Subic/ Bacnotan, La Union/ Pililia, Rizal/ San Carlos, Negros Occidental	**241,464**
Tools and other miscellaneous assets	Makati City/ Guimaras/ Bacnotan, La Union// San Carlos, Negros Occidental	**3,019,553**
Office furniture, equipment and others	Makati City/ Guimaras/ Bacnotan, La Union/ Norzagaray, Bulacan// San Carlos, Negros Occidental	**324,648**
Construction in progress	Alaminos, Laguna/ San Marcelino, Zambales/ Pagudpud, Ilocos Norte/ Lal-lo, Cagayan/ Uralla, New South Wales	**68,765,540**
Total		**97,083,671**
Less: Accumulated depreciation, amortization and impairment		**8,155,420**
Net		**88,928,251**

Source: Audited consolidated financial statements as of 31 December 2023

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

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

In 2023 and 2022, the Group incurred additions amounting to Php 28,034.45 million and Php 22,184.77 million, respectively. Additionally, In 2023 and 2022, Property, plant, and equipment acquired through business combination amounted to Php 41.82 million and Php 14,712.73 million, respectively.

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

Mortgaged Property and Equipment

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

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

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

Contractual commitments

As at 31 December 2023, the Group has commitments for property, plant and equipment, which are contracted for but not provided for in the consolidated financial statements amounting to Php 45,096.84 million. These will be acquired based on the relevant construction contracts and will be funded through a combination of project equity and project financing.

Lease Commitments

Lease with Laguna Lake Development Authority (LLDA)

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

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

New England Solar Farm Stage 2

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

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

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

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

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

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

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

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

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

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

SolarAce1's Contract of Lease for Land
On 30 September 2019, SolarAce1 entered into a lease agreement with a related party Ayala Land, Inc., Crimson Field Enterprises Inc., and Red Creek Properties Inc., for 106.59 hectares of land located in Barangay San Andres, Alaminos, Laguna as site for the construction and operation of its solar power facility.

The term of the lease shall be for a period of 21 years, with a fixed monthly rental payment of per square meter, exclusive of VAT. The rental fee shall be subject to annual adjustment of whichever is higher between 3% per annum and the rate of increase of real property tax where the property is located. The period of lease may be extended, under the same terms and conditions, at the sole discretion of SolarAce1 for up to another 21 years.

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

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

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

Item 3. Legal Proceedings

As of 29 February 2024, ACEN has no knowledge and/or information of any material pending legal proceedings to which ACEN or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

Item 4. Submission of Matters to a Vote of Security Holders

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

PART II. OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholders' Matters

Market Price

ACEN's common shares are listed with the Philippine Stock Exchange. Below are the high and low sales prices on 29 February 2024 and for the calendar years 2023, 2022, 2021, and 2020:

Period	High	Low
On 29 February 2024 (intra-day)	4.22	4.16
Calendar Year 2023		
First Quarter	5.90	5.90
Second Quarter	6.24	5.00
Third Quarter	5.60	4.64
Fourth Quarter	5.46	3.71
Calendar Year 2022		
First Quarter	10.50	7.64
Second Quarter	8.86	6.23
Third Quarter	8.90	5.51
Fourth Quarter	7.64	5.52
Calendar Year 2021		
First Quarter	9.12	6.02
Second Quarter	8.50	6.75
Third Quarter	12.10	7.80
Fourth Quarter	12.92	10.30
Calendar Year 2020		
First Quarter	8.06	2.713
Second Quarter	2.911	1.934
Third Quarter	2.158	1.764
Fourth Quarter	2.185	1.334

Recent Issuances of Securities Constituting an Exempt Transaction

On 15 November 2021, the Company signed Subscription Agreements with the following affiliates and/or partners of the minority shareholders of NorthWind Power Development Corporation for the following number of shares in the Company at a price of Php 11.32 per share in exchange for cash in the aggregate amount of Php1.018 billion:

1. Niels Jacobsen – 16,767,108
2. Ferdinand A. Dumlao – 41,375,371
3. Jose Ildebrando B. Ambrosio – 1,956,209
4. Laura Baui – 1,956,132
5. Kresten B. Jacobsen – 13,972,590
6. Kia Jacobsen – 13,972,590

The transaction was approved by the Board of Directors of the Company on 18 October 2021. The issuance and listing of the ACEN common shares were approved by the Company's stockholders on 15 December 2021.

Exempt from Registration. The requirement of registration under Subsection 8.1 of the SRC does not apply to the issuance of shares to the owners and/or affiliates of the NorthWind minority shareholders as the sale was to fewer than twenty (20) persons in the Philippines during any twelve-month period (*Subsection 10.1 [k] of the SRC*).

On 21 March 2022, the Company signed Subscription Agreements with the following entities for the following number of shares in the Company at a price of Php 11.32 per share in exchange for cash in the aggregate amount of Php 10.66 billion:

1. UPC Renewables Asia Pacific Holdings Pte Limited ("**UPCAPH**") – 869,119,204
2. Anton Johannes Rohner - 61,630,796

The transaction was approved by the Board of Directors of the Company on 18 October 2021. The issuance and listing of the ACEN common shares were approved by the Company's stockholders on 15 December 2021.

Exempt from Registration. The requirement of registration under Subsection 8.1 of the SRC does not apply to the issuance of shares to UPACPH and Mr. Rohner as the sale was to fewer than twenty (20) persons in the Philippines during any twelve-month period (*Subsection 10.1 [k] of the SRC*).

On 18 October 2021, the Board of Directors of the Company approved the issuance of up to 390 million shares to the owners, affiliates, and/or partners of UPC Philippines (collectively, the "UPC PH Group") at a price of Php 8.2889 per share, thus:

1. UPC Philippine Wind Partners Ltd. - 183,900,026
2. Alan Kerr - 4,318,008
3. PQN Holdings Ltd. - 8,473,688
4. Butterfly Securities Ltd. - 3,412,744
5. Brian E. Caffyn Revocable Trust - 85,407,247
6. Estanyol Holdings Ltd. - 61,622,826
7. Tenggay Holdings Ltd, - 42,861,294

The issuance and listing of the ACEN common shares were approved by the Company's stockholders on 15 December 2021.

On 8 March 2022, the Board of Directors approved a revised list of subscribers constituting the UPC PH Group, including a re-allocation of some of the shares for subscription, in exchange for cash in the aggregate amount of ~Php 3.23 billion, thus:

1. UPC Philippines Wind Partners Ltd. – 19,059,423
2. Wind City Inc. – 142,668,634
3. Estanyol Holdings Ltd. – 153,493,200
4. Tenggay Holdings Ltd. – 70,525,763
5. Alan Kerr - 4,248,813

The issuance and listing of the ACEN common shares, as revised, were approved by the Company's stockholders on 25 April 2022.

Exempt from Registration. The requirement of registration under Subsection 8.1 of the SRC does not apply to the issuance of shares to the UPCPH Group as the sale was to fewer than twenty (20) persons in the Philippines during any twelve-month period (*Subsection 10.1 [k] of the SRC*).

On 21 April 2022, the Company issued 8,188,097 common shares to various employees of the Company through the Employee Stock Ownership ("ESOWN") Plan at a price of Php 6.96 per share in exchange for cash. On 19 August 2022, the Company issued 32,622,666 common shares to various employees of the Company through the ESOWN Plan at a price of Php 6.50 per share in exchange for cash.

Exempt from Registration. On 4 March 2022, the SEC resolved that the requirement of registration under Subsection 8.1 of the SRC does not apply to the issuance of shares under the ESOWN plan by reason of the issuance being limited to the eligible employees of the Company and its participating subsidiaries and affiliates. *(Subsection 10.2 of the SRC).*

Stockholders

Common Shares

There are 4,399 registered holders of common shares as of 29 February 2024.

The following are the top 20 registered holders of common shares of the Company, the number of shares held, and the percentage of ownership as of 29 February 2024 based on the records of our stock transfer agent:

	Name	Holdings	Percentage
1	AC ENERGY AND INFRASTRUCTURE CORPORATION	22,910,721,773	57.74%
2	PCD NOMINEE CORPORATION (NON-FILIPINO)	9,715,772,148	24.49%
3	PCD NOMINEE CORPORATION (FILIPINO)	6,495,973,428	16.37%
4	UPC RENEWABLES ASIA PACIFIC HOLDINGS PTE LIMITED	120,000,000	00.30%
5	AYALA CORPORATION	100,594,226	00.25%
6	FERDINAND A. DUMLAO	36,000,000	00.09%
7	SM INVESTMENTS CORPORATION	35,545,857	00.09%
8	AC ENERGY AND INFRASTRUCTURE CORPORATION	35,000,000	00.09%
9	ESOWN ADMINISTRATOR 2022	32,622,666	00.08%
10	SHOEMART INC.	22,587,609	00.06%
11	HENFELS INVESTMENTS CORPORATION	18,450,000	00.05%
12	AYALA CORPORATION FAO VARIOUS ELIGIBLE STOCKHOLDERS FOR PROPERTY DIVIDEND	15,640,192	00.04%
13	SOCIAL SECURITY SYSTEM	9,874,083	00.02%
14	ESOWN ADMINISTRATOR 2021	8,188,097	00.02%
15	DODJIE DE GRACIA LAGAZO	6,526,166	00.02%
16	NIELS JACOBSEN	5,593,546	00.01%
17	KIA BORCH JACOBSEN	4,661,289	00.01%
18	KRESTEN BORCH JACOBSEN	4,661,289	00.01%
19	SYSMART CORPORATION	4,544,103	00.01%
20	SM INVESTMENT CORPORATION	4,345,506	00.01%
21	EMILY CHUA CATIENZA	3,895,402	00.01%
22	SYBASE EQUITY INVESTMENTS CORP.	2,257,710	00.01%

A list of the Company's top 100 registered holders of common shares as of 31 December 2023 can be found through this link:

https://edge.pse.com.ph/openDiscViewer.do?edge_no=da0f54a43bd6cec1abca0fa0c5b4e4d0

Preferred A Shares

There are 2 registered holders of Preferred A shares as of 29 February 2024:

	Name	Holdings	Percentage
1	PCD NOMINEE CORPORATION – FILIPINO	8,274,850	99.20%
2	PCD NOMINEE CORPORATION - NON FILIPINO	66,650	00.80%

A list of the Company's top 100 registered holders of Preferred A shares as of 31 December 2023 can be found through this link:

https://edge.pse.com.ph/openDiscViewer.do?edge_no=877bbf16aebcfb79abca0fa0c5b4e4d0

Preferred B Shares

There are 8 registered holders of Preferred B shares as of 29 February 2024:

	Name	Holdings	Percentage
1	PCD NOMINEE CORPORATION - FILIPINO	11,514,160	69.12%
2	SOCIAL SECURITY SYSTEM	3,500,000	21.01%
3	SOCIAL SECURITY SYSTEM ASSIGNED TO MANDATORY PROVIDENT FUND	1,000,000	06.00%
4	SOCIAL SECURITY SYSTEM ASSIGNED TO EMPLOYEES COMPENSATION FUND	500,000	03.00%
5	PCD NOMINEE CORPORATION - NON FILIPINO	140,540	00.84%
6	BENIYA ANTOINETTE CHUA CATIENZA	3,000	00.02%
7	MYRA P. VILLANUEVA	700	00.00%
8	JOSE ANTONIO VILAR	100	00.00%

A list of the Company's top 100 registered holders of Preferred B shares as of 31 December 2023 can be found through this link:

https://edge.pse.com.ph/openDiscViewer.do?edge_no=f4473890eed5e24eabca0fa0c5b4e4d0

Item 6. Management's Discussion and Analysis or Plan of Operation

Management's Discussion and Analysis of Financial Condition and Results of Operations

PLAN OF OPERATION

Financial Performance

The following discussion and analysis of financial position and results of operations of ACEN and its subsidiaries should be read in conjunction with the audited consolidated financial statements as at 31 December 2023 and 2022, and for the years ended 31 December 2023, 2022, and 2021. The audited consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards.

2023

Corporate Highlights:

- On 1 February 2023, ACRI and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-ACE Australia, which completes the second and final tranche of ACRI's acquisition of ACEN Australia. The acquisition transformed the previously UPC Renewables Australia Pty. Ltd. joint venture into ACEN Australia Pty. Ltd., the Group's first wholly owned development and operating platform outside of the Philippines.

- In March 2023, ACEN signed a partnership with BrightNight, a US-based renewable power company, to develop, construct, and operate at least 1.2 GW of large-scale hybrid wind-solar and round-the-clock renewable power projects in India.

- That same month, ACEN, through joint venture company UPC Power, signed a Purchase and Sale Agreement with GlidePath for the acquisition of a portfolio of eight operating wind projects totaling 136 MW in northern Texas, USA, subject to regulatory approvals. This milestone marks ACEN's anticipated entry into the fast-growing American renewables market as it expands its geographic footprint beyond the Asia Pacific region. On 1 June 2023, regulatory approval from the U.S. FERC was received.

- ACEN recently announced the completion of a robust Net Zero roadmap that includes near-term emission reduction targets aligned with the GHG Protocol and the latest climate-science and long-term targets that are consistent with the deep decarbonization of the power sector. This makes ACEN the first energy company in Southeast Asia to take this critical step towards achieving Net Zero, providing an accountable and transparent framework for monitoring progress.

- In September 2023, ACEN issued ₱25,000.00 million in perpetual preferred shares, which were listed on the Philippine Stock Exchange (PSE) in A and B series. This was the largest preferred share offering in the country since 2016. Series B was also the first-ever Philippine peso-denominated fixed-for-life equity instrument listed on the PSE.

Operating Highlights:

- As of 31 December 2023, ACEN now carries over 4,772 MW (megawatts) in attributable capacity, 99% of which is from renewables. Of this, 37% is now fully operational, 28% is already partially operating and 35% remains under construction. During the year, several new solar and wind farms were added to the company's growing portfolio. These include the 60 MW Pangasinan Solar and 300 MW Palauig 2 Solar in the Philippines in January, the 136 MW Stockyard Wind in Texas in the United States in March, the 600 MW Monsoon Wind in Sekong and Attapeu, Lao PDR in April, and the first phase of ACEN's acquisition of SUPER Energy's Solar NT platform in Vietnam in June.

- Several plants also commenced or ramped up operations. As a result, total attributable renewables output across ACEN's facilities worldwide rose 32% to 4,474 GWh, driven by production from new partially operational plants as well as stronger wind resources in some markets.

- Philippine renewables generation stood at 1,137 GWh for 2023, up 34% year over year. Stronger wind resources at ACEN's wind farms, as well as the start of commissioning for the 160 MW Pagudpud Wind, the first and second phases of SanMar Solar totaling 385 MW, and the 44 MW second phase of Arayat-Mexico Solar, drove the increased energy output in the company's home market.

Outside the Philippines, ACEN delivered 3,328 GWh in attributable generation, 31% higher year over year. Alongside the ongoing partial commissioning for the 420 MW Masaya Solar in India and near-full capacity and operational completion for the 521 MW New England Solar, the stronger wind regime across ACEN's wind farms in Vietnam and Indonesia, as well as high geothermal reliability, drove stronger output in the international business.

Financial Highlights:

- The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to **₱7,396.14 million** for year ended 31 December 2023 compared to **₱13,055.12 million** net income in the same period last year.

  The tables below summarize the consolidated results of operations of the Group's revenues, costs and expenses for the years ended 31 December 2023 and 2022.

Revenues

			Increase (Decrease)	
In thousand Pesos	**2023**	2022	**Amount**	**%**
Revenue from sale of electricity	**36,181,426**	34,995,488	1,185,938	3
Rental income	**68,857**	68,469	388	1
Dividend income	**–**	3,635	(3,635)	(100)
Other revenue	**248,850**	170,959	77,891	46

- **Revenue from sale of electricity** increased as a result of higher net generation due to better wind resources, as well as the start of commissioning of new power plants in the Philippines and in Australia. Last year included the impact of curtailment in the Visayas plants and payment of customer buy-out fee.
- **Rental income** increased mainly coming from escalation of lease rate.
- **Dividend Income** in 2022 came from UPC Sidrap, which is recognized as a financial asset at FVOCI.

- **Other revenue** consists of management fees earned by ACEN from its joint ventures and bulk water sales.

Costs and Expenses

In thousand Pesos	2023	2022	Increase (Decrease) Amount	%
Costs of sale of electricity	**31,730,082**	34,183,239	(2,453,157)	(7)
General and administrative expenses	**7,470,884**	3,901,817	3,569,067	91

- **Cost of sale of electricity** movement was caused by lower coal prices and spot market prices for Wholesale Electricity Spot Market purchases.
- **General and administrative expenses** includes provision for impairment of loans from development loans (UPC Solar) (₱1,140.27 million), provision for impairment of investments at amortized cost from redeemable preferred shares (UPC-ACE Solar) (₱878.43 million) and convertible loans (Vietnam Wind) (₱982.54 million) made in 2023. This also reflects increase in manpower to complement renewable scape up and impact of ACEN Australia consolidation starting November 2022.

Other Income and Expenses

In thousand Pesos	2023	2022	Increase (Decrease) Amount	%
Interest and other finance charges	**(1,930,265)**	(2,357,531)	427,266	(18)
Equity in net income of associates and joint ventures	**1,765,239**	937,834	827,405	88
Other income - net	**12,255,831**	18,201,992	(5,946,161)	(33)

- **Interest and other finance charges** went down from last year due to continued capitalization of financing cost to projects under construction in the Philippines for the year ended 31 December 2023 and impact of deconsolidation of South Luzon Thermal Energy Corporation (SLTEC) in November 2022. This is partially offset by full year impact of availments of long-term and short-term loans and notes payable in 2022. This also reflects the higher interest rate environment.
- **Equity in net income of associates and joint ventures** increased largely coming from the wind plants in northern Luzon and in Vietnam due to stronger wind regime, as well as improved geothermal availability in Indonesia. Last year includes share in development losses incurred by ACEN Australia prior to consolidation in November 2022.
- **Other income** mainly comprised of interest and other financial income from banks and short-term deposits, investments in redeemable preferred shares, debt replacements, and development loans which increased by Php 1,431.21 million, year on year. This also includes gain on disposal of investment of ACEHI Netherlands (Php 1,062.03 million), gain on remeasurement of ACEHI Netherlands' retained interest which directly owns the previous Associate, Salak and Darajat (Php 3,433.33 million), gain from partial settlement of development loan (Php 515.00 million) and gain on sale of financial assets at FVTPL (Php 49.93 million). This is partly offset by net fair value losses on investments in FVTPL (Php 262.38 million). Last year included significant one-off gain from remeasurement of previously held interest (Php 10,921.03 million; $189.67 million) upon ACRI's acquisition of control in UPC-ACE Australia.

Provision for (benefit from) income tax

In thousand Pesos	2023	2022	Increase (Decrease) Amount	%
Current	**492,330**	415,325	77,005	19
Deferred income tax	**(210,032)**	(1,077,423)	(867,391)	(81)

- The increase in **provision for income tax - current** due to higher taxable income for the year.
- **Deferred income tax expense** decreased mainly driven by utilization of deferred tax asset on NOLCO against taxable income.

The table below bridges the consolidated statements of income to core operating earnings for the year ended 31 December 2023.

In thousand pesos	**Statutory**	**Income from Operations**	Overhead and Development Expense	Net Financing Cost	**Core Operating Earnings**	Value Realization	Others	**Total**
REVENUES								
Revenue from sale of electricity	**₱36,181,426**	**₱36,181,426**	₱–	₱–	**₱36,181,426**	₱–	₱–	**₱36,181,426**
Rental income	**68,857**	**68,857**	–	–	**68,857**	–	–	**68,857**
Dividend income	**–**	**–**	–	–	–	–	–	
Other revenues	**248,850**	**248,850**	–	–	**248,850**	–	–	**248,850**
	36,499,133	**36,499,133**	–	–	**36,499,133**	–	–	**36,499,133**
COSTS AND EXPENSES								
Costs of sale of electricity	**31,730,082**	**31,730,082**	–	–	**31,730,082**	–	–	**31,730,082**
General and administrative expenses	**7,470,884**	**2,276,237**	3,179,495	–	**5,455,732**	–	2,015,152	**7,470,884**
	39,200,966	**34,006,319**	3,179,495	–	**37,185,814**	–	2,015,152	**39,200,966**
INTEREST AND OTHER FINANCE CHARGES	**(1,930,265)**	**(794,265)**	–	(1,136,000)	**(1,930,265)**	–	–	**(1,930,265)**
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES	**1,765,239**	**2,193,464**	–	–	**2,193,464**	–	(428,225)	**1,765,239**
OTHER INCOME - NET	**12,255,831**	**4,298,292**	–	3,012,927	**7,311,219**	1,062,030	3,882,582	**12,255,831**
INCOME BEFORE INCOME TAX	**9,388,972**	**8,190,305**	(3,179,495)	1,876,927	**6,887,737**	1,062,030	1,439,205	**9,388,972**
PROVISION FOR (BENEFIT FROM) INCOME TAX								
Current	**492,330**	**481,308**	–	–	**481,308**	–	11,022	**492,330**
Deferred	**(210,032)**	**(210,032)**	–	–	**(210,032)**	–	–	**(210,032)**
	282,298	**271,276**	–	–	**271,276**	–	11,022	**282,298**
NET INCOME	**₱9,106,674**	**₱7,919,029**	(₱3,179,495)	₱1,876,927	**₱6,616,461**	₱1,062,030	₱1,428,183	**₱9,106,674**
Net Income Attributable To:								
Equity holders of the Parent Company	**₱7,396,140**	**₱8,090,495**	(₱3,179,495)	(₱5,073)	**₱4,905,927**	₱1,062,030	₱1,428,183	**₱7,396,140**
Non-controlling interests	**1,710,534**	**(171,466)**	–	1,882,000	**1,710,534**	–	–	**1,710,534**
	₱9,106,674	**₱7,919,029**	(₱3,179,495)	₱1,876,927	**₱6,661,461**	₱1,062,030	₱1,428,183	**₱9,106,674**

- **Income from operations** represents income from the Group's retail electricity supply, trading, generation, and ancillary business. Income from operations is mainly from operating renewable power plants in the Philippines, Australia, Vietnam, Indonesia, India, and rest of world. Income from Vietnam, Indonesia and rest of world are presented under equity in net income of associates and joint ventures and interest income on other financial assets at amortized cost which is under other income-net. Interest income on other financial assets at amortized cost are coupons from redeemable preferred share investments of the Group in operating renewable power plants.
- **Overhead and development expenses**
    - **General and administrative expenses** of ₱3,179.50 million represents ACEN, ACRI, and ACEN Australia corporate general and administrative expenses.
- **Net financing cost**
    - **Interest and other finance charges** of ₱1,136.00 million is the sum of financing charges from short-term and long-term loans and notes payable of ACEN, ACRI, and ACEN Australia.
    - **Other income – net** of ₱3,012.93 million are interest income from debt replacement, development loans, and placements of ACEN, ACRI, and ACEN Australia. Debt replacement facilities are provided to related parties to fund investment requirements for renewable power plants while under construction and undergoing implementation or release of project financing from financial institutions. Development loan facilities are provided to related parties and third parties to fund the development of renewable power plant projects.
    - **Non-controlling interest** of ₱1,882.00 million are net income attributable to ACEN Cayman Limited, Inc. These are paid as dividends to the shareholder of redeemable preferred shares in ACEN Cayman, AC Energy Finance International (a wholly owned subsidiary of AC Energy and Infrastructure Corporation). This is treated as a financing cost borne by ACEN.
- **Core operating earnings** is income from operations less the overhead and development expenses and net financing cost.
- **Value realization** of ₱1,062.03 million is the cash gain on change due to loss of control of subsidiary, ACEHI Netherlands B.V. ("ACEHI Netherlands") following the 24.24% interest sale to a third party. ACEHI Netherlands is a Dutch holding company that has a 19.80% ownership interest in the Salak and Darajat geothermal power plants in Indonesia. The sale transaction resulted in the Group's loss of control over ACEHI Netherlands and partial sell down in Salak and Darajat investment.
- **Others** are the following:
    - **Provision for impairment of financial assets at amortized cost** and **provision for expected credit losses** of ₱2,015.15 million were provided to investments made in UPC-ACE Solar in the form of redeemable preferred shares (presented under other financial assets at amortized cost) and development loan for its principal and interest (presented under receivables). UPC-ACE Solar holds the Group's existing investments in India that are either operating or near completion (Sitara 140MWdc, Paryapt 70MWdc, and Masaya Solar 420 MWdc). Provision for impairment was provided after comparing the updated economics of the underlying projects to their original investment case. The instruments are not expected to be fully serviced due to project delays, cost overrun, and foreign exchange depreciation, among others.
    - **Equity in net income of associates and joint ventures** for projects not yet operational of ₱428.23 million losses. These are the Group's investments in USA, India, and Lao-PDR.
    - The Group remeasured its 75.76% retained interest in ACEHI Netherlands using the fair market value of the sale transaction with SEOG and resulted in a **gain on remeasurement of retained interest** of ₱3,433.33 million.
    - **Other non-operational items** of ₱449.21 million (under other income) and overall income tax effect of ₱0.11 million. Other income is mainly interest income from investment in redeemable preferred shares of projects not yet operational (USA, India, and Lao-PDR) which is presented as interest income on other financial assets at amortized cost.

The table below bridges consolidated income before income tax to (i) the statutory earnings before interest, taxes, depreciation, and amortization (EBITDA) and then to (ii) attributable EBITDA.

Statutory EBITDA is income before income tax plus (1) depreciation and amortization, (2) provision for impairment of assets and (3) interest and other finance charges less (1) interest and other financial income from cash in banks and short-term deposits and (2) gain on remeasurement of retained interest, which is a non-cash gain.

Attributable EBITDA is the sum of (1) statutory EBITDA, and (2) nonconsolidated operating projects' EBITDA multiplied by ACEN's economic interest less (1) equity in net income of associates and joint ventures, and (2) less interest and other financial income from other financial assets at amortized cost (this is presented under other income – net in the consolidated statements of income). This is not equivalent to the statutory EBITDA of the Group.

Core attributable EBITDA is attributable EBITDA less any one-off income (e.g., gain on change due to loss of control of subsidiary from partial divestment in Salak and Darajat investment which is the cash gain from said partial divestment).

In thousand pesos	December 31, 2023
Income before income tax	**₱9,388,972**
Depreciation and amortization	1,573,470
Provision for impairment of financial assets at amortized cost and expected credit losses	2,996,657
Interest and other finance charges (excluding lease obligations, amortization of debt issue cost, and other finance charges)	1,471,779
Interest and other financial income – cash in banks and short-term deposits	(1,586,517)
Gain on remeasurement of retained interest	(3,433,328)
Others	129,830
Statutory EBITDA	**10,540,863**
Nonconsolidated operating projects' EBITDA	13,026,350
Equity in net income of associates and joint ventures	(1,765,239)
Interest and other financial income – other financial assets at amortized cost	(2,995,968)
Attributable EBITDA	**18,806,006**
Gain on change due to loss of control of subsidiary	(1,062,030)
Core Attributable EBITDA	**₱17,743,976**

Material changes in Consolidated Statements of Financial Position accounts

In thousand pesos	December 31, 2023	December 31, 2022	Increase (Decrease) Amount	%
Current Assets				
Cash and cash equivalents	**39,696,662**	34,630,011	5,066,651	15
Accounts and notes receivable - net	**26,065,692**	30,503,231	(4,437,539)	(15)
Fuel and spare parts	**964,053**	806,986	157,067	19
Financial assets at fair value through profit or loss (FVTPL)	**1,938,497**	42,863	1,895,634	4,423
Current portion of:				
Input value added tax (VAT)	**2,059,734**	2,132,179	(72,445)	(3)
Creditable withholding taxes	**102,984**	940,403	(837,419)	(89)
Other current assets	**750,493**	966,907	(216,414)	(22)
Noncurrent Assets				
Investments in:				
Associates and joint ventures	**30,098,617**	24,766,433	5,332,184	22
Other financial assets at amortized cost	**21,633,799**	21,260,907	372,892	2
Financial assets at FVTPL	**1,932,975**	1,260,023	672,952	53
Financial assets at fair value through other comprehensive income (FVOCI)	**5,799,323**	366,844	5,432,479	1,481
Plant, property and equipment	**88,928,251**	58,398,228	30,530,023	52
Right-of-use assets	**8,213,704**	3,726,647	4,487,057	120
Accounts and notes receivable - net of current portion	**12,689,042**	16,387,729	(3,698,687)	(23)
Forward				

In thousand pesos	December 31, 2023	December 31, 2022	Increase (Decrease) Amount	%
Goodwill and other intangible assets	**23,165,368**	23,268,743	(103,375)	(1)
Net of current portion:				
Input VAT	**3,120,200**	2,336,747	783,453	34
Creditable withholding tax	**2,513,774**	752,317	1,761,457	234
Deferred income tax assets – net	**2,122,081**	1,730,194	391,887	23
Other noncurrent assets	**13,138,251**	8,495,171	4,643,080	55

- Increase in **Cash and cash equivalents** is attributed to cash generated from operations and availments of short-term and long-term debts and issuance of redeemable preferred shares in September 2023 which covered for the investing activities for the year.
- Decrease in **Accounts and notes receivable** is mainly due to collections and loan repayments coming from BIM Wind, Asian Wind Power 1 and 2 and UPC Renewables Asia Pacific Holdings Ltd. (UPCAPH) following maturity of these instruments.
- **Fuel and spare parts** went up as a result of purchases in bunker fuels.
- **Financial assets at fair value through profit or loss** went up with acquisition of Masaya Solar CCDs, listed Philippine equity shares and placements for UITF investments through local bank.
- Decrease in **current portion of input VAT** is for offset to output VAT and portions is reclassed to non-current following assessment on future utilization.
- **Creditable withholding tax** movement is mainly due to reclasses to non-current following assessment on future utilization of tax credits.
- **Other current assets** decreased primarily due to less hedge transactions outstanding as at the end of the year following their maturities during the year.
- **Investments in associates and joint ventures** increased mainly due to investments in SUPER, BrightNight, Monsoon, and UPC Power Solutions LLC with a total subscription of Php 4,369.14 million. Accumulated equity in net earnings increased by Php 827.41 million for the year largely coming from the wind plants in northern Luzon and in Vietnam due to stronger wind regime, as well as improved geothermal availability in Indonesia. Investments balance was reduced by dividends received from Salak-Darajat, BIMRE, and PhilWind and NLR (Php 1,362.46 million) and currency translation losses (Php 290.76 million) with the decline of Philippine peso vs US dollar for the year.
- **Investments in other financial assets at amortized cost** include redeemable preferred shares and convertible loans. During the year, significant movements are due to new investments made in Impact Wind, NEFIN Solar, Beacon Capital Holdings Limited and UPCAPH amounting to Php 3,900.35 million and loan extensions of Php 1,807.64 million, these are offset by loan repayments of Php 2,341.77 million and impairment provisions of Php 1,860.97 million.
- **Current and Noncurrent financial assets at FVTPL** pertains to Compulsorily Convertible Debentures (CCDs) from Masaya Solar. Masaya Solar is currently constructing the 420MW solar farm in the Central Indian state of Madhya Pradesh.
- **Noncurrent financial assets at FVOCI** are largely the investment in shares and also include golf club shares and listed equity instruments. The increase is attributable to investments in equity instruments of UPC Solar (Php 1,943.92 million), BrightNight (Php 2,847.00 million), Puri Prakarsa Batam (Php 341.47 million) and reclassification (Php 353.34 million) of UPC Solar instrument from financial asset at amortized cost to FVOCI.
- **Plant, property and equipment's** increase came from multiple ongoing construction projects such as Pagudpud Wind, San Marcelino Solar (Phase 1, 2, and 3) Cagayan North Solar, Palauig 2 Solar, Pangasinan Solar, New England Solar Farm 1, and Stubbo Solar. The Group also capitalized borrowing cost to these renewable projects under construction.
- **Right-of-use asset's** increased due to new lease contracts in 2023, Development entities' leases of multiple blocks with Laguna Lake Development Authority where floating solar farms will be constructed.
- **Receivables - net of current portion** decreased primarily due to loan repayment and reclassification to current portion following maturity dates of the instruments.
- **Goodwill & other intangible assets** decreased following translation loss on the goodwill from ACEN Australia but is offset by the additional goodwill from acquisitions of Sinocalan, YMP Telecom and YMP Industrial.
- The majority of the balance of **Deferred tax asset** are from NOLCO of the Group.
- **Input VAT non-current** increased due to purchases for ongoing renewable projects.

- **Other non-current assets** include various advances to contractors for the ongoing project under construction and development. The increase is mainly attributable to capitalization of developmental costs to appropriate property, plant and equipment account upon operation and derivatives coming from the 20-year Long Term Energy Service Agreement (LTESA) for ACEN Australia's 720 MW (936 MWdc) New England Solar project and 400 MW (520 MWdc) Stubbo Solar project secured through the New South Wales.

In thousand pesos	**December 31, 2023**	**December 31, 2022**	**Increase (Decrease) Amount**	**%**
Current Liabilities				
Accounts payable and other current liabilities	**16,145,386**	13,322,569	2,822,817	21
Short-term loans	**1,500,000**	2,900,000	(1,400,000)	(48)
Current portion of:				
Long-term loans	**1,289,104**	719,385	569,719	79
Lease liabilities	**850,953**	258,562	592,391	229
Income and withholding taxes payable	**241,667**	479,435	(237,768)	(50)
Due to stockholders	**16,585**	16,585	–	–
Noncurrent Liabilities				
Notes payable	**32,003,794**	32,093,314	(89,520)	(1)
Long-term loans - net of current portion	**44,485,573**	28,051,903	16,433,670	59
Lease liabilities - net of current portion	**7,505,848**	4,206,459	3,299,389	78
Pension and other employee benefits	**368,827**	76,997	291,830	379
Deferred tax income liabilities - net	**805,902**	226,268	579,634	256
Other noncurrent liabilities	**6,344,004**	827,643	5,516,361	667
Equity				
Common shares	**39,691,895**	39,691,895	–	–
Redeemable preferred shares	**25,000**	–	25,000	–
Additional paid-in capital	**132,295,689**	107,492,243	24,803,446	23
Other equity reserves	**(59,450,345)**	(56,585,740)	(2,864,605)	5
Unrealized fair value loss on equity instruments at FVOCI	**(268,000)**	(114,566)	(153,434)	134
Unrealized fair value gain on derivative instruments designated as hedges – net of tax	**588,519**	326,676	261,843	80
Remeasurement loss on defined benefit plans – net of tax	**(32,821)**	(43,910)	11,089	(25)
Accumulated share in other comprehensive loss of associates and joint ventures	**(85,483)**	(5,794)	(79,689)	1,375
Cumulative translation adjustments	**5,864,713**	7,449,690	(1,584,977)	(21)
Retained earnings	**24,871,807**	19,551,839	5,319,968	27
Treasury shares	**(28,657)**	(28,657)	–	–
Non-controlling interests	**29,903,540**	31,859,767	(1,956,227)	(6)

- **Accounts payable and other current liabilities** increased due to increased power purchases.
- **Short-term loans** are outstanding loans from local banks (Php 1,500.00 million).
- **Current portion of long-term loans** driven mainly by maturing amortization.
- **Current portion of lease liabilities** driven mainly by lease payment due in 2024.
- Decrease in **income and withholding taxes payable** was mainly due to settlement of income tax with the internal revenue regulator.
- **Notes payable** pertains to the ₱10,000.00 million 5-year Green Bonds by ACEN and the US$400.00 million U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Green Bonds (the Bonds) issued and listed in SGX-ST
- **Long-term loans - net of current portion** increased due to the new loan availed to support ongoing construction Philippine and International projects. The increase was partially offset by reclassification to current portion following amortization schedule.
- **Lease liabilities-net of current portion** increased mainly due to new leases related to the construction of floating solar projects along with interest expense recognized during the year.

- Majority of the balance of **deferred income tax liabilities** came from recognition on capitalized borrowing costs, unrealized foreign exchange gain and right-of-use assets of the Group as at year ended.
- **Other non-current liabilities** include contract liabilities and asset retirement obligations related to solar operations.
- Increase in **Additional Paid-in capital** is related to the 25,000,000 redeemable preferred shares issuance issue price of ₱1,000.00 per share with par value of ₱1.00 per share. This is equivalent to ₱24,975.00 million increase is offset by issue cost of ₱171.55 million.
- The decrease in **unrealized FV loss on equity instruments at FVOCI** came from mark-to-market loss for UPC Sidrap and UPC AC Energy Solar for the current period.
- **Unrealized fair value gain on derivative instruments designated as hedges** increased significantly due to hedge coming from the 20-year Long Term Energy Service Agreement (LTESA) for ACEN Australia.
- **Remeasurement loss on defined benefit plan** decreased parallel to various actuarial losses and gains on return on plan assets.
- The increase in **accumulated share in other comprehensive loss of associates and joint ventures** came from share in currency translation adjustment, interest rate swap hedges and remeasurements on pension of associates and joint ventures.
- **Retained earnings** increased from resulting net income earned for the year and dividend declarations.
- **Treasury shares** had no movement during the year.
- **Non-controlling interests** are mainly comprised of redeemable preferred shares (RPS) of ACE Cayman held by AC Energy Finance International Limited, 20% NCI in Robbins Island and a 4% NCI in Valley of the Winds. In 2023, the Group acquired the remaining NCI in UPC-ACE Australia. Non-controlling interests' aggregate share in net income amounted to Php 1,696.55 million, which was offset by dividends totaling Php 1,882.83 million.

Key Performance Indicators

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

Key Performance Indicator	Formula	31-Dec-23 (Audited)	31-Dec-22 (Audited)	Increase (Decrease) Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**3.57**	3.96	(0.39)	(10%)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**3.38**	3.68	(0.30)	(8%)
Solvency Ratios					
Debt/Equity ratio	Total liabilities / Total equity	**0.64**	0.56	0.08	15%
Asset-to-equity ratio	Total assets / Total equity	**1.64**	1.56	0.08	5%
Interest Coverage Ratio	Statutory Earnings before interest & tax (EBIT) / Interest expense	**2.37**	2.14	0.23	11%
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**0.23**	0.19	0.04	21%

Key Performance Indicator	Formula	31-Dec-23 (Audited)	31-Dec-22 (Audited)	Increase (Decrease) Amount	%
Profitability Ratios					
Return on Equity	Net income after tax attributable to equity holders of the Parent Company / Average stockholders' equity	**6.05%**	12.69%	(6.64%)	(52%)
Return on Common Equity	Net income after tax attributable to equity holders of the Parent Company (Common) / Average Common equity attributable to equity holders of the Parent Company (Common)	**5.71%**	12.69%	(6.64%)	(55%)
Return on assets	Net income after taxes / Average total assets	**3.52%**	7.23%	(3.71%)	(51%)
Asset Turnover	Revenues / Average total assets	**14.10%**	17.45%	(3.35%)	(19.19%)

(1) Statutory EBIT is Statutory EBITDA less depreciation and amortization expense
(2) Cash interest expense is gross of capitalized borrowing cost of ₱1,852.97 million and ₱747.78 million for the years ended 31 December 2023 and 2022, respectively.

Current ratio & Acid test ratio
Current ratio & acid test ratio decreased due to increase in nearly maturing obligations.

Debt/Equity ratio & Asset-to-equity ratio
D/E ratio slightly increased with additional short-term and long-term loan availments, which were cushioned by the increase net income for the year. Asset-to-equity ratio also went up as the increase in total assets slightly outpaced the increase in equity.

Interest coverage ratio
Interest coverage improved based on higher EBIT relative to cash interest expense.

Net bank debt to equity ratio
Increased from last year due to more cash liquidity to cover for short-term and long-term loan obligations.

Return on Equity
Decreased from last year following lower net income after tax attributable to owners of the parent company. 2022 net income after tax higher mainly due to the gain on remeasurement of previously held interest of ₱10,921.03 million from ACEN AU acquisition. Average total stockholders' equity attributable to equity holders of the Parent Company in 2023 includes impact of the issuance of ACEN preferred shares of ₱25,000.00 million in September 2023.

Return on Common Equity
Decreased from last year following lower net income after tax attributable to owners of the parent company. 2022 net income after tax higher mainly due to the gain on remeasurement of previously held interest of ₱10,921.03 million from ACEN AU acquisition. This also reflects impact of the paid and cumulative dividends to ACEN preferred shareholders from September to December 2023.

Return on Asset
Decreased from last year following lower net income after tax attributable to owners of the parent company. 2022 net income after tax higher mainly due to the gain on remeasurement of previously held interest of ₱10,921.03 million from ACEN AU acquisition.

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 financial reporting.
- 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 financial reporting period.
- There were no material events that had occurred subsequent to the financial reporting close except for the events after the reporting period disclosed in Note 30 of the Audited Consolidated Financial Statements.
- ACEN has material commitments to invest in capital expenditure projects mainly in the following:
  - 160MW Pagudpd Wind
  - 385MW San Marcelino Solar (Phase 1 and 2)
  - 200MW San Marcelino Solar (Phase 3)
  - 133MW Cagayan North Solar (Phase 1)
  - 300MW Palauig 2 Solar
  - 60MW Pangasinan Solar
  - 521MW New England Solar Farm 1
  - 520MW Stubbo Solar
- 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 and the various markets where it operates.
  - The performance of the renewable energy plants depends on solar and wind resources, which are not within the control of ACEN. Plant availability can also impact ACEN's generation capacity.
  - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and tight power supply in the Philippines have driven market prices of electricity upward.
  - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Group's financial results.
  - Delays in the construction of new operating capacity may also impact ACEN's revenues/income.
  - Commodity prices, interest rates, and other macroeconomic factors may also impact the business.
- 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 debt and equity.
- 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 cyclicality 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").

2022

Corporate Highlights:

- In November, ACEN completed the world's first market-based energy transition mechanism (ETM) for the 246-MW SLTEC coal plant, raising ₱7.2 billion from the full divestment of SLTEC, which ACEN can use to fund further renewables expansion.

- In September, ACEN issued its maiden Peso ASEAN Green Bonds worth ₱10.0 billion, at a fixed interest rate coupon of 6.0526% with a five-year tenor, or due in 2027. With strong participation from leading institutional investors, the bonds were 8.6x oversubscribed. The bonds have been rated 'PRS Aaa', the highest possible from Philippine Rating Services Corp. (PhilRatings) and are listed on the Philippine Dealing & Exchange Corp. (PDEx) platform.

- In August and September, ACEN also executed agreements of ACEN Australia for Green long-term loans with DBS Bank Australia in August for an AU$100-million long-term revolver facility, MUFG Bank Sydney Branch in September for an AU$140-million facility, and the Australian government's Clean Energy Finance Corporation (CEFC) in October for an AU$75-million investment. These transactions are part of ACEN's aim to raise over AU$600 million to support the development of its renewable energy projects in Australia.

- To help achieve its capacity expansion targets and return to a robust growth trajectory, ACEN recently entered into new partnerships and joint ventures:

    - In March 2022, ACE Endevor formed a joint venture company with CleanTech to develop, own and operate a 133-MW solar farm and transmission line in Lal-lo, Cagayan, Philippines.
    - In April 2022, ACEN and ib vogt, a German-based developer of tracking solar farms, agreed to set up a platform to fund the construction and operation of large-scale solar power projects throughout Asia, subject to regulatory approvals. The joint venture targets a minimum operational capacity of 1,000MW over the coming years, and will focus on late-stage, shovel-ready projects in Indonesia, Vietnam, Malaysia, Laos, Bangladesh, and other countries in the region.
    - Also in April 2022, ACEN announced Board approval of plans to enter the United States renewable energy market through a newly formed strategic partnership with UPC Solar & Wind Investments LLC (UPC) and Pivot Power Management (PPM), to pursue opportunities to acquire operating wind projects in the US and explore strategies for extending their useful life through preventative maintenance and repowering. The transaction is subject to usual and customary conditions precedent to closing.
    - In May 2022, ACEN announced that it agreed to work together with the Puri Usaha Group in a platform for the joint development of groundbreaking renewable energy projects in Indonesia, focusing on large-scale solar power plants, battery energy storage system and green hydrogen projects, subject to applicable regulatory approvals and execution of definitive documentation. The proposed joint venture entity is Suryagen Capital Pte. Ltd. The Suryagen platform covers the Batam, Bintan and Karimun (BBK) islands as well as East Nusa Tenggara province where the majority of the projects that the Puri Usaha Group have been developing are located, with the aim to begin the construction of its first project by 2023.

Operating Highlights:

- As of 31 December 2022, ACEN had 3,961 MW of attributable capacity of projects in operation and under construction in the Philippines and across the region, of which 3,893 MW, or 98%, is renewable. ACEN's attributable portfolio has since increased to 4,029 MW by 9 March 2023, 3,963 MW of which, or a similar 98%, is made up of renewable energy.

- This puts the Group in a strong position to reach its 20-GW RE target by 2030, towards its vision of becoming the largest listed renewables platform in Southeast Asia.
    - On 26 May 2022, ACEN announced start of construction for the 42 MW Arayat Mexico Solar Expansion in partnership with Citicore. This brings the total capacity of the Arayat Solar plant to 114 MW.
    - On 23 June 2022, notice to proceed was issued for the construction of the 133 MW Cagayan North Solar plant with CleanTech.
    - On 28 July 2022, ACEN announced the start of construction for the 70 MW Capa Wind Project in Caparispisan, Ilocos Norte, an expansion of the currently operating 81 MW North Luzon Renewables Project.
    - On 29 August 2022, ACEN announced that the 72 MW Arayat-Mexico Solar Farm has become fully operational, with an additional 44 MW second phase in full swing.
        - ACEN announced the start of construction for the 300-MW Palauig 2 Solar project in Palauig, Zambales.

- Attributable output increased by 7% to 4,950 gigawatt-hours (GWh) for the year ended 2022. Output grew as a result of the full-year impact of new operating capacity from Vietnam wind farms and Philippine and India solar farms, but this was offset by the effects of the SLTEC outages, as well as curtailment in the Visayas as a result of transmission line damages from Typhoon Odette.

- Renewables' share of ACEN's total attributable output increased by 27% from new renewable capacity built, bringing RE's share to 69% of total energy production.

Financial Highlights:

The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to **₱13,055.12 million** for the year ended 31 December 2022 compared to **₱5,250.97 million** net income in the same period last year.

The tables below summarize the impact of operations on the Group's consolidated revenues, costs and expenses for the years ended 31 December 2022 and 2021.

Revenues

			Increase (Decrease)	
In thousand Pesos	**2022**	**2021**	**Amount**	**%**
Revenue from sale of electricity	**34,995,488**	25,878,039	9,117,449	35
Rental income	**68,469**	61,466	7,003	11
Dividend income	**3,635**	11,725	(8,090)	(69)
Other revenue	**170,959**	130,211	40,748	31

- **Revenue from sale of electricity** registered 40% growth from last year mainly driven by revenue contribution from 600MWdc Palauig Solar Farm and 120MWdc Alaminos Solar Farm that started operations in April 2021 and June 2021, respectively; revenues generated by merchant plants at higher WESM prices in 2022 vs. 2021; and higher dispatch and dependable capacity from diesel plants. The growth is partly offset by SLTEC outages, RES customer contract buy-out fee; curtailment of Visayas plants especially during the first quarter of the year; and lower wind resource and plant availability from wind plants in second to third quarter of the year.
- **Rental income** increased mainly coming from BCHC.
- **Dividend Income** came from UPC Sidrap, which is recognized as financial asset at FVOCI.
- **Other revenue** consists of management fees earned by ACEN from its joint venture and bulk water sales.

Costs and Expenses

			Increase (Decrease)	
In thousand Pesos	**2022**	**2021**	**Amount**	**%**
Costs of sale of electricity	**34,183,239**	21,469,733	12,713,506	59
General and administrative expenses	**3,901,817**	2,785,549	1,116,268	40

- **Costs of sale of electricity** increased largely on higher costs of purchased power due to elevated spot market prices during a major preventive maintenance outage of the SLTEC thermal plant in the first quarter of 2022. Other operating costs also increased such as fuel cost with increasing oil prices as well as repairs following SLTEC outages in the first and third quarters. The Group registered lower gross profit margin for the year ended 31 December 2022 of ₱812.25 million vs. ₱4,408.31 million gross profit contribution from same period last year with lower supply amidst increasing WESM prices. The account also includes ₱605.00 million buy-out fees and impact of ACEN and Bulacan Power's impairment of PEMC Multilateral Agreement receivables charged to costs of sale of electricity amounting to ₱571.71 million and ₱613.88 million, respectively.
- **General and administrative expenses** increased caused by ACEN Renewables International Pte. Ltd. ("ACRI") impairment convertible loans for Vietnam Wind Energy Ltd amounting to ₱1,281.82 million ($23.04 million), partly offset by higher capitalized development management expenses in 2022 vs. last year.

Other Income and Expenses

In thousand Pesos	2022	2021	Increase (Decrease) Amount	%
Interest and other finance charges	**(2,357,531)**	(1,694,380)	(663,151)	39
Equity in net income of associates and joint ventures	**937,834**	1,952,753	(1,014,919)	(52)
Other income - net	**18,201,992**	5,723,640	12,478,352	218

- **Interest and other finance charges** went up from last year due to additional availments of long-term and short-term loans during the year.
- **Equity in net income of associates and joint ventures** decreased mainly driven by ₱366.24 million from Philwind/NLR; ₱688.59 million from ACRI; ₱104.30 million from NIBH which was disposed effective 30 June 2021; partly cushioned by increase of ₱219.23 million from Greencore share in earnings.
- **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, which registered an increase vs. last year by ₱994.79 million with higher interest income mainly coming from international loan receivables and investments in convertible loans and redeemable preferred shares. Other income in 2022 also includes ACRI gain on restructuring (₱10,921.03 million/ $189.67 million), gain on disposal of shares in The Blue Circle (US$12.77 million; ₱734.67 million), partly offset by loss on deconsolidation of SLTEC (₱121.11 million) and revaluation loss from ACRI investments in Masaya Solar CCDs FVTPL (₱124.51 million).

Provision for (benefit from) income tax

In thousand Pesos	2022	2021	Increase (Decrease) Amount	%
Current	**415,325**	297,689	117,636	40
Deferred income tax	**(1,077,423)**	(155,552)	(921,871)	593

- The decrease in **provision for income tax - current** is due to lower taxable income for the year.
- **Deferred income tax benefit** increased mainly driven by ACEN and SLTEC set-up of deferred tax asset (DTA) on NOLCO.

Material changes in Consolidated Statements of Financial Position accounts

In thousand pesos	2022	2021	Increase (Decrease) Amount	%
Current Assets				
Cash and cash equivalents	**₱34,630,011**	₱26,445,429	₱8,184,582	31
Accounts and notes receivable	**30,503,231**	33,309,297	(2,806,066)	(8)
Fuel and spare parts	**806,986**	1,490,559	(683,573)	(46)
Financial assets at fair value through profit or loss (FVTPL)	**42,863**	–	42,863	–
Current portion of:				
Input value added tax (VAT)	**2,132,179**	1,173,169	959,010	82
Creditable withholding taxes	**940,403**	837,472	102,931	12
Other current assets	**966,907**	812,579	154,328	19
Noncurrent assets held for sale	–	203,464	(203,464)	(100)

Forward

In thousand pesos			**Increase (Decrease)**	
	2022	2021	**Amount**	**%**
Noncurrent Assets				
Investments in:				
Associates and joint ventures	**24,766,433**	21,358,301	3,408,132	16
Other financial assets at amortized cost	**21,260,907**	26,085,959	(4,825,052)	(18)
Financial assets at FVTPL	**1,260,023**	406,739	853,284	210
Financial assets at fair value through other comprehensive income (FVOCI)	**366,844**	354,868	11,976	3
Property, plant and equipment	**58,398,228**	36,038,563	22,359,665	62
Right-of-use assets	**3,726,647**	2,135,479	1,591,168	75
Accounts and notes receivable - net of current portion	**16,387,729**	13,191,314	3,196,415	24
Goodwill and other intangible assets	**23,268,743**	2,375,980	20,892,763	879
Net of current portion:				
Input VAT	**2,336,747**	524,733	1,812,014	345
Creditable withholding tax	**752,317**	726,804	25,513	4
Deferred income tax assets – net	**1,730,194**	512,366	1,217,828	238
Other noncurrent assets	**8,495,171**	3,178,312	5,316,859	167

- Increase in **Cash and cash equivalents** were attributable to ₱10,558.58 million issuances of shares to UPC and its entities and ₱52,890.50 million additional loans borrowed which includes the ₱10,000.00 million maiden Peso Green Bond issuance by the Group. This was partly offset by the Group's acquisition and additional investment in various associates and joint ventures totaling to ₱7,609.76 million (*i.e.*, NLR, UPC entities, NEFIN Limited and Batangas Clean Energy Inc. ("BCEI")), ₱24,624.07 million short and long-term loan repayments and consideration paid for acquisition of control over UPC-ACE Australia, a joint venture of ACEN and UPC Renewables Australia, amounting to ₱4,960.24 million ($87.70 million), and ₱17,510.81 million on capital expenditures for developmental projects of the Group.
- Decrease in **Accounts and notes receivable** is mainly due to receivable and loan settlements to related parties. This is partially neutralized by increase in receivables following revenue growth from new operating capacity and power supply deals.
- **Fuel and spare parts** went down as a result of SLTEC's deconsolidation. SLTEC's inventory amounted to ₱857.66 million upon deconsolidation.
- Increase in **current portion of input VAT** mainly driven by input tax from purchases of various materials needed for construction and maintenance of various plants and services procured.
- **Creditable withholding tax** went up parallel to increased revenue, driven by new operating capacity and power supply deals.
- **Other current assets** increased primarily due to ACRI's derivative assets of ₱555.87 million, partly offset by SLTEC's deconsolidation of ₱309.08 million of short-term investments and advances to contractors.
- **Assets held for sale** decreased from last year following the disposal of Power Barges 101 and 102.
- **Investments in associates and joint ventures** increased mainly due to additional investments in Philwind/NLR (₱2,285.39 million). There are also new joint venture investments reported during the year such as Batangas Clean Energy, Inc., NEFIN Limited, and UPC Australia (HK) Limited with a total combined subscription of ₱1,130.64 million. The increase in additional investments in UPC Australia of (₱4,085.10 million) resulted in a business combination thus reducing accumulated equity in net earnings by (₱5,012.36 million). Accumulated equity in net earnings also decreased for the year largely coming from UPC-ACE Australia (₱495.05 million), PhilWind/NLR (₱366.24 million) and dividend payout coming from Salak-Darajat (US$26.52 million ; ₱1,479.29 million), PhilWind/NLR (₱572.78 million), but offset by share in net income from Greencore (₱219.23 million), Salak-Darajat (₱201.16 million).
- **Investments in other financial assets** at amortized cost include investments in redeemable preferred shares of, and convertible loans extended to, associates and joint ventures. The account decreased due to impact of business combination with UPC-ACE Australia. The decrease is offset by additional subscriptions into redeemable preferred shares of various international projects around ₱3,571.74 million, as well as ₱2,807.21 million extended loan facilities to related parties for various international projects.

- **Current and noncurrent financial assets at FVTPL** pertains to Compulsorily Convertible Debentures (CCDs) from Masaya Solar. Masaya Solar is currently constructing the 420MWp solar farm in the Central Indian state of Madhya Pradesh.
- **Noncurrent financial assets at FVOCI** are largely the investment in UPC Sidrap and also include golf club shares and listed equity instruments.
- **Property, plant and equipments** increased mainly due to business combination amounting to ₱14,568.82 million. Increase in capitalization for the construction of Solar Plant and Transmission Lines in Marcelino, Zambales (₱7,788.65 million), Wind Farm in Balaoi and Caunayan Pagudpud, Ilocos Norte (₱6,850.52 million), Solar Plant in Cagayan (₱2,339,46 million), and the New England Solar Farm in Australia (₱1,975.93 million). The Group also had ₱747.78 million capitalized borrowing costs from project companies during the year. These increases are partially offset by SLTEC's deconsolidation by ₱14,221.34 million.
- **Right-of-use assets** increased due to new lease contracts in 2022.
- **Receivables - net of current portion** increased primarily due to non-current portion of loans and interest receivable of the Group for construction and development funding.
- **Goodwill & other intangible assets'** increase mainly attributable to goodwill from acquisition of UPC Australia (₱21,544.49 million / $371.65 million, gross of CTA) and acquisition over various UPC PH development entities and NAREDCO (₱121.21 million).
- Majority of the balance of **Deferred tax asset** came from recognition on accrued expenses, NOLCO, MCIT and lease liabilities.
- **Input VAT non-current** increased due to large purchases of Santa Cruz Solar Energy (₱854.20 million), BWPC (₱579.63 million) and NAREDCO (₱322.15 million) for their ongoing projects.
- **Other non-current assets** include various advances to contractors for the ongoing project developments and investment properties. Increase is mainly attributable to capitalization of developmental costs and increase in advances by the Group to its contractors.

In thousand pesos			**Increase (Decrease)**	
	2022	**2021**	**Amount**	**%**
Current Liabilities				
Accounts payable and other current liabilities	**₱13,322,569**	₱6,280,829	₱7,041,740	112
Short-term loans	**2,900,000**	–	2,900,000	–
Current portion of:				
Long-term loans	**719,385**	824,488	(105,103)	(13)
Lease liabilities	**258,562**	536,950	(278,388)	(52)
Income and withholding taxes payable	**479,435**	169,920	309,515	182
Due to stockholders	**16,585**	16,585	–	–
Noncurrent Liabilities				
Notes payable	**32,093,314**	20,195,054	11,898,260	59
Long-term loans - net of current portion	**28,051,903**	20,117,733	7,934,170	39
Lease liabilities - net of current portion	**4,206,459**	2,159,302	2,047,157	95
Pension and other employee benefits	**76,997**	80,422	(3,425)	(4)
Deferred tax income liabilities - net	**226,268**	74,422	151,846	204
Other noncurrent liabilities	**827,643**	2,736,920	(1,909,277)	(70)
Equity				
Capital Stock	**39,691,895**	38,338,527	1,353,368	4
Additional paid-in capital	**107,492,243**	98,043,831	9,448,412	10
Other equity reserves	**(56,585,740)**	(56,604,532)	18,792	1
Unrealized fair value loss on equity instruments at FVOCI	**(114,566)**	(90,089)	(24,477)	27
Unrealized fair value gain on derivative instruments designated as hedges – net of tax	**326,676**	6,228	320,448	5,145
Remeasurement loss on defined benefit plans – net of tax	**(43,910)**	(24,436)	(19,474)	80
Forward				

In thousand pesos			Increase (Decrease)	
	2022	**2021**	**Amount**	**%**
Accumulated share in other comprehensive (loss) gain of associates and joint ventures	**(5,794)**	29,723	(35,517)	(119)
Cumulative translation adjustments	**7,449,690**	(359,910)	7,809,600	(2,170)
Retained earnings	**19,551,839**	8,707,301	10,844,538	125
Treasury shares	**(28,657)**	(28,657)	–	–
Non-controlling interests	**31,859,767**	29,950,776	1,908,991	6

- **Accounts payable and other current liabilities** increased mainly on output tax (current and deferred), trade payables and accrued expenses. This also includes the ₱1,185.60 million in Multilateral Agreement with PEMC reclassified from noncurrent liability.
- **Short-term loans** are outstanding loans with RCBC (₱2,900.00 million).
- **Current portion of long-term loans** decreased by repayments during the year.
- **Current portion of lease liability** decreased due to lease payments during the year.
- Increase in **income and withholding taxes payable** was mainly due to income tax provision for the year and increase in expanded withholding tax payable.
- **Notes payable** increased through the issuance of ₱10,000.00 million 5-year PHP Green Bonds, ACEN's first tranche offered out of the shelf registration of debt securities of ₱30,000.00 million to be offered within a period of three (3) years.
- **Long-term loans - net of current portion** increased due to the new loan availed by ACEN (₱9,695.00 million) and assumed loans through business acquisition of UPC-ACE Australia totaling (₱5,758.99 million). The increase is gradually offset by the principal payments (₱7,387.05 million) on these loans and other existing loans.
- **Lease Liabilities-net of current portion** increased mainly due to assumed lease through business combination of UPC-ACE Australia of ₱1,533.59 million, other increase is due to interest accretion recognized during the year.
- **Pension and other employment benefits** decreased due to lower retirement expense for the year.
- 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 for the year ended.
- **Other non-current liabilities** include contract liabilities and asset retirement obligations related to solar operations. The decrease was due to ₱1,185.60 million trade payables in relation to a Multilateral Agreement signed by the Group, PEMC and other WESM participants reclassified to current liability.
- **Capital stock and additional paid in capital** increased by ₱1,320.75 million shares at ₱7.87 and ₱8.29 per share from share issuance to UPC international and Philippine development entities, respectively.
- The movement in **other equity reserves** pertain to excess of consideration from acquisitions of non-controlling interest in BWPC amounted ₱110.40 million offset by ₱121.83 million impact of acquisition on control over UPC-ACE Australia.
- The increase in **unrealized FV loss on equity instruments at FVOCI** came from mark-to-market loss for UPC Sidrap for the current year.
- **Unrealized fair value gain on derivative instruments** designated as hedges increased substantially due to ACRI's equity hedge of ₱359.77 million which is slightly offset by other hedge instruments with BWPC's forex hedge.
- **Remeasurement loss on defined benefit plan** increased parallel to various actuarial loss and loss on return on plan assets.
- The increase in **accumulated share in other comprehensive loss of associates and joint ventures** came reversal of OCI gains attributable to UPC-ACE Australia upon the Group's acquisition of control, and partly offset by remeasurement gains from derivative instruments and defined benefit obligation of associate and joint ventures.
- **Retained earnings'** net increased resulting from ₱13,055.12 million income offset by ₱2,298.95 million dividends during the year.
- **Treasury shares** has no movement during the year.
- **Non-controlling interests** are mainly comprised of redeemable preferred shares (RPS) of ACE Cayman held by AC Energy Finance International Limited. Non-controlling interests' share in net income amounted to ₱1,567.69 million, which was offset by dividends totaling ₱1,504.25 million. The NCI over UAC Energy Holdings Pty ("UACH") was restructured under circumstances of the Group's acquisition of control in UPC-ACE Australia. The Group also acquired the non-controlling interest in BWPC and SolarAce4 Energy Corp. with carrying amounts of negative ₱16.87 million and ₱1.74 million respectively.

Key Performance Indicators

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

Key Performance Indicator	Formula	31-Dec-22 (Audited)	31-Dec-21 (Audited)	Increase (Decrease) Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**3.96**	8.21	(4.25)	(52%)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**3.68**	7.64	(3.96)	(52%)
Solvency Ratios					
Debt/Equity ratio	Total liabilities / Total equity	**0.56**	0.45	0.11	24%
Asset-to-equity ratio	Total assets / Total equity	**1.56**	1.45	0.11	8%
Interest Coverage Ratio	Earnings before interest & tax (EBIT) / Interest expense	**6.91**	5.61	1.30	23%
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**0.19**	0.12	0.07	58%
Profitability Ratios					
Return on equity	Net income after tax attributable to equity holders of the Parent Company / Average stockholders' equity	**12.69%**	7.40%	5.29%	71.49%
Return on assets	Net income after taxes / Average total assets	**7.23%**	4.90%	2.33%	47.55%
Asset Turnover	Revenues / Average total assets	**17.45%**	16.67%	0.78%	4.68%

Current ratio & Acid test ratio

Current ratio & acid test ratio decreased with increase in accounts payable and availment of short-term loans, which significantly outpaced the increase in cash and other current assets.

Debt/Equity ratio & Asset-to-equity ratio

D/E ratio slightly increased with additional short-term and long-term loan availments, which were cushioned by the increase in paid-in capital and net income for the year. Asset-to-equity ratio also went up as the increase in total assets slightly outpaced the increase in equity.

Interest coverage ratio
Higher net income before interest and taxes coupled with higher interest expense with additional loan availments that yield to higher interest coverage ratio for the current year.

Net bank debt to equity ratio
Increased from year-end 2021 due to additional availments of short-term and long-term loans.

Return on equity and assets
Both return on equity and return on assets registered an increase from last year with higher net income after tax mainly driven by the non-recurring gains and higher generation capacities.

Asset turnover
Asset turnover increased due to higher net revenues and in spite of increase in average total assets of the Group during the year.

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 financial reporting.
- 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 financial reporting year.
- There were no material events that had occurred subsequent to the financial reporting close except for the events after the reporting year disclosed in Note 34 of the Audited Consolidated Financial Statements.
- ACEN has material commitments to invest in capital expenditure projects mainly in the following:
  - 288MW solar project in Buguey and Lal-lo, Cagayan and the proposed 275MW expansion of Gigasol Palauig solar project in Zambales.
  - 120MWdc solar power project in Alaminos, Laguna through SolarAce1;
  - 150MW diesel plant in Pililla, Rizal through Ingrid, a joint venture of ACEN, ACE Endevor and Axia Power Holdings Philippines Corporation ("APHPC")
  - 60MWdc solar power project in Palauig, Zambales through Gigasol3;
  - 50MWac (72MWdc) solar power project in Arayat and Mexico, Pampanga through Greencore 3, a joint venture of ACEN, ACE Endevor and Citicore;
  - 500MW solar power project in San Marcelino, Zambales through Santa Cruz Solar;
  - 2x20 MW Alaminos Battery Energy Storage System (BESS) Project through Giga Ace 4, Inc. ("Giga Ace 4");
  - 160MW wind farm in Balaoi, Pagudpud, Ilocos Norte through BWPC, in partnership with UPC Renewables;
  - Investment into 4MW renewable energy laboratory in Bataan through BSEI;
  - 521MWdc NESF and adjacent 50MW battery energy storage system located near Uralla in New South Wales through UPC-ACE Australia.
  - 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")
    - 40MW second phase of the Mui Ne Wind Farm in Binh Thuan through the partnership with the Blue Circle.
    - 60MW Lac Hoa & Hoa Dong wind farm in Soc Trang through a joint venture with UPC
  - 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 are also set for 2022.
- 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 cyclicality 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").

Item 7. Financial Statements

The consolidated financial statements and schedules as listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17 A.

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

During the past five (5) years, there has been no event in which ACEN and SGV had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

a. The Audit Committee of ACEN proposed that the accounting firm of SyCip Gorres Velayo & Co. (SGV) be retained as the Company's external auditor for the year 2023. The members of the Audit Committee are as follows:

i.	Mr. Garry K. Lester	Chairperson (effective 24 April 2023 until present)
ii.	Ms. Melinda L. Ocampo	Member (effective 24 April 2023 until present)
iii.	Ms. Nicole Goh Phaik Khim	Member (effective 19 April 2021 until present)

SGV has been ACEN's Independent Public Accountant since 1969. The Audit Committee, the Board, and the stockholders of ACEN approved the engagement of SGV as the Company's external auditor for 2023. The services rendered by SGV for the calendar year ended 31 December 2023 included the examination of the parent and consolidated financial statements of the Company, assistance in the preparation of the Company's annual income tax return, and other services related to filing of reports made with the SEC.

The engagement partner who conducted the audit for Calendar Year 2023 was Mr. Benjamin N. Villacorte, an SEC accredited auditing partner of SGV. This is Mr. Villacorte's sixth year as engagement partner for the Company.

b. ACEN complied with SRC Rule 68, paragraph 3(b)(ix) which requires the rotation of external auditors or signing partners every seven (7) years of engagement and the mandatory two-year cooling-off period for the re-engagement of the same signing partner or individual auditor.

The external auditors for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders' Meeting and to answer any question. They are likewise given an opportunity to give statements if they desire to do so.

c. Audit and Audit-Related Fees

The total external auditors' fees of SGV in 2023 and 2022 amounted to Php 14.21 million and Php 11.08 million, including VAT, respectively:

External Auditor Fees	**Amount in Million Pesos (inclusive of VAT)**	
	2023	**2022**
Audit and Audit-Related Fees	11.03	10.81
Non-Audit Fees	3.18	0.27
Grand Total	14.21	11.08

The audit and audit-related fees include the audit of the Company's annual financial statements, and quarterly reviews of financial statements in connection with the statutory and regulatory filings for the years ended 2023 and 2022. This also includes assurance services that are reasonably related to the performance of the audit or review of the Company's financial statements pursuant to the regulatory requirements.

The Audit Committee discusses the nature and scope of the audit with the external auditor before the audit commences. It pre-approves audit fees during its first quarter meeting while plans, scope, and frequency are approved during its third quarter committee meeting. It evaluates and determines non-audit work by the external auditor and reviews the non-audit fees paid to the external auditor, both in relation to their significance to the audit and in relation to the Company's total expenditure on consultancy.

d. Tax fees

No tax consultancy services were secured from SGV for the past two years.

e. All other fees (Non-Audit Fees)

Non-audit fees for 2023 and 2022 include sustainability assurance review, transfer pricing study and validation of votes during the annual stockholders' meeting.

The Audit Committee has reviewed the nature of non-audit services rendered by SGV & Co., including the corresponding fees, and concluded that these are not in conflict with the audit function of the external auditors.

The Audit Committee has an existing policy to review and approve the audit and non-audit services rendered by the Company's external auditors. It does not allow the Corporation to engage the external auditors for non-audit services expressly prohibited by the Securities and Exchange Commission (SEC). This is to ensure that the external auditors maintain the highest level of independence from the Company, both in fact and appearance.

PART III CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

a. Information required of directors and executive officers

i. Board of Directors

The following have been nominated to the Board for election at the annual stockholders' meeting, and have accepted their respective nominations:

GERARDO C. ABLAZA, JR.
CEZAR P. CONSING
JOHN ERIC T. FRANCIA
JAIME Z. URQUIJO
JAIME ALFONSO ANTONIO E. ZOBEL DE AYALA
NICOLE GOH PHAIK KHIM
DEAN L. TRAVERS
JESSE O. ANG
MARIA LOURDES HERAS-DE LEON
GARRY K. LESTER
MELINDA L. OCAMPO

Except for Ms. Nicole Goh and Mr. Travers, who were nominated by Arran, all other nominees were formally nominated to the Corporate Governance and Nomination Committee of the Board by a minority stockholder of the Company, Vann Allen P. dela Cruz, who holds one hundred fifty-eight thousand five hundred twenty-five (158,525) common shares, or 0.00% of the total outstanding voting shares of the Company, and who is not related to any of the nominees. Mdmes. Melinda L. Ocampo and Maria Lourdes Heras-de Leon and Messrs. Garry K. Lester and Jesse O. Ang are all being nominated as independent directors in accordance with Securities Regulation Code ("**SRC**") Rule 38 (Requirements on Nomination and Election of Independent Directors). The Corporate Governance and Nomination Committee evaluated the qualifications of all the nominees and prepared the final list of nominees in accordance with the By-Laws and the Charter of the Board of the Company.

Only nominees whose names appear on the final list of candidates are eligible for election as directors. No nominations will be entertained or allowed on the floor during the annual stockholders' meeting.

The Board of ACEN is responsible for the overall management and direction of the Company. The Board meets quarterly, or as often as required, to review and monitor the Company's financial position and operations and decide on such other matters as may be required by law to be decided by the Board. The Company's directors are elected at the annual stockholders' meeting to hold office for one year and until their respective successors have been elected and qualified.

Delfin L. Lazaro, Chairman of the Board of the Company, owns 0.00% of the outstanding capital stock of the Company. No director holds more than two percent (2%) of the outstanding capital stock of the Company.

A summary of the qualifications of the incumbent directors who are nominees for directors for election at the stockholders' meeting, and the nominees for independent director and incumbent officers is set forth in **Annex "A".**

No director has resigned nor declined to stand for re-election to the Board since the date of the last annual meeting because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

The officers of the Company are elected annually by the Board during its organizational meeting.

The Board undergoes an annual formal assessment process to review and evaluate the performance of the Board, its Committees, and its individual members. The purpose of the assessment is to measure the effectiveness of the Company's governance practices and identify areas for improvement; and to adopt new methodologies towards further strengthening the company's corporate governance standards. Once every three years, the annual board performance assessment is conducted under the auspices of an independent consultant.

In 2020, AON was appointed as the independent consultant to assist in the board assessment exercise.

Each of the directors was requested to complete a self-assessment form which includes Board evaluation categories such as: (1) board composition, (2) roles and functions, (3) information management, (3) representation of shareholders and environment, social and governance factors, (4) managing the Company's performance, (5) senior executive's performance management and succession planning, (6) director development and management, (7) risk management and internal control, and (8) overall perception.

For 2021 and 2022, the board assessment exercise was conducted in-house. The results of the self-assessment survey, including the comments of the directors, were compiled by the Corporate Secretary and reported during the Board meeting immediately following the completion of the survey. A copy of the 2022 Board, Board Committee, and Individual Effectiveness Evaluation Report may be accessed at link: https://www.acenrenewables.com/disclosures/2022-acen-board-committee-and-individual-effectiveness-evaluation/.

AON will be re-engaged to conduct the board assessment exercise for 2023.

The write-ups below include positions held as of 31 December 2023 and in the past five years, and personal data as of 31 December 2023, of directors.

Board of Directors

Delfin L. Lazaro	Chairman, Executive Committee Member
Cezar P. Consing	Vice-Chairman, Executive Committee Member
John Eric T. Francia	President and CEO, Executive Committee Member
Jose Rene Gregory D. Almendras	
Jaime Alfonso Antonio E. Zobel de Ayala	Executive Committee Member
Nicole Goh Phaik Khim	
Dean L. Travers	
Jesse O. Ang	Lead Independent Director, Executive Committee Member
Maria Lourdes Heras-de Leon	Independent Director
Garry K. Lester	Independent Director
Melinda L. Ocampo	Independent Director

Delfin L. Lazaro
Chairman, Non-Executive Director

Committee memberships:

- ***Executive Committee (Chairman)***

Mr. Lazaro, Filipino, 77, has been a director and Chairman of the Board of the Company since 28 September 2022. He holds the following positions in publicly listed companies: Chairman of Integrated Micro-Electronics, Inc. and ACEN CORPORATION; and Director of Ayala Corporation ("AC") and Globe Telecom, Inc. ("Globe"). His other significant positions include: Chairman of Atlas Fertilizer & Chemicals Inc., Chairman and President of A.C.S.T. Business Holdings, Inc. and AYC Holdings Ltd.; Co-Vice Chairman and President of Asiacom Philippines, Inc.; Director of AC Energy and Infrastructure Corporation ("ACEIC"), AC Industrial Technology Holdings, Inc., AC International Finance, Ltd., Purefoods International Limited and Probe Productions, Inc. He is an Advisor to the Board of Directors of Ayala Land, Inc. ("ALI") and a member of the BPI Advisory Council. He graduated with a BS Metallurgical Engineering degree from the University of the Philippines in 1967 and took his MBA (with Distinction) at Harvard Graduate School of Business in 1971.

***Cezar P. Consing*,**
Vice-Chairman, Non-Executive Director

Committee memberships:
- ***Executive Committee (Vice-Chairman)***
- ***Member, Personnel and Compensation Committee***

Filipino, 64, has been a director of the Company since 19 April 2021 and Vice-Chairman of the Board since 28 September 2022. He holds the following positions in publicly listed companies: President and Chief Executive Officer of AC, and Vice-Chairman of ALI, Globe, and BPI. He has been a member of the Ayala Group Management Committee since April 2013. He is the Chairman of Philippine Dealing System Holdings and the College of St. Benilde. Concurrently, he holds the following positions in the Ayala Group: Chairman of AC Logistics Holdings Corporation, AC Infrastructure Holdings Corporation, AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., and AC Mobility Holdings Incorporated; Vice Chairman of ACEIC and Ayala Healthcare Holdings, Inc.; and, Director of Asiacom Philippines, Inc. and ACEN International, Inc. Mr. Consing is currently the Vice Chairman of BPI's executive committee and a member of BPI's Nomination Committee. He is currently a board trustee of the Philippine-American Educational Foundation and the Manila Golf Club Foundation. He is a board director of Filgifts.com. He has been a member of the Trilateral Commission since 2014. Mr. Consing was a Senior Managing Director of AC and President and CEO of BPI from 2013 to 2021. In the latter capacity, he served as the chairman of BPI's thrift bank, investment bank, UK-registered bank, microfinance bank, property and casualty insurance joint venture and leasing and rental joint venture and board director of its asset management company and its life insurance joint venture. He served as Chairman and President of the Bankers Association of the Philippines from 2019 – 2021, and President of Bancnet, Inc. from 2017 – 2021. He was a Director of the Singapore-listed Yoma Strategic Holdings Ltd. and the Myanmar-listed First Myanmar Investment Public Company Limited. Mr. Consing has served as an independent board director of four publicly listed companies in Asia: Jollibee Foods Corporation (2010 – 2021), CIMB Group Holdings (2006 – 2013), First Gen Corporation (2005 – 2013), and National Reinsurance Corporation (2014 – 2019), where he also served as Chairman (2018 – 2019). He has served as a board director of the Singapore-based SQREEM Technologies, the Hongkong-based Asian Youth Orchestra, the US-Philippines Society, and Endeavor Philippines. Mr. Consing received an A.B. Economics degree (Accelerated Program), magna cum laude, from De La Salle University in 1979. He obtained an M.A. in Applied Economics from the University of Michigan in 1980.

John Eric T. Francia
Executive Director, President and Chief Executive Officer

Committee memberships:
- ***Executive Committee***

Mr. Francia, Filipino, 52, was elected as director and President and Chief Executive Officer of the Company on 9 May 2019, effective 15 May 2019. He is concurrently the President and Chief Executive Officer of ACEIC. He is also a Senior Managing Director and member of the Management Committee of AC. He is the Chairman of publicly listed company, ENEX Energy Corp. (PSE: ENEX) ("ENEX").

Under his leadership, Ayala established its energy platform from a standing start in 2011, to become one of the largest renewable energy platforms in the region, with 4,800 MW of attributable renewables capacity across Asia Pacific. Mr. Francia also led pioneering initiatives in early coal retirement, including the successful completion of the world's first market-based Energy Transition Mechanism. He is also a director of various Ayala Group companies including AC Infrastructure, AC Health, AC Logistics, Air 21 Holdings, Inc., AC Ventures, Philwater Holdings, Inc., Michigan Holdings, Inc. Ayala Aviation, Purefoods International Limited, AC Mobility Holdings Incorporated, Liveit Investments Limited, AI North America, Inc., and PFIL North America, Inc.

He earned a Master's Degree in Management Studies at the University of Cambridge in the United Kingdom, graduating with First Class Honors. He received his undergraduate degree in Humanities and Political Economy from the University of Asia & the Pacific, graduating magna cum laude.

Jose Rene Gregory D. Almendras
Non-Executive Director

Committee memberships:
- ***Sustainability Committee (Chairman)***

Mr. Almendras, Filipino, 63, director of the Company since 1 July 2019. He concurrently serves as Senior Managing Director and Group Head of Public Affairs of AC. . He also holds the following positions within the Ayala Group: Chairman of Entrego Fulfillment Solutions, Inc., MCX Project Company, Inc., and MCX Tollway Inc.; Chairman, Chief Executive Officer and President of Air 21 Holdings, Inc., Waste & Resource Management, Inc., and Integrated Waste Management, Inc.; Chairman of A-Movement Corporation, Airfreight 2100, Inc. Air 2100, Inc., U-Freight Philippines, Inc., U-Ocean, Inc., LGC Logistics, Inc., and Cargohaus, Inc.; Vice Chairman of Airfreight 2100, Inc. and Cargohaus, Inc.; Director of AA Infrastructure Projects Corporation, AC Energy and Infrastructure Corporation, AC Infrastructure Holdings Corporation, AF Payments Inc., Light Rail Manila Holdings, Inc., and Mobility Access Philippines Ventures Inc.; and Executive Vice President of Asiacom Philippines, Inc. He served as President and Chief Executive Officer of MWCI from September 1, 2019 to June 4, 2021. He spent 13 years with the Citibank group where he started as a management trainee and landed his first CEO position as President of City Savings Bank of the Aboitiz Group at the age of 37. In 2011, he was recognized by the World Economic Forum as a Sustainability Champion for his efforts as President of MWCI. During his stint as MWCI President and Chief Operating Officer, the company received multiple awards and was recognized as one of the Best Managed Companies in Asia, Best in Corporate Governance, one of the Greenest Companies in the Philippines and hailed as the world's Most Efficient Water Company. Under the Administration of President Benigno S. Aquino III, he served as a member of the Cabinet holding the position of Secretary of the Department of Energy, Office of the Cabinet Secretary and the Department of Foreign Affairs. In June 2016, he was acknowledged by the Administration for his remarkable performance in addressing the country's urgent issues and was awarded the highest Presidential Award given to a civilian - Order of Lakandula, Rank of Gold Cross Bayani. He graduated from Ateneo de Manila University with a degree in Bachelor of Science in Business Management in 1981.

Jaime Alfonso Antonio E. Zobel de Ayala
Non-Executive Director

Committee memberships
- ***Executive Committee***

Mr. Zobel de Ayala, Filipino, 33, has been a director of the Company since 28 September 2022. He is director of publicly listed companies Globe and AyalaLand Logistics Holdings Corp.. He is the Co-Chief Executive Officer of AC Industrials, the industrial technologies arm of the Ayala Group which manages a portfolio of companies in the manufacturing and mobility industries. He specifically oversees AC Motors (since rebranded to AC Mobility) as its CEO, managing a mobility portfolio comprised of automotive distribution, dealerships, aftermarket services, and electric vehicle infrastructure businesses. He is also a member of the Board of Directors of AC Industrials, Isuzu Philippines, Yoma Strategic Holdings Ltd Singapore (YSH), BPI Capital Corporation, among others. Prior to his roles in AC Industrials and AC Mobility, he was the Co-Head of the Strategic Development Group and Head of Business Development and Digital Ventures of Ayala Corporation. Before joining the Ayala Group, he was an Analyst at Goldman Sachs Singapore under the Macro Sales Desk (Securities Division). He graduated from Harvard University with a Primary Concentration in Government in 2013 and received his Master of Business Administration from Columbia Business School in 2019.

Nicole Goh Phaik Khim
Non-Executive Director

Committee memberships:
- ***Audit Committee***
- ***Board Risk Management and Related Party Transactions Committee***

Ms. Goh**,** Malaysian, 39, director of the Company since 18 March 2021, is Head, Asia ex-China at GIC Infrastructure. She has coverage responsibility for the Asia-Pacific region with prior experience investing in the US and Europe. GIC was established in 1981 as a private company, wholly-owned by the Government of Singapore, to manage the foreign reserves of Singapore. It is one of the world's largest global investors, with well over US$100 billion of assets in more than 40 countries worldwide.

Ms. Goh has been a member of GIC's infrastructure practice since 2008. She has an MSc in Management Science & Engineering from Stanford University and a BSc in Mathematics with Statistics for Finance from Imperial College London.

Dean L. Travers
Non-Executive Director

Mr. Travers, Australian, 54, director of the Company since 25 April 2022, has occupied senior executive roles in the energy sector for more than 25 years and is experienced in multi-disciplinary projects covering global markets, mergers and acquisitions, deal structuring and project development. He has been active in Europe, North America, Asia and Australia leading teams developing conventional and renewable energy projects for ENGIE, a global electricity utility and energy service company. Prior to leaving ENGIE in 2019, he occupied positions of Senior Vice President Business Development, Indonesia, and General Manager, ENGIE Renewables Australia, which was responsible for the development of 2GW of wind and solar projects. He is currently active in the clean energy and climate tech sectors in Australia and Southeast Asia. He is a director of New Energy Nexus Ventures Pte, the Southeast Asian venture manager of New Energy Nexus, the world's largest ecosystem of cleantech accelerators and funds.

Mr. Travers, GAICD has a PhD in Electrical Engineering, Bachelor of Engineering and a Bachelor of Science from the University of NSW.

Jesse O. Ang
Non-Executive and Independent Director

Committee Memberships:
- ***Personnel and Compensation Committee (Chairman)***
- ***Corporate Governance and Nomination Committee (Chairman)***
- ***Executive Committee***

Mr. Ang, Filipino, 64, has been an independent director of the Company since 24 April 2023. He is currently an independent director of BPI Capital Corporation, BPI Asset Management and Trust Company, BPI AIA Life Assurance Corporation, BPI/MS Insurance Corporation and BPI International Finance Limited (based in Hong Kong). He was formerly an independent director of BPI Securities Corporation (August 2022 - February 2023); part of the Philippine office of the International Finance Corporation (2000-2018) of which he was Head (Resident Representative) from 2007-2015; CFO of the Philippine International Air Terminals Company (1998-2000); Director for Global Structured Finance, New York City branch of Australia New Zealand Bank (1994-1998); Vice President for Trade and Commodity Finance, New York City branch of Generale Bank (1988-1994); Assistant Vice President in the Asia Division, Irving Trust Company in New York City (1985-1988); Budget Analyst for the Philippine National Oil Company (1982-1983); and Lecturer at the Department of Industrial Engineering of the University of the Philippines - Diliman (1981-1982). Mr. Ang received his BS Industrial Engineering degree from the University of the Philippines in 1981 and his Master of Business Administration from the Wharton School, University of Pennsylvania in 1985.

***Maria Lourdes Heras-de Leon**,*
Non-Executive and Independent Director

Committee Memberships:
- ***Personnel and Compensation Committee***
- ***Sustainability Committee***

Ms. Heras de-Leon, Filipino, 69, has been an independent director of the Company since 24 April 2023. She previously served as Managing Director and Member of the Management Committee of AC (2011-2015) and President of Ayala Foundation, Inc. (2011-2015). She was also Vice President for Policy, Government, and Public Affairs of Chevron Geothermal Philippines Holdings (1997-2011), where she led corporate affairs for Chevron's geothermal and natural gas interests and activities in the Philippines. Ms. Heras-de Leon has held various leadership positions in Greater Houston Partnership and First City National Bank of Texas. She was a former trustee of Assumption Antipolo, Museo de La Salle, Word Wildlife Fund-Philippines, and Asia Society Philippines. She also served on the Advisory Board of Texas Children's Hospital and Asia Society Texas. Ms. Heras-de Leon holds a Bachelor of Arts degree in Asian Studies from the University of British Columbia and a Master of Business Administration from the Thunderbird School of Global Management.

Garry K. Lester
Non-Executive and Independent Director

Committee Memberships:
- ***Audit Committee (Chairman)***
- ***Board Risk Management and Related Party Transactions Committee***
- ***Corporate Governance and Nomination Committee***

Mr. Lester, Australian, 58, has been an independent director of the Company since 24 April 2023. He was formerly managing director with leading independent investment banking firm Evercore Inc. and held senior executive positions with J.P. Morgan & Co, The Rohatyn Group, and KPMG. He has advised on numerous landmark public and private market M&A transactions, private and public equity and debt investments and financings across a broad spectrum of industries including: power generation, renewable technologies, forestry products, natural gas distribution, engineering/infrastructure consulting services, petroleum refining and distribution, industrial products, consumer products, medical products, real estate, banking and investment management, among others.

Mr. Lester previously served as non-executive director on various boards of banking, financial and investment companies during his career and has been licensed by relevant Securities, Futures and Investment Ordinances as a professional corporate adviser and investment manager in multiple jurisdictions including: U.S., Australia, Hong Kong and Singapore.

Mr. Lester holds a Bachelor of Commerce Degree with First Class Honours (1988) and a Master of Financial Management Degree (1990), both from the University of Queensland and is a Chartered Accountant Fellow with Chartered Accountants Australia and New Zealand.

Melinda L. Ocampo
Non-Executive Director and Independent Director

Committee Memberships:
- ***Board Risk Management and Related Party Transactions Committee (Chairperson)***
- ***Audit Committee***
- ***Corporate Governance and Nomination Committee***

Ms. Ocampo, Filipino, 67, has been an independent director of the Company since 17 September 2019. She has also been an independent director of publicly listed company ENEX Energy Corp. since 25 April 2022. She is currently a consultant to the Ricardo Energy and Environment Consulting Firm, a United Kingdom-based company, for a project entitled, "*The Philippines Grid Diagnostic and Roadmap for Smart Grid Development*." Said project is under the funding support of the United Nations Office for Project Services, with the main task of establishing and developing governance issues to implement the project. Ms. Ocampo served as President of the Philippine Electricity Market Corporation ("PEMC"), a nonstock, non-profit private organization that governs the country's wholesale electricity spot market, from 27 March 2009 until 31 July 2017. Her experience includes developing energy policies and programs as Undersecretary of the Department of Energy from May 2005 to December 2007. She was also involved in electric utility system regulation, planning and technical feasibility of electric power generation, transmission and distribution systems including granting of electric franchises to both electric cooperatives and private distribution utilities. She has extensive knowledge of energy regulation including petroleum and electricity pricing and competition rules and has provided consulting services to legislators on electricity pricing, particularly on the power purchased adjustments. She was also a consultant in the World Bank's project on Electric Cooperatives system loss reduction program and to the USAID under the Asia Foundation in its project to introduce the open access and competition in the coverage of Philippine Economic Zone (PEZA). She was a board member (February 1996 to June 1998) and Chairman (August 1998 to August 2001) of the Energy Regulatory Board (now Energy Regulatory Commission). She served as a division chief (October 1979 to November 1988) and a director (December 1988 to February 1996) of the National Electrification Administration. In 1977, she obtained her Bachelor of Science degree in Commerce, Major in Accounting, from the Republic Central Colleges, in Angeles City, Pampanga. She received her MBA from the University of the Philippines, Diliman, Quezon City. She is a certified public accountant.

<u>Nominees to the Board of Directors for election at the stockholders' meeting</u>

All of the above, except for Mssrs. Lazaro and Almendras (not nominated for re-election in the annual stockholders' meeting for 2024), are being nominated for re-election at the stockholders' meeting.

Mssrs. Gerardo C. Ablaza, Jr. and Jaime Z. Urquijo are also being nominated to the Board of Directors.

> ***Mr. Gerardo C. Ablaza, Jr.,*** Filipino, 70, is a director in publicly-listed companies Advanced Info Services, PLC (Thailand), iPeople, Inc., and Roxas and Company Inc. He is also a director in other Philippine corporations operating in the fields of retail banking, property development, education, infrastructure, and health. He is also a member of the Board of Trustees in a number of non-profit foundations engaged in social initiatives, namely Ayala Foundation, BPI Foundation, and Gawad Kalinga Foundation. He previously served as director of the Company from 1 July 2019 until 18 March 2021.
>
> Gerry retired from full-time executive work in 2017, after performing various corporate executive roles over a period of 43 years. His experience spanned a variety of industries: FMCG, agribusiness, retail banking, telecommunication and water distribution. He served as President and CEO of Manila Water Company (PLC) from June 2010 to April 2017. Prior to this, Gerry was the Chief Operating Officer of Globe Telecom, Inc. in 1997, and its President and CEO from 1998 to April 2009.
>
> He graduated as Summa Cum Laude and obtained his degree in Liberal Arts (Honors Accelerated Program), Major in Mathematics from the De La Salle University.

Jaime Z. Urquijo, Filipino, 35, previously served as Vice President of Business Development for the International Business unit of the Company. Mr. Urquijo is a member of the Company's Sustainability Committee.

Mr. Urquijo also currently holds the following positions in publicly listed companies: Chief Sustainability Officer and Chief Risk Officer of Ayala Corporation, and director of BPI and IMI. He concurrently serves as Chairman of Klima 1.5 Corp., and a Trustee of the Ayala Foundation, Inc. where he is also Chairman of the Executive Committee. He served as the head of Business Development for AF Payments, Inc, a joint venture between the Ayala Group and Metro Pacific, from 2014 to 2016. He also served as a director of publicly listed ENEX Energy Corp. from 2019 to 2023.

Prior to joining the Ayala Group, Mr. Urquijo was an associate at JP Morgan in New York. He is also a member of the National Advisory Council of WWF Philippines and is the current co-President of the Notre Dame Club of the Philippines.

Mr. Urquijo received his Bachelor of Arts degree in Political Science from University of Notre Dame, Indiana, USA, and obtained his Masters in Business Administration from INSEAD, France.

The certifications on the qualifications of the nominees for independent directors are attached, followed by the certification that no directors or officers are connected with any government agencies or its instrumentalities.

ACEN Group Management Committee Members / Senior Leadership Team

The write-ups below include positions held as of 29 February 2024 and in the past five years, and personal data as of 29 February 2024, of executive officers:

John Eric T. Francia [9]	President and Chief Executive Officer
John Philip S. Orbeta	Group Chief Administrative Officer, Group Chief Human Resources Officer, and Group Chief Risk Officer
Maria Franchette M. Acosta	Corporate Secretary
Dodjie D. Lagazo	Group General Counsel, Group Compliance Officer, and Assistant Corporate Secretary
Alan T. Ascalon	Assistant Corporate Secretary and Data Protection Officer
Ma. Cecilia T. Cruzabra	Group Treasurer
Jose Maria Eduardo P. Zabaleta	Group Chief Operating Officer and Group Chief Development Officer
Patrice R. Clausse	Group Chief Investment Officer
Jonathan Paul Back	Group Chief Financial Officer and Group Chief Strategy Officer
Kyla Kamille U. Samson	Controller
Mae Christine L. Go	Chief Audit Executive

John Philip S. Orbeta, Filipino, 62, Group Chief Administrative Officer and Group Chief Human Resources Officer since 25 August 2021 and Group Chief Risk Officer since 18 October 2021. He served as Managing Director and member of the AC Management Committee since May 2005 and the Ayala Group Management Committee since April 2009. He was AC's Chief Human Resources Officer (CHRO) and Group Head for Corporate Resources, covering Strategic Human Resources, Information & Communications Technology, Knowledge Management, and Corporate Support Services from January 2008 until September 2021. He is also a Director of ACE Endevor, Inc., ACE Shared Services, Inc., and Laguna West Renewables, Inc., Mr. Orbeta is also the Chairman of Ayala Multipurpose Cooperative. He sits on the Board of HCX Technology Partners. He also serves as Trustee of Ayala Young Leaders Alumni Association, Inc., World Archery Philippines, La Salle University Ozamis, and National Mission Council of De La Salle Philippines, Inc. He served as President and CEO of Automobile Central Enterprise, Inc. (ACEI), Iconic Dealership, Inc. (IDI), Honda Cars Makati, Inc. (HCMI), and Isuzu Automotive Dealership, Inc. (IADI) from Jan 2013 until December 2016. He was the Chairman and President of HCX Technology Partners, Inc. from September 2016 until November 2021 and President of Ayala Retirement Fund Holdings, Inc. (July 2021 – February 2022). He was Chairman of Ayala Group HR Council (October 2005 – September 2021), Ayala Aviation Corporation (August 2010 – October 2021), Ayala Group Corporate Security Council (January 2011 – October 2021), Ayala Business Clubs (January 2008 – November 2021), and Vice-Chairman

[9] Member, Board of Directors

of Ayala Group Club, Inc. (February 2015 – November 2021). He was a Director of Honda Cars Cebu, Inc. (August 2016 – August 2017), Isuzu Cebu, Inc. (August 2016 – August 2017), BPI Family Savings Bank, Inc. (May 2013 – June 2020), Ayala Foundation, Inc. (Mach 2013 – December 2021), Ayala Healthcare Holdings, Inc. (Y2016-February 2022), Healthway Medical, Inc. (Y2020 – February 2022), and the Generika Group of Companies (August 2018 – December 2021). Mr. Orbeta served as a Director and Chairman of the Audit Committee of the ALFM group of funds from April 2012 to December 2021 which included the ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Growth Fund, Inc., ALFM Money Market Fund, Inc., Philippine Stock Index Fund, Corp. as well as the ALFM Global Multi-Asset Income Fund, Inc. (April 2018 – December 2021), ALFM Retail Corporate Fixed Income Fund, Inc. (June 2019 – December 2021), ALFM Fixed Income Feeder Fund, Inc. (August 2019 – December 2021). Mr. Orbeta was also a Trustee of De La Salle University Dasmarinas Cavite and the De La Salle Health Sciences Institute, from December 2013 to September 2019, and the Weather Philippines Foundation, Inc. (October 2015 – June 2020). He was also a Board of Governors of the Management Association of the Philippines from Jan 2019 until December 2020.

Prior to joining AC, he was the Vice President and Global Practice Director of the Human Capital Consulting Group at Watson Wyatt Worldwide (now Willis Towers Watson), overseeing the firm's practices in executive compensation, strategic rewards, data services, and organization effectiveness around the world. He was also a member of Watson Wyatt's Board of Directors. He graduated with a degree in A.B. Economics from the Ateneo de Manila University in 1982 and has taken advanced management programs at the Harvard Business School, IMD and INSEAD.

Maria Franchette M. Acosta, Filipino, 51, is the Corporate Secretary of the Company. She is also the Corporate Governance Group Head and Chief Legal Officer of Ayala Corporation. She has been a practicing lawyer for 24 years, with 18 years in the Villaraza & Angangco Law Firm where she was a Senior Partner, Co-Managing Partner and Head of its Corporate and Commercial Department. Ms. Acosta was an Assistant Secretary at the Office of the Chief Presidential Legal Counsel of the Republic of the Philippines where she served from 2001 to 2003. She is recognized as an expert counsel in leading legal journals and publications such as Chambers Global, Chambers Asia Pacific and Legal 500. She consistently among Asia Business Law Journal's top 100 lawyers in the Philippines. Ms. Acosta graduated from New York University with a Master of Laws in 2003. She ranked 3rd in the Philippine Bar Examination and earned her Bachelor of Laws from the University of the Philippines College of Law in 1998 where she graduated Class Valedictorian and Cum Laude. She holds a Bachelor of Science in Business Economics from the University of the Philippines School of Economics in 1994 where she graduated Magna Cum Laude.

Dodjie D. Lagazo, Filipino, 44, is the Group General Counsel, Group Compliance Officer, and Assistant Corporate Secretary of the Company. He is also an Executive Director of the Company. He previously served as Director and member of AG Counselors Corporation's Management Committee from January 2014 to July 2017. He is also the Assistant Corporate Secretary of ACEIC and the Corporate Secretary of ENEX, a publicly listed company, and other various AC Energy subsidiaries and affiliates. Mr. Lagazo received his undergraduate degree in Political Science from the University of the Philippines, Diliman, graduating *magna cum laude*. He then completed his Bachelor of Laws degree in the College of Law of the University of the Philippines, Diliman.

Alan T. Ascalon, Filipino, 49, is Vice President for Legal, Governance and Compliance, Assistant Corporate Secretary, and Data Protection Officer of the Company. He currently serves as Corporate Secretary of various ACEN subsidiaries. He is also Assistant Corporate Secretary of ENEX, a publicly listed company. He was the Assistant Legal Counsel of PHINMA, Inc. from 2005 to 2008. Prior to joining the Company, he worked as Senior Associate at SGV & Co Tax Division from 2002 to 2005, junior associate at Ponce Enrile Cayetano and Manalastas Law Offices from 2001-2002, and as law clerk with the Supreme Court from 2000 to 2001. He graduated from the University of the Philippines with a Bachelor of Arts degree in Journalism in 1996 and a Bachelor of Laws degree in 2000. He completed the Management Development Program of the Asian Institute of Management.

Ma. Cecilia T. Cruzabra, Filipino, 58, is the Group Treasurer of the Company. She is also the Chief Finance Officer of ACEIC and ACEN International, Inc. Prior to joining the Company, she was the CFO of MWCI from 2018 to September 2021, and was the treasurer of AC from 2014 to 2018. Cecile has over 37 years of career experience in research, treasury and finance, having worked at Makati Business Club, Sun Hung Kai Securities, Metro Pacific Corporation, Steniel Manufacturing Corporation, Globe Telecom, Inc., Altimax Broadcasting Co. Inc. and Bethlehem Holdings, Inc. She also previously taught finance at the De La Salle Graduate School of Business and the Asian Institute of Management and also taught Economics at the Ateneo de Manila University.

Cecile completed her master's degree in Business Administration from the Asian Institute of Management. She graduated with a degree in B.A. in Economics (Honors Program) from the Ateneo de Manila University.

Jose Maria Eduardo P. Zabaleta, Filipino, 51, is the Company's Group Chief Operating Officer and Group Chief Development Officer, Chief Executive Officer of the ACEN Global Development Group, and member of the ACEN Executive Management Committee. He also serves as Chairman and/or President of ACEN's development pipeline and land companies.

Prior to joining ACEN, he was co-founder and Chief Executive Officer of Bronzeoak Philippines, a pioneer and leader in clean technology energy development in the Philippines. Bronzeoak's energy businesses were integrated into AC Energy in early 2017. He has a BS Management Honors degree from Ateneo de Manila University, and a Masters in Business Administration from the Fuqua School of Business, Duke University, USA.

Patrice R. Clausse, Luxembourgeoise, 45, is the Group Chief Investment Officer of the Company and concurrently the President and Chief Executive Officer of ACEN International, Inc. He joined AC in May 2010 as an advisor to the Strategy and Business Development team and became a founding member of the AC Energy management in 2011 where he led the business development and operations teams. Currently, he is heading ACEN's International business, with focus on Southeast Asia and Australia.

Patrice is a member of the Board of Directors/Management & Advisory Committee of AC Energy International Projects. Prior to joining Ayala, he was a management consultant with McKinsey & Company in London as well as with Marakon Associates (part of Charles River Associates).

Patrice also holds a Master of Business Administration degree from Harvard Business School where he graduated with high distinction as Baker Scholar. He also received his Master's and Bachelor's degrees in Manufacturing Engineering from Cambridge University (UK).

Jonathan Paul Back, British, 57, is the Group Chief Financial Officer and Group Chief Strategy Officer of the Company. He is a lawyer and banker with over 25 years of experience in the legal, investment banking, and private investment sectors with significant experience in equity capital markets, corporate finance, and in advising on large infrastructure, power, and telecom projects.

Mr. Back was previously a director and the Executive Chairman of BPI International Finance Ltd., the Hong Kong banking subsidiary of BPI and concurrently, co-head of Wealth Management and head of international businesses of BPI. He was also a director of Schools Relief Initiative Ltd., a Hong Kong based charity supporting education in Southern Sri Lanka. Previously, Mr. Back served as an Executive Director in Goldman Sachs, Hong Kong (Corporate Finance and Equity Capital Markets) and Managing Director and Head of Asian Equity Capital Markets in JP Morgan, Hong Kong.

Mr. Back holds a Bachelor of Civil Laws degree from the University of Oxford, where he graduated with First Class Honours. He also received first class honours in the solicitors final exam.

Kyla Kamille U. Samson, Filipino, 35, is the Company's Controller. She worked in SyCip Gorres Velayo & Co. from July 2010 to June 2021, where she rose to the position of Assurance Senior Director in October 2019. She graduated in 2009 from De La Salle University – Manila with a degree in Bachelor of Science in Accountancy.

Mae Christine L. Go, Filipino, 42, is the Company's Chief Audit Executive. She has been with the Ayala Group since January 2013 and is currently a Senior Manager in the Internal Audit Department of AC. She served as Group Head of the Internal Audit Department of Liveit Investments Limited Philippine ROHQ, an Ayala subsidiary, from January 2013 to August 2015. She also worked under the Finance Group and Facilities Management Group of Ayala Property Management Corporation from July 2005 to May 2008.

Prior to joining the Ayala Group, Ms. Go was a Group Internal Audit Manager of Shang Properties, Inc. from July 2008 to January 2013, and was an Accountant of Philam Properties Corporation from May 2002 to July 2005.

Ms. Go obtained her degree of Bachelor of Science in Accountancy from the De La Salle University. She is also a Certified Internal Auditor of the Institute of Internal Auditors.

ii. Significant Employee

Other than the directors and officers of the Company, no other employee has significant influence on ACEN's major and/or strategic planning and decision-making.

iii. Family Relationships

There are no known family relationships between the current members of the Board and key officers.

None of the directors, executive officers or persons nominated to be elected to ACEN's Board are related up to the fourth civil degree, either by consanguinity or affinity.

iv. Independent Directors

The independent directors of ACEN for the year ending 31 December 2023 and for the current year as of the submission of this Statement are as follows:

1. Mr. Jesse O. Ang
2. Ms. Maria Lourdes Heras-de Leon
3. Mr. Garry Kenneth Lester
4. Ms. Melinda L. Ocampo

The incumbent independent directors were nominated by Mr. Vann Allen P. dela Cruz, a minority stockholder of the Company, who holds one hundred fifty-eight thousand five hundred twenty-five (158,525) common shares, or 0.00% of the total outstanding voting shares of the Company. Mr. dela Cruz is not related to any of the independent directors either by consanguinity or affinity.

The independent directors of ACEN are not officers or substantial stockholders of the Company.

v. Involvement in Certain Legal Proceedings

As of 29 February 2024, ACEN has no knowledge and/or information of any material pending legal proceedings to which ACEN or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

As of 29 February 2024, ACEN has no knowledge and/or information that any of the Company's directors, officers or nominees for election as Directors is, presently or during the last five (5) years, involved in any material legal proceeding which will have any material effect on the Company, its operations, reputation, or financial condition.

Furthermore, none of the Company's directors and senior executive officers have been the subject of the following during the last five (5) years: (a) bankruptcy petition by or against any business of which such director was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time; (b) a conviction by final judgment, in a criminal proceeding, domestic or foreign; (c) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or (d) a finding by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading, market or self-regulatory organization, of violation of the securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

a. Executive Compensation

For the calendar years ended 31 December 2023, 31 December 2022, and 31 December 2021, the total salaries, allowances, and bonuses paid to the directors and executive officers of ACEN are as follows:

Name/Position	Year	Salaries	Bonus	Others
CEO and Top 4 Most Highly Compensated Executive Officers (Total Compensation)				
John Eric T. Francia – Chief Executive Officer				
John Philip S. Orbeta – Group Chief Human Resources Officer, Group Chief Risk Officer, Group Chief Administrative Officer				
Jose Maria Eduardo P. Zabaleta – Group Chief Development Officer and Group Chief Operating Officer				
Patrice R. Clausse – Group Chief Investment Officer				
Ma. Corazon Dizon – Group Chief Finance Officer				
	2023	102,500,000	52,762,212	4,827,783
	2022	61,206,111	50,438,790	6,208,682
	2021	42,758,279	7,881,015	2,885,739
All Other Officers and Directors as a Group (Total Compensation)				
	2023	79,234,000	35,507,380	6,407,102
	2022	85,557,723	55,755,810	8,782,982
	2021	86,263,095	36,752,738	5,589,101

For 2024, below are the estimated total salaries, allowances, and bonuses to be paid to the directors and executive officers of ACEN:

Name/Position	Year	Salaries	Bonus	Others
CEO and Top 4 Most Highly Compensated Executive Officers (Estimated Total Compensation)				
John Eric T. Francia – Chief Executive Officer				
John Philip S. Orbeta – Group Chief Human Resources Officer, Group Chief Risk Officer, Group Chief Administrative Officer				
Jose Maria Eduardo P. Zabaleta – Group Chief Development Officer and Group Chief Operating Officer				
Patrice R. Clausse – Group Chief Investment Officer				
Jonathan Back – Group Chief Finance and Strategy Officer				
	2024	87,180,004	61,392,917	6,632,302
All Other Officers and Directors as a Group (Estimated Total Compensation)				
	2024	57,627,806	17,552,000	4,552,692

In 2023, the directors of the Company (including independent directors) received retainer fees and per diems for Board and committee meetings attended, net of tax, as follows:

Director	Total Net Amount (in Php)
Delfin L. Lazaro	3,960,000.00
Cezar P. Consing	2,940,000.00
Jose Rene Gregory D. Almendras	2,515,000.00
John Eric T. Francia	None (executive director)
Jaime Alfonso Antonio E. Zobel de Ayala	2,685,000.00
Nicole Goh Phaik Khim	3,240,000.00
Dean L. Travers	2,358,000.00
Jesse O. Ang	2,970,000.00
Maria Lourdes Heras-de Leon	2,340,000.00
Garry Kenneth Lester	3,200,000.00
Melinda L. Ocampo	3,780,000.00
Consuelo D. Garcia [10]	900,000.00
Ma. Aurora D. Geotina-Garcia [10]	360,000.00
Sherisa P. Nuesa[10]	900,000.00

Below are the estimated retainer fees and per diems to be received by the directors of the Company (including independent directors) in 2024:

Director	Total Gross Amount (Estimate) in Php
Delfin L. Lazaro [11]	600,000.00
Jose Rene Gregory D. Almendras [11]	400,000.00
Cezar P. Consing	4,400,000.00
Gerardo C. Ablaza, Jr.	2,600,000.00
John Eric T. Francia	None (executive director)
Jaime Alfonso Antonio E. Zobel de Ayala	3,000,000.00
Nicole Goh Phaik Khim	3,600,000.00
Dean L. Travers	2,800,000.00
Jaime Z. Urquijo	3,000,000.00
Melinda L. Ocampo	4,200,000.00
Maria Lourdes Heras-de Leon	3,200,000.00
Jesse O. Ang	3,800,000.00
Garry K. Lester	4,500,000.00

i. Compensation of Directors

Executive directors are not entitled to allowances, per diem, or bonuses.

The non-executive directors, including independent directors, are entitled to receive allowances of Php200,000.00 per Board meeting attended, and Php100,000.00 per Committee meeting attended. In addition, the following receive an annual retainer fee as below:

a. Non-executive and/or independent directors – Php 1,000,000.00
b. Chairperson of the Audit Committee – Php 1,500,000.00
c. Chairman of the Board – Php 2,000,000.00

There are no other existing arrangements/agreements to which said directors are to be compensated during the last completed fiscal year and the ensuing year.

[10] Mdmes. Garcia, Geotina-Garcia, and Nuesa served as directors of the Company until 24 April 2023.
[11] Messrs. Lazaro and Almendras are not nominated for re-election at the 2024 annual stockholders meeting of the Company.

ii. Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Under ACEN's By-Laws, the Officers of the Company shall hold office for one (1) year and until their successors are chosen and qualified in their stead. Any officer elected or appointed by the majority of the Board may be removed by the affirmative vote of the Board.

ACEN does not have written contracts with any of its executive officers or other significant employees.

iii. Compensatory Plan or Arrangement

The compensation received by officers who are not members of the Board consists of salaries, bonuses, and other benefits.

All permanent and regular employees of the Company are covered by the ACEN retirement plan (the "Plan"). The Plan provides benefits upon normal retirement beginning at age sixty (60), early retirement beginning at age fifty (50) with completion of at least ten (10) years of service, voluntary separation beginning upon completion of at least ten (10) years of service, total and physical disability, death, and involuntary separation. The benefits are based on the employee's final monthly basic salary and length of service.

iv. Warrants and Options Outstanding

At the Annual Stockholders' Meeting held on 19 April 2021, stockholders approved the allocation of 960 million common shares to the Employee Stock Ownership Plan (the "Plan") out of the unsubscribed portion of ACEN's capital stock, to be available to qualified employees upon achievement of the Group's goals and the determination of any variable compensation of the grantee. The foregoing Plan replaces the Company's Stock Grants and Stock Options Plan, which does not have any remaining life.

Under the Plan, qualified employees are awarded the option to subscribe to a specified number of ACEN shares based on discounted market price determined by the Personnel and Compensation Committee and are subjected to the Plan's vesting period. The subscription price is equal to the market price of the shares with a discount determined by the Personnel and Compensation Committee at the time of the grant of the option. Grants under the Plan are exercisable in three (3) annual tranches. Any availment is payable within a maximum period of ten (10) years. On 4 March 2022, the SEC confirmed that the Plan is an exempt transaction under Section 10.2 of the Securities Regulation Code.

There were no grants and availments during 2020.

In 2021, a total of 8,188,097 shares at a subscription price of Php 6.96 per share were granted under the Plan, of which 8,188,097 shares were issued in 2022, resulting to an adjustment of 900 shares in the grants.

On 19 August 2022, a total of 32,622,666 shares at a subscription price of Php 6.50 per share were granted under the Plan.

There were no grants and availments during 2023.

Total expense arising from the equity-settled share-based payment transaction (included under General and administrative expenses) amounted to nil, Php 31.16 million and Php ₱3.55 million in 2023, 2022 and 2021, respectively.

There are no proposed adjustments or amendments to the Plan.

Item 11. Security Ownership of Certain Beneficial Owners and Management

i. Security ownership of certain record and beneficial owners of more than five percent (5%)

The table below shows the persons or groups known to ACEN to be directly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of 29 February 2024:

Title of Class of Shares	**Name & Address of Record Owner & Relationship with Issuer**	**Name & Address of Beneficial Owner & Relationship with Record Owner**	**Citizenship**	**No. of Shares Held**	**% Held**
Common	AC Energy and Infrastructure Corporation ("**ACEIC**") 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati, Makati City Stockholder; Parent Company	ACEIC is fully owned by Ayala Corporation. Its beneficial owners are the following, being members of the Board of Directors of ACEIC: Jaime Augusto Zobel de Ayala, Cezar P. Consing, Gerardo C. Ablaza, Jr., John Eric T. Francia, and Alberto M. de Larrazabal. all with addresses at 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City ACEIC has appointed Jaime Augusto Zobel de Ayala, or in his absence, Cezar P. Consing, or in his absence, Delfin L. Lazaro, as proxy to vote on ACEIC's behalf.	Filipino	23,061,956,191	58.12% [12]
Common	PCD Nominee Corporation [13] 29/F BDO Equitable Tower, 8751 Paseo de Roxas, Makati City Stockholder	Arran's 6,689,521,680 indirect shares are lodged under PCD Nominee Corp. Arran is a Singaporean company that is ultimately controlled by the Government of Singapore that provides investment services. The rest are held by various trading participants.	Non-Filipino (various)	9,715,772,148	24.49%
Common	PCD Nominee Corporation [14] 29/F BDO Equitable Tower, 8751 Paseo de Roxas, Makati City Stockholder	PCD is a private institution which holds shares on behalf of various trading participants.	Filipino	6,495,973,428	16.37%
Common	Arran Investment Pte Ltd ("**Arran**") 168 Robinson Road, #37-01, Capital Tower, Singapore 068912 Stockholder	Arran has 6,689,521,680 indirect shares lodged under PCD Nominee Corp. Arran is a Singaporean company that is ultimately controlled by the Government of Singapore that provides investment services. Arran has appointed Ms. Nicole Goh Phaik Khim to vote on its behalf.	Singaporean	6,689,521,680	16.86%

[12] This includes the 116,234,418 indirect shares which were declared by AC as property dividends but have yet to be distributed to its stockholders as disclosed under AC's PSE Edge Disclosure Report No. C00247-2023 dated 10 January 2023. Until such actual distribution, ACEIC retains beneficial ownership of the indirect shares, being a 100% subsidiary of AC.

[13] The beneficial owners of such shares are the participants of PCD which holds the shares on their behalf or in behalf of their clients.

PCD is a private institution established in March 1995 to improve operations in securities transactions. PCD seeks to provide a fast, safe and highly efficient system for securities settlement. The PCD was organized to implement an automated book-entry system of handling securities transaction in the Philippines.

[14] The beneficial owners of such shares are the participants of PCD which holds the shares on their behalf or on behalf of their clients. Arran's 6,689,521,680 indirect shares are lodged with the PCD (Non-Filipino).

PCD is a private institution established in March 1995 to improve operations in securities transactions. PCD seeks to provide a fast, safe and highly efficient system for securities settlement. The PCD was organized to implement an automated book-entry system of handling securities transaction in the Philippines.

As of 29 February 2024, ACEIC owns 58.12% of the outstanding voting shares of the Company. [15]

ii. Security Ownership of Directors and Management as of 29 February 2024

None of the directors and officers individually owns five percent (5%) or more of the outstanding capital stock of ACEN. The table below shows the securities owned by the directors and officers of the Company as of 29 February 2024:

Title of Class of Outstanding Share	Name of beneficial owner	Citizenship	Amount of beneficial ownership	Nature of beneficial ownership	% of total outstanding shares
Common	Jose Rene Gregory D. Almendras	Filipino	887,385 [2] 950,450	Direct Indirect [1]	0.00
Common	Cezar P. Consing	Filipino	1 [2] 551,842	Direct Indirect [1]	0.00
Common	John Eric T. Francia	Filipino	113,867,902	Indirect [3]	0.29
Common	Delfin L. Lazaro	Filipino	1 198,507	Direct Indirect [1]	0.00
Common	Jaime Alfonso Antonio E. Zobel de Ayala	Filipino	1 110,910	Direct Indirect [1]	0.00
Common	Nicole Goh Phaik Khim	Malaysian	1	Indirect	0.00
Common	Dean L. Travers	Australian	1	Indirect	0.00
Common	Jesse O. Ang	Filipino	1	Direct	0.00
Common	Maria Lourdes Heras-de Leon	Filipino	1	Direct	0.00
Common	Garry Kenneth Lester	Australian	1	Direct	0.00
Common	Melinda L. Ocampo	Filipino	1 24,000	Direct Indirect [1]	0.00
Common	John Philip S. Orbeta	Filipino	1 [2] 14,057,427	Direct Indirect [1]	0.04
Common	Jose Maria Eduardo P. Zabaleta	Filipino	5,175,177	Indirect [3]	0.01
Common	Patrice R. Clausse	Luxembourgeoise	33,840,298	Indirect [3]	0.09
Common	Jonathan P. Back	British	0	N/A	0.00
Common	Dodjie D. Lagazo	Filipino	6,526,166 2,354,782	Direct Indirect [3]	0.02
Common	Alan T. Ascalon	Filipino	560,173 1,096,979	Direct Indirect [3]	0.00
Common	Ma. Cecilia T. Cruzabra	Filipino	141,474 280,000	Direct Indirect [3]	0.00
Common	Kyla Kamille U. Samson	Filipino	199,800	Indirect [3]	0.00
Common	Mae Christine L. Go	Filipino	2,799	Indirect [3]	0.00
	TOTAL		**8,115,206** **172,710,875** **180,826,081**	Direct Indirect Total	**0.02%** **0.44%** **0.46%**

[1] *The indirect shares held by the following directors: Messrs. Jose Rene Gregory D. Almendras, Cezar P. Consing, Delfin L. Lazaro, and Jaime Alfonso Antonio E. Zobel de Ayala, and Mdme. Melinda L. Ocampo are lodged with the PCD Nominee. The shares of Dean Travers, Nicole Goh Phaik Khim, and John Eric T. Francia that are classified above as "Indirect" are actually shares held in their respective names, but are lodged with the PCD Nominee.*

[2] *Messrs. Jose Rene Gregory D. Almendras and Cezar P. Consing each hold one (1) nominal direct share as qualifying shares held in trust for AC Energy and Infrastructure Corporation.*

[15] On 10 May 2022, ACEIC sold 1,861,000,000 ACEN shares to ACEIC's parent company, Ayala Corporation ("AC"), pursuant to a regular block sale. ACEIC retained beneficial ownership of the shares being a 100% subsidiary of AC. On 29 April 2022, AC then declared these 1,861,000,000 ACEN shares as property dividends to its shareholders as of 27 May 2022.

As of 29 February 2024, AC has distributed a total of 1,744,765,582 ACEN shares to its qualified shareholders pursuant to its Declaration of Property Dividends as disclosed under AC's PSE Edge Disclosure Report No. C00247-2023 dated 10 January 2023.

As of 29 February 2024, ACEIC has a total of 23,061,956,951 ACEN shares, of which 116,234,418 are indirect shares, corresponding to 58.12% of the Company's outstanding shares. The indirect shares are the remaining ACEN shares that were declared by AC as property dividends but have yet to be distributed to its stockholders as disclosed under AC's PSE Edge Disclosure Report No. C00247-2023 dated 10 January 2023. Until such actual distribution, ACEIC retains beneficial ownership of the indirect shares, being a 100% subsidiary of AC.

[3] *The indirect shares held by the following officers: Messrs. John Philip S. Orbeta, Jose Maria Eduardo P. Zabaleta, Patrice R. Clausse, Dodjie D. Lagazo, Alan T. Ascalon, and Mdmes. Ma. Cecilia T. Cruzabra, Kyla Kamille U. Samson, and Mae Christine L. Go are lodged with the PCD Nominee and/or held by the ESOWN Administrator.*

Delfin L. Lazaro, Chairman of the Board of Directors ("Board") of the Company, owns 0.00% of the outstanding capital stock of the Company. No director or member of the Company's management owns more than two percent (2%) of the outstanding capital stock of the Company.

No change of control of the Company has occurred since the beginning of the last financial year.

iii. Voting Trust Holders of 5% or more

ACEN is not aware of any person holding five percent (5%) or more of the Company's outstanding shares under a voting trust agreement or similar agreement.

iv. Changes in Control

There are no arrangements that may result in a change in control of ACEN.

Item 12. Certain Relationships and Related Transactions

a. Certain Relationships and Related Transactions

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

In the ordinary course of business, the ACEN 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. Material related party transactions are reviewed and approved by the Board Risk Management and Related Party Transactions Committee and approved by the Board of Directors in accordance with the Company's Related Party Transactions ("RPT") Policy.

All directors and employees of the Company and its subsidiaries and associates are required to disclose any business and family-related transactions with the Company to ensure that potential RPTs are identified and subsequently processed in accordance with the Company's RPT Policy. In addition, directors and officers with personal interest in a transaction are prohibited from participating in the discussion, approval, and voting thereon.

The transactions and balances of accounts as at and for the years ended 31 December 2023, 2022, and 2021 with related parties are as follows (see Note 22 of the Audited Consolidated Financial Statements):

<u>**Transaction with ACEIC, the Parent Company**</u>

In thousand PH

	Amount/ Volume			**Outstanding Balance Receivable (Payable)**		**Terms / Conditions**
Nature	**2023**	2022	2021	**2023**	2022	
Interest receivable interest income	**₱–**	₱107,000	₱142,152	**₱–**	₱–	Non-interest bearing; due and demandable
Management fee income	**8,634**	24,919	34,785	**1,580**	10,002	Unsecured; no impairment
Management fee (expense)	**249,557**	26,041	456,026	**(280,247)**	(23,421)	Non-interest bearing; due and demandable
Transfer of Employee	**176,633**	–	–	**176,633**	–	Non-interest bearing; due and demandable

Forward

Nature	Amount/ Volume			Outstanding Balance Receivable (Payable)		Terms / Conditions
	2023	2022	2021	**2023**	2022	
Due from related parties	**4,458**	–	–	**172,030**	167,572	Non-interest bearing; due and demandable
Due to related parties	**–**	–	–	**(77,806)**	(80,194)	Non-interest bearing; due and demandable

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

The outstanding balance of interest-bearing loan of US$189.00 million (9,596.29 million) was fully settled on May 27, 2022.

Notes Receivables

In thousand PH

Related Party	Amount/ Volume			Outstanding Balance		Terms / Conditions
	2023	2022	2021	**2023**	2022	
Development loans						
Joint Ventures						
UPC-AC Energy Solar Limited (UPC-ACE Solar)	**₱–**	₱401,436	₱675,294	**₱806,694**	₱1,115,100	Due in 2023; interest bearing; unsecured; with impairment
ACEN-Silverwolf	**5,415**	–	–	**5,415**	–	Due in 2023; interest bearing; unsecured; no impairment
Affiliate						
Yoma Strategic Investments Ltd (“Yoma”)	**–**	–	–	**1,329,824**	1,339,071	Due in 2023; interest bearing; unsecured; no impairment
	₱5,415	₱401,436	₱675,294	**₱2,141,933**	₱2,454,171	
Debt replacements						
Joint Ventures						
Greencore 3	**₱248,591**	₱2,147,546	₱2,078,400	**₱4,474,536**	₱4,225,946	Due in 2024; interest bearing; unsecured; no impairment
Lac Hoa	**–**	2,643,403	–	**2,625,150**	2,643,403	Due in 2024; interest bearing; unsecured; no impairment
Hoa Dong	**–**	2,318,792	–	**2,302,780**	2,318,792	Due in 2024; interest bearing; unsecured; no impairment
Asian Wind 1	**–**	–	–	**1,472,288**	3,087,433	Due in 2035; interest bearing; unsecured; no impairment
Asian Wind 2	**–**	2,737,160	1,360,743	**1,157,895**	2,435,262	Due 2045 interest bearing; unsecured; no impairment
NEFIN Solar	**220,649**	574,834	253,870	**791,514**	574,834	Due in 2024; interest bearing; unsecured; no impairment
Ingrid	**600,000**	650,000	–	**300,000**	200,000	Due in 2024; interest bearing; unsecured; no impairment
VWEL	**₱224,279**	₱754,669	₱2,553,602	**₱283,482**	₱59,614	Due in 20 years from date of drawdown; interest bearing; unsecured; no impairment
PT Dewata ACEN Renewables Indonesiaa	**33,214**	–	–	**33,214**	–	Due in 2024; interest bearing; unsecured; no impairment
BIM Wind	**–**	–	5,782,397	**–**	4,749,490	Due in 2030 interest bearing; unsecured; no impairment
	₱1,326,733	₱11,826,404	₱12,029,012	**₱13,440,859**	₱20,294,774	

	Amount/ Volume			Outstanding Balance		
Related Party	**2023**	2022	2021	**2023**	2022	**Terms / Conditions**
Other Loans						
Joint Venture						
Infineum 4 Energy, Inc.	**₱34,360**	₱43,466	₱–	**₱77,826**	₱43,466	Due in 2024; interest bearing; unsecured; no impairment
BrightNight	**310,542**	–	–	**310,542**	–	Due in 2024; interest bearing; unsecured; no impairment
Ingrid	–	450,000	–	–	300,000	Due in 2023; interest bearing; unsecured; no impairment
	₱344,902	₱493,466	₱–	**₱388,368**	₱343,466	

Except for the discussion above, the movement in the notes receivable from related parties are revaluation of US$ denominated notes receivable to Philippine peso from 31 December 2022 to 31 December 2023.

Development Loan

Development loan facilities are provided to related parties and third parties to fund the development of renewable power plant projects (see Note 5 of the Audited Consolidated Financial Statements).

Debt replacement

Debt replacement facilities are provided to related parties to fund investment requirements of renewable power plants while under construction and undergoing implementation or release of project financing from financial institutions (see Note 5 of the Audited Consolidated Financial Statements).

Other Loans

Receivables from ENEX Energy Corp.

On 13 January 2022, ACEN extended a Php 150 million loan facility in favor of ENEX Energy Corp. (“ENEX”) to fund the latter’s share in Batangas Clean Energy Inc.’s pre-development activities.

Interest expense related to this short-term loan amounted to Php 9.81 million for the year ended 31December 2023.

The loan was subjected to 3.875% p.a payable on or before 10 November 2022. On 11 November 2022, the loan was extended and subjected to 7.2954% interest per annum payable on or before 10 November 2023.

On 2 August 2023, the remaining balance of the short-term loan amounting to Php 23.00 million was availed with an interest rate of 5.75% interest p.a payable on or before 1 February 2024.

On 11 November 2023, the loan was extended and is now subject to 8.6569% interest p.a payable on or before 30 September 2024.

Receivables from Infineum 4, Inc.

On 7 January 2022, the ACE Endevor, Inc., Maraj Energy and Development, Inc. (MEDI) and Infineum 4 entered into an Omnibus Loan and Security Agreement in which the Parent Company will lend to the amount of 150.00 million to Infineum 4 with an annual interest of 8% payable in full on the repayment date to be used for the pre-development and development activities of the proposed floating solar power project in Lake Mapanuepe in San Marcelino, Zambales. The Loan shall be made available for a period of two (2) years from the date of the agreement which may be extended upon mutual agreement by the parties.

Interest Income and Receivable

This account consists of:

In thousand PH

	Amount/Volume			Outstanding Balance Receivable (Payable)		
Related Party	**2023**	2022	2021	**2023**	2022	**Terms**
Other Financial Assets at Amortized Cost (Note 7)						
Redeemable preferred shares	**₱2,509,952**	₱2,251,145	₱1,151,895	**₱3,473,000**	₱2,487,852	various dates
Convertible loans	**627,386**	1,223,766	1,146,918	**761,760**	1,071,551	various dates
	₱3,137,338	₱3,474,911	₱2,298,813	**₱4,234,760**	₱3,559,403	
(Forward)						
Development Loans						
Joint Ventures						
UPC-ACE Solar	**₱102,677**	₱95,725	₱80,211	**₱327,633**	242,890	various dates
UPC-ACE Australia	**14,664**	7,087	–	**–**	–	various dates
Associates						
ACEN-Silverwolf	**–**	–	–	**206**	–	various dates
The Blue Circle (TBC)	**–**	60,390	56,572	**–**	–	various dates
Affiliate						
Yoma	**53,314**	52,427	48,324	**198,328**	146,341	various dates
	₱170,655	₱215,629	₱185,107	**₱526,167**	389,231	
Debt replacements						
Joint Ventures						
VWEL	**37,355**	59,043	306,768	**465,726**	431,899	various dates
Hoa Dong	**301,196**	86,371	–	**439,074**	87,504	various dates
Lac Hoa	**343,065**	96,629	–	**387,030**	97,896	various dates
NEFIN Solar	**47,487**	26,480	–	**63,448**	22,084	various dates
Greencore 3	**495,884**	228,241	57,387	**57,797**	276,357	30-day, non-interest bearing
Ingrid	**76,405**	12,367	–	**33,337**	9,167	30-day, non-interest bearing
PT Dewata ACEN Renewables Indonesia	**–**	–	–	**472**	–	various dates
Asian Wind 1	**283,695**	269,291	208,839	**–**	–	various dates
Asian Wind 2	**224,807**	199,560	233,424	**–**	67,648	various dates
BIM Wind	**130,266**	380,250	248,334	**–**	88,657	various dates
BIMRE	–	10,370	186,173	**–**	–	various dates
	₱1,940,160	₱1,368,602	₱1,240,925	**₱1,446,884**	₱1,081,212	
Other Loans						
BrightNight	**₱29,677**	₱–	₱–	**₱29,693**	₱–	30-day, non-interest bearing
Others	**3,833**	1,876	–	**4,095**	1,875	30-day, non-interest bearing
	₱33,510	₱1,876	₱–	**₱33,788**	₱1,875	
Trade Receivables						
Affiliates	**₱–**	₱–	₱–	**₱9,068**	₱5,408	30-day, non-interest bearing

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

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

Loans Payable

In thousand PH

Related Party	Amount / Volume			Outstanding Balance Receivable (Payable)		Terms
	2023	2022	2021	**2023**	2022	
BPI						
Interest Expense / Interest Payable	**₱2,232**	₱6,454	₱2,337	**(₱16,521)**	(₱8,834)	30 days, unsecured
Long-term loans	**110,257**	339,442	112,879	**(2,367,909)**	(1,766,487)	12 years, interest bearing
Short term loans	**66,492**	25,317	–	**(1,500,000)**	–	63 days, interest bearing

Right of Use Assets / Lease Liabilities

The Group entered into lease agreements with Ayala Land, Inc, ("ALI") and Fort Bonifacio Development Corporation ("FBDC"), both affiliates, for the use of the latter's office unit and parking spaces. The lease with FBDC expired on 31 March 2023.

In thousand PH

	Amortization / Interest Expense			Right-of-use assets / (Lease Liabilities)		
Related Party	**2023**	2022	2021	**2023**	2022	**Terms**
ALI						
Right of use assets	**₱144,988**	₱114,880	₱93,899	**₱1,448,350**	₱926,451	10 years, unsecured
Lease Liabilities	**65,517**	41,550	38,847	**(1,639,935)**	(1,008,858)	10 years, unsecured
FBDC						
Right of use assets	–	9,227	9,227	–	4,573	3 years, unsecured
Lease Liabilities	–	182	435	–	(9,771)	3 years, unsecured

Other Related Party Transactions

In thousand PH

	Amount/Volume			Outstanding Balance Receivable (Payable)		
	2023	2022	2021	**2023**	2022	**Terms**
Management fee income	**₱138,970**	₱46,148	₱53,160	**₱112,513**	₱ 8,019	30-days, unsecured
Rental income	**13,009**	17,337	16,737	**4,214**	2,118	30-days, unsecured
Revenue from power supply contracts	**–**	33,721	–	**–**	–	30-days, unsecured
Cost of sale of electricity	**(569,485)**	911,744	472,004	**(103,650)**	(92,591)	30-days, unsecured
Due from related parties	**–**	–	3,465	**738,206**	422,796	On demand, Unsecured
Due to related parties	**–**	–	–	**2,733,673**	(1,585,951)	On demand, Unsecured

Management fee income pertains to service fees billed by the Group to its related parties under common control and joint venture & associates for providing a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/ bookkeeping services, human resources management, manpower related services and other related functions.

Rental income pertains to revenue from sublease agreement with Ingrid.

The Parent Company ACEN purchases the entire net electricity output of Maibarara Geothermal, Inc.

The amount due from a related company pertains mostly from advances including those for project development or reimbursement of expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

The amount due to related parties pertains to advances, including those for development cost, utilities expense, professional services and other miscellaneous expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

Receivables from Employees and Officers

Receivables from officers and employees amounting to Php 301.17 million for both years ended 31 December 2023 and 31 December 2022, pertain to housing, car, salary and other loans granted to the Group's officers and employees.

Payable to Directors and Stockholders

In thousand PH

	Amount/Volume			Outstanding Balance Receivable (Payable)		
	2023	2022	2021	**2023**	2022	**Terms / Conditions**
Accrued director's and annual incentives						
Directors' fee and annual incentives	**₱36,700**	₱29,812	₱23,352	**(₱2,000)**	₱–	On demand, Unsecured
Due to stockholders						
Cash dividends	**2,069,015**	2,298,950	1,195,787	**(16,585)**	(16,585)	On demand, Unsecured

Compensation of key management personnel

Compensation of key management personnel of the Group are as follows:

In thousand PH

	2023	2022	2021
Short-term employee benefits	**₱59,802**	₱54,431	₱64,215
Post-employment benefits	**27,750**	4,132	2,691
	₱87,552	₱58,563	₱66,906

Identification, Review and Approval of Related Party Transactions

All (1) SEC-defined material related party transactions ("**RPTs**"), *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 RPT/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), *i.e.*, ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material RPTs, 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 RPTs may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

The Company complies with its RPT Policy and ensures that all transactions with related parties are reasonable, fair, and on arm's length basis. Material RPTs are disclosed, reviewed, and approved, in accordance with the Company's RPT Policy.

b. Ownership structure and parent company

The parent company of ACEN is ACEIC. As of 29 February 2024, ACEIC owns 58.12% of the outstanding voting shares of the Company. [16]

PART IV. CORPORATE GOVERNANCE AND SUSTAINABILITY

For the full details and discussion, please refer to the Definitive Information Sheet and Annual Corporate Governance Report posted in the Company's Official Website www.acenrenewables.com. The detailed discussion of the Annual Corporate Governance Section was deleted as per SEC Memorandum Circular No. 5, series of 2013, issued last March 20, 2013.

COMPLIANCE PROGRAM

Item 13 A. Corporate Governance

The Board of Directors, officers and employees of the Company commit themselves to the principles and best practices embodied in its Corporate Governance Manual (the "Manual"). The Company believes that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore exert every effort to ensure adherence thereto within the organization.

Compliance Officer

The Board designates a Compliance Officer who reports to the Chairman of the Board. As required of publicly-listed companies, the appointment of Compliance Officer is properly disclosed to the SEC. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

The Compliance Officer's duties include ensuring proper on boarding of new directors (i.e., orientation on the Company's business, charter, articles of incorporation and by-laws, among others), monitor, review, evaluate and ensure compliance by the Company, its officers and directors with the relevant laws, with the Code of Corporate Governance ("Code"), rules and regulations and all governance issuances of regulatory agencies, appear before the SEC upon summon on matters in relation to compliance with the Code, ensure the integrity and accuracy of all documentary submissions to regulators, determine violation/s of the Code and recommend to the Board the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation, identify possible areas of compliance issues and work towards the resolution of the same, develop and establish, subject to approval of the Board, a monitoring and evaluation system to determine compliance with the Manual, which system shall provide for a procedure that fulfils the requirements of due process, ensure the attendance of board members and key officers to relevant trainings and perform such other duties and responsibilities as may be provided by the SEC.

Integrated Annual Corporate Governance Report (I-ACGR)

SEC MC No. 15, Series of 2017 was released in December 2017 which mandates all publicly-listed companies to submit an Integrated Annual Corporate Governance Report ("I-ACGR") on or before May 30 of the following year for every year that the company remains listed in the PSE, covering all relevant information for the preceding year.

[16] This includes the 116,234,418 indirect shares which were declared by AC as property dividends but have yet to be distributed to its stockholders as disclosed under AC's PSE Edge Disclosure Report No. C00247-2023 dated 10 January 2023. Until such actual distribution, ACEIC retains beneficial ownership of the indirect shares, being a 100% subsidiary of AC.

The I-ACGR supersedes the ACGR last submitted for the year 2017 to the SEC and the Compliance Report on Corporate Governance last submitted for the year 2017 to the PSE. The Company submitted its I-ACGR for the years 2020 and 2021 on 30 June 2021[17] and 30 May 2022, respectively. For the fiscal year 2022, the Company submitted its I-ACGR on 31 May 2023.

As of 31 December 2023, the Company has substantially complied with the principles and best practices contained in the Manual. There were no sanctions imposed on any director, officer or employee for non-compliance of the Manual. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance. On 7 March 2023, the Board approved revisions to the Manual given newly created roles, and the expansion of existing roles, within the Company, with a view of further strengthening the senior management team of the Company. The Manual was further revised on 15 December 2023 to align the titles and functions of the key officers of the Company with certain organizational changes.

Integrated Report

The Company adheres to the International Integrated Reporting Framework set by the International Integrated Reporting Council as a means to present its business model, risk and opportunities, strategy, performance, and outlook. A copy of the Company's 2022 Integrated Report may be accessed *via* https://www.acenrenewables.com/wp-content/uploads/2023/04/ACEN-2022-Integrated-Report-vF-web-version.pdf.

A copy of the Company's Integrated Report for the year 2023 will be provided to stockholders of record *via* https://www.acenrenewables.com/disclosures/2023-ir/.

INTEGRATING SUSTAINABILITY

Item 13.B Sustainability Report

ACEN has deepened its commitment to sustainable development and continues to find areas where we can contribute and help solve global issues. We go beyond metrics and regulatory compliance – we aim to deliver value that would benefit society and would impact our employees, customers, suppliers, partners and shareholders meaningfully.

Embedding sustainability across our strategy has established a strong foundation to the entire organization, influencing our thinking and decision- making.

We've made important progress over the last year through our Environmental, Social, and Governance (ESG) initiatives. To make our sustainability efforts more strategic and focused, and drive the sustainability performance of our organization, we have identified key ESG issues that are material to ACEN and to what matters to our stakeholders. We have established a baseline of our ESG data, including climate that helped us develop our metrics and targets in assessing risks and opportunities.

Our ESG roadmap sets out clear targets to achieve our Net Zero greenhouse gas emissions by 2050 and sustainable development ambitions. These targets are aligned with the UN Sustainable Development Goals (SDGs). The roadmap uses metrics to track our progress toward achieving our goals.

ENVIRONMENTAL: NET ZERO BY 2050

As ACEN aspires to be a Net Zero company by 2050, we recognize our role to help conserve the environment and prevent the continued decline in biodiversity and risk to the natural resources which we all depend on.

Our commitment to the environment is built on three focus areas: Climate Change, Biodiversity, and Resource Efficiency. Through these three focus areas, we aim to manage our key environmental impacts, help address the urgent issue of climate change and use resources responsibly.

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[17] On 27 July 2021, the Company submitted an amended I-ACGR bearing the notarized signature page of its Chairman, Mr. Fernando Zobel de Ayala. To recall, on 25 June 2021, the Company requested the Commission to suspend the wet ink signature and notarization requirement of the Company's 2020 I-ACGR considering that its then Chairman, Mr. Fernando Zobel de Ayala, was overseas at the time and unable to physically sign the 2020 I-ACGR in time for the 30 June 2021 deadline for submission. On 21 July 2021, the Company received the Commission's letter granting the foregoing request, subject to the Company's compliance with certain conditions.

Our Net Zero roadmap completion

In December 2022, we announced the completion of a robust Net Zero roadmap that includes near term emission reduction targets aligned with the GHG Protocol and the latest climate-science and long-term targets that are consistent with the deep decarbonization of the power sector. ACEN is the first energy company in Southeast Asia to take this critical step towards achieving Net Zero, providing an accountable and transparent framework for monitoring progress.

ACEN recognises that to reach the Net Zero outcome for the power sector, it will need to rely on both emissions reduction and neutralisation of residual emissions.

As part of its transition plan, ACEN aims to deliver reduction-led decarbonization by 2040, with an interim target for 2030, and a Net Zero status (including neutralization) by 2050. This 2050 goal is in line with the broader Ayala group net zero target, while ACEN will continue to explore opportunities to further accelerate these targets in future.

In 2023, ACEN's generation portfolio has grown to ~4,800 MW of net attributable capacity, with 98% coming from renewable technologies across the Asia Pacific.

Energy Transition Mechanism

Accelerating further our Net Zero aims, in November 2022, we completed the full divestment of the South Luzon Thermal Energy Corporation coal plant using the Energy Transition Mechanism (ETM) framework, the first market-based implementation in the world. This landmark transaction will enable the early retirement of the 246 MW SLTEC coal plant in Batangas, Philippines. Under the structure, the coal plant will be retired by 2040 and transitioned to a clean technology, thereby reducing its operating life of up to 50 years by half. This will help avoid or reduce up to 50 million metric tons of carbon emissions. The transaction generated ₱7.2 billion in proceeds for ACEN, which will be reinvested into renewable energy projects.

Aligning with TCFD

Since 2021, ACEN has been a supporter of the Task Force for Climate-Related Financial Disclosures (TCFD), established by the Financial Stability Board to develop voluntary, consistent, climate-related financial disclosures to improve transparency on climate risks and opportunities. These disclosures revolve around four thematic areas: governance, strategy, risk management, and metrics and targets.

We recognize that in order to effectively address the impact of climate change, it is imperative that we gain a better understanding of our exposure and the financial implications of climate-related risks and opportunities to our business. This would allow us to better integrate climate-related factors into our risk management, strategic planning, capital allocation, and overall decision-making processes.

Biodiversity

Biodiversity is important to us. We all depend on our natural resources, and the continued decline and degradation of our environment has been alarming.

While we scale up our renewables development to help other industry sectors catch up with the energy transition, we are mindful of our own environmental impact. Guided by our Environmental, Social & Governance Policy and Management System, we assess future projects by identifying their direct impact on biodiversity.

We reference best-practice mitigation hierarchy guidelines to shape the biodiversity plans we develop in our sites. Furthermore, mitigation measures will be designed to achieve no net loss, including identifying and protection of set-asides, and/or restoring habitat during and/or after operations. We develop a biodiversity plan, not only to mitigate potentially significant impacts, but most importantly, to enhance biodiversity that will also create a meaningful impact to our host communities.

SOCIAL: INVESTING IN PEOPLE

We invest in our people and communities. We recognize that access to energy is essential and our aim is to build and provide more clean energy for the society and for economic growth. We also rely significantly on our ability to effectively and efficiently engage with them as we work towards our sustainable goals. We create meaningful ways to ensure a functional and productive society as we commit to drive positive change for people and the planet.

Human capital: Our people and culture

At ACEN, we prioritize our goal to attract, retain and grow the best talent in each aspect of our business, as the quest for a Net Zero world is a tall order indeed. ACEN 2030 is an aggressive goal and we believe that we have the right elements to succeed. We have a strong balance sheet, robust pipeline, strong partnerships and most importantly, a highly energized organization.

We put our people first – we provide a safe, supportive and inclusive environment for our people, a workplace where they can feel a complete sense of ownership and belongingness, and where their opinions matter. We believe in fostering an inclusive culture where everyone feels they are heard, treated fairly and with respect. We create programs and benefits that support the development of the entire organization, ensure a safe work environment and a diverse culture for our employees.

Social investments

As ACEN continues to scale up its renewables expansion across the region, we also commit to invest in the socio-economic progress of the communities where we operate. We collaborate with local governments, state agencies and conservation groups in establishing programs that can be a force for good through livelihood creation, large-scale infrastructure development, improved community health and safety awareness and disaster response, and innovative waste management approach – with the objective to create tangible, long-term value for our communities.

GOVERNANCE: INTEGRATING SUSTAINABILITY

To complement good ESG metrics, transparency is important to help our investors make decisions, and assess both risks and opportunities. We have been aligning our disclosures and policies with the different ESG frameworks and data providers.

We have established our baseline data and set our directions across our organization, our aim is to deliver our strategy and report on our progress.

Our environmental and social initiatives are embedded across our organization to drive forward initiatives that are important to us and our aspiration to be a Net Zero GHG emissions company by 2050. In parallel, our Corporate Governance System provides a clear organizational structure guided by an active Board of Directors, visionary management, strong core values and adequate policies and controls to ensure the integration of sustainability across the organization.

The Board approved the creation of a Sustainability Committee, which is responsible for the oversight of sustainability issues and climate-related risks and opportunities. The Sustainability Committee regularly reviews our sustainability strategy, culture and values, and performance. Dedicating a committee to sustainability reinforces the commitment of the Board towards climate governance and oversight over the business as we move towards a low carbon portfolio.

At the executive level, the ESG Committee advises on ESG-related matters in policymaking as well as monitors our performance on key ESG and climate-related metrics. Furthermore, the Risk and Health & Safety Committee provides an oversight function towards operational safety and sustainability-related risks. We also facilitated capacity building and awareness campaigns on ESG for our senior leaders to further embed sustainability into decision-making.

At the corporate level, the Sustainability team performs sustainability and climate oversight functions. This is headed by the vice president for Corporate Communications and Sustainability who has oversight in terms of managing sustainability initiatives and the company's climate-related risks and opportunities, as well as climate-related disclosures.

At the project level, project development leads proactively work to mitigate the physical effects of climate change in the planning and design of new projects. The Sustainability team works closely with the project development teams to ensure that any environmental issues are adequately addressed. For operating plants, plant managers, HSSE leads and pollution control officers work closely with the Sustainability team to address any environmental issues and manage physical risks of climate change.

ACEN's aspiration to be a leading renewable energy provider is driven by its goal to create value that would benefit society, as well as its employees and shareholders. Sustainability is at the core of our business, and it is integrated into the way we do things.

More information on the Company's sustainability efforts can be viewed at https://www.acenrenewables.com/sustainability/esg/.

A copy of the Company's 2022 Integrated Report may be accessed *via* https://www.acenrenewables.com/wp-content/uploads/2023/04/ACEN-2022-Integrated-Report-vF-web-version.pdf.

A copy of the Company's Integrated Report for the year 2023 will be provided to stockholders of record *via* https://www.acenrenewables.com/disclosures/2023-ir/.

PART V. EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C (Current Report)

(a) Exhibits - See accompanying Index to Financial Statements and Supplementary Schedules

(b) Reports on SEC Form 17-C

Aside from compliance with periodic reporting requirements, Ayala promptly discloses major and market sensitive information such as dividend declarations, joint ventures and acquisitions, the sale and disposition of significant assets, and other information that may affect the decision of the investing public.

The Company submitted SEC form 17-C and Press Statements to PSE, SEC on the following matters in 2023:

1st Quarter 2023

1. January 6, 2023 – Attendance of Directors in the meetings for year 2022
2. January 9, 2023 – Issuance of Corporate Guarantee in Support of the Company's Australia Projects
3. January 9, 2023 – Disposition of 1,170,000 ACEN shares of Irene S. Maranan
4. January 9, 2023 – Press Release: ACEN secures its largest syndicated green term loan facility for Australia platform
5. January 10, 2023 – The Company's acquisition of subscription rights in Sinocalan Solar Power Corp.
6. January 10, 2023 – Press release: ACEN Australia appoints PCL as EPC contractor and issues Notice to Proceed for 520MWdc (400MWac) Stubbo Solar Project
7. January 10, 2023 – Loan Agreement with BDO Unibank, Inc.
8. January 16, 2023 – Public Ownership Report as of December 31, 2022
9. January 16, 2023 – Disbursements of the proceeds generated from the Company's Stock Rights Offering as of December 31, 2022
10. January 16, 2023 – List of Top 100 Stockholders as of December 31, 2022
11. January 16, 2023 – Acquisition of 608,773 ACEN shares of Sherisa P. Nuesa
12. January 18, 2023 – Press release: ACEN and BIM Group's Vietnam wind farm gets US$107 million financing boost
13. January 19, 2023 – Matters approved at the special board meeting held January 18, 2023:
    a. Appointment of Mr. Jonathan Back as Chief Strategy Officer effective January 18, 2023;
    b. Memorandum of Agreement with subsidiary North Luzon Renewable Energy Corp. for the implementation of a

conservation estate program;

c. The Company's information security policies;
d. The Company's foreign exchange management policy;
e. Issuance of a standby letter of credit in favor of Maibarara Geothermal Inc., of which the Company has a 25% ownership interest;
f. Investment for and construction of access road and transmission line for wholly owned subsidiaries Gigasol1, Inc. and SolarAce2 Energy Corp., respectively, for a solar plant power project to be developed in Botolan, Zambales;
g. Updates to delegation of authority for international investments; and
h. Terms of funding for renewable energy projects in the US through ACEN's joint venture company, UPC Power Solutions, LLC.

14. January 19, 2023 – Appointment of Jonathan P. Back as Chief Strategy Officer of the Company
15. January 19, 2023 – Press release: ACEN Australia welcomes NSW Government support for long duration renewable energy storage facility
16. January 19, 2023 – Submission of SEC Form 23-A of Jonathan P. Back as the newly elected Chief Strategy Officer
17. January 23, 2023 – ACEN Change in Stock Transfer Agent effective February 1, 2023
18. January 25, 2023 – Press release: ACEN adds 300 MW renewables capacity in Palauig Solar
19. January 25, 2023 – Update on the Company's up to Php 1 billion Omnibus Loan and Security Agreement ("OLSA") with Provincia Investments Corporation ("PIC") and Solar Philippines Power Project Holdings, Inc. ("Solar PH")
20. January 26, 2023 – Report by ACEN CORPORATION as owner of 500,000,000 common shares in SP New Energy Corporation (SPNEC), or 5% of SPNEC's equity
21. January 26, 2023 – Press release: ACEN set to commence construction of 60 MW Pangasinan Solar
22. January 27, 2023 – Submission of the 2022 amended General Information Sheet
23. February 2, 2023 – Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited ("UPCAPH") and Mr. Anton Rohner ("Rohner") in ACEN Australia (formerly, UPC-AC Renewables Australia)
24. February 2, 2023 – Amendment: Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited ("UPCAPH") and Mr. Anton Rohner in ACEN Australia (formerly, UPC-AC Renewables Australia)
25. February 2, 2023 – Press release: ACEN completes acquisition of Australia development platform
26. February 7, 2023 – Changes in percentage ownership of AC Energy and Infrastructure Corporation as of January 31, 2023
27. February 10, 2023 – Notice of Briefing on FY 2022 Financial and Operating Results for Analysts and Investors on 9 March 2023
28. March 8, 2023 – Notice of Conduct of the Annual Stockholders' Meeting
29. March 8, 2023 – Amendment to Article VII of the Articles of Incorporation of the Company to create preferred shares via reclassification of 100 million unissued common shares into preferred shares
30. March 8, 2023 – Schedule of the Annual Stockholders' Meeting
31. March 8, 2023 – Matters approved at the regular board meeting held on March 7, 2023

a. Schedule, mode of conduct, and agenda of the 2023 annual stockholders' meeting ("ASM")
b. Designation of proxy for ENEX Energy Corp.'s 2023 ASM
c. Revisions to the Corporate Governance Manual
d. Revisions to the Sustainability Committee Charter
e. Delegation of certain investment/capital investment decisions to the Executive Committee
f. Increase in Philippine revolving development fund
g. Increase in land acquisition budget and expansion of use to include Australia and Indonesia
h. Issuance of credit support for the Laos-Vietnam wind project of Company's wholly-owned subsidiary, ACEN Renewables International Pte. Ltd.
i. The Company's 2022 audited financial statements
j. Procurement of additional credit facilities of up to Php 32 billion
k. Modifications and entry into a sustainability-linked loan facility with Asian Development Bank and Bank of Philippine Islands, subject to finalization of loan terms

l. Modifications to the foreign exchange management policy
m. Re-appointment of SGV & Co. as the Company's external auditor for 2023 and endorsement thereof to the stockholders for approval at the 2023 ASM
n. Amendment of Articles of Incorporation to create preferred shares via reclassification of 100 million unissued common shares into preferred shares and endorsement thereof to the stockholders for approval at the 2023 ASM
o. Offering/issuance, and/or private placement, and listing of preferred shares, subject to stockholders' and regulatory approvals 2023 key results areas
p. The Company's Net Zero greenhouse gas emissions by 2050 strategy and roadmap, which include assessments on potential emission reduction activities, and the establishment of near-erm targets aligned with a science-based 1.5°C pathway across the core business units
q. Execution of a keep whole agreement with Axia Power Holdings Philippines Corporation in relation to the proposed participation by Ingrid Power Holdings, Inc. (their joint venture company) in a bidding for ancillary services with the National Grid Corporation of the Philippines

32. March 9, 2023 – Press release: ACEN registers Php13.1 billion net income in 2022
33. March 13, 2023 – Press release: ACEN partners with BrightNight to develop over 1.2 GW hybrid renewable energy portfolio in India
34. March 16, 2023 – Detailed Notice and Agenda of the 2023 Annual Stockholders' Meeting
35. March 16, 2023 – Press release: ACEN acquires portfolio of eight operating wind projects in Texas, USA
36. March 17, 2023 – Acquisition of 100,000 ACEN shares of Solomon M. Hermosura
37. March 20, 2023 – Resignation of Michael E. Limbo as Chief Audit Executive effective 30 March 2023
38. March 20, 2023 – Press release: New England Solar, one of Australia's largest solar projects, officially opened
39. March 21, 2023 – Sale by ACEN CORPORATION of 100,000 common shares in SP New Energy Corporation (SPNEC), reducing its ownership to less than 5%
40. March 24, 2023 – Clarification of the news article in BusinessWorld (Online Edition) on March 22, 2023 entitled, "PSALM says qualified bidders for Casecnan now down to seven"
41. March 28, 2023 – Notice of Company's Definitive Information Statement to be uploaded at https://acenrenewables.com/disclosures/2023-dis/
42. March 30, 2023 – Subscription by the Company to shares in Santa Cruz Solar Energy Inc.
43. March 31, 2023 – Annual Certification of the Department of Energy 2ND QUARTER

2nd Quarter 2023

1. April 3, 2023 – Press release: ACEN announces roadmap to reach Net Zero emissions by 2050
2. April 5, 2023 – Participation of our Directors and Officers in Corporate Governance Training as of December 31, 2022
3. April 5, 2023 – Subscription by the company to shares in Bayog Wind Power Corp.
4. April 11, 2023 – Press release: ACEN's Monsoon Wind signs financing for its 600 MW wind project, the first wind power project in Lao PDR
5. April 14, 2023 – Disbursements of the proceeds generated from the Company's Stock Rights Offering as of March 31, 2023
6. April 14, 2023 – Public Ownership Report for the period ending March 31, 2023
7. April 14, 2023 – Annual Report for the fiscal year ended December 31, 2022
8. April 17, 2023 – List of Top 100 Stockholders for the period ended March 31, 2023
9. April 24, 2023 – Results of 2023 Annual Stockholders' Meeting
10. April 24, 2023 – Results of 2023 Organizational Meeting of the Board of Directors
11. April 24, 2023 – Amendment of the Corporation's 7th Article of the Articles of Incorporation to create preferred shares via reclassification of common shares
12. April 26, 2023 – Notice of Briefing on 1Q 2023 Financial and Operating results for Analysts and Investors on May 4, 2023
13. April 26, 2023 – Submission of SEC form 23-A of Ma. Cecilia T. Cruzabra as newly appointed Treasurer
14. April 26, 2023 – Submission of SEC form 23-A of Garry K. Lester as newly elected independent director
15. April 26, 2023 – Submission of SEC form 23-A of Maria Lourdes Heras-de Leon as newly elected independent director

16. April 26, 2023 – Submission of SEC form 23-A of Jesse O. Ang as newly elected independent director
17. May 2, 2023 – Press release: ACEN Australia secures two long-term energy service agreements for its solar projects in NSW Government's first renewable energy and storage auction
18. May 4, 2023 – Press release: ACEN net income soars 5x to Php2.0 billion in the first quarter of 2023
19. May 5, 2023 – Subscription by the Company to additional shares in Natures Renewable Energy Devt. (NAREDCO) Corporation
20. May 8, 2023 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of April 30, 2023
21. May 10, 2023 – Press release: ACEN and AMI Renewables move ahead in the development of Vietnam's first grid-connected battery energy storage system
22. May 12, 2023 – Revised Corporate Governance Manual
23. May 12, 2023 – Executive Committee approval of Fit-out budget
24. May 12, 2023 – Quarterly report for the period ending March 31, 2023
25. May 16, 2023 – Subscription by the Company to shares in Pagudpud Wind Power Corp.
26. May 18, 2023 – Matters approved at the 2nd regular meeting held on May 18, 2023:
    a. Authorizations for the administration of the PHINMA Retirement Plan (the "PHINMA Plan") with respect to remaining contributions of employees of the Corporation who were absorbed by the Corporation from PHINMA
    b. Amendment of the PHINMA Plan rules to remove the Corporation from the list of member companies
    c. Execution and availment of credit facilities with China Banking Corporation of up to Php 5 billion
    d. Execution and availment of omnibus credit lines with Mitsubishi UFJ Financial Group (MUFG) of up to USD 50 million
    e. Investment management policy guidelines and trading limits
    f. Approval in principle of the increase in transmission line investments to support the Corporation's Zambales solar projects, and delegation of authority to the Executive Committee to approve the final investment details
27. May 24, 2023 – filing of registration statement with the Securities and Exchange Commission for the Shelf Registration of up to 50 million preferred shares and the proposed public offer and sale of up to 25 million of such preferred shares
28. May 25, 2023 – Subscription by the Company to additional shares in Natures Renewable Energy Devt. (NAREDCO) Corporation
29. May 31, 2023 – Submission of Integrated Annual Corporate Governance Report for the fiscal year ended December 31, 2022
30. June 5, 2023 – Regulatory approval of ACEN's acquisition of portfolio of eight operating wind projects in Texas, USA
31. June 9, 2023 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of June 7, 2023
32. June 13, 2023 – Amendment of the Corporation's 7th Article of the Articles of Incorporation to create preferred shares via reclassification of common shares as approved by the Securities and Exchange Commission on June 9, 2023
33. June 14, 2023 – Approval of the Securities and Exchange Commission on June 9, 2023 to the Amendment of the Articles of Incorporation reflecting the Reclassification of Common Shares into Preferred Shares
34. June 15, 2023 – Subscription by the Company to additional shares in Sinocalan Solar Power Corp.
35. June 27, 2023 – Press release: ACEN completes the first phase of the acquisition of Super Energy's Vietnam solar platform
36. June 30, 2023 – Submission of SEC Form 23-B of Roman Miguel G. de Jesus to report the acquisition of 1,000,000 shares of the Company.

3^{rd} Quarter 2023

1. July 6, 2023 – Matters approved at the special meeting of the board of directors held on July 5, 2023:
   a. Appointment of Mr. Jonathan P. Back as Chief Finance Officer effective 1 January 2024
   b. Issuance of corporate guarantees in support of debt facilities amounting to USD 352 million to be raised by ACEN Cayman, a subsidiary of the Company, to fund its payment obligations
   c. USD 70 million equity investment into ACEN International, Inc. and/or ACEN Renewables International Pte. Ltd., which are subsidiaries of the Company
   d. The Company's 2022 Business Separation and Unbundling Plan ("BSUP") report, and the submission thereof to the Energy Regulatory Commission ("ERC").
2. July 6, 2023 – Retirement of Ms. Maria Corazon G. Dizon as Chief Finance Officer of the Company effective December 31, 2023
3. July 7, 2023 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of July 6, 2023
4. July 11, 2023 – Executive Committee approval of the following:
   a. The one (1) year extension of maturity of the Php4.7 billion loan facility provided by the Company to Greencore Power Solution 3, ACEN's joint venture company with Citicore Solar Energy Corporation for the Arayat Solar project, at an interest rate of 15% (an increase from the current ~7%); and
   b. The proposed joint venture with Norfund and investment into YMP Telecom Power Inc. for the provision of sustainable and affordable telecom tower solarization solutions in the Philippines, on terms as presented and subject to definitive documentation.
5. July 11, 2023 – Public Ownership Report for the period ending June 30, 2023
6. July 13, 2023 – Sale of shares in ACEHI Netherlands B.V.
7. July 13, 2023 – Submission of SEC Form 23-B of Patrice R. Clausse to report the acquisition of 82,620 shares of the Company
8. July 13, 2023 – Submission of SEC Form 23-B of Cezar P. Consing to report the acquisition of 27 shares of the Company
9. July 13, 2023 – Submission of SEC Form 23-B of John Philip S. Orbeta to report the acquisition of 1,271,719 shares of the Company
10. July 13, 2023 – Submission of SEC Form 23-B of Delfin L. Lazaro to report the acquisition of 68,939 shares of the Company
11. July 13, 2023 – Submission of SEC Form 23-B of Solomon M. Hermosura to report the acquisition of 40,848 shares of the Company
12. July 17, 2023 – List of Top 100 Stockholders for the period ending June 30, 2023
13. July 18, 2023 – Press release: ACEN and Yindjibarndi people forge historic partnership for renewable energy development in West Australia
14. July 21, 2023 – Amended press release: ACEN and Yindjibarndi people forge historic partnership for renewable energy development in West Australia
15. July 21, 2023 – Executive Committee approval of funding of special purpose vehicles for development activities
16. July 21, 2023 – Notice of Briefing on First Half 2023 Financial and Operating Results for Analysts and Investors on 3 August 2023
17. July 26, 2023 – Matter approved at the special meeting of the board of directors held on July 25, 2023:
    a. The terms and conditions of the Company's issuance of Preferred Shares
18. July 31, 2023 – Update on the Company's Preferred Shares Offering
19. August 3, 2023 – Press release: ACEN net income surges close to 2x to Php4.2 billion in the first half of 2023
20. August 7, 2023 – Update on the Loan Agreement among ACEN CORPORATION, Natures Renewable Energy Devt. (NAREDCO) Corporation, and CleanTech Renewable Energy 4 Corp.
21. August 8, 2023 – Declaration and Payment of Cash Dividends to Stockholders on record as of August 22, 2023, to be paid on or before September 18, 2023
22. August 8, 2023 – Matters approved at the regular board of directors meeting held on 7 August 2023:
    a. The Company's Human Rights Policy;
    b. The declaration of cash dividends of four centavos (Php 0.04) per common share on the 39,677,394,773 outstanding common shares of the Company, to be paid on or before 18 September 2023 to stockholders of

record as of 22 August 2023;
   c. The execution of support documents, including but not limited to a pledge on the shares of stock owned by the Company in wholly-owned Philippine operating renewable energy project companies, to support the project financing of the power projects of these companies;
   d. Php1 billion increase in an existing omnibus credit line for working capital and general corporate requirements; and
   e. The appointment of BPI Wealth (formerly BPI Asset Management and Trust Corp.) as trustee for the ACEN Group's Multi-Employer Retirement Plan.
23. August 9, 2023 – ACEN to develop its first large-scale floating solar project in Laguna Lake
24. August 9, 2023 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of August 9, 2023
25. August 10, 2023 – Update on the Company's Preferred Shares Offering
26. August 11, 2023 – Update on the Company's Preferred Shares Offering
27. August 14, 2023 – Press release: SEC Issues Permit to Sell for ACEN's Maiden Philippine Peso- Denominated Preferred Shares Issuance
28. August 14, 2023 – Quarterly Report for the period ending June 30, 2023
29. August 17, 2023 – Term loan facility secured by the Company worth Php10 Billion
30. August 18, 2023 – Omnibus Loan and Security Agreement of the Company together with Visayas Renewables Corp. and Monte Solar Energy, Inc. in the amount of up to Php600,000.00
31. August 22, 2023 – Update on the Joint Venture of ib vogt (Singapore) Pte. Ltd. and ACEN Renewables International Pte Ltd.
32. August 29, 2023 – Update on the Company's Preferred Shares Offering
33. August 31, 2023 – Update on the Joint Venture of the Puri Usaha Group and ACEN Renewables International Pte Ltd.
34. August 31, 2023 – Amended update on the Joint Venture of the Puri Usaha Group and ACEN Renewables International Pte Ltd.
35. September 1, 2023 – Joint Venture of ACEN Renewables International Pte Ltd. and Silverwolf Capital Limited
36. September 4, 2023 – Press release: ACEN Successfully Raises Php25.0 Billion from Maiden Peso- denominated Preferred Shares Offer
37. September 5, 2023 – Matters approved at the special board of directors meeting held on 4 September 2023:
   a. The Company's investment in a ~335 MW onshore wind power project located in the Provinces of Laguna and Quezon, through its wholly-owned subsidiary, Giga Ace 6, Inc., which recently was awarded as a successful bidder in the Department of Energy's Second Green Energy Auction Round ("GEA-2"); and
   b. The Company's procurement of a performance bond for the benefit of Giga Ace 6, Inc., to enable the latter's compliance with the requirements of GEA-2
38. September 6, 2023 – Submission of SEC Form 23-B of John Philip S. Orbeta to report the acquisition of 10,000 Series B Preferred Shares of the Company
39. September 6, 2023 – Submission of SEC Form 23-B of Maria Corazon G. Dizon to report the acquisition of 25,000 Series B Preferred Shares of the Company
40. September 6, 2023 – Submission of SEC Form 23-B of Jesse O. Ang to report the acquisition of 2,200 Series A Preferred Shares of the Company
41. September 7, 2023 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of September 5, 2023
42. September 7, 2023 – Amended update on the Company's Preferred Shares Offering
43. September 11, 2023 – Disbursements of the proceeds generated from the Company's Preferred Shares Offering
44. September 12, 2023 – Joint Venture of ACEN Indonesia Investment Holdings, Pte Ltd and PT Dewata Megaenergi
45. September 19, 2023 – Disbursements of the proceeds generated from the Company's Preferred Shares Offering made
46. September 22, 2023 – Subscription by the Company to shares in GigaWind1 Inc.
47. September 22, 2023 – Subscription by the Company to shares in Ingrid2 Power Corp.
48. September 22, 2023 – Subscription by the Company to shares in AC Subic Solar, Inc.
49. September 22, 2023 – Subscription by the Company to shares in SolarAce4 Energy Corp.
50. September 22, 2023 – Subscription by the Company to shares in AC Laguna Solar, Inc.

51. September 26, 2023 – Disbursements of the proceeds generated from the Company's Preferred Shares Offering

4th Quarter 2023

1. October 9, 2023 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of September 30, 2023
2. October 11, 2023 – Disbursement of the proceeds from the Company's Preferred Shares Offering
3. October 11, 2023 – Public Ownership Report for the period ending September 30, 2023
4. October 11, 2023 – List of Top 100 Stockholders (Common Shares) for the period ending September 30, 2023
5. October 11, 2023 – List of Top 100 Stockholders (Preferred Shares - ACENA) for the period ending September 30, 2023
6. October 11, 2023 – List of Top 100 Stockholders (Preferred Shares – ACENB) for the period ending September 30, 2023
7. October 13, 2023 – Disbursement of the proceeds from the Company's Preferred Shares Offering
8. October 16, 2023 – The Company secured a term loan facility worth Php5 Billion
9. October 17, 2023 – Notice of Analysts' and Investors' Briefing on 9 November 2023
10. October 20, 2023 – Press release: ACEN's Yindjibarndi Energy signs Pilbara renewables Memorandum of Understanding with Rio Tinto
11. November 3, 2023 – Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA)
12. November 3, 2023 – Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENB)
13. November 3, 2023 – Matter approved at the special board meeting held on 3 November 2023:
    a. Cash dividends for the fourth quarter of 2023 on the Company's outstanding Series A Preferred Shares (PSE:ACENA) at the rate of 1/4 of 7.1330% per annum equivalent to Php17.8325 per share, and Series B Preferred Shares (PSE:ACENB) at the rate of 1/4 of 8.0000% per annum equivalent to Php20.0000 per share.
14. November 6, 2023 – Amended Declaration of Cash Dividends on Outstanding Series B Preferred Shares (ACENB)
15. November 6, 2023 – Amended Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA)
16. November 6, 2023 – Company's approval to restructure Yoma Strategic Investment Ltd. outstanding loan with ACEN Renewables International Pte. Ltd.
17. November 8, 2023 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of November 7, 2023
18. November 8, 2023 – Disbursements of the proceeds generated form the Company's Preferred Shares Offering
19. November 9, 2023 – Press release: ACEN net income reaches ₱6.6 billion for 9M 2023
20. November 14, 2023 – Quarterly Report for the period ending September 30, 2023
21. November 17, 2023 – Matters approved at the regular board meeting held on November 16, 2023:
    a. The ratification of the Executive Committee's approval authorizing ACEN and its subsidiary, ACEN Renewables International Pte. Ltd. ("ACRI"), to enter into a restructuring arrangement with Yoma Strategic Holdings Ltd. ("Yoma") and Yoma Strategic Investments Ltd. ("YSIL") in relation to the outstanding loan of YSIL (a Yoma wholly owned subsidiary) from ACRI;
    b. The appointment of Ms. Mae Christine L. Go as the Company's Chief Audit Executive;
    c. The re-allocation of the use of net proceeds from the Company's Preferred Shares issuance;
    d. The schedule of 2024 dividends declaration and payment dates for the Company's Preferred Shares;
    e. (1) The Company's investment in the proposed New England Battery Energy Storage System project located near Uralla, New South Wales, Australia, and (2) the funding of early works for the proposed 320MWac / 416MWdc New England Solar Farm Phase 2 in Uralla, New South Wales, Australia;
    f. The Company's 2024 Budget and Business Plan; and
    g. The proposed asset for share swap between the Company's wholly-owned subsidiary, Buendia Christiana Holdings, Corp., and AREIT, Inc.
22. November 17, 2023 – Update on the Company's Preferred Shares Offering and Issuance
23. November 17, 2023 – Appointment of Mae Christine L. Go as Chief Audit Executive effective November 16, 2023
24. November 17, 203 – Submission of SEC Form 23-A of Mae Christine L. Go as newly elected Chief Audit Executive of the Company at the regular meeting of the Board of Directors held on 16 November 2023
25. November 29, 2023 – The Company signed a term loan facility worth Php20 Billion

26. December 1, 2023 – Disposition of land by Buendia Christiana Holdings Corp. ("BCHC"), a wholly owned subsidiary of ACEN CORPORATION (“ACEN”), in exchange for shares of AREIT, Inc. (“AREIT”) via property-for-share swap
27. December 5, 2023 – Press release: COP28: ACEN, The Rockefeller Foundation and Monetary Authority of Singapore Partner to Pilot the Use of Transition Credits for the Early Retirement of Coal Plants
28. December 5, 2023 – Executive Committee approval of the proposed partnership with BrightNight in the Philippines
29. December 7, 2023 – Press release: ACEN Renewables International Pte. Ltd secures its first USD100M green term loan facility from MUFG Bank, Ltd.
30. December 12, 2023 – Press release: COP 28: ACEN launches its Just Energy Transition Roadmap in partnership with global coal-to-clean accelerator
31. December 13, 2023 – Term loan facility between ACEN International, Inc. and Rizal Commercial Banking Corporation worth Php7 Billion
32. December 13, 2023 – Press release: ACEN and HSBC ink AUD75M green term loan for renewables expansion in Australia
33. December 14, 2023 – The Company secured a Sustainability-Linked loan facility worth Php11 Billion
34. December 14, 2023 – Press release: ACEN partners with ADB and BPI to raise PhP11 billion sustainability-linked term loan
35. December 14, 2023 – Press release: ACEN inducted as member of global group Powering Past Coal Alliance (PPCA) at COP28
36. December 14, 2023 – Subscription by the Company to additional shares in Belenos Energy Corporation (“Belenos”)
37. December 15, 2023 - Matters approved at the special board meeting held on 15 December 2023:
    a. Ratification of the Executive Committee’s approval of the Philippine joint venture with BrightNight APAC BV;
    b. Amendments to the Company’s Corporate Governance Manual;
    c. Appointment of Mr. Dodjie D. Lagazo as Group Compliance Officer effective 1 January 2024; and change in designation of (a) Mr. Jose Maria Eduardo P. Zabaleta from Chief Development Officer to Group Chief Operating Officer and Group Chief Development Officer effective 1 January 2024, and (b) Mr. Patrice R. Clausse from Chief Operating Officer for International to Group Chief Investment Officer effective 1 January 2024;
    d. The Company’s Supplier Code of Conduct;
    e. Revisions to the Company’s Data Privacy Policy and Data Privacy Manual;
    f. The updates on the Company’s ESG Policy Statement;
    g. The 200 MWdc/ 154 MWac San Marcelino Solar Project Phase 3 located in San Marcelino, Zambales; and
    h. Creation of the Company’s Philippine development and operations shared services company and funding thereof.
38. December 15, 2023 – Press release: ACEN and Barito enter new partnership in Indonesia wind projects
39. December 15, 2023 – Retirement of Ms. Maria Corazon G. Dizon as Compliance Officer effective December 31, 2023; Appointment of Mr. Dodjie G. Lagazo as Group Compliance Officer effective January 1, 2024; Change in Designation of Executive Officers effective January 1, 2024: (a) Mr. Jose Maria Eduardo P. Zabaleta from Chief Development Officer to Group Chief Operating and Development Officer; and (b) Mr. Patrice R. Clausse from Chief Operating Officer for International to Group Chief Investment Officer
40. December 21, 2023 – Disbursements of the proceeds generated from the Company’s Preferred Shares Offering
41. December 27, 2023 – The company signed a Facility and Security Agreement to provide a credit facility in the aggregate amount of up to Php200,000,000.00 in favor of YMP Telecom Power Inc.
42. December 28, 2023 – Subscription by the Company to 799,479,168 Common A Shares and 7,162,304 Redeemable Preferred A Shares in Giga Ace 6, Inc.
43. December 28, 2023 – Subscription by the Company to 7,198,575 Common A Shares, 64,800,388 Redeemable Preferred A Shares and 16,800,101 Redeemable Preferred C Shares in Giga Ace 8, Inc.
44. December 28, 2023 – Subscription by the Company to 2,400,000 Redeemable Preferred Shares in Gigasol1, Inc.
45. December 28, 2023 – Subscription by the Company to 2,500,000 Redeemable Preferred Shares in SolarAce2 Energy Corp.
46. December 28, 2023 – Subscription by the Company to 13,058,894 Common A Shares and 117,530,048 Redeemable Preferred A Shares in Santa Cruz Solar Energy Inc.
47. December 28, 2023 – Subscription by the Company to 70,800,387 Redeemable Preferred A Shares in Sinocalan Solar Power Corp.
48. December 29, 2023 – Acquisition of 60,000 common shares of Solomon M. Hermosura

Structured Reports submitted to SEC and PSE

1. Top 100 Stockholders Report
2. Public Ownership Reports
3. Statement of Changes in Beneficial Ownership of Securities of directors, officers, and 10% owners
4. Initial Statement of Beneficial Ownership of Securities of directors, officers, and 10% owners
5. Quarterly Financial Reports
6. Annual Report

ACEN

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on APR 1 1 2024.

ACEN CORPORATION
By:

Delfin L. Lazaro
Chairman of the Board

John Eric T. Francia
President and Chief Executive Officer

Jonathan P. Back
Group Chief Financial Officer and
Group Chief Strategy Officer

Maria Franchette M. Acosta
Corporate Secretary

Kyla Kamille U. Samson
Controller

Roman Miguel G. De Jesus
Business Unit Head of
Philippine Operations

SUBSCRIBED AND SWORN to before me this APR 1 1 2024 at Makati City, affiants exhibiting to me his/their respective passports/driver's license, to wit:

Name	Passport No.	Date of Issue	Place of Issue
Delfin L. Lazaro	P7392634B	13 Aug 2021	DFA Manila
John Eric T. Francia	P3923362B	21 Nov 2019	DFA Manila
Jonathan P. Back	GBR 534699744	15 Feb 2016	United Kingdom
Maria Franchette M. Acosta	P2265706C	4 Nov 2022	DFA Manila
Kyla Kamille U. Samson	P4126250B	6 Jan 2020	DFA Manila
Roman Miguel G. De Jesus	P0354305C	2 Jun 2022	DFA Manila

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Page No. 16
Book No. V
Series of 2024

LAWRENCE ANDREW F. QUINA
NOTARY PUBLIC
ROLL NO. 77899
MAKATI CITY, PHILIPPINES

LAWRENCE ANDREW F. QUINA
Notary Public for Makati City
Appointment No. M-376 (2023-2024)
Attorney's Roll No. 77899
PTR No. 10079346; 1-05-2024; Makati City
IBP No. 403596; 1-05-2024; Makati City
35th Floor Ayala Triangle Gardens Tower 2
Makati Avenue corner Paseo De Roxas
Makati City

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

ACEN

Report of the Audit Committee to the Board of Directors
For the Year Ended 31 December 2023

The Board-approved Audit Committee ("the Committee") Charter defines the duties and responsibilities of the Committee. In accordance with the Charter, the Committee assists the Board of Directors in fulfilling its oversight responsibilities to the shareholders with respect to the:

- Integrity of the Company's financial statements and the financial reporting process;
- Appointment, remuneration, qualification, independence and performance of the external auditors and the integrity of the audit process as a whole;
- Effectiveness of the system of internal control;
- Performance and leadership of the internal audit function; and
- Company's compliance with applicable legal and regulatory requirements.

In compliance with the Audit Committee Charter, we confirm that:

- All the Audit Committee members are non-executive directors with the necessary qualifications, skills, and knowledge to perform their duties. Majority of the members including the Chairman of the Committee are independent directors;

- We had four (4) regular meetings, two (2) special meetings, one (1) joint meeting with the Board Risk Management and Related Party Transactions Committee, and one (1) executive session with the external auditors and the internal auditors;

- We recommended for approval of the Board and endorsement to the shareholders the reappointment of SGV & Co. as the Company's 2023 external auditors and the related audit fee;

- We reviewed and approved the quarterly unaudited and the annual audited parent and consolidated financial statements of ACEN CORPORATION (ACEN) and Subsidiaries, including the Management's Discussion and Analysis of Financial Condition and Results of Operations and the significant impact of new accounting standards, with management, internal auditors and SGV & Co. These activities were performed in the following context:
  - Management has the primary responsibility for the financial statements and the financial reporting process; and
  - SGV & Co. is responsible for expressing an opinion on the conformity of ACEN's audited parent and consolidated financial statements with the Philippine Financial Reporting Standards.

- We approved the overall scope and the respective audit plans of the Company's internal auditors and SGV & Co. We reviewed the adequacy of resources, the competencies of staff and the effectiveness of the auditors to execute the audit plans ensuring that resources are reasonably allocated to the areas of highest risks. We also discussed the results of their audits, their assessment of the Company's internal controls, and the overall quality of the financial reporting process including their management letter of comments;

- We reviewed the reports and updates of the internal and external auditors ensuring that management is taking appropriate corrective actions in a timely manner, including addressing internal control and compliance issues. Based on the assurance provided by the internal audit department as well as SGV & Co. as a result of their audit activities, the Committee assessed that the Company's system of internal controls, risk management, compliance, and governance processes are adequate;

- We reviewed and approved the changes to the Policy on Pre-approval of Audit and Non-Audit to consider the International Ethics Standards Board for Accountants independence provisions for external auditors of publicly listed companies on non-assurance services. We also approved the pre-concurrence process and the list of non-audit services which the external auditors maybe engaged to ensure independence risk is manageable;

- We reviewed and approved all audit, audit-related and non-audit services provided by SGV & Co. to ACEN and the related fees. We also assessed the compatibility of the non-audit services with the auditors' independence to ensure that such services will not impair their independence;

- We reviewed and approved the changes in the Audit Committee Charter and Internal Audit Charter to ensure that these are updated and aligned with regulatory requirements;

- We reviewed and approved the ACEN Group Internal Audit issue and report rating framework to align with the ACEN Group's Enterprise Risk Management Policy and to streamline the process;

- We endorsed for Board approval the appointment of Ms. Mae Christine Go as the Company's Chief Audit Executive effective November 16, 2023;

- We evaluated the performance of the Chief Audit Executive and the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing; and

- We conducted an annual assessment of our performance, in accordance with Securities and Exchange Commission guidelines, and confirmed that the Committee had satisfactorily performed its responsibilities based on the requirements of its Charter.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommends to the Board of Directors that the audited financial statements be included in the Annual Report for the year ended December 31, 2023 for filing with the Securities and Exchange Commission and the Philippine Stock Exchange. We are also recommending the reappointment of SGV & Co. as ACEN CORPORATION's external auditors and the related audit fee for 2024 based on their performance and qualifications.

01 March 2024

Signed by:

		DocuSigned by: Nicole Goh Phaik Khim 71C23ADBAC9B4CF...
GARRY LESTER	**MELINDA OCAMPO**	**NICOLE GOH PHAIK KHIM**
Chairperson	Member	Member

35F Tower 2
Ayala Triangle Gardens
Paseo de Roxas cor. Makati Ave.
Makati City, Philippines 1226

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Exhibit B : Supplementary Schedules

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Exhibit A : 2023 Consolidated Financial Statements of Registrant

ACEN CORPORATION AND SUBSIDIARIES
Financial Highlights
(in thousand pesos except ratios)

	2023	2022	2021
Current Assets	71,578,115	70,022,580	64,271,969
Total Assets	284,933,500	232,772,563	171,161,387
Current Liabilities	20,043,695	17,696,536	7,828,772
Total Liabilities	111,557,643	83,179,120	53,192,625
Total Equity	173,375,857	149,593,443	117,968,762
Paid-in Capital	172,012,584	147,184,138	136,382,358
Total Revenues	36,499,133	35,238,551	26,081,441
Net Income	9,106,674	14,597,888	7,666,035
Earnings Per Share	0.17	0.33	0.18
Current Ratio	3.57:1	3.96:1	8.21:1
Acid Test Ratio	3.38:1	3.68:1	7.64:1
Debt/Equity Ratio	0.64:1	0.56:1	0.45:1
Asset-to-Equity Ratio	1.64:1	1.56:1	1.45:1
Interest Rate Coverage Ratio	2.37:1	2.14:1	5.61:1
Net Bank Debt to Equity Ratio	0.23:1	0.19:1	0.12:1
Return on Equity	6.05%	12.69%	7.40%
Return on Common Equity	5.71%	12.69%	7.40%
Return on Assets	3.52%	7.23%	4.90%
Asset Turnover	14.10%	17.45%	16.67%

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0 6 9 - 0 3 9 2 7 4

C O M P A N Y N A M E

ACEN CORPORATION AND SUBSIDIARIES

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

35TH FLOOR, AYALA TRIANGLE GARDENS TOWER 2, PASEO DE ROXAS CORNER MAKATI AVENUE, MAKATI CITY 1226

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

C O M P A N Y I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	7730-6300	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,205	04/24	12/31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

ACEN

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

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

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

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

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

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

DELFIN L. LAZARO
Chairman of the Board

JOHN ERIC T. FRANCIA
President and Chief Executive Officer

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

Signed this 11th day of March 2024

SUBSCRIBED AND SWORN to before me this MAR 2 5 2024 at Makati City, affiants exhibiting to me their Passport, as follows:

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

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Series of 2024

LAWRENCE ANDREW F. QUINA
NOTARY PUBLIC
ROLL NO. 77899
MAKATI CITY, PHILIPPINES

LAWRENCE ANDREW F. QUINA
Notary Public for Makati City
Appointment No. M-376 (2023-2024)
Attorney's Roll No. 77899
PTR No. 10079346; 1-03-2024; Makati City
IBP No. 403596; 1-03-2024; Makati City
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Makati City

35F Tower 2
Ayala Triangle Gardens
Paseo de Roxas cor Makati Ave.
Makati City, Philippines 1226

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

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

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

Audit Response

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

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

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

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

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

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

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

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

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10082034, January 6, 2024, Makati City

March 11, 2024

ACEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Figures)

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

See accompanying Notes to Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Figures)

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

See accompanying Notes to Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

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

(Forward)

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

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

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

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

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

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

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

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

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

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

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

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

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

2. **Material Accounting Policy Information**

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

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

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

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

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

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

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

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

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

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

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

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

(Forward)

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

[*] No longer a subsidiary in 2023 and accounted as joint venture (see Note 2)
[a] Incorporated in Singapore
[b] Incorporated in Cayman Islands
[c] Incorporated in Hong Kong
[d] Incorporated on March 16, 2022
[e] Incorporated on June 23, 2022
[f] Incorporated on June 15, 2023
[g] Incorporated on November 21, 2023
[h] Incorporated on November 22, 2023

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

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

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

Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited ("UPCAPH") and Mr. Anton Rohner ("Rohner") in ACEN Australia Pty. Ltd. ("ACEN Australia"; formerly, UPC Renewables Australia Pty. Ltd.)
On February 1, 2023, ACEN Renewables International (ACRI) and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-ACE Australia, which completes the second and final tranche of ACRI's acquisition of ACEN Australia.

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

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

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

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

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

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

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

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

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

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

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

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

Net cash inflow on acquisition is as follows:

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

[a] *Cash surrendered with the subsidiary is included in cash flows from investing activities.*

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

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

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

Acquisition of additional 50% interest in UPC-AC Energy Australia (HK) Ltd. (“UPC-ACE Australia”)
On May 23, 2018, ACEIC participated in the Australian renewables market through a joint venture with international renewable energy developer, UPC Renewables. The Group invested US$30.00 million (₱1,519.1 million) for 50% ownership in UPC’s Australian business and also provided US$200.0 million facility to fund project equity.

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

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

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

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

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

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

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

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

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

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

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

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

Cancellation of the Property-for-Shares Swap between ENEX and ACEN, Stock Rights Offering, Follow-On Offering, and Shelf Registration
On October 18, 2021, the BOD of ACEN approved the transitioning of ACEN's power generation portfolio to 100% renewable energy by 2025. For this purpose, the BOD of ACEN approved the infusion of certain thermal assets into ENEX in the form of a property-for-share swap.

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

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

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

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

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

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

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

a. Divestment in SLTEC

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

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

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

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

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

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

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

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

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

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

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

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

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

Net cash inflow on acquisition is as follows:

Cash consideration	₱7,166,050
Less cash surrendered with the subsidiary[a]	1,671,439
Net cash inflow	₱5,494,611

[a] *Cash surrendered with the subsidiary is included in cash flows from investing activities.*

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

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

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

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

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

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

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

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

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

Material partly-owned subsidiaries with material economic ownership interest

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

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

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

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

UPC-AC Energy Australia (HK) Limited (UPC-ACE Australia)
UPC-ACE Australia, a subsidiary of ACRI, is a company incorporated and domiciled in Hong Kong, with principal address Suite 1201, [1]2th Floor, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

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

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

2023	**ISLASOL**	**ACEN Cayman**
Proportion of equity interests held by NCI	**40.00%**	**99.99%**
Voting rights held by NCI	**34.00%**	**–**
Accumulated balances of NCI	**₱1,313,376**	**₱28,791,389**
Net income (loss) allocated to NCI	**113,915**	**1,660,608**
Comprehensive income (loss) allocated to NCI	**113,915**	**1,889,786**
Dividends paid to NCI	**–**	**1,882,833**

2022	UPC-ACE Australia	ISLASOL	ACEN Cayman
Proportion of equity interests held by NCI	20.00%	40.00%	99.99%
Voting rights held by NCI	20.00%	34.00%	–
Accumulated balances of NCI	₱1,894,901	₱1,199,461	₱28,784,436
Net income (loss) allocated to NCI	(51,752)	81,936	1,528,770
Comprehensive income (loss) allocated to NCI	(51,108)	81,936	1,499,431
Dividends paid to NCI	–	–	1,504,247

Summarized financial information of these subsidiaries are as follows:

2023	**ISLASOL**	**ACEN Cayman**
	(In Thousands)	
Statements of financial position		
Current assets	**₱1,754,627**	**₱10,590**
Noncurrent assets	**2,735,005**	**30,619,610**
Current liabilities	**360,373**	**–**
Noncurrent liability	**1,886,904**	**–**
Statements of comprehensive income (loss)		
Revenues	**₱731,172**	**₱1,650,064**
Cost and expenses	**(476,067)**	**(338)**
Other income	**9,129**	**3,647**
Provision for (benefit from) income tax	**41,878**	**–**
Profit (loss) attributable to:		
Equity holders of the Parent	**108,441**	**(7,235)**
Non-controlling interests	**113,915**	**1,660,608**
Total comprehensive income (loss) attributable to:		
Equity holders of the Parent	**108,441**	**(7,212)**
Non-controlling interests	**113,915**	**1,889,786**
Statements of cash flows		
Operating activities	**553,796**	**221,304**
Investment activities	**(11,654)**	**1,650,064**
Financing activities	**(62,631)**	**(1,875,309)**
Net increase (decrease) in cash and cash equivalents	**₱479,511**	**(₱3,941)**

2022	ISLASOL	UPC-ACE Australia	ACEN Cayman
		(In Thousands)	
Statements of financial position			
Current assets	₱1,111,093	₱771,997	₱234,037
Noncurrent assets	2,531,400	24,590,707	31,277,680
Current liabilities	(176,574)	(9,825,777)	–
Noncurrent liability	(4,260,882)	(5,297,215)	–
Statements of comprehensive income (loss)			
Revenues	₱650,196	₱–	₱–
Cost and expenses	410,834	(362,929)	–
Other income (expenses)	2,553	(235,899)	–
Provision for (benefit from) income tax	490	259,553	–
Profit (loss) attributable to:			
Equity holders of the parent	159,490	(344,889)	(29,017)
Non-controlling interests	81,936	(51,752)	1,528,770
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent	159,490	(325,115)	(29,020)
Non-controlling interests	81,936	(51,108)	1,499,431
Statements of cash flows			
Operating activities	₱447,009	₱3,387,349	(₱539)
Investment activities	(12,781)	(10,935,711)	1,529,342
Financing activities	(812,970)	4,455,262	(1,529,339)
Net increase (decrease) in cash and cash equivalents	(₱378,742)	(₱3,093,100)	(₱536)

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

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of amendments effective as at January 1, 2023. Unless otherwise indicated, adoption of the new standard did not have an impact on the consolidated financial statements of the Group.

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

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

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

  The amendments to the Practice Statement provide non-mandatory guidance. The amendments have had an impact on the Group’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

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

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

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

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

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

  The amendments had no material impact to the Group’s consolidated financial statements.

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

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

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

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

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

<u>Standards Issued but not yet Effective</u>

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

Effective beginning on or after January 1, 2024
- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21*, Lack of exchangeability*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Instruments – Classification and Measurement

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

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

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

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

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

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

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

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

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

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

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

Dividends are recognized in profit or loss only when:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Classification of Financial Liabilities

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

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

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

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

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

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

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

Derecognition of Financial Assets and Financial Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

ECLs are measured in a way that reflects the following:

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

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

Stage 1: 12-month ECL
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL – not credit-impaired
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL – credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interests in Joint Arrangements

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

Investments in Associates and Joint Ventures

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following assets have specific characteristics for impairment testing:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Past service costs are recognized in the consolidated statement of income on the earlier of:
- the date of the plan amendment or curtailment; or,
- the date that the Group recognizes related restructuring costs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Creditable Withholding Taxes (CWT)

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

Value-added Tax (VAT)
Expenses and assets are recognized net of the amount of VAT, except:

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

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

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

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

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

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

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

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

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

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

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

3. Significant Accounting Judgment, Estimates and Assumptions

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

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

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

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

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

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

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

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

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

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

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

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

Determination of Acquisition Date in Business Combinations
The acquisition date is the date the acquirer obtains control of the acquiree, generally the specified closing or completion date of the business combination.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Cash and Cash Equivalents

This account consists of:

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

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

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

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

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

5. Accounts and Notes Receivable

This account consists of:

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

Accounts and other receivable

This account consists of:

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

(Forward)

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

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

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

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

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

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

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

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

Notes receivable

This account consists of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

e. NEFIN Limited (NEFIN) (Joint Venture)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Yoma Strategic Investments (Yoma) (Affiliate)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As at December 31, 2023 and 2022, the receivable amount is nil and US$10.23 million (₱570.56 million), respectively.

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

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

As at December 31, 2023, the receivable amount is nil and US$6.53 million (₱364.23 million), respectively.

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

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

The outstanding balance of interest-bearing loan of US$189.00 million (₱9,596.29 million) was fully settled on May 27, 2022.

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

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

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

Accrued interest receivable:

This account consists of:

	2023	2022
Debt replacements:		
Related party (Note 22)	**₱1,446,884**	₱1,081,212
Development loans:		
Third party	**107,832**	43,705

(Forward)

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

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

Interest income

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

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

(Forward)

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

6. **Investments in Associates and Joint Ventures**

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

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

(Forward)

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

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

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

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

Investments in Associates

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

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

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

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

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

b. Maibarara Geothermal, Inc. (MGI)

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

c. PT Puri Prakarsa Batam

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

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

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

d. TBC

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

d. Ingrid Power Holdings, Inc. (Ingrid)

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

e. UPC Power Solutions LLC (UPC Power)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2023 (Amounts in millions, except otherwise stated)

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

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

2022 (Amounts in millions, except otherwise stated)

	PhilWind	NLR	Ingrid	BIMRE	Salak-Darajat	MGI
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Associate	Associate
Functional currency	PHP₱	PHP₱	PHP₱	VND (in billions)	US$	PHP₱
Dividends received	₱542.32	₱30.46	₱–	₫66.98	$26.53	₱–
Summarized Statements of Financial Position:						
Cash and cash equivalents	₱2,619.09	₱ 562.09	₱ 208.60	₫105.65	$94.09	₱ 290.73
Other current assets	1,343.97	962.05	2,360.51	699.93	230.47	665.47
Noncurrent assets	7,641.90	9,946.35	1,177.90	5,418.33	2,495.76	4,730.37
Total assets	11,604.96	11,470.50	3,747.01	6,223.91	2,820.32	5,686.57

(Forward)

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

2021 (Amounts in millions, except otherwise stated)

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

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

7. Investments in Other Financial Assets at Amortized Cost

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

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

<u>Investments in redeemable preferred shares and subscription deposits</u>

The rollforward analysis of this account follows:

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

			2022
	Redeemable Preferred Shares	Subscription Deposit	Total
Balances at beginning of year	₱10,944,931	₱1,821,552	₱12,766,483
Additions	3,571,739	180,448	3,752,187
Conversion	1,899,834	(1,899,834)	–
Reclassification to investment in joint venture	–	(134,228)	(134,228)
Cumulative translation adjustment	940,652	464,929	1,405,581
	17,357,156	432,867	17,790,023
Allowance for impairment	–	–	–
Balances at end of year	₱17,357,156	₱432,867	₱17,790,023

Investments in redeemable preferred shares

a. AMI AC Renewables Corporation (AAR)

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

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

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

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

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

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

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

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

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

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

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

c. BIM Wind Joint Stock Company (BIM Wind)

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

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

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

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

d. NEFIN Limited (NEFIN)

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

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

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

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

e. Impact Wind Investments Limited (Impact Wind)

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

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

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

f. BIM Renewable Energy Joint Stock Company (BIMRE)

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

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

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

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

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

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

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

h. BIM Energy Joint Stock Company (BIME)

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

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

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

Subscription Deposits

a. Beacon Capital Holdings Limited

On December 18, 2023, the Group entered into a Reservation Agreement with Beacon Capital Holdings Limited and Huntington Renewable Investments Limited, to acquire 49% equity stake in BIM Energy Holdings, BIM Group's holding company for renewable projects in Vietnam. The transaction is subject to condition precedents, including regulatory approval in Vietnam. As part of the transaction, the Group, provided a reservation deposit amounting to US$24.50 million (₱1,356.57 million).

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

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

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

c. BIM Wind Joint Stock Company (BIM Wind)

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

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

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

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

d. Suryagen Capital Pte. Ltd. (Suryagen)

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

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

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

Convertible loans

The rollforward analysis of this account follows:

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

(Forward)

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

a. Vietnam Wind Energy Limited (VWEL)

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

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

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

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

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

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

On September 27, 2023, ACEN Vietnam Investments Pte. Ltd., and Asian Wind Power 1 HK Ltd, entered into an agreement to make available a Convertible Preferred C facility in aggregate principal amount of US$16.26 million (₱920.15 million), payable on July 31, 2040. The Group has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commissioning date.

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

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

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

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

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

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

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

d. Investment in UPC-ACE Australia

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

In 2022, total amount drawn from the loan amounted to US$50.78 million (₱2,807.21 million) which was subsequently reclassified as part of the Group's interest upon acquisition of control over UPC-ACE Australia (see Note 24).

Convertible loans amounting to US$228.98 million (₱12,951.25 million) was eliminated as effect of the Group's acquisition of control over UPC-ACE Australia (see Note 24).

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

In 2023, the Group recognized additional allowance for impairment loss of US$15.47 million (₱878.43 million) in redeemable preferred shares in UPC-ACE Solar and US$17.73 million (₱982.54 million) convertible loan to VWEL, respectively (Note 18).

As at December 31, 2023 and 2022, the Group provided ECL provision amounting to $56.24 million (₱3,145.38 million) and $23.04 million (₱1,284.41 million), respectively (see Note 18).

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

Interest income

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

	2023	2022	2021
Redeemable preferred shares			
AAR	**₱907,287**	₱842,187	₱580,140
UPC-ACE Solar	**554,893**	427,498	125,539
BIM Wind	**383,421**	510,227	60,311
UPC Asia III	**256,680**	231,016	201,851
BIMRE	**180,476**	175,757	156,615
NEFIN	**128,350**	33,724	–
Impact Wind	**67,283**	–	–
BIME	**31,562**	30,736	27,439
	2,509,952	2,251,145	1,151,895
Convertible loans			
VWEL	**277,924**	–	242,268
Asian Wind 1	**178,097**	206,486	170,716
Asian Wind 2	**171,365**	170,195	133,736
UPC-ACE Australia	–	847,085	600,198
	627,386	1,223,766	1,146,918
	₱3,137,338	₱3,474,911	₱2,298,813

8. Property, Plant and Equipment

The roll forward of this account follows:

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

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

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

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

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

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

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

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

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

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

Contractual commitments
The Group has commitments for property, plant and equipment, which are contracted for but not provided for in the consolidated financial statements amounting to ₱45,096.84 million and ₱28,812.08 million as at December 31, 2023 and 2022, respectively.
Total depreciation charged to operations amounted to ₱934.09 million, ₱1,668.05 million and

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

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

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

9. Right-of-Use Assets and Lease Liabilities

The rollforward of these accounts follows:

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

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

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

Lease Commitments

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

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

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

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

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

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

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

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

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

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

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

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

Solarace1's Contract of Lease for Land
On September 30, 2019, Solarace1 entered into a lease agreement with a related party Ayala Land, Inc., Crimson Field Enterprises Inc., and Red Creek Properties Inc., for 106.59 hectares of land located in Barangay San Andres, Alaminos, Laguna as site for the construction and operation of its solar power facility.

The term of the lease shall be for a period of 21 years, with a fixed monthly rental payment of per square meter, exclusive of VAT. The rental fee shall be subject to annual adjustment of whichever is higher between 3% per annum and the rate of increase of real property tax where the property is located. The period of lease may be extended, under the same terms and conditions, at the sole discretion of Solarace1 for up to another 21 years.

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

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

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

10. Goodwill and Other Intangible Assets

The rollforward of this account follows:

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

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

<u>Goodwill and Leasehold water rights</u>
In 2023, additions to goodwill are from acquisitions of Sinocalan and YMP amounting to ₱114.00 million and ₱104.20 million, respectively (see Note 24).

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

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

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

The CGU of the Group are comprised of:

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

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

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

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

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

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

- Philippines
  - Operating plants
    - Forecasted revenue growth (**2023: 2%-10%**; 2022: 2%-10%)
    - EBITDA margin (**2023: 2%-10%**; 2022: 2%-10%)
    - Discount rate (**2023: 10.08%**; 2022: 11.16%)
  - Development
    - Forecasted revenue growth (**2023: 2%-10%**; 2022: 2%-10%)
    - EBITDA margin (**2023: 2%-10%**; 2022: 2%-10%)
    - Discount rate (**2023: 8.48%**; 2022: 11.16%)

- International – UPC-ACE Australia
  - Forecasted revenue growth (**2023: 2%-10%;** 2022: 2%-10%)
  - EBITDA margin (**2023: 2%-10%**; 2022: 2%-10%)
  - Discount rates (**2023: 7.18%-8.32%;** 2022: 8.42%-9.08%)

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

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

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

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

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

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

11. **Other Assets**

Other current asset

This account consists of:

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

Other noncurrent asset

This account consists of:

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

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

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

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

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

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

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

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

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

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

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

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

12. **Accounts Payable and Other Current Liabilities**

This account consists of:

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

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

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

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

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

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

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

Short-term Loans

This account consists of:

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

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

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

Long-term Loans

This account consists of:

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

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

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

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

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

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

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

The rollforward of this account follows:

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

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

	2023	2022
As at beginning of year	**₱134,403**	₱211,893
Additions	**55,125**	261,443
Derecognition	–	(97,864)
Change due to loss of control (Note 2)	–	(214,360)
Amortization/accretion (Note 19)	**(24,208)**	(26,709)
As at end of year	**₱165,320**	₱134,403

ACEN

The long-term loans of the Parent Company also contain prepayment provisions as follows:

Description	Prepayment Provision
Loan A	Early redemption is at the option of the issuer exercisable on an interest payment date at par plus break-funding cost. Transaction cost is minimal.
Loan B	ACEN has the option to prepay the loan, wholly or partially at any time during the term, starting twenty-four (24) months from drawdown date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan C	The loan facility contains a prepayment provision which allows the Parent Company to make an optional prepayment, wholly or partially, starting the fifth (5th) anniversary of the initial drawdown date and on every interest payment date thereafter. The amount payable to the bank shall consist of the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any increase in applicable gross receipts tax ("GRT") as a result of such prepayment, and any applicable prepayment premium as indicated in the loan agreement.
Loan D	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan, starting on the 4th interest payment date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.

Description	Prepayment Provision
Loan E	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan starting twenty-four (24) months from the drawdown date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan F	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan on or after the third (3rd) anniversary of the drawdown date. The amount payable to the bank shall consist of the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any increase in applicable gross receipts tax ("GRT") as a result of such prepayment, and any applicable prepayment premium as indicated in the loan agreement.
Loan G	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan, beginning on the first (1st) anniversary from the initial drawdown date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan H	ACEN has the option to prepay the loan, wholly or partially at any time during the term, starting twenty-four (24) months from the initial drawdown date. If prepayment is made in a non-interest payment date, it shall be subject to payment of accrued interest thereon and a 2% prepayment penalty of the relevant principal amount prepaid.

The prepayment option on all long-term loans were assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Loan covenant
The Parent Company has complied with all its loan covenants as at December 31, 2023, and 2022.

<u>NorthWind</u>
On May 29, 2020, NorthWind entered into an Omnibus Loan and Security Agreement with a local bank for a long-term loan facility amounting to ₱2,300.00 million. The proceeds of the loan were used to fully repay its senior loan. The loan shall be repaid in 24 sculpted semi-annual amortizations as set forth in the agreement. The interest rate is fixed for the initial period of ten (10) years to be repriced after the 10th anniversary at a rate equivalent to (a) the 2-year base fixed rate plus a spread per annum.

The loan facility contains a prepayment provision which allows NorthWind to make optional prepayment, wholly or partially, any time during the term of the loan. The amount payable to the local bank shall be the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any additional taxes, including additional gross receipts tax ("GRT") as a result of such prepayment, and prepayment penalty as indicated in the loan agreement. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

The loan facility is secured by NorthWind's Land, Wind Turbine Generator, Building and Machinery and Equipment (see Note 8).

Loan Covenants
The loan covenants require NorthWind that the debt service coverage ratio (DSCR) should not fall below 1.05. The Company complied with this covenant as of December 31, 2023 and 2022.

Guimaras Wind
On December 18, 2013, Guimaras Wind entered into a ₱4,300.00 million Term Loan Facility with local banks. The proceeds were used to partially finance the 54 MW San Lorenzo Wind Farm. The loan facility is divided into two tranches amounting to ₱2,150.00 million each Tranche A and Tranche B.

Both tranches have a term of 15 years with semi-annual interest payments starting on the date on which the loan is made. The Tranche A's interest is to be fixed at the higher of 10-year PDS Treasury Fixing (PDST-F) plus a spread of 1.625% or a minimum interest rate of 6.25% for the first 10 years, to be repriced at higher of existing rate or 5-year PDST-F plus a spread of 1.25% for the last 5 years. The Tranche B will be fixed at higher of interpolated 15-year PDST-F plus a spread of 1.625% or a minimum interest rate of 6.5%. The interest rate floor on the loan is an embedded derivative that is required to be bifurcated. In 2013, the Group did not recognize any derivative liability arising from the bifurcated interest floor rate since the fair value is not significant.

The loan facility also contains a prepayment provision which allows Guimaras Wind to make optional prepayment for both Tranche A and Tranche B in the amount calculated by the facility agent as accrued interest and other charges on the loan up to the prepayment date plus, the higher of (a) the principal amount of the loan being prepaid, or (b) the amount calculated as the present value of the remaining principal amortizations and interest payments on the loan being prepaid, discounted at the comparable benchmark tenor. In addition, Guimaras Wind is allowed to prepay the Tranche A loan, without penalty or breakfunding cost, on the interest re-pricing date. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

Under the loan facility agreement, Guimaras Wind must maintain a debt service account into which will be paid the maximum interest forecasted to be due and payable for the next two following payment dates that will fall within the construction period and the amount of debt service after the construction period. The funds in the debt service reserves can be used by Guimaras Wind provided that 30 days prior to payment, the fund is replenished. Debt service reserves are included in the consolidated statement of financial position under "Cash and cash equivalents" (see Note 4).

The loan facility is secured by Guimaras Wind's wind farm (see Note 8).

In addition, as a security for the timely payment, discharge, observance and performance of the obligations, ACEN entered into a Pledge Agreement covering the subscriptions of stocks of ACEN and its nominees.

Loan Covenants
Guimaras Wind has complied with the loan covenants as at December 31, 2023 and 2022. The compliance with the debt covenants is assessed semi-annually. Guimaras Wind shall maintain a minimum DSCR of 1.2x and maximum debt to equity ratio of 70:30.

MONTESOL

On August 17, 2023, the Company entered into an Omnibus Loan and Security Agreement ("OLSA") with a local bank for a long-term loan facility amounting to ₱600.00 million. The proceeds of the loan shall be used to partially finance MONTESOL's permanent working capital requirements and for other general corporate purposes. The loan shall be repaid in twenty-four (24) straight-line semi-annual amortizations. The interest rate is fixed for the initial two (2) years, to be repriced one business day prior to the 2nd and 7th anniversary of the initial drawdown date at a rate equivalent to (a) the 5-year Base Rate-Fixed plus a spread of ninety basis points (0.90%), or (b) five hundred seventy-five basis points (5.75%), whichever is higher.

The Omnibus Loan and Security Agreement includes a prepayment clause that allows MONTESOL to make voluntary prepayments, whether in full or in part, at any point during the term of loan. The amount payable in respect of any prepayment of the loan shall be comprised of: (i) any accrued interest on the principal amount of the loan to be prepaid; (ii) the principal amount of the loan to be prepaid; (iii) prepayment penalty as set forth in the OLSA; and (iv) any additional taxes, including additional GRT, resulting from such prepayment. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

On December 4, 2023, the repricing floor rate was amended from five hundred seventy-five basis points (5.75%) to five hundred fifty basis points (5.50%).

Loan Covenants

MONTESOL has complied with the loan covenants as at December 31, 2023. Compliance with the debt covenants is assessed annually. MONTESOL shall maintain a minimum DSCR of 1.05x.

ACEN and SLTEC signing of Amended and Restated Omnibus Loan and Security Agreement, Administration and Management Agreement ("AROLSA"), and Operations and Maintenance Agreement

On April 11, 2022, ACEN, as share security grantor, and its subsidiary SLTEC, as borrower, signed an AROLSA for the refinancing of the 246MW SLTEC Circulating Fluidized Bed thermal power plant under an energy transition financing with local banks.

ACEN and SLTEC also signed an Operations and Maintenance Agreement, and Administration and Management Agreement for ACEN's administration, control, and management of the entire capacity of the SLTEC power plant.

The Amended and Restated OLSA increased the facility from ₱11,000.00 million (₱9,800.00 million of which was outstanding at that time) to ₱13,700.00 million, which will be used to refinance the existing loan, finance the partial redemption of SLTEC shares held by ACEN upon regulatory approval, and fund transaction-related costs. ACEN, in turn, shall use the proceeds of the equity redemption to reinvest in renewable energy projects.

Total amount drawn in 2022 amounted to ₱13,594.70 million.

Following the divestment in SLTEC on November 7, 2022, the outstanding balance of ₱13,380.34 million was deconsolidated (Note 2).

ACEN Australia

a. On August 18, 2022, the Group and a bank, executed a Common Provisions Agreement and a Facility Agreement for an AU$100.00 million (US$68.10 million) green long-term revolving loan facility.

   Total loan drawn from a facility as of December 31, 2023 amounted to AU$44.40 million (US$29.73 million; ₱1,646.35 million). The facility will mature on August 18, 2027.

b. On September 15, 2022, the Group and a bank entered into an Accession Letter to include the bank as a Lender under the Common Provisions Agreement for an AU$140.00 million (US$95.40 million) green term loan facility.

   Total loan drawn from a facility as of December 31, 2023 amounted to AU$75.80 million (US$50.76 million; ₱2,810.38 million). The facility will mature on September 15, 2027.

c. On October 28, 2022, the Group executed a facility agreement with a bank for an AU$75.00 million (US$51.10 million) green term loan facility.

   Total loan drawn from a facility as of December 31, 2023 amounted to of AU$42.40 million (US$28.38 million; ₱1,571.56 million). The facility will mature on October 28, 2027.

   These green long-term revolving and term loan facilities are part of the Group's aim to raise an initial issuance of over AU$600.00 million (US$408.90 million) to support the development of the Group's projects in Australia. All the loans are secured by a guarantee from ACEN. As at December 31, 2023, the Group had available AU$296.00 million (US$201.70 million) under the committed bank facilities of which all conditions precedent had been met.

d. The Group entered into a Syndicated Facility Agreement amounting to AU$204.54 million (US$139.40 million) last December 21, 2020. The proceeds of the loan shall be initially used for the construction and eventually for the operation of the 400MW Ac New England Solar Farm Project in New South Wales at conversion date. The Term Facility will be repaid based on an agreed repayment schedule ending in September 2040. The interest rate structure for the facility is a floater based on BBSY bid plus a margin applicable during the plant's construction period with a step up in margins during operations. The facility requires the borrower to enter into a hedging agreement and under such arrangement the floating rate of the loan was swapped for a fixed rate of 2.90%

   On February 11, 2021, the Group executed the New England Solar Farm Syndicated Facility Agreement with a group of banks.

   The Syndicated Facility Agreement includes a prepayment clause allowing the company to make voluntary prepayments, whether in full or in part, subject to the achievement of various project milestones.

   Total loan drawn from a facility as of December 31, 2023 amounted to AU$203.90 million (US$136.54 million; ₱7,560.25 million). The facility will mature on December 22, 2025.

   This syndicated loan is secured by the Group's property. As at December 31, 2023, the Group had available AU$0.70 million (US$0.50 million) under the syndicated facility in respect of which all conditions precedent had been met.

The corporate and syndicated loan facilities prices off an interest ranging from 1.71% to 6.43% per annum.

On December 7, 2023, the Group executed a facility agreement with a bank for a total of US$100.00 million of term facility, with a maturity date of December 7, 2028.
As at December 31, 2023, there are no drawdowns from this facility.

On December 7, 2023, the Group executed a facility agreement with a bank for a total of AU$75.0 million, with a maturity date of December 7, 2028. As at December 31, 2023, there are no drawdowns from this facility.

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

Total interest expense recognized on long-term loans amounted to ₱1,160.94 million, ₱1,293.12 million and ₱1,061.08 million for the years ended December 31, 2023, 2022 and 2023 respectively (see Note 19).

Notes payable

The rollforward of this account follows:

	2023	2022
Principal		
Balance at beginning of year	**₱30,383,600**	₱20,383,600
Additions	–	10,000,000
Balance at end of year	**₱30,383,600**	30,383,600
Debt issue cost		
Balance at beginning of year	**198,773**	114,939
Additions	–	128,622
Amortization (Note 21)	**(64,069)**	(44,788)
Balance at end of year	**134,704**	198,773
Cumulative translation adjustment	**1,754,898**	1,908,487
	₱32,003,794	₱32,093,314

Medium Term Note (MTN) Programme
On August 31, 2021, ACEN Finance established its Medium-Term Note Programme with an aggregate amount of US$1,500.00 million. The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including but not limited to, working capital, funding investment activities, development of projects, refinancing and/or repayment of indebtedness and on-lending activities within the Group. Notes to be issued out of the MTN Programme designated as Green Bonds may be allocated towards the financing and/or refinancing of Eligible Green Projects in accordance with certain prescribed eligibility criteria described under ACEN's Green Bond Framework.

The Notes to be issued by ACEN finance under its MTN Programme; may be distributed by way of private or public placement; and will be listed on the Singapore Exchange Securities Trading platform (SGX-ST).

Senior guaranteed undated fixed-for-life notes under the MTN Programme
On September 8, 2021, ACEN Finance issued US$400.00 million (₱20,383.60 million) senior undated fixed-for-life (non-deferrable) Notes guaranteed by ACEN with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par. An amount equal to the net proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework.

On September 9, 2021, the Notes were listed with the Singapore Exchange Securities Trading platform (SGX-ST).

The net proceeds from the Bonds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects, in accordance with ACEN's Green Bond Framework (GBF), which sets out well-defined guidelines for the use of proceeds for renewable energy (RE) projects, with comprehensive monitoring and reporting commitments. These RE developments can be located in the Philippines and offshore.

For the years ended December 31, 2023, 2022 and 2021 total interest expense and other financing charges recognized amounted to ₱82.77 million (US$1.49 million), ₱906.45 million (US$16.62 million) and ₱263.05 million (US$5.19 million), respectively.

Redemption at the option of the issuer
Subject to applicable law, ACEN Finance may redeem the Notes (in whole but not in part) on the First Redemption Date as specified in the applicable Pricing Supplement; or any Interest Payment Date falling after the First Redemption Date, by giving notice, at redemption price equal to the principal amount of the Notes plus any accrued but unpaid interest.

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
For as long as the senior guaranteed undated fixed-for-life notes remain outstanding, ACEN Finance Limited and ACEN are required to comply with certain covenants including the creation and permission to subsist only the liens created in respect of the limited recourse project financing of any project company and maintain a maximum net debt to equity ratio of 2.5 to 1.0 based on ACEN consolidated financials. These were complied with by the Group as at December 31, 2023 and December 31, 2022.

<u>ACEN Fixed-Rate ASEAN Green Bonds due 2027</u>

On September 22, 2022, the Parent Company (the Issuer) issued an unsecured-fixed rate Peso Green Bonds with an aggregate principal amounting to ₱10,000.00 million. The proceeds of the issuance will be used to finance investments in various solar power plants. The issue cost amounted to ₱126.28 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Peso Green Bonds due on September 22, 2027 with interest rate of 6.0526% per annum. This is the first tranche offered out of the shelf registration of Peso Green Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Peso Green Bonds is payable quarterly on March 22, June 22, September 22, and December 22.

For the years ended December 31, 2023, 2022 and 2021, the total interest expense recognized on the Peso Green Bonds amounted to ₱53.48 million, ₱166.45 million and nil, respectively.

Redemption at the option of the Issuer

The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding PHP Green Bonds before the relevant Maturity on any one of the following Interest Payment Dates indicated below, or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

1. 12th to 15th Interest Payment Date at Call Option Price of 101.00%
2. 16th to 19th Interest Payment Date at Call Option Price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Peso Green Bonds provide for the Issuer to comply with covenants including incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; effecting any consolidation or merger with other entities where ACEN is not the surviving corporation in such merger or consolidation; and certain other covenants. The Peso Green Bonds requires the Issuer to maintain, for as long as any of the Peso Green Bonds remain outstanding, a Net Debt to Total Equity Ratio of not more than 3.0:1.0. These were complied with for the years ended December 31, 2023 and 2022

14. Other Noncurrent Liabilities

This account consists of:

	2023	2022
Unearned revenues (Note 11)	**₱5,184,182**	₱–
Asset retirement obligations	**757,245**	176,056
Nontrade payable	**133,351**	8,144
Deposit payable	**65,016**	83,199
Contract liabilities	**60,609**	68,875
Provision for Employee Benefits / long service leave	**39,694**	88,486
Derivative liability	**12,437**	37,500
Retention payable	**6,932**	77,180
Due to related parties (Note 22)	**15**	–
Accrued interest expenses	**–**	272,580
Others	**84,523**	15,623
	₱6,344,004	₱827,643

Asset retirement obligations (ARO) are from ISLASOL, SACASOL and MONTESOL and include restoration provision for the New England solar farm.

Movements in the provision for asset retirement obligation are as follows:

	2023	2022
Balance at beginning of year	**₱176,056**	₱168,626
Additions	**502,725**	–
Interest accretion (7.14% -7.22%)	**26,984**	7,430
Remeasurement	**51,480**	–
Balance at end of year	**₱757,245**	₱176,056

As at December 31, 2023, and 2022, ARO was discounted at the rate of 7.14% to 7.22%. ARO on solar power plants is expected to be settled during the years of 2039 to 2041.

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

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

15. Equity

Capital Stock

This account consists of:

Class of share	Common	Redeemable Preferred	Total
Authorized shares	**48,300,000,000**	**100,000,000**	**48,400,000,000**
Par value	**₱1**	**₱1**	**₱1**
Balances at January 1, 2022	38,338,527,174	–	38,338,527,174
Issuance of new shares	1,353,368,499	–	1,353,368,499
Adjustment in grants through Employee Stock Ownership Plan	(900)	–	(900)
Balances at December 31, 2022	39,691,894,773	–	39,691,894,773
Issuance of new shares	–	**25,000,000**	**25,000,000**
Balances at December 31, 2023	**39,691,894,773**	**25,000,000**	**39,716,894,773**

The issued and outstanding shares are held by a number of equity holders below:

	2023
Common shares	**4,195**
Redeemable preferred shares	**10**

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

Year Approval	No. of shares Registered	No. of shares Issued	Par Value
Prior to 2005*	1,000,000,000	**840,601,987	₱0.01/1.00
2005	1,000,000,000	264,454,741	1.00
2007	–	552,528,364	1.00
2008	–	4,713,558	1.00
2009	–	304,419	1.00
2010	–	2,022,535	1.00
2011	2,200,000,000	1,165,237,923	1.00
2012	4,200,000,000	2,027,395,343	1.00
2013	–	6,603,887	1.00
2014	–	1,283,332	1.00
2016	–	20,751,819	1.00
2017	–	3,877,014	1.00
2019	–	2,632,000,000	1.00
2020	16,000,000,000	6,185,182,288	1.00
2021	24,000,000,000	24,623,380,967	1.00
2022	–	1,361,556,596	1.00
Total	48,400,000,000	39,691,894,773	

**On April 7, 1997, par value was increased from ₱0.01 to ₱1.00.*
***Equivalent number of shares at ₱1.00 par.*

Additional Paid-in Capital

The roll forward of this account follows:

	Additional Paid-In Capital (Amount)		
Class of share	**Common**	**Redeemable Preferred**	**Total**
Balances at January 1, 2022	₱98,043,831,426	₱–	₱98,043,831,426
Issuance of capital stock	9,237,831,163	–	9,237,831,163
Grants through Employee Stock Ownership Plan	(5,364)	–	(5,364)
Adjustment in grants through Employee Stock Ownership Plan	210,586,323	–	210,586,323
Balances at December 31, 2022	₱107,492,243,548	₱–	₱107,492,243,548
Issuance of capital stock	–	**24,975,000,000**	**24,975,000,000**
Share issuance cost	–	**(171,554,704)**	**(171,554,704)**
Balances at December 31, 2023	**₱107,492,243,548**	**₱24,803,445,296**	**₱ 132,295,688,844**

Series A Preferred Shares and Series B Preferred Shares

On March 7, 2023, the Board of Directors of the Parent Company approved the establishment of a 50,000,000 preferred shares shelf program and the issuance, offer, sale, registration, and listing of up to 25,000,000 preferred shares and on July 25, 2023, adopted resolutions containing the specific terms and conditions of the preferred shares. On August 3, 2023, the SEC issued the Certificate of Filing of Enabling Resolution. The Parent Company's shelf registration is for up to 50,000,000 preferred shares with a par value of ₱1.00 per preferred share to be offered in one or more tranches, which may be comprised of one or more series per tranche, at the discretion of the Parent Company, and to be registered with the Securities and Exchange Commission.

On September 1, 2023, the Parent Company issued and listed on the Main Board of the PSE the first tranche of 25,000,000 preferred shares at an issue price of ₱1,000.00 per share and a par value of ₱ 1.00 per share, for total proceeds of ₱25,000,.00 million. The issuance is comprised of two series of preferred shares: 8,341,500 Series A Preferred Shares and 16,658,500 Series B Preferred Shares. The proceeds from the Series A Preferred shares amounted to ₱8,341.50 million and the proceeds from the Series B Preferred shares amounted to ₱16,658.50 million.

The Series A Preferred Shares and Series B Preferred Shares are perpetual, cumulative, non-voting, non-participating, non-convertible, re-issuable and redeemable at the option of the Parent Company.

Dividends on the Series A Preferred Shares will be payable quarterly at an initial dividend rate of 7.1330% per annum, subject to the dividend payment conditions under the terms of the Series A Preferred Shares. The Series A Preferred Shares dividend rate will be subject to a dividend rate re-setting on the fifth year according to the terms of the Series A Preferred Shares.

Dividends on the Series B Preferred Shares will be payable quarterly at a fixed dividend rate of 8.0000% per annum, subject to the dividend payment conditions under the terms of the Series B Preferred Shares. The Series B Preferred Shares dividend rate is fixed and will not be subject to dividend rate re-setting.

The Series A Preferred Shares may be redeemed at the option of the Parent Company starting on the third year. The Series B Preferred Shares may be redeemed at the option of the Parent Company starting on the seventh year.

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

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

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

During the Rights Offer Period from January 18, 2021 to January 22, 2021, ACEN sold, by way of SRO, 2,094,898,876 shares and 172,681,558 shares in first round and second round allocation, respectively, which were subsequently listed with the PSE on January 29, 2021.

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

Arran Investment Pte Ltd. (Arran) Private Placement
On December 30, 2020, ACEN and ACEIC signed an Investment Agreement with Arran for the latter's investment into ACEN to acquire 17.46% ownership stake on the basis that ACEN's stock rights offering ("SRO") and follow-on offering ("FOO"), and the infusion by ACEIC of its international business (through its offshore subsidiaries) into ACEN have been completed.

On March 18, 2021, Arran subscribed to 4,000,000,000 common shares of ACEN at a price of ₱2.97 per common share through a private placement (the "Private Placement"), for an aggregate value or consideration of ₱11,880.00 million. The subscription price was offered by Arran pursuant to its binding offer on November 10, 2020, and which offer was approved by the BOD of ACEN during its meeting of November 11, 2020.

The Investment was implemented through a combination of subscription to 4,000,000,000 primary shares (via a private placement) and purchase of secondary shares from ACEIC, priced at ₱2.97 per share on a post-SRO basis and is subject to agreed price adjustments. The price for the private placement represents a 25% premium to the BOD-approved SRO price of ₱2.37 per share.

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

On December 10, 2021, ACEIC sold 2,689,521,681 ACEN shares to Arran pursuant to a special block sale to implement the provisions of the Investment Agreement dated December 30, 2020. The price per share (as adjusted pursuant to a pricing mechanism) was agreed upon in the Investment Agreement and is independent of future price movements.

As at December 31, 2021, Arran owns 17.46% of ACEN's total outstanding shares of stock.

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

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

On February 4, 2021, acting on the authority delegated by the BOD, ACEN's Executive Committee approved an FOO price range of ₱6.00-₱6.50 per share for up to 2,000,000,000 common shares (primary).

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

On March 18, 2021, the BOD of ACEN approved the issuance of 1,580,000,000 common shares for the FOO.

On April 29, 2021, the Executive Committee approved the offer price of ACEN's FOO at ₱6.50 per share.

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

During the retail offer period for the FOO on May 3, 2021 to May 7, 2021, ACEN completed up to 2.01 billion common shares priced at ₱6.50 per share, consisting of 1,580,000,000 primary shares, 330.24 million secondary shares offered by ACEIC and Bulacan Power Generation Corporation (the "Selling Shareholders"), and an over-subscription of 100.00 million secondary shares sold by ACEIC.

The primary shares were listed on the PSE on May 14, 2021.

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

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

On June 7, 2021, the application for the increase from 24,400,000,000 shares to 48,400,000,000 shares in the authorized capital stock of ACEN was approved by the SEC. Consequently, the closing date of the share swap was on June 7, 2021.

ACEN has complied with all post-approval requirements for the listing of the shares subject of the share-for-share swap transaction as described above. The number of ACEN's listed common shares were accordingly adjusted on October 22, 2021, the listing date.

Subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines
On March 21, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at a price of ₱7.871 per share:

UPCAPH	869,119,204
Anton Rohner ("Rohner") (Collectively UPC-ACE Australia and UPC Australia sellers)	61,630,796
Total ACEN shares to be issued	930,750,000
Subscription price per share	₱7.871
Total subscription price	₱7,325,933,250

On March 22, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at a price of ₱8.2889 per share:

Estanyol Holdings Ltd.	₱153,493,200
Wind City Inc.	142,668,634
Tenggay Holdings Ltd.	70,525,763
UPC Philippines Wind Partners Ltd	19,059,423
Alan Kerr (collectively, the "UPC Philippines Group")	4,248,813
Total ACEN shares subscribed	389,995,833
Subscription price per share	8.2889
Total subscription price	₱3,232,636,460

The subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines to ACEN shares was approved by the BOD of ACEN on October 18, 2021.

The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021. On March 8, 2022, the BOD of ACEN approved a revised list of subscribers constituting the UPC Philippines, including a re-allocation of some of the shares for subscription, which was presented to the stockholders for approval during the 2022 annual stockholders' meeting of ACEN on April 25, 2022.

Employee Stock Ownership Plan ("ESOWN")
At the Annual Stockholders' Meeting held on April 19, 2021, stockholders approved the allocation of 960 million common shares to the Employee Stock Ownership Plan (the "Plan") Plan out of the unsubscribed portion of the ACEN's capital stock, to be available to qualified employees upon achievement of the Group's goals and the determination of any variable compensation of grantee. This replaces ACEN's Stock Grants and Stock Options Plan which does not have any remaining life.

Under the Plan, qualified employees are awarded the option to subscribe to a specified number of ACEN shares based on discounted market price determined by the Personnel and Compensation Committee and are subjected to the Plan's vesting period. The subscription price is equal to the market price of the shares with a discount determined by the Personnel and Compensation Committee at the time of the grant of the option. Grants under the Plan are exercisable in three annual tranches. Any availment is payable within a maximum period of ten years.

The SEC granted the Plan's request for exemption from registration pursuant to Section 10.2 of the Securities Regulation Code (SRC) on March 4, 2022.

In 2021, stock options totaling 8,188,997 shares at a subscription price of ₱6.96 per share were granted under the Plan, of which 8,188,097 shares were issued in 2022, resulting to an adjustment of 900 shares in the grants.

On August 19, 2022, ACEN issued 32,622,666 common shares to various employees of the Group through the ESOWN.

Total expense arising from the equity-settled share-based payment transaction (included under General and administrative expenses) amounted to ₱31.16 million and ₱3.55 million in 2022 and 2021, respectively (nil in 2023).

Cumulative Translation Adjustments
This account pertains to cumulative translation adjustments of subsidiaries with functional currency other than the Group's presentation currency (see Note 2). Exchange differences arising from translation of foreign operations for the period ended December 31, 2023 and 2022 follows:

	2023	2022
ACRI	**($153,098)**	($182,506)
ACEN Cayman	**(52,907)**	(56,323)
Others	**(23)**	94
Consolidations and eliminations	**25,955**	105,119
	($180,073)	($133,616)
Attributable to:		
Equity holders of the Parent	**($181,448)**	($133,100)
Non-controlling interest	**1,375**	(516)
	($180,073)	($133,616)

Retained Earnings
Retained earnings represent the Group's accumulated earnings, net of dividends declared. The balance includes accumulated earnings of subsidiaries, joint venture and associates, which are not available for dividend declaration by the Parent Company until these are declared by the investee companies.

Retained earnings not available for dividend declaration are included in the Group's retained earnings to the extent of (a) accumulated equity in undistributed net earnings of consolidated subsidiaries, and associates and joint ventures accounted for under equity method amounting to ₱41,459.53 million and ₱43,529.36 million as at December 31, 2023 and 2022, respectively and (b) the cost of treasury shares amounted to ₱28.66 million as at December 31, 2023 and 2022.

As at December 31, 2023 and 2022, deferred tax liabilities have not been recognized on undistributed earnings of and cumulative translation adjustment of foreign subsidiaries since the timing of the reversal of the temporary difference can be controlled by the Group and management does not expect the reversal of the temporary differences in the foreseeable future. The undistributed earnings and cumulative translation adjustment amounted to US$669.84 million (₱25,246.02 million) and US$927.32 million (₱27,983.63 million) as at December 31, 2023 and 2022, respectively.

Dividends

Declaration of cash dividends on common shares

On August 7, 2023, the BOD of ACEN approved the declaration of cash dividends of four centavos (₱0.04) per share on the 39,677,394,773 outstanding shares of ACEN, or a total dividend amounting to ₱1,587.10 million, paid on September 18, 2023, to the shareholders on record as at August 22, 2023.

On March 8, 2022, the BOD of ACEN approved the declaration of cash dividends of ₱0.06 per share on the 38,315,838,177 outstanding shares of ACEN, or a total dividend amounting to ₱2,298.95 million, paid on April 19, 2022, to the shareholders on record as at April 5, 2022.

Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA) Series B Preferred Shares (ACENB)

On November 3, 2023, the BOD of ACEN declared dividends for the fourth quarter of 2023 on ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB), paid on December 1, 2023, to stockholders of record as of November 17, 2023.

	ACENA	ACENB
Dividend Rate	¼ of 7.1330% per annum	¼ of 8.0000% per annum
Dividend Per Share	₱17.8325 per share	₱20.0000 per share
Dividends	₱148,750	₱333,170

Total dividends amounting to ₱481.92 million was paid on November 30, 2023.

Non-controlling Interest (NCI)

The rollforward of this account is as follows:

	2023	2022
Balance at beginning of year	**₱31,859,767**	₱29,950,776
Net income attributable to NCI	**1,710,534**	1,542,769
Other comprehensive income attributable to NCI	–	42,108
Cumulative translation adjustments	**76,149**	(28,690)
Dividends	**(1,882,833)**	(1,504,247)
Acquisition of NCI	**(1,860,077)**	15,139
Additions through business combination	–	1,947,104
Effects of common control business combination	–	(105,192)
Balance at end of year	**₱29,903,540**	₱31,859,767

Dividends

	in US$	In PHP
2023		
ACEN Cayman Limited ("ACEN Cayman")	**$34,026**	**₱1,882,833**
2022		
ACEN Cayman Limited ("ACEN Cayman")	$27,485	₱1,504,247

In various dates in 2023 and 2022, the BOD of ACEN Cayman Limited declared dividends to shareholder of redeemable preferred shares for a total of $34.03 million (₱1,882.83 million) and $27.49 million (₱1,504.25 million), respectively, which was paid during the year of declaration.

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

	In US$	In PHP
Total consideration paid on February 1, 2023	$85,391	₱4,724,682
Carrying amount of NCI	33,618	1,860,077
Excess of consideration	$51,773	₱2,864,605

The acquisition of 20% ownership interest resulted to 100% interest in UPC-ACE Australia. The excess of consideration over the carrying amount of the non-controlling interest is recognized under equity reserves.

Acquisition of non-controlling interest in BWPC and SolarAce4
On March 18, 2022, the Group acquired 40.00% ownership interest of the minority stockholders of BWPC at an aggregate amount of ₱93.55 million, and 30.00% ownership interest of the minority stockholders of SolarAce4 at an aggregate amount of ₱1.80 million.

The acquisitions resulted to 100% ownership in BWPC and SolarAce4. The excess of the consideration over the carrying amount of non-controlling interest is recognized under the equity reserves amounting to ₱110.42 million and ₱0.07 million for BWPC and SolarAce4, respectively.

<u>Other Equity Reserves</u>

This account consists of:

	2023	2022
Effect of:		
Common control business combinations	**(₱53,269,303)**	(₱53,269,303)
Purchase of:		
20% in UPC-ACE Australia shares	**(2,864,605)**	–
20% in SLTEC	**(2,229,587)**	(2,229,587)
32% in NorthWind	**(723,974)**	(723,974)
34% in MSPDC	**(261,728)**	(261,728)
Various interest in other subsidiaries	**(119,486)**	(119,486)
Others	**18,338**	18,338
	(₱59,450,345)	(₱56,585,740)

Capital Management
The primary objective of the Group's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

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

No changes were made in the objectives, policies, or processes for the years ended December 31, 2023 and 2022. The Group considers its total equity as capital.

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guarantees, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as at December 31, 2023 and 2022.

16. Revenue from Sale of Electricity

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

	2023	2022	2021
Revenue from power supply contracts	**₱24,969,946**	₱22,834,849	₱17,085,312
Revenue from power generation and trading	**11,211,480**	12,160,639	8,792,727
	₱36,181,426	₱34,995,488	₱25,878,039

Power Supply Agreement with MERALCO
On September 9, 2019, the Parent Company won the bid to supply MERALCO a baseload demand of 200MW from December 26, 2019 until December 25, 2029 subject to the approval of ERC. The Parent Company received a copy of the provisional ERC approval for the contract on January 31, 2020 and the final approval on May 13, 2020 for the baseload.

On September 11, 2019, the Parent Company won the bid to supply MERALCO a baseload demand of 110MW from December 26, 2019 until December 25, 2024 subject to the approval of ERC. The Parent Company received copies of the provisional and final ERC approvals for the contract on January 31, 2020 and June 1, 2020, respectively.

Meralco Baseload PSA
On October 22, 2019, MERALCO and ACEN filed with the ERC a joint application for approval of its baseload Power Supply Agreement ("PSA"). Under the PSA, ACEN will supply, at a fixed rate, 200 MW baseload capacity to MERALCO for ten (10) years from the issuance by the ERC of a provisional approval. Hearings were conducted on January 14, 21, and 28, 2020.

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the baseload PSA between MERALCO and ACEN (the "PA Order"). Under the PA Order, the ERC granted a rate of ₱4.2366/kWh regardless of the plant capacity factor and not subject to any escalation rate.

On February 7, 2020, ACEN filed a Motion for Reconsideration and Urgent Re-evaluation of the Provisionally Approved Rates, arguing among others, for the implementation of the bid parameters of MERALCO, including the inclusion of the plant capacity factor in determining the rate, application of the proposed escalation rate, and retroactive application of the rates.

On May 13, 2020, ACEN received a copy of the Order of the ERC granting ACEN's Motion for Reconsideration ("Order Granting the MR"). The ERC, in its Order Granting the MR, approved a rate of ₱4.2366/kWh at 100% plant capacity factor, allowed 60% of the approved rate to escalate in accordance with ACEN's escalation schedule, and allowed a retroactive recovery of approved rate from December 26, 2019, among others. The Parties have already agreed on the amortization schedule and/or payment schedule for the collection of the retroactive differential adjustment amounting to ₱618.27 million.

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

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the mid-merit PSA between MERALCO and ACEN. Under the PA Order, the ERC granted a rate of ₱4.2366/kWh regardless of the plant capacity factor.

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

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

<u>Ancillary Services Procurement Agreements ("ASPA") with NGCP</u>

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

Bulacan Power
The ASPA between NGCP and Bulacan Power shall be effective for a maximum of five (5) years, commencing on June 26, 2018 up to June 25, 2023, subject to Annual Performance Evaluation.

On August 31, 2023, Bulacan Power received ERC's Notice of Resolution (Provisional Approval/PA) dated 15 August 2023 to implement the ASPA (DR). Under the ASPA, prior to the implementation of the ASPA, the parties must execute the Implementing Guidelines to reflect the directives of the ERC to the parties in the PA. The Implementing Guidelines was executed in December 2023 which marked the start of BPGC's obligation become available to supply/deliver the ASPA.

On April 19, 2023, Bulacan Power received a Notice of Award to provide Ancillary Services to the Luzon Grid for specific hourly intervals for five (5) years. On June 13, 2023, Bulacan Power filed an Application with ERC for the approval of the ASPA, with prayer for the issuance of provisional authority.

On August 31, 2023, Bulacan Power received ERC's Notice of Resolution (NOR) dated 15 Aug 2023 granting provisional authority to applicants NGCP and Bulacan Power to implement their ASPA for a period of 5 years.

BPGC filed a Motion for Reconsideration (MR) on the NOR as a precautionary measure to preserve its rights to seek a re-evaluation of the resolution of the Honorable Commission and ensure that it will not be declared in default or be deemed to have waived its right to file a motion for reconsideration of the provisional authority once issued.

CIPP
On April 19, 2023, CIPP received a Notice of Award to provide Ancillary Services to the Luzon Grid for specific hourly intervals for five (5) years. On May 02, 2023, NGCP and CIPP executed an ASPA and submitted the same to ERC on June 20, 2023 for approval with prayer for the issuance of provisional authority.

<u>Feed-in-Tariff ("FIT")</u>

San Lorenzo Wind
On June 10, 2015, the San Lorenzo Wind Project ("SLWP") under Guimaras Wind Corporation ("Guimaras Wind") was issued a Certificate of Endorsement ("COE") for FIT Eligibility by the Department of Energy ("DOE").

On December 1, 2015, Guimaras Wind received its Certificate of Compliance ("COC") from the ERC which entitles Guimaras Wind to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of twenty (20) years until December 26, 2034.

Outstanding receivable under the FIT system amounted to ₱485.79 million and ₱507.51 million as at December 31, 2022 and 2021, respectively.

On July 6, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the SLWP's FIT Rate starting 2020 shall be ₱8.59/kWh.

MONTESOL
On June 13, 2016, the DOE, through its issuance of the COE, certified MONTESOL's Solar Farm Project as an eligible project under the FIT system.

On December 28, 2016, MONTESOL received another provisional authority to operate by the ERC dated December 8, 2016 but this time, as a RE generation company, which allows MONTESOL to be entitled to a FIT rate of ₱8.69 for a period of twenty (20) years from March 11, 2016.

On February 6, 2017, MONTESOL received the COC from ERC and accordingly, measured its revenue from energy sales using FIT rate.

On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index (CPI) and foreign exchange variations through Discounted Cash Flows (DCF) Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020. MONTESOL accrued the retroactive net revenue adjustment based on the adjusted FIT rates for the years 2016 (₱8.69/kWh), 2017 (₱8.71/kWh), 2018 (₱9.04/kWh), 2019 (₱9.41/kWh) and 2020 (₱9.82/kWh).

ISLASOL
On October 3, 2014, the Board of Investments ("BOI") approved ISLASOL's registration as an RE developer of an 18 MW solar power plant (Phase2A) under Republic Act No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, otherwise known as the Renewable Energy Act of 2008 (the "RE Act").

On October 7, 2014, the DOE issued the COE for FIT eligibility to endorse the 9MW Phase 1B solar power plant of ISLASOL as an eligible project under the FIT system pursuant to the provisions of the RE Act.

On November 4, 2015, the BOI approved ISLASOL's registration as an RE developer of a 14MW solar power plant (Phase2B) and a 48MW solar power plant (Phase3) under the Act.

The 14MW and 48MW solar power plants have been completed in 2016 and started commercial operations in March 2016.

SACASOL
On January 7, 2014, the BOI approved the SACASOL's registration as an RE developer of 22 Megawatt (MW) solar power plants (Phases 1A & 1B) under the Renewable Energy Act of 2008 (the Act).

On December 20, 2014, the BOI approved SACASOL's registration as an RE developer of 23MW solar power plants (Phases 1C & 1D) under the Act.

Pursuant to Section 7 of the RE Act and Section 5 of its IRR, the ERC adopts and promulgates the FIT Rules. All RE plants shall be deemed eligible upon issuance by the ERC of a COC authorizing them to operate as FIT-eligible RE plants. Eligible RE plants shall be entitled to the appropriate FITs as established.

On June 4, 2014, the DOE issued the COE for FIT eligibility to endorse the 13MW Phase 1A solar power plant of SACASOL as an eligible project under the FIT system pursuant to the provisions of the RE Act.

On February 9, 2015, the ERC granted the COC to Phase 1A solar power plant with a capacity of 13MW, which entitles SACASOL to the FIT rate of ₱9.68/kWh from May 15, 2014 until May 14, 2034. On the same date, ERC granted the COC to Phase 1B solar power plant with a capacity of 9MW, which entitles SACASOL to the FIT rate of ₱9.68/kWh from August 16, 2014 to August 15, 2034.

On September 11, 2015, the DOE issued the COE for FIT eligibility to endorse the 23MW Phases 1C and 1D solar power plants of SACASOL as an eligible project under the FIT system pursuant to the provisions of the Act.

On May 4, 2016, ERC granted the COC to Phases 1C and 1D solar power plants with a capacity of 23MW, which entitles SACASOL to the FIT rate of ₱8.69/kWh from September 6, 2015 to September 5, 2035.

On May 26, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, SACASOL's FIT Rate starting 2020 shall be ₱11.28/kWh for Phase 1A and 1B and ₱10.12/kWh for Phase 1C and 1D solar power plants.

NorthWind Power Development Corporation
On July 31, 2007, NorthWind Power Development Corporation ("NorthWind") and the DOE entered into Negotiated Commercial Contract ("NCC") covering the contract area located in Bangui, Ilocos Norte. As a holder of a valid and existing NCC, NorthWind is deemed provisionally registered as a RE Developer under RA 9513. The provisional authority shall subsist until the issuance by the DOE of a Certificate of Registration ("COR").

On February 26, 2013, the DOE granted NorthWind a COR under Wind Energy Service Contract No. 2012-07-058. The COR served as the basis for its application with the BOI for the grant of incentives under RA 9513. The approval grants an income tax holiday ("ITH") incentive of seven (7) years starting September 2014.

On October 10, 2014, the DOE granted NorthWind a COE for FIT Eligibility (COE-FIT No. 2014-10-001) for its Phase III expansion project. The endorsement was the basis for the ERC to issue a FIT COC on April 13, 2015.

The tariff on the generation of the original twenty (20) turbines (Phases I & II) is a FIT rate specific to NorthWind of ₱5.76/kWh, as approved by the ERC in its decision dated June 30, 2014. In an Order dated November 7, 2017, the ERC granted NorthWind an increase of ₱0.20/kWh, in connection with a Motion for Partial Reconsideration of the Decision dated June 30, 2014, in ERC Case No. 2011-060RC filed by NorthWind on December 5, 2014, thereby increasing the FIT rate specific to Phases I & II from ₱5.76/kWh to ₱5.96/kWh.

The FIT rate specific to NorthWind's Phase I & II is lower than the national FIT rate and is valid for twenty (20) years, less the actual years of operation as provided for under the FIT Rules.

The tariff on the six (6) turbines (Phase III) is at ₱8.53/kWh, subject to adjustments as may be approved by the ERC under the FIT rules. The FIT period on the six (6) turbines shall be from October 10, 2014 to October 8, 2034.

On July 6, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, NorthWind's rate starting 2020 shall be ₱6.52/kWh and ₱8.90/kWh for Phase I & 11 and Phase III, respectively.

Feed-in-Tariff ("FIT") adjustment
On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index (CPI) and foreign exchange variations through Discounted Cash Flows (DCF)

Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020. The resolution was published in a newspaper of general circulation in the country on November 17, 2020.

Renewable energy subsidiaries under the FIT system which include Guimaras Wind, MSEI, SACASOL, and NorthWind, accrued the retroactive net revenue adjustment amounting to ₱791.48 million. This will be recovered for a period of five (5) years.

NLR, a renewable energy producer and a joint venture through PhilWind, also accrued the retroactive net revenue adjustment amounting to ₱635.51 million.

On February 19, 2021, ERC clarified in its letter to TransCo, the Administrator of the FIT system, by specifying the timing and manner of billing the FIT Adjustment. Actual recovery of arrears shall be for a period of five (5) years. Billing for January 2016 generation period shall start in December 2020, and payment schedule shall start in January 2021, following the five-year recovery period. Moreover, pending the approval of the 2021 FIT-All rate and adjustment of FIT rates, the original approved FIT rates shall be used for the 2021, 2022 and 2023 generation billing. Revenue in 2021, 2022 and 2023 was based on 2020 approved FIT rates in the absence of the 2021 FIT rates. Currently, there's a moratorium on interest on the delayed payments. It is expected that the adjusted FIT rates applicable for 2021 will also be collected in arrears in accordance with the approval of the ERC.

Pre-termination fees

Revenues from power supply contract in 2022 were reduced by pre-termination fees of ₱605.00 million.

17. **Costs of Sale of Electricity**

This account consists of:

	2023	2022	2021
Costs of purchased power	**₱27,272,520**	₱24,599,882	₱12,505,904
Fuel	**1,522,458**	4,957,516	4,787,976
Depreciation and amortization (Notes 8, 9 and 10)	**1,207,418**	1,918,307	1,806,363
Repairs and maintenance	**499,277**	712,770	713,507
Taxes and licenses	**452,821**	643,370	482,929
Salaries and directors' fees	**225,486**	402,938	396,608
Insurance	**137,187**	444,825	392,496
Contractor's fee	**102,679**	149,984	153,965
Transmission costs	**96,973**	129,206	84,201
Rent	**53,844**	54,572	33,971
Transportation and travel	**22,150**	18,142	10,397
Communication	**18,494**	18,068	17,030
Pension and other employee benefits	**8,928**	17,333	15,087
Filing fees	**5,942**	12,025	19,687
Others	**103,905**	104,301	49,612
	₱31,730,082	₱34,183,239	₱21,469,733

Power Purchase Agreement and Administration and Management Agreement with South Luzon Thermal Energy Corporation (SLTEC)
On October 26, 2011, ACEN entered into a Power Purchase Agreements (PPAs) with SLTEC, wherein SLTEC shall, from Commercial Operations Date and for the duration of the Electricity Supply Period, make available to ACEN all of its Net Dependable Capacity and supply the Net Available Output at the Delivery Point, in accordance with the Electricity Delivery and Dispatch Procedures. ACEN, on behalf of SLTEC, will sell or trade the Commissioning Power, subject to coordination between SLTEC and ACEN on the price/offer, trading volumes and remittance of payment, provided that all costs relating thereto shall be for the exclusive account of SLTEC. ACEN shall pay the electricity fees at the price determined, exclusive of value-added tax which shall be passed on SLTEC to ACEN.

On May 20, 2019, ACEN and SLTEC amended the PPAs to revise the PPA Capacity Fee for both Units 1 and 2 and to extend the term of the PPAs for an additional period of 10 years.

On August 26, 2019, ACEN and SLTEC terminated the PPAs, and on October 4, 2019, ACEN and SLTEC entered into an Administration and Management Agreement (the "Old AMA") in place of the PPAs. The Old AMA is effective from August 26, 2019 and shall terminate on April 23, 2040 and February 20, 2041 for the Unit 1 and Unit 2, respectively. ACEN and SLTEC terminated the Old AMA, and on April 11, 2022, entered into a new Administration and Management Agreement (the "New AMA").

The New AMA is effective from April 11, 2022 and shall terminate on December 25, 2040 ("Cooperation Period"). Under the New AMA, ACEN shall have the exclusive right to administer, control, and manage the entire capacity of the Power Plant for the entire duration of the Cooperation Period. ACEN shall likewise have the exclusive right to direct, trade, dispatch, sell or otherwise deal with the Net Output whether to the WESM for both energy and reserve markets, bilateral contracts with contestable customers, distribution utilities, or qualified third parties, as well as contract for or offer related ancillary services to NGCP.

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

Electricity Supply Agreement (ESA) with Maibarara Geothermal, Inc. (MGI)
On September 16, 2011, MGI (the Seller) entered into an ESA with ACEN (the Buyer) in which ACEN offered to purchase all of the 20 MW Maibarara-1 Geothermal Power Plant (M1) facility's net output and the Seller has agreed to supply the Buyer with the said output under the terms and conditions of the ESA. M1 started commercial operations on February 8, 2014.

On April 26, 2016, MGI and ACEN signed the ESA for the 12 MW Maibarara-2 Geothermal Power Plant (M2) or M2 Expansion Project. M2 started commercial operations on April 30, 2018.

On June 26, 2019, MGI and ACEN executed the Amendment to the Unit 1 ESA and Unit 2 wherein, among others, electricity fees were renegotiated to a uniform electricity fee for M1 and M2 effective upon the Billing Period commencing June 26, 2019. In addition, the said Amendment also provides that M1 wheeling charges shall be for the account of the Buyer after December 25, 2019, while for M2 wheeling charges shall be for the Buyer's account starting from Commercial Operations Date (April 30, 2018).

Power Purchase and Supply Agreement with GNPower Dinginin Ltd. Co. (GNPD)
On April 22, 2016 and October 25, 2022, ACEN entered into two Power Purchase and Sale Agreement with GNPD for the supply of 80M and 43MW, respectively.

GNPD is a joint venture among Aboitiz Power Corporation, Power Partners Ltd. Co., and ACEIC. ACEIC, which has a 57.83% ownership in ACEN, has an effective 20% economic interest in GNPD.

Power Purchase with Shell Energy Philippines, Inc. (SEPH)
On July 25, 2023, ACEN entered into a Short-Term Power Purchase Agreement with SEPH for a 30MW contracted capacity for a period of 45 calendar days from supply start date or until September 8, 2023.

18. General and Administrative Expenses

This account consists of:

	2023	2022	2021
Provision for impairment of financial assets at amortized cost (Note 7)	**₱1,860,969**	₱1,284,409	₱–
Salaries and directors' fees	**1,453,570**	739,212	469,000
Provision for expected credit losses (Note 5)	**1,124,734**	–	873
Management and professional fees	**1,075,700**	419,312	712,720
Taxes and licenses	**394,528**	533,466	752,485
Depreciation and amortization (Notes 8, 9 and 10)	**366,052**	260,101	199,502
Insurance, dues and subscriptions	**191,816**	147,325	63,059
Transportation and travel	**130,879**	67,973	17,258
Contractor's fee	**118,874**	65,058	28,308
Utilities	**96,350**	34,829	7,489
Corporate social responsibilities	**92,543**	82,765	45,273
Pension and other employee benefits	**77,407**	25,744	21,512
Building maintenance and repairs	**67,638**	31,730	30,127
Meeting and conferences	**42,544**	25,185	4,936
Rent	**39,807**	30,487	13,111
Advertisements	**39,646**	22,950	27,781
Training and commitment fees	**39,528**	13,968	5,860
Office supplies	**20,530**	12,897	5,450
Communication	**13,817**	11,327	5,215
Provision (reversal) for impairment of advances to contractors (Note 11)	**6,385**	(1,256)	–
Provision for impairment of property, plant and equipment (Note 8)	**4,569**	41,444	301,413

(Forward)

	2023	2022	2021
Provision for probable losses on deferred exploration costs (Note 10)	**₱–**	₱584	₱23,379
Others	**212,998**	52,307	50,798
	₱7,470,884	₱3,901,817	₱2,785,549

19. **Interest and Other Finance Charges**

This account consists of:

	2023	2022	2021
Interest expense on:			
Long-term loans (Note 13)	**₱1,160,942**	₱1,293,116	₱1,061,075
Notes payable (Note 13)	**136,254**	325,126	263,047
Lease obligations (Note 9)	**250,092**	198,050	164,416
Short-term loans (Note 13)	**174,583**	179,919	52,732
Amortization of debt issue cost (Note 13)	**88,278**	169,361	47,438
Discount in accounts payable	**–**	–	72,533
Other finance charges	**120,116**	191,959	33,139
	₱1,930,265	₱2,357,531	₱1,694,380

20. **Other Income - Net**

This account consists of:

	2023	2022	2021
Interest and other financial income	**₱7,070,391**	₱5,639,184	₱4,376,158
Gain on remeasurement of retained interest (Notes 2 and 6)	**3,433,328**	–	–
Gain (loss) on change due to loss of control of subsidiaries (Note 2)	**1,062,030**	(121,107)	–
Gain on settlement of development loans (Note 5)	**515,000**	–	–
Guarantee fee income	**91,229**	347,894	254,405
Foreign exchange gain - net	**51,824**	122,880	420,811
Gain on sale of financial asset at FVTPL	**49,929**	–	–
Claims on insurance	**45,591**	72,993	161,942
Gain on sale of carbon credits	**42,520**	–	–
Recovery of tax credit certificate on real property tax	**8,538**	–	69,154

(Forward)

	2023	2022	2021
Fair value loss on financial asset at FVTPL	**(₱262,383)**	(₱124,513)	₱–
Discount on long-term receivable	**(33,594)**	(82,508)	–
Gain (loss) on settlement of derivatives - net	**(31,268)**	297,342	41,802
(Loss) gain on sale of property, plant and equipment	**(3,872)**	(7,049)	1,095
Gain on remeasurement of previously held interest (Notes 2 and 24)	–	10,921,026	–
Gain on divestment of associate or joint venture (Note 6)	–	734,672	59,443
Guaranteed performance differential	–	62,287	45
Gain on sale of inventories and by-product	–	32,953	24,733
Unrealized gain on commodity swaps	–	1,647	–
Gain on bargain purchase (Note 28)	–	138	–
Loss on sale of noncurrent assets held for sale	–	(8,400)	–
Loss on FVOCI written-off	–	(500)	–
Gain on reversal of impairment of impairment of advances to contractors	–	–	22,447
Others	**216,568**	313,053	291,605
	₱12,255,831	₱18,201,992	₱5,723,640

Claims on insurance includes claim for business interruptions due to temporary shutdown of the powerplant, as covered by an industrial all-risk (IAR) insurance covering both property damage/repair (PD) and loss of profits due to business interruption (BI). The account also includes property damage claims from the Parent Company, Gigasol3 and NorthWind.

Fair value loss on financial assets at FVTPL is comprised of marked-to-market gains of UITFs (₱3.12 million) and loss of unlisted shares Masaya Solar Energy Private Limited (₱266.44 million) in 2023.

Gain (loss) on settlement of derivatives pertain to maturities of foreign exchange forward contracts entered by ACEN with various banks and settlement of fuel and coal hedge contracts (Note 25).

Loss on sale of noncurrent assets held for sale in 2022 pertains to various sale transaction of Power Barges 101, 102 and 103 with an aggregate carrying amount of ₱201.93 million. The sale resulted to a total loss of ₱8.40 million.

Interest and Other Financial Income

Interest and other financial income arise from cash in banks and short-term deposits, investments in redeemable preferred shares of associates and joint ventures, and from debt replacement and development loans and advances extended to associates and joint ventures.

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

	2023	2022	2021
Interest income on:			
Cash in banks and short-term deposits (see Note 4)	**₱1,586,517**	₱285,196	₱129,553
Accounts and notes receivables (Notes 5 and 7)	**2,346,536**	1,879,077	1,947,792
Accounts and other receivable	**76,698**	38,096	125,075
Debt replacements	**1,940,160**	1,368,602	1,240,925
Development loan	**244,182**	454,701	570,572
Other loan	**85,496**	17,678	11,220
Other financial assets at amortized cost (Note 7)	**3,137,338**	3,474,911	2,298,813
Redeemable preferred shares	**2,509,952**	2,251,145	1,151,895
Convertible loans	**627,386**	1,223,766	1,146,918
	₱7,070,391	₱5,639,184	₱4,376,158

ACRI Guarantee Agreement and guarantee fee income

ACRI serves as a guarantor for the following borrowings entered by its related parties which ACRI unconditionally and irrevocably guaranteed. Fees are charged for these guarantee agreements. ACRI assessed that the expected credit loss from its guaranteed obligation of the related parties is nil.

During the year ended December 31, 2022, the Group has entered into various guarantee agreements with the banks for a total of US$422.30 million, for projects in India, Vietnam and Australia, of which US$422.30 million is outstanding as of year-end. The purpose of the guarantee is to secure various Standby Letter of Credit (SBLC) and guarantee agreements of the projects as follows:

a. Construction SBLCs and guarantees US$25.30 million;
b. Bid and performance bonds US$7.50 million;
c. Performance connection US$26.86 million;
d. SBLC loans US$181.30 million; and
e. Loan guarantees US$191.40 million

For the years ended December 31, 2023 and 2022, the Group recognized corresponding guarantee fee income amounting to $1.65 million (₱91.23 million) and to $6.27 million (₱347.89 million), respectively.

ACEN Australia
On February 17, 2021, NESF FINCO Pty. Ltd., a subsidiary of ACEN Australia issued two bank guarantees to NSW Electricity Operations Pty Ltd ("Transgrid") to provide security for obligations under the New England Solar Farm Connection Agreement. The total amount of bank guarantees as at December 31,2023 was US$176.40 million. The two bank guarantees were procured under the New England Solar Farm Syndicated Facility Agreement.

21. Income Taxes

a. Current income tax pertains to the following:

	2023	2022	2021
RCIT	**₱447,967**	₱404,363	₱271,134
MCIT	**44,363**	10,962	26,555
	₱492,330	₱415,325	₱297,689

b. The components of the Group's net deferred income tax assets (liabilities) as at December 31 are as follows:

Net deferred tax assets

	2023	2022
Income tax reported in consolidated statements of income		
Deferred income tax assets:		
NOLCO	**₱2,145,431**	₱1,135,358
Lease liability	**545,437**	668,666
Accrued expenses	**134,635**	118,155
MCIT	**88,800**	88,800
Unamortized discount on long-term receivable	**41,723**	10,123
Allowance for doubtful accounts and expected credit losses	**30,854**	29,583
Pension and other employee benefits	**21,920**	21,243
Asset retirement obligation	**19,704**	14,257
Unearned revenue	**18,281**	31,651
Allowance for impairment on property and equipment	**17,833**	4,758
Unrealized foreign exchange loss	**16,310**	23,057
Allowance for probable losses on deferred exploration costs	**1,724**	1,724
Impairment of Input VAT	**1,653**	–
Allowance for inventory obsolescence	**1,528**	1,526
Unamortized past service costs	**1,129**	1,671
Others	**8,933**	270,215
	3,095,895	2,420,787
Deferred income tax liabilities:		
Right-of-use assets	**374,944**	517,215
Unrealized foreign exchange gain	**68,602**	65,775
Accrual of bonuses	**60,059**	48,365
Unamortized debt issue costs	**52,757**	52,962
Asset retirement obligation	**12,917**	–
Unamortized interest cost on payable to APHPC	**52**	52
Others	**480**	–
	569,811	684,369
	2,526,084	1,736,418

(Forward)

	2023	2022
Income tax reported in consolidated statements of other comprehensive income	**₱–**	₱–
Deferred tax asset:		
Derivative liability on forward contracts	**14,851**	9,375
Remeasurement gain (loss) on defined benefit obligation	**13,807**	(282)
Derivative liability on hedging	**2,641**	–
	31,299	9,093
Deferred tax liabilities -		
Derivative asset on hedging	**435,302**	15,317
Total deferred income tax assets – net	**₱2,122,081**	₱1,730,194

Net deferred tax liabilities

	2023	2022
Income tax reported in consolidated statement of income		
Deferred income tax assets:		
Lease liability	**₱70,950**	₱8,871
Unearned revenue	**(2,223)**	(1,978)
Pension and other employee benefits	**–**	2,738
Accrued expenses	**–**	2,716
Unrealized foreign exchange loss	**–**	1,634
Inventory obsolescence	**–**	215
Allowance for expected credit losses	**–**	181
Others	**81,451**	86,408
	150,178	100,785
Deferred income tax liabilities:		
Unamortized capitalized borrowing costs	**485,292**	257,042
Right-of-use assets	**78,886**	13,826
Unrealized foreign exchange gain	**22,462**	1,940
Unamortized debt issue costs	**–**	54,245
Others	**369,440**	–
	956,080	327,053
Total deferred income tax liabilities - net	**(₱805,902)**	(₱226,268)

The Group's temporary differences and unused NOLCO for which no deferred income tax assets were recognized in the consolidated statements of financial position are as follows:

	2023	2022
NOLCO	**₱4,691,482**	₱1,639,071
Allowance for impairment loss on property and equipment	**3,969,107**	–
Accrued expenses	**220,851**	138,568
Excess MCIT	**27,374**	27,290
Allowance for credit losses	**20,000**	20,000
Allowance for probable losses	**18,469**	18,469
Unrealized foreign exchange loss	**3,281**	3,281

NOLCO amounted to ₱4,691.48 million and ₱1,639.07 million, as at December 31, 2023 and 2022, respectively. DTAs on various deductible temporary differences and unused NOLCO have not been recognized as management believes it is not probable that sufficient future taxable income will be available against which the related deferred income tax assets can be used.

Temporary differences on asset retirement cost and PFRS 16 adoption are expected to reverse during the income tax holiday period of ISLASOL, SACASOL, and MONTESOL.

As at December 31, 2023 and 2022, NOLCO totaling ₱8,250.91 million and ₱5,711.47 million, respectively, can be claimed as deduction from regular taxable income and MCIT amounting to ₱23.88 million and ₱26.52 million, respectively, can be credited against future RCIT. The movement in NOLCO and MCIT is shown in the tables below:

Year			NOLCO			Expiry
Incurred	Beginning	Additions	Application	Expiration	Ending	Date
2016[(a)]	₱129,030	₱116,549	(₱17,644)	(₱51,259)	₱176,676	2023
2017[(a)]	176,676	470,941	–	(48,077)	599,540	2020
2018	599,540	1,449,379	–	(16,177)	2,032,742	2021
2019	2,032,742	1,080,806	–	(9,691)	3,103,857	2022
2020[(b)]	3,103,857	620,811	(2,589,582)	(470,941)	664,145	2025
2021[(b)]	664,145	431,693	–	–	1,095,838	2026
2022	1,095,838	5,047,595	–	(431,961)	5,711,472	2025
2023	5,711,472	2,796,612	(257,177)	–	8,250,907	2026

(a)NOLCO from renewable entities which can be carried over for the next 7 consecutive taxable years per RE Act of 2008
(b)RR-15-20 Bayanihan Act 2: NOLCO incurred for the taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five(5) consecutive years

Year			MCIT			Expiry
Incurred	Beginning	Additions	Application	Expiration	Ending	Date
2019	₱9,539	₱748	₱–	(₱351)	₱9,936	2022
2020	9,936	2,648	(8,325)	(1,079)	3,180	2023
2021	3,180	23,885	–	–	27,065	2024
2022	27,065	–	–	(541)	26,524	2025
2023	26,524	–	–	(2,649)	23,875	2026

The reconciliation between the effective income tax rates and the statutory income tax rate follows:

	2023	2022	2021
Applicable statutory income tax rates	**25.00%**	25.00%	25.00%
Increase (decrease) in tax rate resulting from:			
Income of foreign subsidiary exempt from tax	**(19.38)**	(27.06)	(14.83)
Net loss (income) under tax holiday	**(10.53)**	(1.78)	(1.52)
Equity in net income of associates and joint ventures	**(4.70)**	(1.60)	(6.28)
Financial income subject to final tax	**(4.22)**	(0.46)	(0.39)
Impact of CREATE on effective tax rates	**–**	–	(0.75)
Dividend income exempt from tax	**(0.01)**	(0.01)	(0.04)
Nondeductible expenses	**0.47**	(7.33)	4.33
Movement in temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized and others	**16.38**	8.49	(3.70)
Effective income tax rates	**3.01%**	(4.75%)	1.82%

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

b. R.A. No. 10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted.

   The TRAIN changes the existing tax law and includes several provisions that generally affected businesses on a prospective basis. In particular, management assessed that amendment of Section 148 – Excise tax on manufactured oil and other fuels – which increases the excise tax rates of lubricating oil, diesel fuel oil and bunker fuel oil, among others that are used for the power plants, may have material impact to the operations of the Group. Management has considered the impact of TRAIN in managing the operation hours of its power plants.

c. Guimaras Wind is a duly registered renewable energy developer under Renewable Energy (RE) Act of 2008, It is entitled to income tax holiday (ITH) for the first seven years of its commercial operations on all its registered activities starting 2015. Under the RE Act, Guimaras Wind can avail a corporate tax rate of 10% after the ITH period. Since Guimaras Wind will avail the 10% after the ITH, the deferred tax asset expected to be reversed after the ITH period were set up at 10%.

d. ISLASOL is duly registered with the provisions of the Omnibus Investments Code of 1987 last March 29, 2017 which entitled the ISLASOL the incentive to avail ITH for seven years from March 2016, date of actual commercial operation under the administration of BOI. After 7 years of ITH, ISLASOL shall pay a corporate tax of ten percent (10%) on its net taxable income.

e. SACASOL is duly registered in accordance with the provisions of the Omnibus Investments Code of 1987 last April 7, 2016 which entitled the SACASOL the incentive to avail ITH for seven years from May 2014, date of actual commercial operations under administration of BOI. After 7 years of ITH, SACASOL shall pay a corporate tax of ten percent (10%) on its net taxable income.

f. MONTESOL is duly registered in accordance with the provisions of the Omnibus Investments Code of 1987 last October 15, 2015 which entitled the MONTESOL the incentive to avail ITH for seven years from March 2016, date of actual commercial operations under administration of BOI. After 7 years of ITH, SACASOL shall pay a corporate tax of ten percent (10%) on its net taxable income.

22. Related Party Transactions

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

In the ordinary course of business, the Group transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses, office space rentals, management service agreements and electricity supply.

ACEN served as the guarantor for the US$400.00 million senior undated fixed-for-life (non-deferrable) Notes with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par, issued by ACEN Finance on September 8, 2021, under its medium-term note (MTN) Programme. Proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework (see Note 13).

The balances as at December 31, 2023 and 2022 and transactions for the years ended December 31, 2023, 2022 and 2021 are as follows:

a. Transactions with ACEIC, the intermediate parent company

	Amount/ Volume			Outstanding Balance Receivable (Payable)		Terms / Conditions
Nature	**2023**	2022	2021	**2023**	2022	
Interest receivable interest income	**₱–**	₱107,000	₱142,152	**₱–**	₱–	Non-interest bearing; due and demandable
Management fee income	**8,634**	24,919	34,785	**1,580**	10,002	Unsecured; no impairment
Management fee (expense)	**249,557**	26,041	456,026	**(280,247)**	(23,421)	Non-interest bearing; due and demandable
Transfer of Employee	**176,633**	–	–	**176,633**	–	Non-interest bearing; due and demandable
Due from related parties	**4,458**	–	–	**172,030**	167,572	Non-interest bearing; due and demandable
Due to related parties	**–**	–	–	**(77,806)**	(80,194)	Non-interest bearing; due and demandable

b. Notes Receivables

	Amount/ Volume			Outstanding Balance		
Related Party	**2023**	2022	2021	**2023**	2022	**Terms / Conditions**
Development loans						
Joint Ventures						
UPC-AC Energy Solar Limited (UPC-ACE Solar)	**₱–**	₱401,436	₱675,294	**₱806,694**	₱1,115,100	Due in 2023; interest bearing; unsecured; with impairment
ACEN-Silverwolf	**5,415**	–	–	**5,415**	–	Due in 2023; interest bearing; unsecured; no impairment
Affiliate						
Yoma Strategic Investments Ltd (“Yoma”)	**–**	–	–	**1,329,824**	1,339,071	Due in 2023; interest bearing; unsecured; no impairment
	₱5,415	₱401,436	₱675,294	**₱2,141,933**	₱2,454,171	
Debt replacements						
Joint Ventures						
Greencore 3	**₱248,591**	₱2,147,546	₱2,078,400	**₱4,474,536**	₱4,225,946	Due in 2024; interest bearing; unsecured; no impairment
Lac Hoa	**–**	2,643,403	–	**2,625,150**	2,643,403	Due in 2024; interest bearing; unsecured; no impairment
Hoa Dong	**–**	2,318,792	–	**2,302,780**	2,318,792	Due in 2024; interest bearing; unsecured; no impairment
Asian Wind 1	**–**	–	–	**1,472,288**	3,087,433	Due in 2035; interest bearing; unsecured; no impairment
Asian Wind 2	**–**	2,737,160	1,360,743	**1,157,895**	2,435,262	Due 2045 interest bearing; unsecured; no impairment
NEFIN Solar	**220,649**	574,834	253,870	**791,514**	574,834	Due in 2024; interest bearing; unsecured; no impairment
Ingrid	**600,000**	650,000	–	**300,000**	200,000	Due in 2024; interest bearing; unsecured; no impairment

(Forward)

Related Party	Amount/ Volume 2023	2022	2021	Outstanding Balance 2023	2022	Terms / Conditions
VWEL	**₱224,279**	₱754,669	₱2,553,602	**₱283,482**	₱59,614	Due in 20 years from date of drawdown; interest bearing; unsecured; no impairment
PT Dewata ACEN Renewables Indonesiaa	**33,214**	–	–	**33,214**	–	Due in 2024; interest bearing; unsecured; no impairment
BIM Wind	–	–	5,782,397	–	4,749,490	Due in 2030 interest bearing; unsecured; no impairment
	₱1,326,733	₱11,826,404	₱12,029,012	**₱13,440,859**	₱20,294,774	
Other Loans						
Joint Venture						
Infineum 4 Energy, Inc.	**₱34,360**	₱43,466	₱–	**₱77,826**	₱43,466	Due in 2024; interest bearing; unsecured; no impairment
BrightNight	**310,542**	–	–	**310,542**	–	Due in 2024; interest bearing; unsecured; no impairment
Ingrid	–	450,000	–	–	300,000	Due in 2023; interest bearing; unsecured; no impairment
	₱344,902	₱493,466	₱–	**₱388,368**	₱343,466	

Except for the discussion above, the movement in the notes receivable from related parties are revaluation of US$ denominated notes receivable to Philippine peso from December 31, 2022, to December 31, 2023.

<u>Receivables from Infineum 4 Energy, Inc.</u>
On January 7, 2022, the ACED, Maraj Energy and Development, Inc. (MEDI) and Infineum 4 entered into an Omnibus Loan and Security Agreement in which the Parent Company will lend a loan amounting to ₱150.00 million to Infineum 4 with an annual interest of 8% payable in full on the repayment date, to be utilized for the purpose of enabling the pre-development and development activities in relation to its proposed floating solar power project in Lake Mapanuepe in San Marcelino, Zambales. The loan shall be made available for a period of two (2) years from the date of the agreement which may be extended upon mutual agreement by the parties.

On March 5, 2024, both parties agreed to extend the availability period one (1) year or from | January 8, 2024 to January 7, 2025 and that the repayment date likewise be extended for another one (1) year from the date of first note. In consideration of the extended availability period and repayment date, the interest rate increased from 8.00% to 11.41% to be applied starting January 8, 2024 to January 6, 2025 on all amounts outstanding.

c. Interest Income and Receivable

This account consists of:

Related Party	Amount/Volume 2023	2022	2021	Outstanding Balance Receivable (Payable) 2023	2022	Terms
Other Financial Assets at Amortized Cost (Note 7)						
Redeemable preferred shares	**₱2,509,952**	₱2,251,145	₱1,151,895	**₱3,473,000**	₱2,487,852	various dates
Convertible loans	**627,386**	1,223,766	1,146,918	**761,760**	1,071,551	various dates
	₱3,137,338	₱3,474,911	₱2,298,813	**₱4,234,760**	₱3,559,403	

(Forward)

Related Party	Amount/Volume 2023	2022	2021	Outstanding Balance Receivable (Payable) 2023	2022	Terms
Development Loans						
Joint Ventures						
UPC-ACE Solar	**₱102,677**	₱95,725	₱80,211	**₱327,633**	242,890	various dates
UPC-ACE Australia	**14,664**	7,087	–	**–**	–	various dates
Associates						
ACEN-Silverwolf	**–**	–	–	**206**	–	various dates
The Blue Circle (TBC)	**–**	60,390	56,572	**–**	–	various dates
Affiliate						
Yoma	**53,314**	52,427	48,324	**198,328**	146,341	various dates
	₱170,655	₱215,629	₱185,107	**₱526,167**	389,231	
Debt replacements						
Joint Ventures						
VWEL	**37,355**	59,043	306,768	**465,726**	431,899	various dates
Hoa Dong	**301,196**	86,371	–	**439,074**	87,504	various dates
Lac Hoa	**343,065**	96,629	–	**387,030**	97,896	various dates
NEFIN Solar	**47,487**	26,480	–	**63,448**	22,084	various dates
Greencore 3	**495,884**	228,241	57,387	**57,797**	276,357	30-day, non-interest bearing
Ingrid	**76,405**	12,367	–	**33,337**	9,167	30-day, non-interest bearing
PT Dewata ACEN Renewables Indonesia	**–**	–	–	**472**	–	various dates
Asian Wind 1	**283,695**	269,291	208,839	**–**	–	various dates
Asian Wind 2	**224,807**	199,560	233,424	**–**	67,648	various dates
BIM Wind	**130,266**	380,250	248,334	**–**	88,657	various dates
BIMRE	–	10,370	186,173	**–**	–	various dates
	₱1,940,160	₱1,368,602	₱1,240,925	**₱1,446,884**	₱1,081,212	
Other Loans						
BrightNight	**₱29,677**	₱–	₱–	**₱29,693**	₱–	30-day, non-interest bearing
Others	**3,833**	1,876	–	**4,095**	1,875	30-day, non-interest bearing
	₱33,510	₱1,876	₱–	**₱33,788**	₱1,875	
Trade Receivables						
Affiliates	**₱–**	₱–	₱–	**₱9,068**	₱5,408	30-day, non-interest bearing

Allowance for expected credit loss

For the year ended December 31, 2023, the Group recognized allowance for impairment loss in development loan to UPC-AC Energy Solar Limited (UPC-ACE Solar) for its principal and interest amounting to US$13.98 million (₱812.63 million) and US$6.05 million (₱327.63 million), respectively (Note 5).

d. Loans Payable

Related Party	Amount / Volume 2023	2022	2021	Outstanding Balance Receivable (Payable) 2023	2022	Terms
BPI						
Interest expense / Interest payable	**₱2,232**	₱6,454	₱2,337	**(16,521)**	(₱8,834)	30 days, unsecured
Long-term loans	**110,257**	339,442	112,879	**(2,367,909)**	(1,766,487)	12 years, interest bearing
Short-term loans	**66,492**	25,317	–	**(1,500,000)**	–	63 days, interest bearing

e. Right of Use Assets / Lease Liabilities

The Group entered into lease agreements with Ayala Land, Inc, (ALI) and Fort Bonifacio Development Corporation (FBDC), affiliates, for the use of its office units and parking spaces. Lease with FBDC ended on March 31, 2023.

	Amortization / Interest Expense			Right-of-use assets / (Lease Liabilities)		
Related Party	**2023**	2022	2021	**2023**	2022	**Terms**
ALI						
Right of use Assets Note 9)	**₱144,988**	₱114,880	₱93,899	**₱1,448,350**	₱926,451	10 years, unsecured
Lease Liabilities (Note 9)	**65,517**	41,550	38,847	**(1,639,935)**	(1,008,858)	10 years, unsecured
FBDC						
Right of use Assets (Note 9)	**–**	9,227	9,227	**–**	4,573	3 years, unsecured
Lease Liabilities (Note 9)	**–**	182	435	**–**	(9,771)	3 years, unsecured

f. Other Related Party Transactions

	Amount/Volume			Outstanding Balance Receivable (Payable)		
	2023	2022	2021	**2023**	2022	**Terms**
Management fee income	**₱138,970**	₱46,148	₱53,160	**₱112,513**	₱ 8,019	30-days, unsecured
Rental income	**13,009**	17,337	16,737	**4,214**	2,118	30-days, unsecured
Revenue from power supply contracts	**–**	33,721	–	**–**	–	30-days, unsecured
Cost of sale of electricity	**(569,485)**	911,744	472,004	**(103,650)**	(92,591)	30-days, unsecured
Due from related parties	**–**	–	3,465	**738,206**	422,796	On demand, Unsecured
Due to related parties	**–**	–	–	**2,733,673**	(1,585,951)	On demand, Unsecured

Management fee income pertains to service fees billed by the Group to its related parties under common control and joint venture & associates for providing a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/ bookkeeping services, human resources management, manpower related services and other related functions.

Rental income pertains to revenue from sublease agreement with Ingrid.

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

The amount due from a related company pertains mostly from advances including those for project development or reimbursement of expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

The amount due to a related parties pertains to advances, including those for development cost, utilities expense, professional services and other miscellaneous expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

g. Receivables from Employees and Officers

Receivables from officers and employees amounting to ₱301.17 million for both years ended December 31, 2023 and 2022, pertain to housing, car, salary and other loans granted to Group's officers and employees.

h. Payable to Directors and Stockholders

	Amount/Volume			Outstanding Balance Receivable (Payable)		
	2023	2022	2021	**2023**	2022	**Terms / Conditions**
Accrued director's and annual incentives						
Directors' fee and annual incentives	**₱36,700**	₱29,812	₱23,352	**(₱2,000)**	₱–	On demand, Unsecured
Due to stockholders						
Cash dividends	**2,069,015**	2,298,950	1,195,787	**(16,585)**	(16,585)	On demand, Unsecured

Key Management Compensation

Compensation of key management personnel of the Group are as follows:

	2023	2022	2021
Short-term employee benefits	**₱59,802**	₱54,431	₱64,215
Post-employment benefits	**27,750**	4,132	2,691
	₱87,552	₱58,563	₱66,906

Identification, Review and Approval of Related Party Transactions
All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

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

23. Earnings Per Share

Basic and diluted EPS are computed as follows:

	2023	2022	2021
	(In Thousands, Except for Number of Shares and Per Share Amounts)		
Net income attributable to equity holders of Parent Company	**₱7,396,140**	₱13,055,119	₱5,250,972
Less cumulative preferred share dividends	**642,560**	–	–
(a) Net income attributable to common shareholders of Parent Company	**₱6,753,580**	₱13,055,119	₱5,250,972
Common shares outstanding at beginning of year (Note 15)	**39,677,394,773**	38,324,027,174	13,692,457,210
Weighted average number of:			
Shares issued during the year	**–**	1,043,557,948	15,719,838,696
(b) Weighted average common shares outstanding	**39,677,394,773**	39,367,585,122	29,412,295,906
Basic/Diluted earnings per share (a/b)	**₱0.17**	₱0.33	₱0.18

On June 7, 2021, upon the SEC's approval of increase in ACS from 24.4 billion to 48.4 billion shares, 16,685,800,533 shares of ACEN were issued to ACEIC through the offshore share swap transaction (see Note 15).

The SRO enabled the then minority shareholders to increase their shareholdings on account of the dilution of their existing share ownership as a result of the ACEIC onshore share swap transaction.

For the years ended December 31, 2023, 2022 and 2021, except for ESOWN, the Parent Company does not have any material potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings per share is the same as basic earnings per share for the years ended December 31, 2023, 2022 and 2021.

24. **Business Combinations**

2023 Business Combinations

Investment in YMP Telecom Power Inc.
On December 22, 2023, Belenos Energy Corporation ("Belenos"), a wholly owned subsidiary of ACEN, signed a Share Purchase Agreement for the acquisition of YMP Telecom Power Inc. (YMP Telecom) and its affiliate, YMP Industrial Power Inc. (YMP Industrial), through purchase of 100% of the outstanding shares held by Yoma Micro Power (S) Pte. Ltd. in each of these companies for the purpose of building and operating solar-powered solutions for telecommunication towers and commercial and industrial solar power solutions in the Philippines.

The following are the fair values of the identifiable assets and liabilities of YMP Telecom and YMP Industrial as at the date of acquisition:

Assets	
Cash and cash equivalents	₱188,165
Accounts and notes receivable - net	12,453
Other current assets	2,424
Property, plant and equipment	41,825
	244,867
Liabilities	
Accounts payable and other current liabilities	327,531
Deferred income tax liabilities - net	537
	328,068
Total identifiable net liabilities	(83,201)
Less cost of acquisition	21,000
Goodwill arising on acquisition (see Note 10)	₱104,201

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

Consideration transferred was paid in cash on transaction date.

Net cash inflow on acquisition is as follows:

Cash consideration	₱21,000
Less cash acquired with the subsidiary[(a)]	(188,165)
Net cash inflow	₱167,165

[(a)]Cash acquired with the subsidiary is included in cash flows from investing activities.

If the acquisition had taken place at the beginning of 2023, revenue contribution for the year ended December 31, 2023, would have been nil and the additional contribution to the net loss attributable to ACEN would have amounted to ₱52.80 million.

Initial accounting for the acquisition of YMP Telecom and YMP Industrial has only been provisionally determined as the acquisition of occurred close to the end of reporting period. At the date of finalization of these consolidated financial statements, the necessary market valuations and other calculations has not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

2022 Business Combinations

Investment in UPC-AC Energy Australia (HK) Limited (UPC-ACE Australia)
On March 11, 2022, the Group, UPCAPH and Mr. Rohner (collectively "the UPC AU Sellers") signed a Share Purchase Agreement for the Group's acquisition of 50% effective ownership interest of UPCAPH and Mr. Rohner in UPC-AC Energy Australia (HK) Limited ("UPC-ACE Australia").

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

As a result of the first tranche, the Group owns 80% of UPC-ACE Australia.

On November 8, 2022, UPCAPH, executed proxy rights in favor of the Group, providing the ACRI with 100% voting rights in the consolidated group of UPC-ACE Australia.

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

ACEN Australia Pty Ltd. ("ACEN Australia"), a subsidiary of UPC-ACE Australia, started the construction of 520MW New England Solar Farm (NESF) located in Uralla, New South Wales and 520MW Stubbo Solar Farm (Stubbo) located in Stubbo, New South Wales. ACEN Australia also has further development portfolio located in Tasmania, Victoria and South Australia.

The Group remeasured its previously held interest in UPC-ACE Australia based on its acquisition date fair value which resulted in a remeasurement gain of $189.67 million (₱10,921.03 million) (Notes 6 and 20).

The fair value of the identifiable assets and liabilities, net of eliminations, at October 31, 2022 acquisition date were (in thousands):

	In US$	In PHP
Current assets		
Other receivables	$3,556	₱192,080
Prepayments	10	519
Cash and bank balances	12,779	690,251
Non-current assets		
Investment in associates and joint ventures	775	41,866
Derivative financial instrument	3,239	174,935
Plant and equipment (Note 8)	269,713	14,568,821
Development costs under other non-current assets (Note 11)	24,505	1,323,653
Right-of-use assets	24,503	1,323,557
Intangible assets	1,919	103,672
	340,999	18,419,354
Non-current liabilities		
Lease liabilities	(27,506)	(1,485,756)
Provisions	(1,919)	(103,657)
Other liabilities	(581)	(31,365)
Current liabilities		
Loans and borrowings	(101,821)	(5,499,956)
Other payables	(289)	(15,597)
Amount due to related parties	(40,541)	(2,189,843)
Other liabilities	(496)	(26,809)
Total identifiable net assets	$167,846	₱9,066,371

Part of eliminated transaction of the Group with UPC-ACE Australia includes $228.98 million (₱12,951.25 million) convertible loans (see Note 7).

The fair value of the receivables approximates their carrying amounts. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

	In US$	In PHP
Total consideration	$505,926	₱28,664,849
Add non-controlling interest	33,569	1,946,009
Less fair value of assets acquired and liabilities assumed	(167,846)	(9,066,371)
Goodwill arising on acquisition (Note 10)	$371,649	₱21,544,487

The cost of the business combination is made up as follows:

	In US$	In PHP
Cash	$87,699	₱4,556,824
Convertible loan (Note 8)	228,982	12,951,246
Fair value of equity interest in UPC-ACE Australia before business combination	189,245	11,156,779
Total consideration	$505,926	₱28,664,849

The fair value of equity interest in UPC-ACE Australia before business combination includes $1.76 million (₱88.37 million) (see Note 6) other comprehensive income share from remeasurement of pension and various legal and consulting fees amounting to US$0.27 million (₱14.69 million). The reclassified convertible loan amounting to US$50.78 million (₱2,807.21 million) was included as part of the convertible loan (see Note 7).

Goodwill arose in the acquisition of UPC-ACE Australia because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies and future market growth. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The non-controlling interest (20%) in UPC-ACE Australia recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to US$33.57 million (₱1,946.01 million) (see Note 15). The fair value approximates the carrying amounts.

Net cash outflow on acquisition is as follows:

	In US$	In PHP
Total cash consideration paid in cash	$87,699	₱4,556,824
Less cash acquired with the subsidiary[(a)]	(12,779)	(690,251)
Net cash outflow	$74,920	₱3,866,573

[(a)]Cash acquired with the subsidiary is included in cash flows from investing activities.

Included in the profit and loss for the year is $0.09 million loss attributable to the additional business generated by UPC-ACE Australia. No revenue for the period from UPC-ACE Australia.

Had the business combination been effected at January 1, 2022, the additional revenue reduction for the year ended December 31, 2023 would have been $15.31 million (₱900.21 million), and the additional reduction to the profit for the year would have been $6.55 million (₱384.99 million).

Initial accounting for the acquisition of UPC-ACE Australia has only been provisionally determined as the acquisition close to the end of the reporting period. At the date of finalization of consolidated financial statements, the necessary market valuations and other calculations has not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values. On December 31, 2023, the Group finalized the accounting for the acquisition of UPC-ACE Australia. The fair values of assets and liabilities approximate their carrying values.

Investment in UPC Philippines
On March 18, 2022, ACEN, its wholly owned subsidiary, ACE Endevor, UPC Philippines, and Stella Marie L. Sutton (collectively "the Sellers") signed an agreement for the sale and purchase of UPC Philippine's and Ms. Sutton's share and/or subscription rights in the following companies to ACEN and ACE Endevor:

- 40% interest in NLR, the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte (see Note 6),
- 39.98% interest in BWPC, the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte (see Note 18), and

- 100% in development and pipeline vehicle companies (collectively referred to as "Target Companies"):
  - o Buduan Wind Energy Co, Inc.,
  - o Caraballo Mountains UPC Asia Corporation,
  - o Pangasinan UPC Asia Corporation,
  - o Sapat Highlands Wind Corporation,
  - o UPC Mindanao Wind Power Corp.,
  - o Itbayat Island UPC Asia Corporation,
  - o Laguna Central Renewables, Inc.,
  - o Laguna West Renewables, Inc.,
  - o Suyo UPC Asia Corporation, and
  - o SolarAce 4 Energy Corp. ("SolarAce 4")

Prior to the acquisition of 39.98% in BWPC, ACEN indirectly owned 60.00% interest through its wholly owned subsidiary, Pagudpud Wind Power Corp. The acquisition resulted to 100.00% interest in BWPC and is accounted for as an acquisition of non-controlling interest.

Prior to the acquisition of the subscription rights in SolarAce4, ACEN indirectly owned 100.00% interest through its wholly owned subsidiary, Gigasol2, Inc. The acquisition of the subscription rights, upon approval by the SEC of the pending application for increase in authorized capital stock, will represent 30% of the total issued and common shares and total redeemable preferred shares in SolarAce4, and resulted to 100.00% interest in SolarAce4 and is accounted for as an acquisition of non-controlling interest (see Note 15).

The following are the fair values of the identifiable assets and liabilities of the Target Companies as at the date of acquisition:

Assets	
Cash and cash equivalents	₱2,690
Accounts and notes receivable	727
Input value added tax	2,649
Property, plant and equipment (Note 11)	202
Other noncurrent assets	71,762
	78,030
Liabilities	
Accounts payable and other current liabilities	3,428
Income and withholding taxes payable	27
Other noncurrent liabilities	187,764
	191,219
Total identifiable net liabilities	(113,189)
Less cost of acquisition	5,167
Goodwill arising on acquisition (Note 10)	₱118,356

Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under Goodwill in the consolidated statements of financial position. None of the goodwill recognized is expected to be deductible for income tax purposes.

Consideration transferred was paid in cash on transaction date.

Net cash outflow on acquisition is as follows:

Cash consideration	₱5,167
Less cash acquired with the subsidiary[(a)]	2,690
Net cash outflow	₱2,477

[(a)] *Cash acquired with the subsidiary is included in cash flows from investing activities.*

If the acquisition had taken place at the beginning of 2022, revenue contribution for the year ended December 31, 2022, would have been ₱0.01 million and the additional contribution to the net loss attributable to ACEN would have amounted to ₱2.04 million.

Following the ACEN BOD approval made on October 18, 2021, whereby ACEN and Endevor will acquire interest in UPC Philippine companies, the Sellers will in turn subscribe to up to 390.00 million common shares of ACEN with subscription price of ₱ 11.32/share, subject to adjustments. The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021.

Consequently, on March 22, 2022, ACEN signed Subscription Agreements with the Sellers for 389,995,833 ACEN shares for subscription price per share of ₱8.2889 per share (see Note 15).

On March 31, 2023, the Group finalized the accounting for the acquisition of UPC Philippine companies. The fair values of assets and liabilities approximate their carrying values. Goodwill arising from the acquisition amounted to ₱118.36 million (see Note 10).

Investment in Sinocalan

On November 29, 2022, ACEN, Sungrow, and Havilah signed an agreement for the sale and purchase of Sungrow's and Havilah's shares and/or subscription rights in Sinocalan to ACEN.

Sinocalan is the developer of the proposed ~60MWp solar power plant in San Manuel, Pangasinan.

On December 16, 2022, ACEN signed the following documents:

1. Deed of Absolute Sale of Shares with Sungrow for the acquisition by ACEN of Sungrow's 4,400 Class A Common Shares in Sinocalan;
2. Deed of Absolute Sale of Shares with Havilah for the acquisition by ACEN of Havilah's 600 Class B Common Shares in Sinocalan;
3. Deed of Assignment of Subscription Rights with Havilah for the acquisition by ACEN of Havilah's subscription rights to 6,000 Class B Common Shares in Sinocalan; and
4. Subscription Agreement with Sinocalan for the subscription by ACEN to 600,000 Redeemable Preferred Shares B ("RPS B"), to be issued out of the increase in ACS of Sinocalan.

On January 10, 2023, ACEN signed Deed of Assignment of Subscription Rights with Sungrow for the acquisition of Sungrow's subscription rights to 400,000 Redeemable Preferred Shares A ("RPS A"), to be issued out of the increase in authorized capital stock of Sinocalan.

The following are the fair value of the identifiable assets and liabilities of Sinocalan as at the date of acquisition:

Assets	
Cash and cash equivalents	₱268
Input value added tax	92
Property, plant and equipment	143,706
Other noncurrent assets	20,352
	164,418
Liabilities	
Accounts payable and other current liabilities	₱17
Income and withholding taxes payable	3
	20
Total identifiable net assets	164,398
Less cost of acquisition	278,398
Goodwill arising on acquisition (Note 10)	₱114,000

Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under Goodwill in the consolidated statements of financial position. None of the goodwill recognized is expected to be deductible for income tax purposes (Note 10).

Initial accounting for the acquisition of Sinocalan in 2022 has only been provisionally determined as the acquisition of occurred close to the end of reporting period, resulted to a gain on bargain purchase amounting to ₱0.14 million (Note 20).

Consideration transferred was paid in cash on transaction date.

Net cash outflow on acquisition in 2023 and 2022 is as follows:

	2023	2022
Cash consideration*	**₱114,000**	₱164,398
Less Cash acquired with the subsidiary[(a)]	–	268
Net cash outflow	**₱114,000**	₱164,130

[(a)]Cash acquired with the subsidiary is included in cash flows from investing activities.

If the acquisition had taken place at the beginning of 2022, revenue contribution for the year ended December 31, 2022, would have been ₱0.01 million and the additional contribution to the net loss attributable to ACEN would have amounted to ₱0.09 million.

25. **Financial Risk Management Objectives and Policies**

Objectives and Investment Policies

The funds of the entities are held directly by the Group and are managed by the Corporate Finance and Treasury Group ("CFT").

All cash investments of the Group are carried and governed by the following principles, stated in order of importance:

- Preservation of invested cash
- Liquidity of invested cash; and
- Yield on invested cash. Under no circumstance will yield to trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments

The CFT manages the funds of the Group and invests them in highly liquid instruments such as short-term deposits, marketable instruments, corporate promissory notes and bonds, government bonds, and trust funds denominated in Philippine peso and U.S. dollar. It is responsible for the sound and prudent management of the Group’s financial assets that finance the Group’s operations and investments in enterprises.

CFT focuses on the following major risks that may affect its transactions:

- Foreign exchange risk
- Credit or counterparty risk
- Liquidity risk
- Interest rate risk

Corporate Planning and Investor Relations (“CPIR”) focuses on the following major risks that may affect its transactions:

- Market risk
- Equity price risk

Commercial Operations (“CO”) focuses on commodity price risk.

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Group.

<u>Risk Management Process</u>

Foreign Exchange Risk

The Group defines foreign exchange risk as the risk of realizing reduced operating cash flows and/or increasing the volatility of future earnings from movements in foreign exchange. The risk is measured based on potential downside impact of market volatility to operating cash flows and target earnings.

Foreign exchange risk is generally managed in accordance with the Natural Hedge principle and further evaluated through:

- Continual monitoring of global and domestic political and economic environments that have impact on foreign exchange;
- Regular discussions with banks to get multiple perspectives on currency trends/forecasts; and
- Constant updating of the foreign currency holdings gains and losses to ensure prompt decisions if the need arises.

In the event that a Natural Hedge is not apparent, the Group endeavors to actively manage its open foreign currency exposures through:

- Trading by spot conversions; or
- Entering into derivative forward transactions on a deliverable or non-deliverable basis to protect values.

The Group's significant foreign currency-denominated financial assets and financial liabilities as at December 31 are as follows:

	2023	2022
	U.S. Dollar (US$)	U.S. Dollar (US$)
Financial Assets		
Cash and cash equivalents	**$288,622**	$433,954
Other receivables	**370,703**	492,919
	659,325	926,873
Financial Liabilities		
Accounts payable and other current liabilities	**(173,920)**	(64,476)
Notes payable and loans-term loans	**(722,412)**	(284,620)
	(896,332)	(349,096)
Net foreign currency-denominated assets (liabilities)	**($237,007)**	$577,777
Peso equivalent	**(₱13,168,109)**	₱32,424,845

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱55.56 to US$1.00 December 31, 2023 and ₱56.12 to US$1.00 as at December 31, 2022.

The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's profit before tax (due to the changes in the fair value of monetary assets and liabilities) in periods presented. The possible changes are based on the survey conducted by management among its banks. There is no impact on the Group's equity other than those already affecting the profit or loss. The effect on profit before tax already includes the impact of derivatives.

Pertinent Period	Increase (Decrease) in Foreign Exchange Rate	US$
	(₱0.50)	**118,504**
	(1.00)	**237,007**
December 31, 2023	**0.50**	**(118,504)**
	1.00	**(237,007)**
	(₱0.50)	(₱288,889)
	(1.00)	(577,777)
December 31, 2022	0.50	288,889
	1.00	577,777

For subsidiaries with functional currency in US$, financial assets and liabilities are translated into Philippine peso, presentation currency of the Group using closing exchange rate prevailing at the reporting date, and respective income and expenses at the average rate for the period. These include the assets and liabilities of ACRI and its subsidiaries composed of dollar denominated investments in associates and joint ventures, accounts and other payables, and notes payable with US$ functional currency, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and the respective income and expenses at the average rate for the period. Assets and liabilities of ACEN Cayman Limited, ACEN HK and ACEN Finance which are in US$ functional currency was likewise translated to the Group's presentation currency.

The exchange difference arising on the translation are recognized in OCI under "Cumulative Translation Adjustments". See below for the carrying amounts.

	2023	
	Peso	**US$**
Cash and cash equivalents	**₱13,762,449**	**$248,554**
Receivables	**20,149,499**	**363,906**
Investments in:		
Associates and joint ventures	**19,083,118**	**344,647**
Other financial assets at amortized cost	**21,633,799**	**390,713**
Financial asset at FVTPL	**7,731,998**	**139,642**
	82,360,863	**1,487,462**
Accounts payable and other current liabilities	**9,629,365**	**173,909**
Notes payable	**39,999,949**	**722,412**
Net foreign currency position	**₱32,731,549**	**$591,141**

	2022	
	Peso	US$
Cash and cash equivalents	₱24,035,474	$431,091
Receivables	28,183,114	505,481
Investments in:		
Associates and joint ventures	67,285,242	1,206,802
Other financial assets at amortized cost	22,952,511	411,667
Financial asset at FVTPL	1,260,023	22,599
	143,716,364	2,577,640
Accounts payable and other current liabilities	(5,684,034)	(101,947)
Notes payable	(30,529,271)	(547,561)
Net foreign currency position	₱107,503,059	$1,928,132

The following are the sensitivity rates used in reporting foreign currency risk internally to key management personnel. The sensitivity rates represent management's assessment of the reasonably possible change in foreign exchange rates.

		Increase (decrease) in Peso per foreign currency	**Effect on income before income tax**
December 31, 2023	**US$**	**($0.50)**	**(295,571)**
		(1.00)	**(591,141)**
		0.50	**295,571**
		1.00	**591,141**
December 31, 2022	US$	($0.50)	(₱964,067)
		(1.00)	(1,928,133)
		0.50	964,067
		1.00	1,928,133

Credit or Counterparty Risk

The Group defines Credit or Counterparty Risk as the risk of sustaining a loss resulting from a counterparty's default to a transaction entered with the Group.

Credit or counterparty risk is managed through the following:

- Investments are coursed through or transacted with duly accredited domestic and foreign banks subject to investment limits per counterparty as approved by the Board.

- Discussions are done on every major investment by CFT before it is executed subject to the Group's Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and CFT Finance Managers supervise major transaction executions.
- Market and portfolio reviews are done at least once a week and as often as necessary should market conditions require. Monthly reports are given to the CFO with updates in between these reports as needed.
- A custodian bank for Philippine peso instruments and foreign currency instruments has been appointed based on its track record on such service and the bank's financial competence.

With respect to credit risk arising from the receivables of the Group, its exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	2023					
	Neither Past Due nor Impaired					
	Class A	Class B	Class C	Past Due but not Impaired	Past Due Individually Impaired	Total
Trade and other receivables						
Current:						
Trade receivables	**₱4,399,914**	**₱819,759**	**₱281,793**	**₱2,521,277**	**₱50,196**	**₱8,072,939**
Due from related parties	**6,028,005**	**234**	**5,032**	**5,685,385**	**–**	**11,718,656**
Others	**5,175,257**	**1,397**	**8,302**	**1,139,336**	**84,864**	**6,409,156**
Noncurrent						
Trade receivables	**–**	**–**	**–**	**132,295**	**1,157,518**	**1,289,813**
Due from related parties	**10,626,653**	**102,868**	**89,307**	**799,583**	**–**	**11,618,411**
Receivables from third parties	**696,762**	**–**	**–**	**241,574**	**–**	**938,336**
	₱26,926,591	**₱924,258**	**₱384,434**	**₱10,519,450**	**₱1,292,578**	**₱40,047,311**

	2022					
	Neither Past Due nor Impaired					
	Class A	Class B	Class C	Past Due but not Impaired	Past Due Individually Impaired	Total
Trade and other receivables						
Current:						
Trade receivables	₱7,686,667	₱461,360	₱–	₱171,351	₱60,433	₱8,325,811
Due from related parties	13,950,580	6,536	4,211	1,011,690		14,947,017
Others	6,798,294	155,960	17,020	174,266	84,864	7,230,404
Noncurrent						
Trade receivables	459,132	346,404	–	424,367	22,547	1,252,720
Due from related parties	13,559,933	264	–	534,004	–	14,094,201
Receivables from third parties	1,013,367	2,609	–	47,380	–	1,063,356
	₱43,467,973	₱973,133	₱21,231	₱2,363,058	₱167,844	₱46,913,509

The Group uses the following criteria to rate credit risk as to class:

Class	Description
Class A	Customers with excellent paying habits
Class B	Customers with good paying habits
Class C	Unsecured accounts

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, short-term investments, financial assets at FVOCI and derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's assessments of the credit quality of its financial assets are as follows:

- Cash and cash equivalents, short-term investments and derivative assets were assessed as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.
- Listed and unlisted financial assets at FVOCI were assessed as high grade since these are investments in instruments that have a recognized foreign or local third-party rating or instruments which carry guaranty or collateral.

There are no significant concentrations of credit risk within the Group.

Maximum exposure to credit risk of financial assets not subject to impairment
The gross carrying amount of financial assets not subject to impairment also represents the Group's maximum exposure to credit risk which mainly pertains to financial assets at FVOCI amounting to ₱5,799.32 million and ₱366.84 million as at December 31,2023 and 2022, respectively.

Maximum exposure to credit risk of financial assets subject to impairment
The gross carrying amount of financial assets subject to impairment are as follows:

	2023	2022
Financial Assets at Amortized Cost (Portfolio 1)		
Cash and cash equivalents	**₱39,696,662**	₱34,630,011
Short-term investments	**–**	528
Under "Receivables" account		
Current:		
Trade receivables	**8,022,743**	9,649,612
Due from related parties	**11,718,656**	14,947,017
Others	**6,324,293**	7,315,267
Noncurrent:		
Trade receivables	**164,971**	1,230,172
Due from related parties	**11,585,735**	14,094,201
Receivables from third parties	**938,336**	1,063,355
Other financial assets at amortized cost	**21,633,799**	22,545,316
Under "Other Noncurrent Assets" account		
Deposits	**161,373**	109,718
	₱100,246,568	₱105,585,197

The Group's maximum exposure to credit risk are as follows:

	2023				
		Lifetime ECL			
Grade	**12-month Stage 1**	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
High	**₱20,536,109**	**₱–**	**₱–**	**₱459,036**	**₱20,995,145**
Standard	**42,282**	–	–	**1,536,887**	**1,579,169**
Substandard	–	–	–	–	–
Default	–	**113,857**	–	–	**113,857**
Gross carrying amount	**20,578,391**	**113,857**	–	**1,995,923**	**22,688,171**
Less loss allowance	–	–	–	–	–
Carrying amount	**₱20,578,391**	**₱113,857**	**₱–**	**₱1,995,923**	**₱22,688,171**

Grade	12-month Stage 1	Lifetime ECL Stage 2	Stage 3	Simplified Approach	Total
	2022				
High	₱29,473,652	₱–	₱–	₱32,273	₱29,505,925
Standard	–	–	–	1,573,540	1,573,540
Substandard	–	–	–	–	–
Default	–	–	–	–	–
Gross carrying amount	29,473,652	–	–	1,605,813	31,079,465
Less loss allowance	–	–	–	–	–
Carrying amount	₱29,473,652	₱–	₱–	₱1,605,813	₱31,079,465

Simplified Approach
Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix):

	2023					
		Days Due				
	Current	**<30 days**	**30-60 days**	**61-90 days**	**>91 days**	**Total**
Expected credit loss rate	**0.64%**	**1.72%**	**2.12%**	**4.67%**	**6.04%**	
Estimated total gross carrying amount at default	**₱3,472,406**	**₱735,036**	**₱268,369**	**₱284,065**	**₱1,629,354**	**₱6,389,230**
Expected credit loss	**₱22,272**	**₱12,671**	**₱5,678**	**₱13,278**	**₱98,413**	**₱152,312**

	2022					
		Days Due				
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	7.53%	
Estimated total gross carrying amount at default	₱3,001,808	₱1,979,507	₱40,807	₱51,757	₱2,229,003	₱7,302,882
Expected credit loss	₱–	₱–	₱–	₱–	₱167,844	₱167,844

Liquidity Risk
Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price.

Liquidity risk is managed through:
- Asset and Liability Management principle. Short-term assets are used to fund short-term liabilities while major investments, capital expenditures and long-term assets are funded by long-term liabilities.
- Detailed cash flow forecasting and continuous monitoring of the weekly and monthly cash flows as well as frequent updates of the annual plans of the Group.
- Investment maturities being spread on a weekly, monthly, and annual basis as indicated in the Group's plans. Average duration of investments does not exceed one (1) year.
- Setting up working capital lines to address unforeseen cash requirements that may cause pressure to liquidity.

	2023					
	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	₱4,786,861	₱2,545,347	₱49,290	₱133,351	₱–	₱7,514,849
Retention payable	80,542	1,446	306,416	6,932	–	395,336
Accrued expenses [a]	3,522,924	1,521	303,245	159	–	3,827,849
Accrued interest	–	–	–	–	–	–
Due to related parties	2,245,231	725,675	224,470	15	–	3,195,391
Others	41,219	814	4,924	84,523	–	131,480
Derivative Liability	–	10,563	–	12,437	–	23,000
Short-term loans	–	1,500,000		–	–	1,500,000
Due to stockholders	16,585	–	–	–	–	16,585
Lease liabilities [b]	–	159,857	1,183,734	3,467,918	12,590,733	17,402,242
Long-term loans [c]	–	593,851	1,535,146	20,934,687	34,828,021	57,891,705
Notes payable	–	–	–	33,949,492	–	33,949,492
Other noncurrent liabilities [d]	–	–	–	5,249,198	–	5,249,198
	₱10,693,362	₱5,539,074	₱3,607,225	₱63,838,712	₱47,418,754	₱131,097,127

[a] *Excluding current portion of vacation and sick leave accruals.*
[b] *Gross contractual payments.*
[c] *Including contractual interest payments.*
d. *Excluding contract liabilities.*

	2022					
	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	₱5,293,784	₱654,599	₱247,315	₱8,144	₱–	₱6,203,842
Retention payable	12,946	35,220	109,939	–	–	158,105
Accrued expenses [a]	1,930,807	1,993,145	786,139	–	–	4,710,091
Accrued interest	210,510	–	–	272,580	–	483,090
Due to related parties	1,782,157	–	–	–	–	1,782,157
Others	187,227	–	–	–	–	187,227
Derivative Liability	–	3,012	–	–	–	3,012
Short-term loans	–	–	2,900,000	–	–	2,900,000
Due to stockholders	–	–	–	16,585	–	16,585
Lease liabilities [b]	–	96,609	238,677	1,452,701	3,177,193	4,965,180
Long-term loans [c]	–	282,312	1,212,849	14,963,582	20,202,233	36,660,976
Notes payable	–	–	–	35,522,654	–	35,522,654
Other noncurrent liabilities [d]	–	–	–	827,643	–	827,643
	₱9,417,431	₱3,064,897	₱5,494,919	₱53,063,889	₱23,379,426	₱94,420,562

[a] *Excluding current portion of vacation and sick leave accruals.*
[b] *Gross contractual payments.*
[c] *Including contractual interest payments.*
d. *Excluding contract liabilities.*

As at December 31, 2023 and 2022, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	2023				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Current:					
Cash and cash equivalents	₱39,696,662	₱–	₱–	₱–	₱39,696,662
Short-term investments	–	–	–	–	–
Accounts and Notes Receivables:					
Accounts and other receivable	7,451,131	1,204,573	1,761,647	–	10,417,351

(Forward)

	2023				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Over 12 Months**	**Total**
Notes receivable	**₱8,872,038**	**₱26,249**	**₱4,978,164**	**₱–**	**₱13,876,451**
Interest receivable	**1,806,672**	**15,519**	**84,759**	**–**	**1,906,950**
Noncurrent:					
Receivables:					
Accounts and other receivable	**–**	**–**	**–**	**1,988,705**	**1,988,705**
Notes receivable	**–**	**–**	**–**	**7,558,457**	**7,558,457**
Interest receivable	**–**	**–**	**–**	**4,299,398**	**4,299,398**
Derivative assets	**–**	**–**	**177,828**	**6,269,689**	**6,447,517**
Other financial assets at amortized cost	**–**	**–**	**–**	**21,633,799**	**21,633,799**
Financial assets at FVOCI:					
Quoted	**–**	**–**	**–**	**–**	**–**
Unquoted	**–**	**–**	**–**	**300**	**300**
	₱57,826,503	**₱1,246,341**	**₱7,002,398**	**₱41,750,348**	**₱107,825,590**

	2022				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Current:					
Cash and cash equivalents	₱34,630,011	₱–	₱–	₱–	₱34,630,011
Short-term investments	–	–	–	–	–
Accounts and Notes Receivables:					
Accounts and other receivable	9,161,537	236,161	1,011,167	–	10,408,865
Notes receivable	13,232,751	421,179	4,318,712	–	17,972,642
Interest receivable	2,267,020	–	–	–	2,267,020
Noncurrent:					
Receivables:					
Accounts and other receivable	–	–	–	1,529,673	1,529,673
Notes receivable	–	–	–	11,974,612	11,974,612
Interest receivable	–	–	–	2,905,991	2,905,991
Derivative assets		–	–	617,139	617,139
Other financial assets at amortized cost	–	–	–	22,545,316	22,545,316
Financial assets at FVOCI:					
Quoted	–	–	–	1,822	1,822
Unquoted	–	–	–	365,022	365,022
	₱59,291,319	₱657,340	₱5,329,879	₱39,939,575	₱105,218,113

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2023 and 2022, the Group has fixed rate financial instruments measured at fair value.

The Group's exposure to interest rate risk relates primarily to long-term debt obligations that bear floating interest rate. The Group generally mitigates risk of changes in market interest rates by constantly monitoring fluctuations of interest rates and maintaining a mix of fixed and floating interest-bearing loans. Specific interest rate risk policies are as follows:

Market Risk
Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rates and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets at FVTPL and financial assets at FVOCI.

Commodity Price Risk

Cash flow hedges
The Group defines Commodity Price Risk as the risk of realizing reduced profit margins and/or increasing the volatility of future earnings that are affected by the pricing variability and uncertainty in coal and fuel supply and any associated foreign exchange risk. The risk is measured based on potential downside impact of market volatility to target earnings.

To manage Commodity Price Risk, the Group develops a Coal and Fuel Hedging Strategy aimed to:

- Manage the risk associated with unexpected increase in coal and fuel prices which affect the target Profit & Loss of the Group
- Determine the Hedge Item and appropriate Hedging Instrument to use, including but not limited to price, amount and tenor of the hedge to reduce the risk to an acceptable level
- Reduce Mark-to-Market impact of hedges by qualifying the hedging transaction for hedge accounting

Only the Group's Chief Executive Officer, Chief Finance Officer and Philippine Chief Operating Officer (PH COO) are authorized to make coal and bunker fuel oil hedging decisions for the Group. All executed hedges go through a stringent approval process to justify the tenor, price and volume of the hedge to be undertaken.

Monitoring and assessment of the hedge effectiveness and Coal and Fuel Hedging Strategy are reviewed periodically by the Commercial Operations. Continuation, addition, reduction and termination of existing hedges are decided by the Head of CO and any material change in permissible hedging instrument, counterparties and limits are elevated to the BOD for approval.

The Group purchases coal and bunker fuel oil on an ongoing basis for its operating activities in the thermal energy power generators, composed of SLTEC (by virtue of the AMA) and other diesel power plants (CIPP, One Subic Power, Bulacan Power). The increased volatility in coal and fuel oil price over time led to entering in commodity swap contracts. The forecasted volumes are determined based on each plant's projected operating capacity, plant availability, required monthly consumption and storage capacity.

These contracts are expected to reduce the volatility attributable to price fluctuations. Hedging the price volatility of forecast coal and bunker fuel oil purchases is in accordance with the risk management strategy outlined by the Board.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity swap contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity swap contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange and commodity swap contracts:

	Maturity						
	< 1 month	**1-3 months**	**4-6 months**	**7-9 months**	**10-12 months**	**>12 months**	**Total**
As at December 31, 2023							
Foreign exchange forward contracts							
Notional amount ($000)	**$17,161**	**15,159**	**$6,560**	**$–**	**$–**	**$–**	**$38,880**
Average forward rate ($/₱)	**55.47**	**55.42**	**55.43**	**–**	**–**	**–**	
Coal							
Notional amount (in Metric Tons)	**1,200**	**–**	**–**	**–**	**–**	**–**	**1,200**
Notional amount (in $000)	**($95)**	**$–**	**$–**	**$–**	**$–**	**$–**	**($95)**
Average hedged rate ($ per Metric ton)	**$168.22**	**$–**	**$–**	**$–**	**$–**	**$–**	
As at December 31, 2022							
Foreign exchange forward contracts							
Notional amount ($000)	$10,600	$4,115	$–	$–	$–	$–	$14,715
Average forward rate ($/₱)	55.63	56.78	–	–	–	–	
Fuel							
Notional amount (in Metric Tons)	16,800	–	–	–	–	–	16,800
Notional amount (in $000)	($461)	$–	$–	$–	$–	$	($461)
Average hedged rate ($ per Metric ton)	327.97	–	–	–	–	–	
Coal							
Notional amount (in Metric Tons)	9,000	–	–	–	–	1,950	10,950
Notional amount (in $000)	$846	$–	$–	$–	$–	$39	$885
Average hedged rate ($ per Metric ton)	$408.63	$–	$–	$–	$–	$–	

The impact of the hedging instruments on the consolidated statements of financial position are as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
As at December 31, 2023				
Foreign exchange forward contracts	**$17,161**	**(10,563)**	**Accounts payable and other current liabilities**	**(10,563)**
Commodity swap contracts – Coal	**$1,200**	**(5,277)**	**Other noncurrent liabilities**	**(3,958)**
As at December 31, 2022				
Foreign exchange forward contracts	$14,715	(3,012)	Accounts payable and other current liabilities	(₱3,012)
Commodity swap contracts – Fuel	$16,800	11,604	Other current assets	8,703
Commodity swap contracts – Fuel		(37,500)	Other noncurrent liabilities	(28,125)
Commodity swap contracts – Coal	$10,950	49,666	Other current assets	35,603

The impact of hedged items on the consolidated statements of financial position are as follows:

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
As at December 31, 2023			
Highly probable forecast purchases	**(₱10,563)**	**₱–**	**₱–**
Coal purchase	**(3,958)**	**–**	**–**
As at December 31, 2022			
Highly probable forecast purchases	₱55,500	(₱51,722)	₱–
Highly probable forecast purchases	(3,012)	–	–
Fuel purchase	8,703	–	–
Fuel purchase	(28,125)	–	–
Coal purchase	35,603	–	–

The effect of the cash flow hedge in the consolidated statements of comprehensive income are as follows:

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in consolidated statements of comprehensive income	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
As at December 31, 2023						
Foreign exchange forward contracts	**(₱10,563)**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**
Commodity swap contracts - Coal	**(3,958)**	**–**	**–**	**–**	**–**	**–**
As at December 31, 2022						
Foreign exchange forward contracts	₱–	(₱3,012)	Other income (expense)	₱–	₱–	₱–
Foreign exchange forward contracts	55,500	–	Unrealized fair value gains on derivative instruments designated as hedges	–	–	–
Commodity swap contracts - Fuel	8,703	–	Unrealized fair value gains on derivative instruments designated as hedges	–	–	–
Commodity swap contracts - Fuel	(28,125)	–	Unrealized fair value gains on derivative instruments designated as hedges	–	–	–
Commodity swap contracts - Coal	35,603	–	Unrealized fair value gains on derivative instruments designated as hedges	–	–	–

Monitoring of Risk Management Process

Risk management is regarded as a core competency, thus review of processes and approval processes including periodic audit are practiced and observed as follows:

- Enterprise risk assessments are refreshed on an annual basis. Risk assessments at the plant level are also conducted for operational risks. Insurance coverage is also reviewed annually by the Insurance Committee.

- Monthly Treasury meetings are scheduled where approved strategies, limits, mixes are challenged and rechallenged based on current and forecasted developments on the financial and political events.
- Monthly management reports are submitted to the Operations Management Committee that includes updates from the various business and functional units, including market updates. This includes updates on financials, leverage, operations, health and safety, human resources, sustainability, and other risk areas.
- Annual planning sessions are conducted to set the targets for the Group, and these are revisited at midyear to review the progress and risks related to the accomplishment of these targets.
- Annual teambuilding sessions are organized as a venue for the review of personal goals, corporate goals and professional development.
- One on one coaching sessions are scheduled to assist, train and advise personnel.
- Periodic review of Treasury risk profile and control procedures.
- Periodic specialized audit is performed to ensure active risk oversight.

Capital Management

The primary objective of the Group's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjusts it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire long-term debts.

Statutory debt consists of short-term and long-term debts of the Group. Net statutory debt includes short-term and long-term debts less cash and cash equivalents, short-term investments and restricted cash. The Group considers its total equity (including redeemable preferred shares) as capital.

	2023	2022
Short-term debt (Note 13)	**₱1,500,000**	₱2,900,000
Long-term debt (Note 13)	**77,778,471**	60,864,602
Total statutory debt	**79,278,471**	63,764,602
Less:		
Cash and cash equivalent (Note 4)	**30,868,829**	34,630,011
Short-term investments (Note 11)	–	528
Restricted cash (Note 4)	**8,827,833**	–
Net statutory debt	**39,581,809**	29,134,063
Total equity	**173,375,857**	149,593,443
Debt to equity	**45.73%**	43.40%
Net debt to equity	**22.83%**	19.83%

The Group closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keep the compliance of these covenants into consideration. The Group is not subject to externally imposed capital requirements.

26. **Fair Values**

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at December 31, 2023 and 2022:

	2023			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Financial assets at FVTPL	**₱3,871,472**	**₱501,822**	**₱3,369,650**	**₱–**
Financial assets at FVOCI	**5,799,323**	–	**5,799,323**	–
Other financial assets at amortized cost	**21,633,799**	–	–	**21,633,799**
Derivative asset*	**6,447,517**	–	**1,284,709**	**5,162,808**
Refundable deposits**	**167,101**	–	–	**161,373**
Trade receivables***	**738,798**	–	–	**779,816**
Receivables from third parties****	**10,262**	–	–	**10,262**
	₱38,668,272	**₱501,822**	**₱10,453,682**	**₱27,748,058**
Liabilities				
Notes payable	**₱32,003,794**	**₱–**	**₱–**	**₱29,589,780**
Long-term debt	**44,485,573**	–	–	**44,224,717**
Deposit payables and other liabilities*****	**65,016**	–	–	**65,016**
Derivative liability******	**23,000**	–	**23,000**	–
Lease liabilities	**7,505,848**	–	–	**8,820,127**
	₱84,083,231	**₱–**	**₱23,000**	**₱82,699,640**

** Included under "Other current assets" account.*
*** Included under "Other noncurrent assets" account.*
**** Included under "Receivables" and "Other noncurrent assets" accounts and pertain to FIT adjustments and multilateral agreement with PEMC*
***** Included under "Receivables"*
****** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*
******* Included under "Other noncurrent Liabilities"*

	2022			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVTPL	₱1,302,886	₱–	₱1,302,886	₱–
Financial assets at FVOCI	366,844		366,844	–
Other financial assets at amortized cost	21,260,907	–	–	18,623,291
Derivative asset*	617,139	–	617,139	–
Refundable deposits**	109,718	–	–	109,608
Trade receivables***	906,343	–	–	937,789
Receivables from third parties****	51,025	–	–	51,025
	₱24,614,862	₱–	₱2,286,869	₱19,721,713
Liabilities				
Notes payable	₱32,093,314	₱–	₱–	₱28,638,196
Long-term debt	28,771,288	–	–	28,282,078
Deposit payables and other liabilities*****	92,667	–	91,522	–
Derivative liability	37,500	–	37,500	–
Lease liabilities	4,465,021	–	–	3,391,140
	₱65,459,790	₱–	₱129,022	₱60,311,414

** Included under "Other current assets" account.*
*** Included under "Other noncurrent assets" account.*
**** Included under "Receivables" and "Other noncurrent assets" accounts and pertain to FIT adjustments and multilateral agreement with PEMC*
***** Included under "Receivables"*
****** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*
******* Included under "Other noncurrent Liabilities"*

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investment, Receivables, Accounts Payable and Other Current Liabilities and Due to Stockholders
The carrying amounts of cash and cash equivalents, short-term investment, receivables, accounts payable and other current liabilities and due to stockholders approximate their fair values due to the relatively short-term maturities of these financial instruments.

Financial Asset at FVTPL and FVOCI
Quoted financial assets at FVOCI and FVTPL, specifically for publicly traded shares held by the Group, were measured using market prices and classified as Level 1.

Quoted financial assets at FVTPL, specifically investments in unit investment trust funds (UITFs) held by the Group were measured using the funds' net asset value (NAV) and classified as Level 2. The Group recognized UITF amounting to ₱1,436.68 million and nil for the years ended December 31, 2023 and 2022, respectively.

Unquoted financial assets at FVTPL and FVOCI, specifically debt and equity instruments held by the Group were measured using the discounted cash flow technique in estimating the fair value of the financial instruments. Based on the financial performance and financial position of the investee entity which is a related party investment company, management estimates the amount and timing of the future cash inflow arising from redemption of preferred shares. Financial assets at FVTPL classified as Level 2 includes Compulsorily Convertible Debentures of Masaya Solar Energy Private Limited amounting to ₱1,932.98 million and ₱1,302.89 million for the years ended December 31, 2023 and 2022, respectively. In 2023, financial assets at FVOCI consists of new investments in Redeemable Preference Share in UPC-ACE Solar, BrightNight and PT Puri Prakarsa Batam amounting to US$41.66 million (₱2,306.82 million), US$51.00 million (₱2,823.87 million) and US$6.04 million (₱334.20 million), respectively. The Group recognized financial assets at FVOCI classified as Level 2 amounting to ₱5,799.32 million and ₱366.84 million for the years ended December 31, 2023 and 2022, respectively.

Other Financial Assets at Amortized Cost
This includes investments in redeemable preferred shares and convertible loans. The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread.

Noncurrent trade receivables, Receivables from third parties, Refundable Deposits, Deposits Payable and Other Liabilities
Estimated fair value is based on present value of future cash flows discounted using the prevailing BVAL rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Long-Term Loans
The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows ranged from 1.03% to 8.88% and 1.03% to 9.13% as at December 31, 2023 and 2022, respectively.

Notes Payable
The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows is 6.07% and 6.47% as at December 31, 2023 and 2022, respectively.

Derivative asset and liability
The fair value of the derivative asset and liability is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for risks existing at the end of each reporting period. The following table gives information about how the fair values of derivative asset are determined (in particular, the valuation technique(s) and inputs used).

Derivative asset	**Valuation technique**
Long-term Energy Supply Agreement	Discounted cash flow. Valuation requires the use of long dated energy valuation volumes and long dated energy and LGC price curves
Interest rate swaps	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparts

There were no significant unobservable inputs used in the valuation of the derivative assets on Long-term Energy Supply Agreement and interest rate swaps.

There were no transfers between levels in the fair value hierarchy in 2023 and 2022.

27. Operating Segment Information

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For management purposes, the Group is organized into the following business units:

- Philippines, which includes:
  1. Retail Electricity Supply (RES) or Commercial Operations (CO)
  2. Renewables - generation, transmission, distribution, and supply of electricity using renewable sources such as solar, wind, and geothermal resources
  3. Thermal - generation, transmission, distribution, and supply of electricity using conventional way of energy generation
  4. Project development
  5. Leasing
  6. Bulk water supply, and
  7. Petroleum and exploration – pursued 75.92% owned subsidiary, ENEX Energy Corp.
- International represents the operations of ACRI, which is the holding company for all offshore investments, which includes businesses from Australia, Vietnam, Indonesia, India and rest of the world. This includes earnings from the operations of ACEN Australia, international renewable investments, as well as project development expenses, financing activities, and overhead expenses for the various renewable power projects in the pipeline.
- Parent and Others represents operations of the Parent Company (excluding Commercial Operations) including its financing entities such as ACEN Finance Limited and ACEN Cayman Ltd.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on (1) operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statement referred to by management as “Core Operating Earnings” and (2) selected attributable financial information, specifically attributable earnings before interest, taxes, depreciation, and amortization (EBITDA) and attributable debt of renewable energy projects.

Statutory EBITDA is the sum of the consolidated (1) revenues, (2) cost and expenses excluding depreciation and amortization and provision for impairment, (3) equity in net income of associates and joint ventures and (4) other income – net (excluding gain on previously held interest, unrealized foreign exchange gain/loss, fair value loss on financial asset at FVTPL).

Attributable EBITDA is the sum of (1) statutory EBITDA, and (2) nonconsolidated operating projects’ EBITDA multiplied by ACEN’s economic interest less (1) equity in net income of associates and joint ventures, and (2) less interest and other financial income from other financial assets at amortized cost (this is presented under other income – net in the consolidated statements of income). This is not equivalent to the statutory EBITDA of the Group.

Operating projects’ EBITDA follows the same definition as the statutory EBITDA.

Nonconsolidated projects are investments in associates and joint ventures and investments in other financial assets at amortized cost of the Group.

Statutory net debt is the sum of consolidated (1) short-term loans, (2) long-term loans, and (3) notes payable less consolidated cash and cash equivalents.

Attributable net debt is the sum of (1) statutory net debt and (2) nonconsolidated operating projects’ net debt which is debt less cash multiplied by ACEN economic interest.

Statutory and attributable net debt includes recourse and non-recourse debt Nonconsolidated operating projects’ net debt excludes intercompany loans wherein the Group is the lender. These are debt replacement, development loans and investment in other financial assets at amortized cost in the consolidated statements of financial position of the Group.

Revenue earned from a single external customer amounted to ₱13,328 million and ₱11,880 million in 2023 and 2022, respectively, which accounted for more than 10% of the consolidated revenues from external customers, arising from sales in the Philippine Segment.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment results are shown net of transfers between operating segments. Those transfers are eliminated in consolidation.

The following tables regarding operating segments present revenue and income information for the years ended December 31, 2023, 2022 and 2021 and assets and liabilities as at December 31, 2023, 2022, and 2021:

	For the year ended December 31, 2023			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	**₱35,350,698**	**₱830,728**	**₱–**	**₱36,181,426**
Rental income	**68,857**	**–**	**–**	**68,857**
Other revenues	**9,400**	**36,498**	**202,952**	**248,850**
	35,428,955	**867,226**	**202,952**	**36,499,133**
Costs and expenses				
Costs of sale of electricity	**31,730,082**	**–**	**–**	**31,730,082**
General and administrative expenses	**254,382**	**4,662,779**	**2,553,723**	**7,470,884**
	31,984,464	**4,662,779**	**2,553,723**	**39,200,966**
Interest and other finance charges	**(408,353)**	**(53)**	**(1,521,859)**	**(1,930,265)**
Equity in net income of associates and joint ventures	**1,023,766**	**752,124**	**(10,651)**	**1,765,239**
Other income - net	**867,394**	**10,252,232**	**1,136,205**	**12,255,831**
Net income (loss) before income tax	**4,927,298**	**7,208,750**	**(2,747,076)**	**9,388,972**
Provision for (benefit from) income tax	**937,785**	**(320,731)**	**(334,756)**	**282,298**
Segment net income (loss)	**₱3,989,513**	**₱7,529,481**	**(₱2,412,320)**	**₱9,106,674**
Other disclosures:				
Depreciation and amortization	**₱1,315,345**	**₱53,457**	**₱204,668**	**₱1,573,470**
Capital expenditures	**13,243,269**	**12,012,614**	**–**	**25,255,883**
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	**10,954**	**–**	**–**	**10,954**
Statutory EBITDA	**6,249,919**	**5,964,269**	**(1,673,325)**	**10,540,863**
Attributable EBITDA	**7,174,278**	**13,294,402**	**(1,662,674)**	**18,806,006**
Statutory Cash	**14,743,597**	**1,507,428**	**23,445,637**	**39,696,662**
Statutory Debt	**3,350,857**	**18,539,295**	**57,388,319**	**79,278,471**
Statutory Net Debt (Cash)	**(11,392,740)**	**17,031,867**	**33,942,682**	**39,581,809**
Attributable Cash	**15,524,271**	**6,593,490**	**23,445,637**	**45,563,398**
Attributable Debt	**10,960,857**	**72,023,312**	**57,388,319**	**140,372,488**
Attributable Net Debt	**(4,563,414)**	**65,429,822**	**33,942,682**	**94,809,090**

	As at December 31, 2023			
Operating assets	**₱41,772,249**	**₱85,942,407**	**₱157,218,844**	**₱284,933,500**
Operating liabilities	**₱18,550,582**	**₱32,530,461**	**₱60,476,600**	**₱111,557,643**
Investments in associates and joint ventures	**₱10,882,646**	**₱19,215,971**	**₱–**	**₱30,098,617**

The reconciliation of statutory and attributable EBITDA, cash, debt follows:

	Philippines	International	Parent and Others	Consolidated
Revenues	**₱35,428,956**	**₱867,226**	**₱202,951**	**₱36,499,133**
Cost and expenses (exc. depreciation and amortization and provision for impairment)	**(30,717,499)**	**(1,633,953)**	**(2,485,327)**	**(34,836,779)**
Equity in net income of associates and joint ventures	**1,023,766**	**752,124**	**(10,650)**	**1,765,240**
Other income – net (excluding gain on previously held interest, unrealized foreign exchange gain/loss, fair value loss on financial asset at FVTPL)	**514,696**	**5,978,872**	**619,701**	**7,113,269**
Statutory EBITDA	**₱6,249,919**	**₱5,964,269**	**(₱1,673,325)**	**₱10,540,863**

	Philippines	International	Parent and Others	Consolidated
Statutory EBITDA	**₱6,249,919**	**₱5,964,269**	**(₱1,673,325)**	**₱10,540,863**
Nonconsolidated operating projects' EBITDA	**1,948,125**	**11,078,225**	**–**	**13,026,350**
Equity in net income of associates and joint ventures	**(1,023,766)**	**(752,124)**	**10,651**	**(1,765,239)**
Interest and other financial income from other financial assets at amortized cost	**–**	**(2,995,968)**	**–**	**(2,995,968)**
Attributable EBITDA	**₱7,174,278**	**₱13,294,402**	**(₱1,662,674)**	**₱18,806,006**

	Philippines	International	Parent and Others	Consolidated
Short-term loans	**₱–**	**₱–**	**₱1,500,000**	**₱1,500,000**
Long-term loans	**3,350,857**	**18,539,295**	**23,884,525**	**45,774,677**
Notes payable	**–**	**–**	**32,003,794**	**32,003,794**
Statutory debt	**3,350,857**	**18,539,295**	**57,388,319**	**79,278,471**
Statutory cash and cash equivalent	**14,743,597**	**1,507,428**	**23,445,637**	**39,696,662**
Statutory net debt (cash)	**(₱11,392,740)**	**₱17,031,867**	**₱33,942,682**	**₱39,581,809**

	Philippines	International	Parent and Others	Consolidated
Statutory net debt (cash)	**(₱11,392,740)**	**₱17,031,867**	**₱33,942,682**	**₱39,581,809**
Statutory debt	**3,350,857**	**18,539,295**	**57,388,319**	**79,278,471**
Statutory cash and cash equivalent	**14,743,597**	**1,507,428**	**23,445,637**	**39,696,662**
Nonconsolidated operating projects'				
Attributable debt	**7,610,000**	**53,484,017**	**–**	**61,094,017**
Attributable cash	**780,674**	**5,086,062**	**–**	**5,866,736**
Gross attributable debt	**10,960,857**	**72,023,312**	**57,388,319**	**140,372,488**
Attributable net debt (cash)	**(₱4,563,414)**	**₱65,429,822**	**₱33,942,682**	**₱94,809,090**

As of December 31, 2023 limited recourse and non-recourse for statutory debt amounts to ₱12,815.90 million and ₱66,462.71 million, respectively. Some of the international attributable debt is covered by guarantees (see Note 20).

	For the year ended December 31, 2022			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱34,995,488	₱–	₱–	₱34,995,488
Rental income	68,469	–	–	68,469
Dividend income	–	3,635	–	3,635
Other revenues	79,282	28,586	63,091	170,959
	35,143,239	32,221	63,091	35,238,551
Costs and expenses				
Costs of sale of electricity	34,183,239	–	–	34,183,239
General and administrative expenses	655,629	1,830,939	1,415,249	3,901,817
	34,838,868	1,830,939	1,415,249	38,085,056
Interest and other finance charges	(1,101,532)	(1,067,837)	(188,162)	(2,357,531)
Equity in net income of associates and joint ventures	783,095	154,739	–	937,834
Other income - net	381,292	17,692,343	128,357	18,201,992
Net income (loss) before income tax	367,226	14,980,527	(1,411,963)	13,935,790
Benefit from income tax	(338,523)	(81,862)	(241,713)	(662,098)
Segment net income (loss)	₱705,749	₱15,062,389	(₱1,170,250)	₱14,597,888
Other disclosures:				
Depreciation and amortization	₱1,949,062	₱16,673	₱212,673	₱2,178,408
Capital expenditures	25,808,545	24,774,169	–	50,582,714
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	40,188	–	–	40,188
Statutory EBITDA	4,207,095	4,970,905	(348,000)	8,830,000
Attributable EBITDA	5,158,000	9,513,000	(348,000)	14,323,000
Statutory Cash	9,585,873	5,638,645	19,405,494	34,630,011
Statutory Debt	3,064,131	8,313,299	52,387,172	63,764,602
Statutory Net Debt (Cash)	(6,521,742)	2,674,654	32,981,679	29,134,591
Attributable Cash	10,036,025	5,788,861	19,405,493	35,230,379
Attributable Debt	8,921,731	47,165,821	52,387,570	108,475,122
Attributable Net Debt (Cash)	(1,114,294)	41,376,960	32,981,679	73,244,745

	As at December 31, 2022			
Operating assets	₱37,606,942	₱92,551,857	₱102,613,764	₱232,772,563
Operating liabilities	₱11,531,664	₱36,852,019	₱34,795,437	₱83,179,120
Investments in associates and joint ventures	₱10,392,685	₱14,373,748	₱–	₱24,766,433

The reconciliation of statutory and attributable EBITDA, cash, debt follows:

	Philippines	International	Parent and Others	Consolidated
Revenues	₱35,143,239	₱32,221	₱63,091	₱35,238,551
Cost and expenses (exc. depreciation and amortization and provision for impairment)	(31,822,135)	(532,444)	(1,201,992)	(33,556,571)
Equity in net income of associates and joint ventures	783,095	154,739	–	937,834
Other income – net (excluding gain on previously held interest, unrealized foreign exchange gain/loss, fair value loss on financial asset at FVTPL)	102,896	5,316,389	790,901	6,210,186
Statutory EBITDA	₱4,207,095	₱4,970,905	(₱348,000)	₱8,830,000

	Philippines	International	Parent and Others	Consolidated
Statutory EBITDA	₱4,207,095	₱4,970,905	(₱348,000)	₱8,830,000
Nonconsolidated operating projects' EBITDA	1,734,000	9,010,236	–	10,744,236
Equity in net income of associates and joint ventures	(783,095)	(154,739)	–	(937,834)
Interest and other financial income from other financial assets at amortized cost	–	(4,313,402)	–	(4,313,402)
Attributable EBITDA	₱5,158,000	₱9,513,000	(₱348,000)	₱14,323,000

	Philippines	International	Parent and Others	Consolidated
Short-term loans	₱–	₱–	₱2,900,000	₱2,900,000
Long-term loans	3,064,131	8,313,299	17,394,858	28,771,288
Notes payable	–	–	32,093,314	32,093,314
Statutory debt	3,064,131	8,313,299	52,387,172	63,764,602
Statutory cash and cash equivalent	9,585,873	5,638,645	19,405,494	34,630,011
Statutory net debt (cash)	(₱6,521,742)	₱2,674,654	₱32,981,678	₱29,134,591

	Philippines	International	Parent and Others	Consolidated
Statutory net debt (cash)	(₱6,521,742)	₱2,674,654	₱32,981,679	₱29,134,591
Statutory debt	3,064,131	8,313,299	52,387,172	63,765,000
Statutory cash and cash equivalent	9,585,873	5,638,645	19,405,493	34,630,011
Nonconsolidated operating projects'				
Attributable debt	5,857,600	38,852,522	–	44,710,122
Attributable cash	450,152	150,216	–	600,368
Gross attributable debt	8,921,731	47,165,821	52,387,172	108,475,122
Attributable net debt (cash)	(₱1,114,294)	₱ 41,376,960	₱32,981,679	₱73,244,745

As of December 31, 2022 limited recourse and non-recourse for statutory debt amounts to ₱11,377.43 million and ₱52,387.57 million, respectively . Some of the international attributable debt is covered by guarantees (see Note 20).

	For the year ended December 31, 2021			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱25,878,039	₱–	₱–	₱25,878,039
Rental income	61,466	–	–	61,466
Dividend income	–	11,725	–	11,725
Other revenues	20,316	46,685	63,210	130,211
	25,959,821	58,410	63,210	26,081,441
Costs and expenses				
Costs of sale of electricity	21,469,733	–	–	21,469,733
General and administrative expenses	1,036,059	1,254,785	494,705	2,785,549
	22,505,792	1,254,785	494,705	24,255,282
Interest and other finance charges	(812,861)	(320,170)	(561,349)	(1,694,380)
Equity in net income of associates and joint ventures	1,126,943	825,810	–	1,952,753
Other income - net	(762,868)	5,601,000	885,509	5,723,640

(Forward)

	For the year ended December 31, 2021			
Net income (loss) before income tax	₱3,005,243	₱4,910,265	(₱107,336)	₱7,808,172
Provision for (benefit from) income tax	277,183	37,625	(172,671)	142,137
Segment net income	₱2,728,060	₱4,872,640	₱65,335	₱7,666,035
Other disclosures:				
Depreciation and amortization	₱1,856,163	₱51	₱149,651	₱2,005,865
Capital expenditures	13,517,192	19,718,901	–	33,236,093
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	301,413	–	–	301,413

	As at December 31, 2021			
Operating assets	₱64,282,801	₱90,206,146	₱16,672,440	₱171,161,387
Operating liabilities	₱18,064,751	₱21,165,040	₱13,962,834	₱53,192,625
Investments in associates and joint ventures	₱7,762,008	₱13,596,293	₱–	₱21,358,301

Adjustments and Eliminations

Interest on parent loans and other financial income, including fair value gains and losses on financial assets, are not allocated to individual segments as the underlying instruments are managed on a group basis. Likewise, certain operating expenses and finance-related charges are managed on a group basis and are not allocated to operating segments. Allocable operating expenses have been allocated as applicable.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Other income - Net includes interest and other financial income from investments in redeemable preferred shares of associates and joint ventures and from development loans and advances to these associates and joint ventures, guarantee fee income, reversal of allowance for impairment of advances to contractors and impairment of investments in joint venture, tax credits on real property taxes, gain (loss) on derivatives, gain on sale of by-product, claims on insurance, foreign exchange gain (loss), gain (loss) on sale of property, plant and equipment, mark-to market gains, fees on advisory services, and other miscellaneous income (expense) which are allocated to operating segments.

Capital expenditures consist of additions to property, plant and equipment. Investments and advances consist of investments and cash advances to the Group's associates and joint ventures.

28. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Non-cash additions to property, plant and equipment	**₱378,109**	₱1,466,936
Set-up of ROU assets from new lease agreements	**2,714,723**	282,104
Reclassifications to (from):		
Property, plant and equipment	**3,502,012**	186,683
Creditable withholding taxes	**837,419**	(337,737)
Investments in associates and joint ventures	**278,156**	148,975
Other noncurrent assets	**(3,574,135)**	(936,776)

(Forward)

	2023	2022
Investments in other financial assets at amortized cost	**(₱355,199)**	(₱59,782)
Financial assets at FVTPL	**(276,297)**	–
Noncurrent assets held for sale	**–**	(1,539)
Changes due to business combinations (Note 24):		
Property, plant and equipment	**41,825**	14,712,729
Right-of-use assets	**–**	1,323,557
Other noncurrent assets	**–**	1,323,653
Goodwill and other intangible assets	**–**	103,672
Investments in other financial assets at amortized cost (Note 7)	**–**	(12,951,246)
Investments in associates and joint ventures	**–**	(4,578,944)
Changes due to loss of control (Note 2):		
Property, plant and equipment	**–**	(14,221,341)
Other noncurrent assets	**–**	(319,293)
Creditable withholding taxes	**–**	(117,954)
Input VAT – net of current portion	**–**	(4,973)

Movements in the Group's liabilities from financing activities for the years ended December 31, 2023 and 2022 are as follows:

	January 1, 2023	**Availments/ Proceeds**	**Payments**	**Others**	**December 31, 2023**
Current portion of:					
Short-term loans	**₱2,900,000**	**₱9,000,000**	**(₱10,400,000)**	**₱–**	**₱1,500,000**
Long-term loans	**719,385**	–	**(541,690)**	**1,111,409**	**1,289,104**
Lease liabilities	**258,562**	–	**(773,325)**	**1,365,716**	**850,953**
Interest payable	**483,090**	–	**(3,065,790)**	**3,444,864**	**862,164**
Due to stockholders	**16,585**	–	**(3,951,848)**	**3,951,848**	**16,585**
Noncurrent portion of:					
Notes payable	**32,093,314**	–	–	**(89,520)**	**32,003,794**
Long-term loans	**28,051,903**	**17,586,442**	–	**(1,152,772)**	**44,485,573**
Lease liabilities	**4,206,459**	–	–	**3,299,389**	**7,505,848**
Other noncurrent liabilities	**827,643**	–	**(1,002,975)**	**6,519,336**	**6,344,004**
Total liabilities from financing activities	**₱69,556,941**	**₱26,586,442**	**(₱19,735,628)**	**₱18,450,270**	**₱94,858,025**

	January 1, 2022	Availments/ Proceeds	Payments	Others	December 31, 2022
Current portion of:					
Short-term loans	₱–	₱23,259,020	(₱20,359,020)	₱–	₱2,900,000
Long-term loans	824,488	–	(7,387,050)	7,281,947	719,385
Lease liabilities	536,950	–	(291,085)	12,697	258,562
Interest payable	448,919	–	(1,955,949)	1,990,120	483,090
Due to stockholders	16,585	–	(3,801,730)	3,801,730	16,585
Noncurrent portion of:					
Notes payable	20,195,054	10,000,000	–	1,898,260	32,093,314
Long-term loans	20,117,733	23,012,509	–	(15,078,339)	28,051,903
Lease liabilities	2,159,302	–	–	2,047,157	4,206,459
Other noncurrent liabilities	2,736,920	–	(1,040,364)	(868,913)	827,643
Total liabilities from financing activities	₱47,035,951	₱56,271,529	(₱34,835,198)	₱1,084,659	₱69,556,941

Long term loans include those assumed through business combination with carrying amounts of AU$138.29 million (US$ 88.47 million) Construction facility loan under NESF Syndicated Facility Agreement, AU$10.50 million (US$ 6.71 million) green long-term revolving loan with DBS Bank Australia ("DBS Bank"), AU$10.00 million (US$ 6.40 million) green term loan with MUFG Bank, Ltd., Sydney Branch ("MUFG Bank") and AU$0.38 million (US$ 0.24 million) green term loan facility agreement with Clean Energy Finance Corporation ("CEFC") were assumed as a result of acquisition of control over UPC-ACE Australia (see Note 24).

Others includes the amortization of debt issue costs, interest expense, capitalized borrowing costs, foreign exchange gains/losses and the effect of reclassification of non-current portion to current due to passage of time.

29. **Provisions and Contingencies**

Tax assessments:
On August 20, 2014, ACEN distributed cash and property dividends in the form of shares in ENEX after securing SEC's approval of the registration and receipt of CAR from the BIR.

On October 22, 2014, ACEN received from the BIR a Formal Letter of Demand ("FLD"), assessing ACEN for a total donor's tax due of ₱157.75 million inclusive of penalty and interest up to September 30, 2014.

On November 21, 2014, ACEN and its independent legal counsel filed an administrative protest in response to the FLD, on the following grounds:
1. The dividend distribution is a distribution of profits by ACEN to its stockholders and not a "disposition" as contemplated under Revenue Regulations Nos. 6-2008 and 6-2013 which would result in the realization of any capital gain of ACEN;
2. ACEN did not realize any gain or increase its wealth as a result of the dividend distribution; and,
3. There was no donative intent on the part of ACEN.

On May 27, 2015, ACEN received from the BIR a Final Decision on Disputed Assessment ("FDDA") denying the protest.

On June 25, 2015, ACEN filed with the Court of Tax Appeals ("CTA") a Petition for Review seeking a review of the FDDA and requesting the cancellation of the assessment.

In its decision dated September 28, 2018, the CTA Third Division granted ACEN's petition and ordered the cancellation and withdrawal of the FLD (the "CTA Third Division Decision"). On January 18, 2019, the CTA denied the Commissioner of Internal Revenue's ("CIR") motion for reconsideration ("CTA Resolution"). On February 22, 2019, the CIR filed a petition for review with the CTA *en banc* seeking the reversal of the CTA Third Division's Decision and CTA Resolution. On July 21, 2020, the CTA *en banc* upheld the CTA Third Division Decision and denied the CIR's petition. The CIR filed a motion for reconsideration dated August 26, 2020. In response, ACEN filed its Comment/ Opposition. As at March 11, 2024, the CIR's motion for reconsideration has not been resolved by the CTA *en banc*.

Claims for tax refund

a. On May 19, 2022, Guimaras Wind Corporation ("Guimaras Wind") received a copy of the Decision of the CTA En Banc dated May 17, 2022 denying Guimaras Wind 's Petition for Review for lack of merit. The CTA En Banc affirmed the decision dated January 3, 2020 and Resolutions dated July 1, 2020 and September 23, 2020, both rendered by the CTA Third Division, which partially granted Guimaras Wind 's claim for the refund of or the issuance of a tax credit certificate in the reduced amount of ₱16,149,514, out of the total amount claimed of ₱335,759,253, representing Guimaras Wind's excess and unutilized input value-added tax for Q3 and Q4 of 2014 and Q1 and Q2 of 2015. Guimaras Wind filed its Motion for Reconsideration (MR) to the CTA En Banc on June 3, 2022.

   On June 27, 2022, Guimaras Wind received a Resolution from the CTA En Banc directing Guimaras Wind to file its Comment to the MR filed by the Commissioner of Internal Revenue within five (5) days from receipt of the said Resolution. Consequently, Guimaras Wind complied with the Resolution and filed its Comment to the CTA En Banc on July 4, 2022.

   On January 17, 2023, the CTA En Banc issued a Resolution reiterating its Decision dated May 17, 2022, which in turn affirmed the CTA Third Division's Decision limiting Guimaras Wind's entitlement to refund to a reduced amount of ₱16,149,514.

   The CTA En Banc held that the Certificate of Endorsement (COE) from the Department of Energy (DOE) and the Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC) are both required in order for Guimaras Wind to properly avail of VAT zero-rating incentives. The CTA En Banc also rejected Guimaras Wind's position that its application for COC should be deemed "provisionally approved" six months from the filing of its application for a COC with the ERC.

   On February 3, 2023, Guimaras Wind filed a Motion for Extension of Time to File Petition for Review on Certiorari with the Supreme Court. On March 6, 2023, the Company filed the Petition.

   On January 24, 2024, the Supreme Court Third Division issued a Resolution requiring Guimaras Wind to file a Comment to the Petition for Review filed by the Commissioner of Internal Revenue within ten (10) days from receipt of the notice. Guimaras Wind filed the Comment on February 10, 2024. There is no decision or resolution as of date.

b. On April 12, 2017, San Carlos Solar Energy Inc. ("SACASOL") filed a Petition for Review with the CTA regarding the disallowed claim of 2015 input VAT amounting to ₱40.62 million. On February 3, 2021, the CTA denied SACASOL's Petition for Review on the ground that SACASOL failed to establish that its sales qualify for VAT zero-rating because SACASOL did not present any proof that it was issued a DOE Certificate of Endorsement ("COE"), on a per transaction basis. On February 26, 2021, SACASOL filed a Motion for Reconsideration ("MR"), on the basis that there is no legal requirement for the COE to be on a per transaction basis for the VAT zero-rating of SACASOL's sales, and the VAT zero-rated sales were never disputed considering the partial grant by the BIR of SACASOL's claim for unutilized input VAT attributable to VAT zero-rated sales.

   On May 6 and 20, 2021, SACASOL filed Supplemental Motions to admit additional evidence which included a DOE letter and certification confirming that a COR on a per transaction basis is not required for purposes of VAT zero-rating of RE Sales of RE Developers and such document is not actually being issued by the DOE. On September 22, 2021, CTA Third Division issued a resolution denying the Motion for Reconsideration.

On February 2, 2023, SACASOL filed a Petition for Review before the CTA En Banc.

On April 27, 2023 CTA En Banc denied SACASOL Petition for Review on the basis of jurisdictional grounds. The CTA En Banc denied the Petition on the ground that the CTA Third Division purportedly has no jurisdiction to entertain the judicial claim for refund for being filed beyond the 120+30 day mandatory and jurisdictional period. The CTA En Banc counted the 120-day period from November 3, 2016 - the date when SACASOL filed its administrative claim for refund, and noted that the BIR only had until March 3, 2017 to decide the said claim. The CTA En Banc then held that since SACASOL did not receive an adverse decision from the BIR by March 3, 2017, the law considers the administrative claim as denied. According to the Decision, SACASOL had 30 days from March 3, 2017 or until April 3, 2017 to seek judicial redress. Since the Petition was only filed on April 12, 2017, the CTA is deprived of jurisdiction to hear the case.

On May 19, 2023, SACASOL filed its MR on the ground that (i) Sec112(c) does not require that the BIR acts and the taxpayer receives the decision within the 120 days; and (ii) SACASOL should be able to file the judicial claim within 30 days from receipt of the decision, as long the decision was made within the 120-day period.

On January 12, 2024, SACASOL received CTA EN Banc Resolution denying the and reiterated its earlier ruling that CTA has no jurisdiction for failure of SACASOL to file its judicial claim for refund within the 120+30 days period from the filing of its administrative claim. The CTA En Banc ruled that the issues in the MR were already addressed, discussed and found wanting in its earlier Decision. On 25 January 2024, SACASOL filed Petition for Extension to File Petition for Review with the Supreme Court. As at March 11, 2024, SACASOL have not received any orders from the Supreme Court relating to the case.

Provisions and Contingencies
NorthWind Power Development Corporation ("NorthWind") is a party to several cases involving the assessment and collection by the Provincial Treasurer of Ilocos Norte of real property tax ("RPT") on the wind turbine generators, civil works, equipment, machinery, and transmission lines of NorthWind located in the Municipality of Bangui. NorthWind was assessed RPT at a rate of two percent (2%) or an aggregate amount of ₱147.23 million for years 2017 to 2021. NorthWind paid under protest the RPT thereon and filed a protest questioning the imposition of 2% tax rate on its Renewable Energy ("RE") facilities. Under Republic Act 9513 or the RE Law, realty and other taxes on civil works, equipment, machinery, and other improvements of a Registered RE Developer actually and exclusively used for RE facilities shall not exceed 1.5% of their original cost less accumulated normal depreciation or net book value. All protests filed by NorthWind to the Provincial Treasurer from 2017 to 2023 were denied.

As at March 11, 2024, the 2017 to 2023 RPT protest, regarding an aggregate amount of ₱193.40 million, is still pending decision with the LBAA of Ilocos Norte.

Compliance with Must Offer Rule
On October 4, 2018, CIPP, One Subic Power, Bulacan Power and the Parent Company received a letter from PEMC for pending investigation of trading intervals covering periods from 2014 to 2018. The scope of the investigation covers possible non-compliance with the Must Offer Rule (MOR) and with the Real-Time Dispatch (RTD) or System Operator Instructions.

On October 28, 2020 and August 17, 2021, the PEMC Board cleared CIP and found no breaches from August 2014 to December 2015. On June 3, 2022, the PEMC Board cleared One Subic Power and found no breaches for the period May- December 2014 period. In the May 2022 meeting, PEMC met with trading participants with pending investigations and discussed a shortened process in the investigation while at the same time ensuring due process for all participants. The shortened process will adopt the current PEMC process of frequently flagging the trading participant of the intervals under investigation and requesting for immediate replies and dispensing with lengthy discussions in its investigation reports.

On July 7, 2023, the PEMC Board issued a Notice on Investigation Report which approves the imposition of penalty amounting to ₱700,000 against One Subic Power for breach of MOR. The said breaches were broken down as follows: four breaches in 2014, one breach in 2015, one breach in 2016, and one breach in 2019.

In the May 5, 2023 PEM Board Action letter, the PEM Board cleared Bulacan Power of 10,821 trading intervals, and released its findings and found NO breaches for Bulacan Power for said trading intervals during the January 2015-December 2015 and January 2016-December 2016 investigation periods.

As for CIP II, no breach was found for all the trading intervals from 2014-2021. The PEMC Board issued a Certification dated 24 July 2023 certifying that the investigation cases have been closed and finally disposed of by PEMC.

Refund of Market Transaction Fee from PEMC

On July 9, 2020, the ERC issued its Decision on ERC Case 2015-160 RC ordering PEMC to refund the over collection in the Market Transaction Fee (MTF) in 2016 and 2017. The ERC determined the over collection by getting the variance between the MTF collected in 2016 and 2017, and the ERC-Approved Budget of PEMC for the same period. The total refund was determined at ₱433.20 million which shall be apportioned among all the Luzon and Visayas participants. The ERC has directed PEMC to implement the refund over twelve (12) months beginning the next billing month upon receipt of the relevant Decision.

The PEMC filed a motion for reconsideration with the ERC. In an Order promulgated on June 11, 2021, the ERC resolved to deny the motion for reconsideration filed by the. The market level fee approved by the ERC in its Decision of July 2020 was implemented by the Independent Electricity Market Operator of the Philippines for the WESM market fee collection for the calendar year 2021.

30. **Events After the Reporting Period**

Below are the events after the reporting period which are treated as non-adjusting events as at December 31, 2023:

Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA) Series B Preferred Shares (ACENB)
On February 8, 2024, the BOD of ACEN approved the declaration of the first quarter of 2024 cash dividends on the ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB):

	ACENA	ACENB
Dividend Rate	¼ of 7.1330% per annum	¼ of 8.0000% per annum
Dividend Per Share	₱17.8325 per share	₱20.0000 per share
Dividends	₱148,750	₱333,170

Total dividends amounting to ₱481.92 million was paid on February 29, 2024.

ACEN and Barito enter new partnership in Indonesia wind projects
On December 15, 2023, ACEN (through ACEN Investments HK Limited ("ACEN HK"), a subsidiary of ACEN Renewables International) and Barito Renewables (through PT Barito Wind Energy ("Barito Wind")) signed a Sale and Purchase Agreement (SPA) with UPC Renewables Asia Pacific Holdings for the acquisition of late-stage wind development assets in Indonesia.

On January 3, 2024, with all conditions having been satisfied under the Sale and Purchase Agreements, transaction Closing was achieved by the parties and ACEN HK has completed the acquisition of shares in the three late-stage wind development assets, with a combined potential capacity of 320 MW, that are located in South Sulawesi (Sidrap 2), Sukabumi and Lombok provinces in Indonesia, at an acquisition price that is less than 10% of the book value of ACEN.

Following the signing of the respective Share Transfer Deeds, Barito Wind will own 51% of the three development assets, while ACEN HK will own the remaining 49%. Total investment cost amounted to US$17.15 million (₱965.17 million) and accounted for as investment in a associate.

Issuance of Corporate Guarantee in support of ACEN Cayman
On January 12, 2024, ACEN as Guarantor to its subsidiary, ACEN Cayman, executed Parent Company Guarantees in favor of ACEN Cayman's lenders: (a) Philippine National Bank for US$140.00 million, and (b) Rizal Commercial Banking Corporation for US$180.00 million. This loan obtained by ACEN Cayman shall be used to redeem the redeemable preferred shares held by AC Energy Finance International Limited ("ACEFIL") in ACEN Cayman; the proceeds will in turn be used by ACEFIL to redeem its maturing green bonds.

Following redemption of the redeemable preferred shares held by ACEFIL using the proceeds from ACEN Cayman lenders, non-controlling interest will be reduced by US$352.00 million. The difference between redeemable preferred shares redeemed and proceeds from ACEN Cayman lenders of US$32.00 million will be from cash on hand of ACRI.

Proceeds from ACEN Cayman lenders will be classified as liabilities in the consolidated statements of financial position.

Issuance of Corporate Guarantee in support of the Australia Projects
On February 26, 2024, ACEN, as the Guarantor to its subsidiary ACEN Australia Pty Ltd. ("ACEN Australia"), executed Facility Agreements with ACEN Australia, and each of Australia and New Zealand Banking Group Limited ("ANZ"), and Westpac Banking Corporation ("WBC"). Each bank is providing a green term loan facility with a limit of AUD 75 million. ANZ and WBC also entered into an Accession Letters to include ANZ and WBC as Lenders under the Common Provisions Agreement dated 18 August 2022, as amended through an Amending Deed on 6 January 2023 (with ACEN Australia, DBS Bank Ltd., Australia Branch, MUFG Bank, Ltd., Sydney Branch, Clean Energy Finance Corporation, Bank of China (Hong Kong) Limited, Bank of China (Hong Kong) Limited – Manila Branch, CTBC Bank Co., Ltd, Singapore Branch, CTBC Bank (Philippines) Corporation, Standard Chartered Bank, Australia Branch, and ACEN as Guarantor to ACEN Australia).

Signing of Shareholders' and Investment Agreement with BrightNight APAC B.V for renewable energy projects in the Philippines
On March 7, 2024, ACEN, and its wholly-owned subsidiary, Paivatar ("Paivatar"), signed a Shareholders' and Investment agreement with BrightNight APAC B.V for the ownership and management of Paivatar as the designated renewable energy platform for the development, construction, and operation of utility-scale renewable energy projects in the Philippines.

Amendment to Articles of Incorporation
On March 11, 2024 the BOD of ACEN, approved the amendment of Articles of Incorporation to remove "distribution" from the Primary Purpose.

Exhibit B : Supplementary Schedules

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Board of Directors and Stockholders
ACEN Corporation
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner,
Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACEN CORPORATION and subsidiaries, as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023, included in this Form 17-A and have issued our report thereon dated March 11, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10082034, January 6, 2024, Makati City

March 11, 2024

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
ACEN Corporation
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner,
Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACEN CORPORATION and subsidiaries, as at December 31, 2023 and 2022, and for each of the three years in the period ended December 31, 2023 and have issued our report thereon dated March 11, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10082034, January 6, 2024, Makati City

March 11, 2024

ACEN CORPORATION.AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FORM 17-A, ITEM 7

**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.*

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2023

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at fair value through profit or loss (FVTPL)		₱3,871,472	₱3,871,472	₱–
Financial assets at fair value through other comprehensive income (FVOCI)		5,799,323	5,799,323	–
Investments in other financial assets at amortized cost				
Redeemable preferred shares				
Investment in AAR		6,943,641	6,943,641	907,287
Investment in UPC- ACE Solar		4,323,868	4,323,868	554,893
Investment in BIM Wind		2,232,294	2,232,294	383,421
Investment in NEFIN		1,713,369	1,713,369	128,350
Investment in Impact Wind		1,419,454	1,419,454	67,283
Investment in BIMRE		1,350,290	1,350,290	180,476
Investment in UPC Asia III		1,210,630	1,210,630	256,680
Investment in BIME		235,610	235,610	31,562
Subscription deposits				
Investment in Beacon Capital Holdings Limited		1,356,565	1,356,565	–
Investment in UPCAPH		110,740	110,740	–
Convertible loans				
Investment in Vietnam Wind		2,113,578	2,113,578	277,924
Investment in Asian Wind 1		900,549	900,549	178,097
Investment in Asian Wind 2		868,589	868,589	171,365
		24,779,177	24,779,177	3,137,338
Allowance for expected credit losses		3,145,378	3,145,378	
		21,633,799	21,633,799	3,137,338
Loans and receivables				
Cash and cash equivalents		39,696,662	39,696,662	285,195
Trade and other receivables		17,352,502	17,352,502	111,166
Long-term receivables		21,402,231	21,402,231	2,235,369
		78,451,395	78,451,395	2,631,730
Derivative assets		6,447,517	6,447,517	–
		₱116,203,506	**₱116,203,506**	**₱5,769,068**

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2023

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Deductions		Current	Non Current	Balance at End of Year
			Amount Collected	Amount Written-Off			
Not Applicable:	The Company has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2023 equal to or above the established threshold of the Rule.						

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule C.1 Accounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements
December 31, 2023

Name and Designation of Creditor	Balance at Beginning of Period	Additions	Deductions: Amount Collected	Deductions: Amount Written-Off	Current	Non-Current	Balance at End of Period
Subsidiaries:							
ACE Endevor, Inc.	₱1,511,430,578	₱5,292,797,109	(₱5,223,797,109)	₱–	₱1,580,430,578	₱–	₱1,580,430,578
ACEN International, Inc.	1,108,371,903	22,839,477	(22,839,477)	–	1,108,371,903	–	1,108,371,903
ACE Shared Services, Inc.	162,532,137	56,667,217	(56,660,916)	–	162,538,438	–	162,538,438
Gigasol 3, Inc.	131,997,435	116	(116)	–	131,997,435	–	131,997,435
One Subic Power Generation Corporation	72,929,743	90,488	(90,488)	–	72,929,743	–	72,929,743
SolarAce1 Energy Corp.	65,320,717	147,172	(147,172)	–	65,320,717	–	65,320,717
Bulacan Power Generation Corporation	63,208,894	84,616,739	(84,616,739)	–	63,208,894	–	63,208,894
Gigasol 2, Inc.	35,178,550	2,666,500,238	(2,666,500,238)	–	35,178,550	–	35,178,550
CIP II Power Corporation	22,361,329	128,449	(128,449)	–	22,361,329	–	22,361,329
Buendia Christiana Holdings Corp.	15,267,591	28,220,000	(21,420,000)	–	22,067,591	–	22,067,591
ACE Renewables Philippines, Inc.	11,526,978	35,089,200	(35,089,200)	–	11,526,978	–	11,526,978
Negros Island Solar Power, Inc.	5,513,919	62,785	(62,785)	–	5,513,919	–	5,513,919
San Carlos Solar Energy, Inc.	3,073,848	1,281	(1,281)	–	3,073,848	–	3,073,848
Bayog Wind Power Corp.	1,486,649	12	(9)	–	1,486,652	–	1,486,652
Giga Ace 4, Inc.	1,399,622	25,777	(25,777)	–	1,399,622	–	1,399,622
NorthWind Power Development Corporation	895,266	16,942	(16,942)	–	895,266	–	895,266
Others	228,390	29,126,654	(25,287,557)	–	4,067,487	–	4,067,487
	₱3,212,723,549	**₱8,216,329,656**	**(₱8,136,684,255)**	**₱–**	**₱3,292,368,950**	**₱–**	**₱3,292,368,950**

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule C.2. Accounts Payable from Related Parties which are Eliminated During the Consolidation of Financial Statements
December 31, 2023

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non-current	Balance at End of Period
			Amount Paid	Amount Written-Off			
Subsidiaries:							
SolarAce1 Energy Corp.	₱3,283,387,543	₱6,217,874,851	(₱6,110,132,394)	₱–	₱3,391,130,000	₱–	₱3,391,130,000
Gigasol 3, Inc.	1,459,012,548	1,856,853,026	(1,840,683,026)	–	1,475,182,548	–	1,475,182,548
Santa Cruz Solar Energy, Inc.	426,991,287	6,295,861,047	(5,540,288,448)	–	1,182,563,886	–	1,182,563,886
Gigasol 2, Inc.	1,038,400,000	2,502,756,962	(2,502,756,962)	–	1,038,400,000	–	1,038,400,000
ACE Endevor, Inc.	572,881,748	5,138,588,549	(5,138,588,549)	–	572,881,748	–	572,881,748
Giga Ace 8, Inc.	256,959,323	946,699,318	(792,490,227)	–	411,168,414	–	411,168,414
Giga Ace 4, Inc.	286,897,530	804,025,792	(698,577,752)	–	392,345,570	–	392,345,570
Bataan Solar Energy, Inc.	183,320,221	577,879,648	(546,125,215)	–	215,074,654	–	215,074,654
Bulacan Power Generation Corporation	63,202,763	2,642,954,187	(2,613,820,881)	–	92,336,069	–	92,336,069
Manapla Sun Power Development Corporation	57,988,645	207,107,867	(187,049,667)	–	78,046,845	–	78,046,845
One Subic Power Generation Corporation	63,803,750	3,287,920,352	(3,276,628,658)	–	75,095,444	–	75,095,444
Gigasol 1, Inc.	59,650,000	15,512,835	(9,786,360)	–	65,376,475	–	65,376,475
Giga Ace 7, Inc.	48,524,425	110,711,508	(110,711,508)	–	48,524,425	–	48,524,425
Palawan55 Exploration & Production Corporation	45,284,639	1,020,672	(811,533)	–	45,493,778	–	45,493,778
SolarAce3 Energy Corp.	29,306,888	62,408,759	(62,350,559)	–	29,365,088	–	29,365,088
Buendia Christiana Holdings Corp.	27,902,829	1,580,384,198	(1,580,219,243)	–	28,067,784	–	28,067,784
Others	123,414,255	10,029,227,747	(9,250,499,785)	–	902,142,217	–	902,142,217
	₱8,026,928,394	₱ 42,277,787,318	(₱40,261,520,767)	₱–	₱10,043,194,945	₱–	₱10,043,194,945

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule D. Long-Term Debt
December 31, 2023

	Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in related Balance Sheet	Amount shown under Caption "Long-Term Debt" in related Balance Sheet	Interest Rate	Maturity Date
ACEN	Bank loan A	₱1,500,000,000	₱95,485,549	₱515,827,308	6.50%	July 11, 2029
	Bank loan B	5,000,000,000	52,631,579	4,736,842,105	5.05%	November 14, 2029
	Bank loan C	7,000,000,000	84,000,000	6,823,000,000	5.00% - 7.17%	July 15, 2030
	Bank loan D	4,500,000,000	45,000,000	4,432,500,000	7.00%	March 30, 2031
	Bank loan E	10,000,000,000	–	6,000,000,000	6.25% - 6.91%	December 13, 2032
	Bank loan F	10,000,000,000	5,250,000	244,750,000	7.09%	August 17, 2033
	Bank loan G	5,000,000,000	–	500,000,000	6.61%	October 24, 2033
	Bank loan H	20,000,000,000	–	500,000,000	6.50%	December 22, 2033
			282,367,128	23,752,919,413		
	Unamortized debt issue costs		(18,157,720)	(132,603,408)		
			264,209,408	23,620,316,005		
Guimaras	Bank loan A	2,150,000,000	83,676,750	410,196,025	5.80%-6.25%	February 14, 2029
Wind	Bank loan B	2,150,000,000	83,676,750	410,196,025	6.25%-6.50%	February 14, 2029
			167,353,500	820,392,050		
	Unamortized debt issue costs		(1,532,116)	(3,266,201)		
			165,821,384	817,125,849		
NorthWind	Bank loan	2,300,000,000	170,660,000	1,607,010,000	5.13%	May 29, 2032
	Unamortized debt issue costs		(1,874,981)	(7,258,930)		
			168,785,019	1,599,751,070		
MONTESOL	Bank of the Philippine Islands	600,000,000	50,004,000	549,996,000	7.15%	September 20, 2035
	Unamortized debt issue costs		(609,279)	(17,359)		
			49,394,721	549,978,641		
ACEN	Bank loan A	AU$100,000,000	–	1,646,344,940	5.25% - 5.67%	August 18, 2027
Australia	Bank loan B	AU$140,000,000	–	2,810,380,282	4.86% - 6.00%	September 16, 2027
Pty. Ltd.	Bank loan C	AU$75,000,000	–	1,571,556,386	6.43%	October 28, 2027
	Bank loan D	AU$204,540,000	640,893,485	6,919,359,311	2.25%	December 22, 2025
	Bank loan E	AU$277,000,000	–	4,950,760,454	5.04% - 6.07%	January 6, 2028
			640,893,485	17,898,401,373		
	Unamortized debt issue costs		–	–		
			640,893,485	17,898,401,373		
	Long-term loans		**₱1,289,104,017**	**₱44,485,572,938**		

	Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in related Balance Sheet	Amount shown under Caption "Long-Term Debt" in related Balance Sheet	Interest Rate	Maturity Date
ACEN Finance	Green bonds	US$400,000,000	₱–	₱20,383,600,000	4.00%	Senior undated fixed-for-life (non-deferrable) Notes with fixed coupon of 4.00% for life, with no step-up and no reset, priced at par.
	Unamortized debt issue costs		–	(36,950,934)		
	Cumulative translation adjustment		–	1,754,898,218		
			–	22,101,547,284		
ACEN	ACEN Fixed rate ASEAN Green Bonds	10,000,000,000	–	10,000,000,000	6.05%	May 29, 2027
	Unamortized debt issue costs		–	(97,752,815)		
			–	9,902,247,185		
	Notes Payable		**₱–**	**₱32,003,794,469**		

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2023

Name of related party	Balance at Beginning of Year	Balance at End of Year
Bank of the Philippine Islands	**₱1,766,487,477**	**₱2,367,909,451**

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule F. Guarantees of Securities of Other Issuers
December 31, 2023

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
ACEN Finance Limited	US$ Green Bonds*	US$400.00 million senior guaranteed undated notes under the MTN Programme, with ₱22,101.55 million outstanding as at December 31, 2023	None	For as long as the senior guaranteed undated fixed-for-life notes remain outstanding, ACEN Finance Limited and ACEN are required to comply with certain covenants including the creation and permission to subsist only the liens created in respect of the limited recourse project financing of any project company and maintain a maximum net debt to equity ratio of 2.5 to 1.0 based on ACEN consolidated financials.

** Please refer to Note 13 - Short-term Loans, Long-term Loans, and Notes Payable of the 2022 Consolidated Audited Financial Statements for the detailed discussion.*

Attachment I

ACEN CORPORATION AND SUBSIDIARIES
Schedule G. Capital Stock
December 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued	Treasury Shares	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of shares held by:		
						Related parties	Directors, Officers and Employees	Others
Common	48,300,000,000	39,691,894,773	(14,500,000)	39,677,394,773	919,189,237	29,766,033,940	258,600,910	9,652,759,923
Redeemable Preferred	100,000,000							
Series A (ACENA)		8,341,500	–	8,341,500	–	–	–	8,341,500
Series B (ACENB)		16,658,500	–	16,658,500	–	–	–	16,658,500

Attachment II

ACEN CORPORATION
Reconciliation of Retained Earnings Available for Dividend Declaration
December 31, 2023
(Amounts in Thousands)

U**nappropriated Retained Earnings (Deficit), beginning of the reporting period** (see Footnote 2)		(₱2,175,055)
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings appropriation	–	
Effect of reinstatements or prior-period adjustments	–	
Others	–	–
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	2,069,015	
Retained Earnings appropriated during the reporting period	–	
Effect of reinstatements or prior-period adjustments	–	
Others	–	2,069,015
Unappropriated Retained Earnings (Deficit), as adjusted		(4,244,070)
Add/Less: Net income (loss) for the current year		5,670,330
Less: Category C.1 Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate / joint venture, net of dividends declared	–	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(34,641)	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
Unrealized fair value gain of Investment Property	(528)	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Subtotal		(35,169)
Add: Category C.2 Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
Realized fair value gain of Investment Property	–	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal		–
Add: Category C.3 Unrealized income recognized in the profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	–	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVPTL)	–	
Reversal of previously recorded fair value gain of Investment Property	–	
Reversal of other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Subtotal		–
Adjusted Net Income / Loss		1,461,429

(Forward)

Add: Category D: Non actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	–	
Subtotal		
Add/Less: Category E: Adjustments related to the relief granted by SEC and BSP (see Footnote 3)		
Amortization of the effect of reporting relief		
Total amount of reporting relief granted during the year	–	
Others	–	
Subtotal		–
Add/Less: Category F: Other items that should be excluded from the determination of the amount available for dividends distribution		
Net movement of the treasury shares (except for reacquisition of redeemable shares)	–	
Net movement of the deferred tax asset not considered in reconciling items under previous categories	(29,861)	
Net movement of the deferred tax asset and deferred tax liabilities related to same transaction, e.g, set-up of right of use asset and lease liability, set-up of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	–	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
Others	–	
Subtotal		(29,861)
Total Retained Earnings, end of the reporting period available for dividend		₱1,431,568

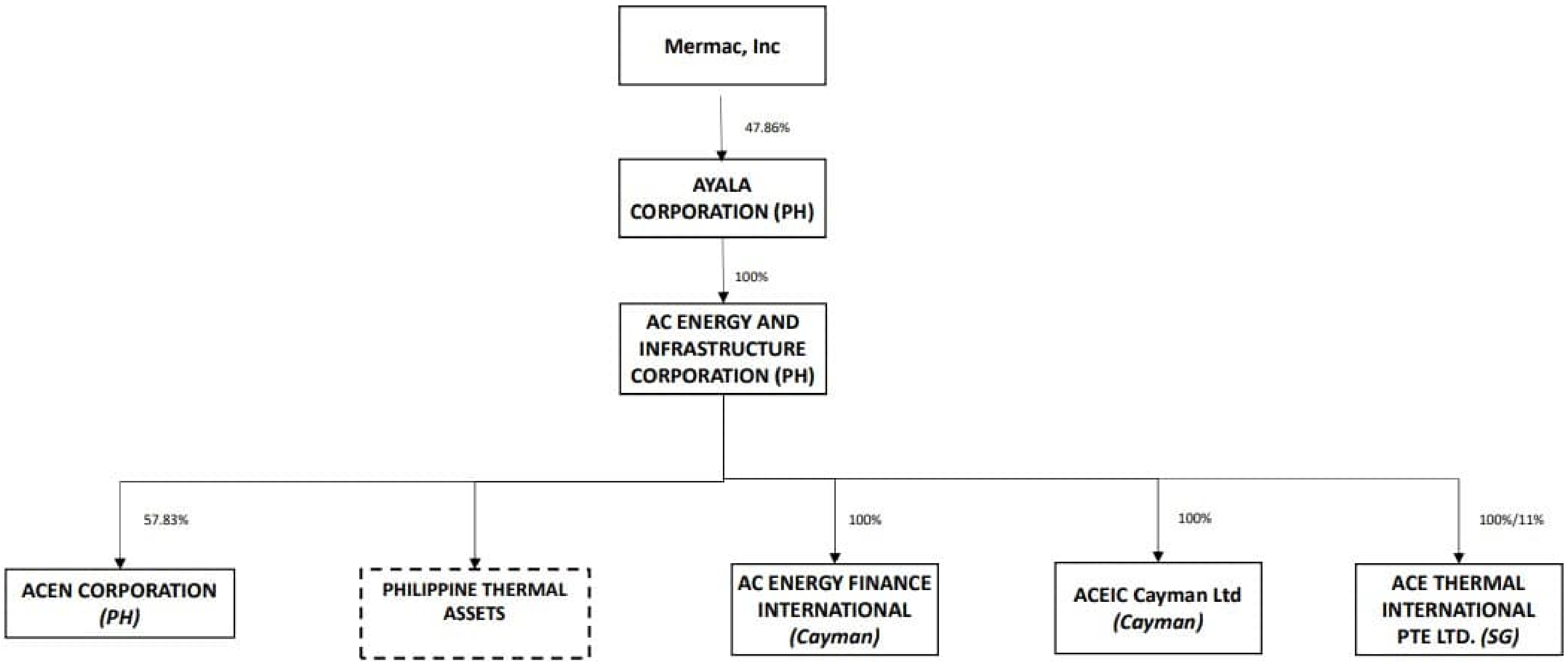
FOOTNOTES:

(1) The amount of retained earnings of the company should be based on its separate (“stand alone”) audited financial statements.
(2) Unappropriated Retained Earnings, beginning of the reporting period refers to the ending balance as reported in the “Reconciliation of Retained Earnings Available for Dividend Declaration” of the immediately preceding period.
(3) Adjustments related to the relief provided by SEC and BSP pertain to accounting relief (e.g losses that are reported on a staggered basis) granted by regulators. However, these are actual losses sustained by the company and must be adjusted in the reconciliation to reflect the actual distributable amount.
(4) This Reconciliation of Retained Earnings Available for Dividend Declaration is pursuant to Sec.42 of the Revised Corporate Code, which prohibits stock corporations to retain surplus profits in excess of one hundred (100%) percent of their paid-in capital and their power to declare dividends. However, this Reconciliation of Retained Earnings should not be used by the REIT Act and its Implementing Rules and Regulations.

Attachment III
Page 1 of 11

ACEN CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023



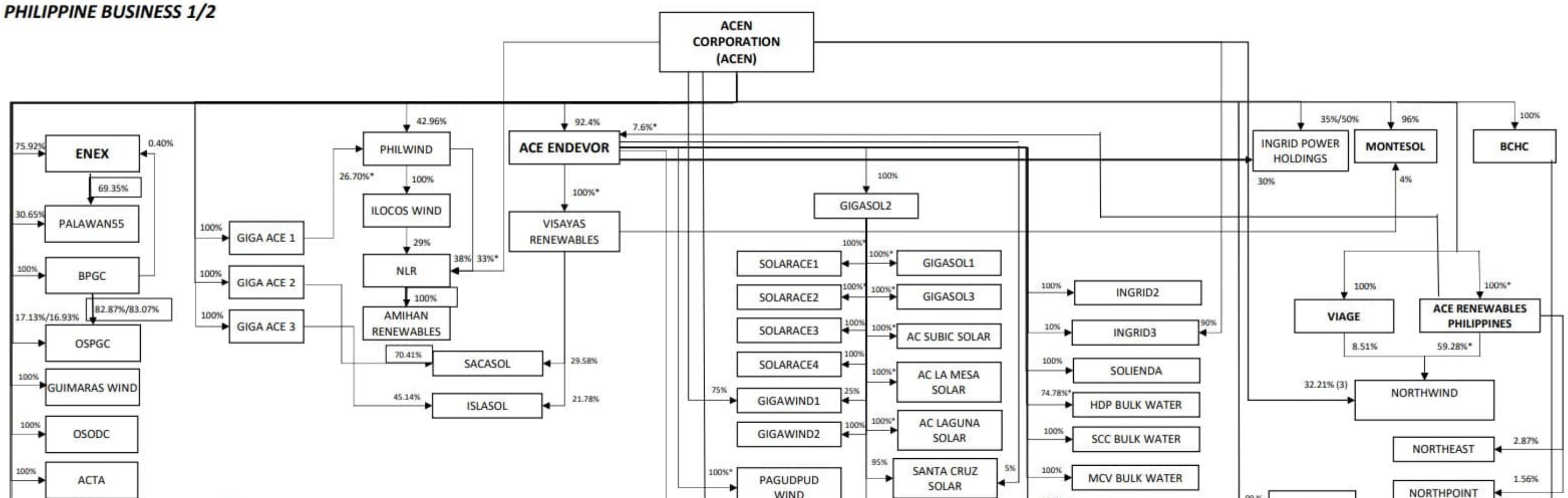
NOTE:
(1) For figures in split form (X%/Y%], figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest

Attachment III
Page 2 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

ACEN CORPORATION
PHILIPPINE BUSINESS 1/2



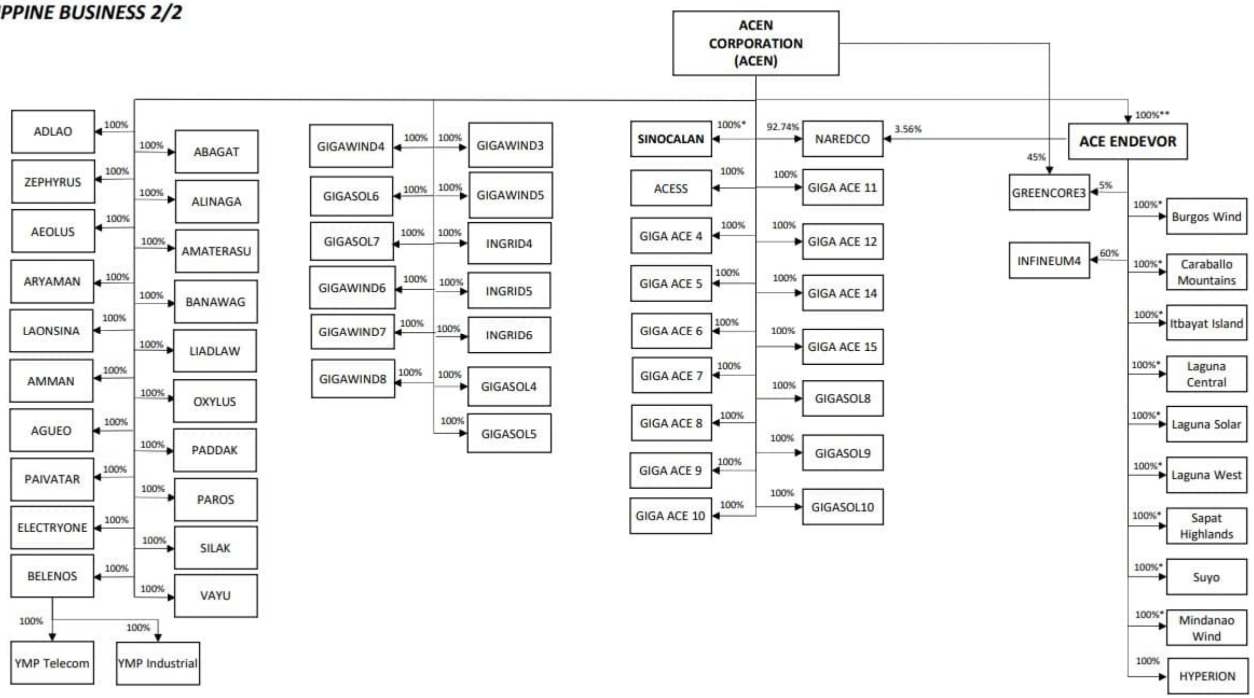
NOTE:
(1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest
(3) Includes additional interests acquired from minorities which is pending issuance of tax clearance.
*Tax clearance process ongoing

Attachment III
Page 3 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

ACEN CORPORATION
PHILIPPINE BUSINESS 2/2



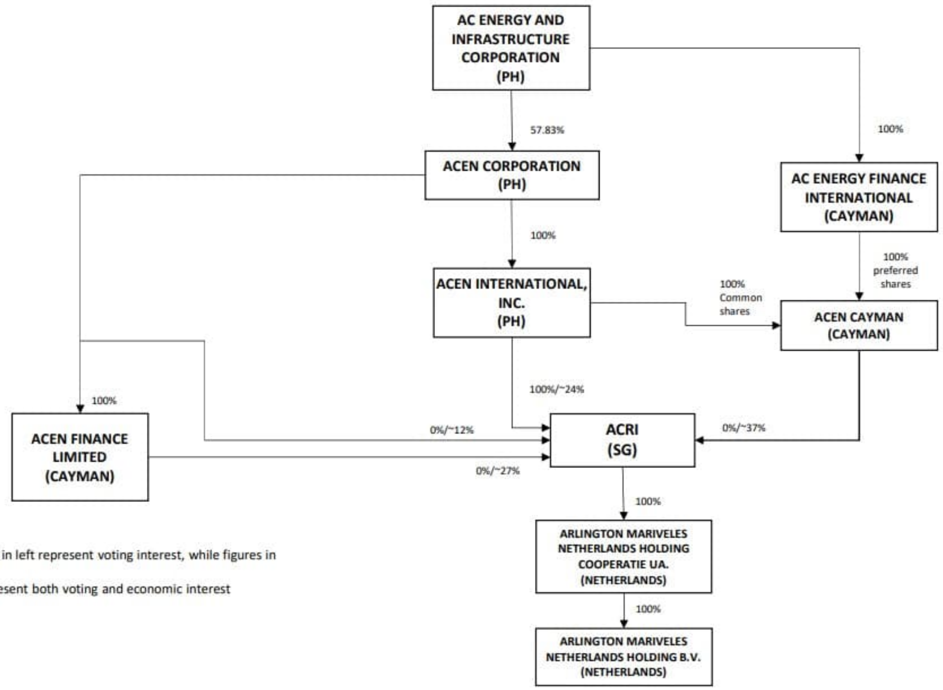
NOTE:
(1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest
(3) Includes additional interests acquired from minorities which is pending issuance of tax clearance.
*Beneficial Ownership, pending BIR CAR
** Effective ownership interest (direct and indirect ownership)

Attachment III
Page 4 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

ACEN CORPORATION
INTERNATIONAL BUSINESS



Note:
(1) For figures in split form (X%/Y%], figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest

GLOSSARY

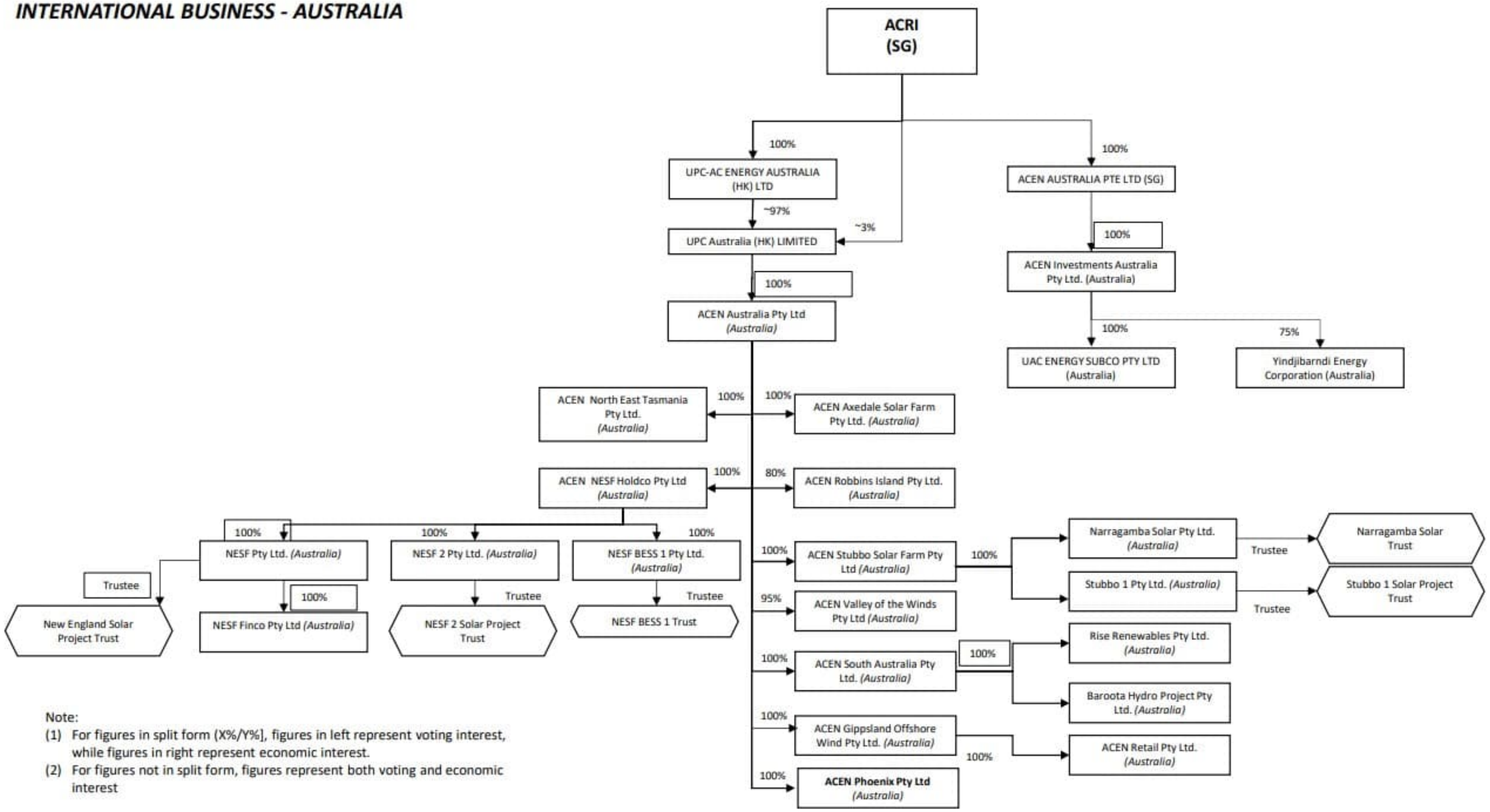
ACRI – ACEN Renewables International Pte. Ltd.

Attachment III
Page 5 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

INTERNATIONAL BUSINESS - AUSTRALIA



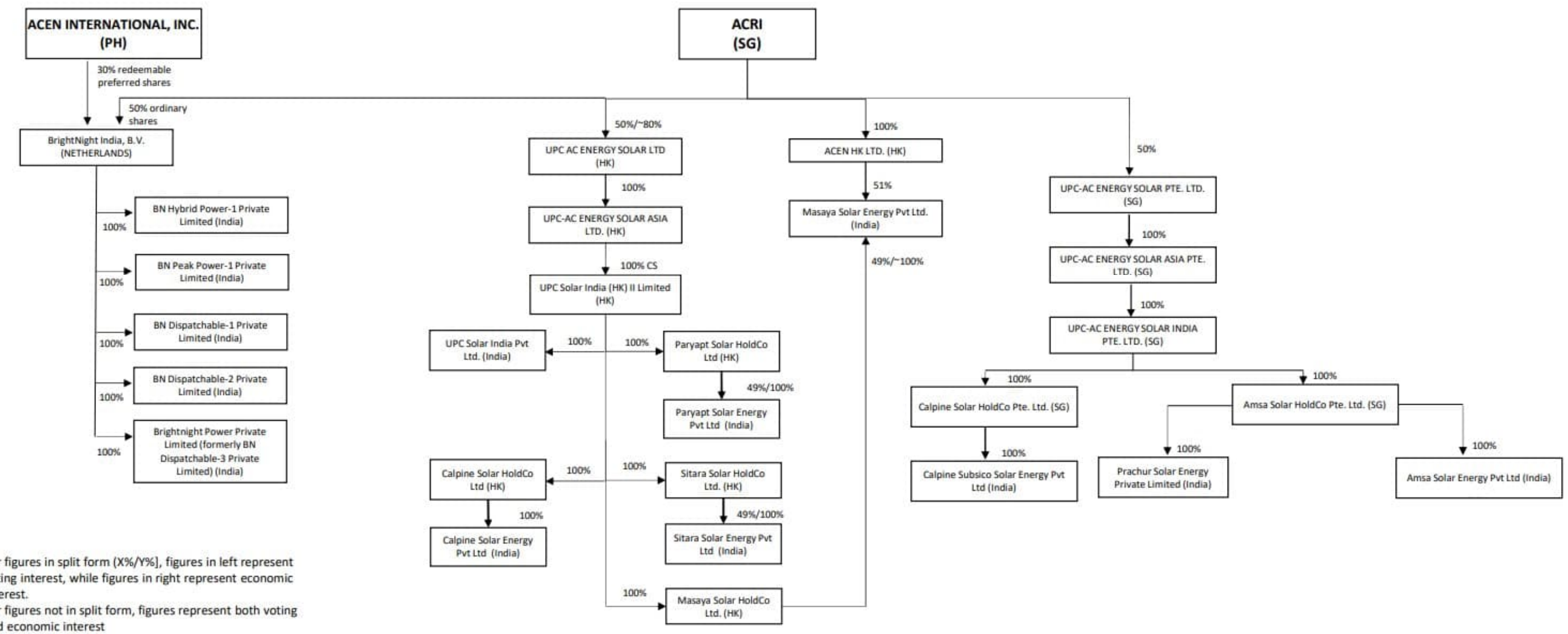
Note:
(1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest

Attachment III
Page 6 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

INTERNATIONAL BUSINESS - INDIA



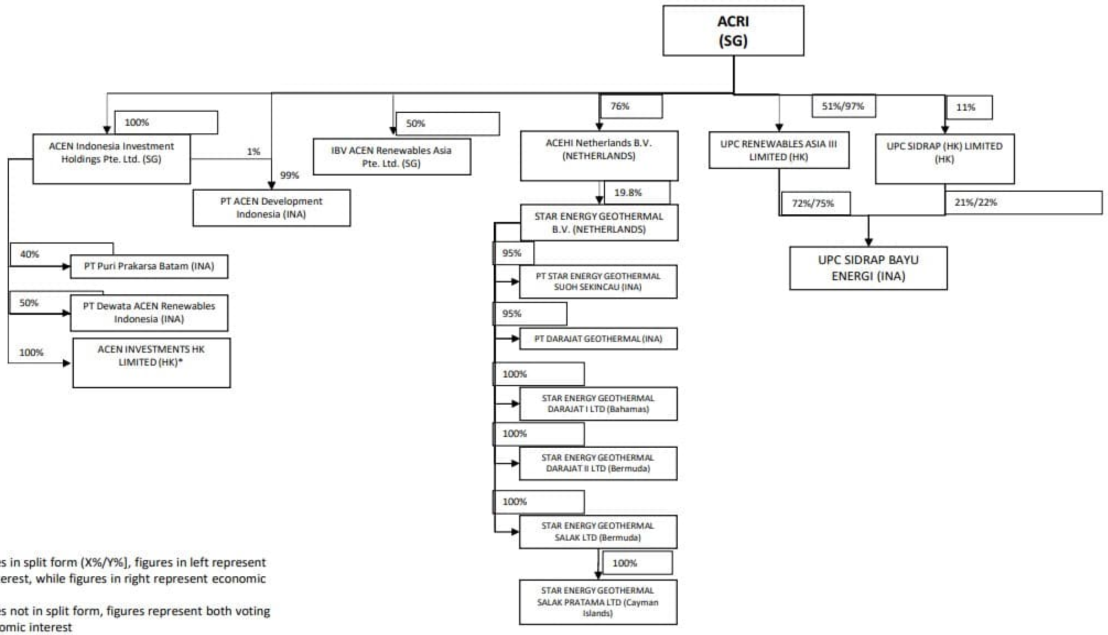
Note:
(1) For figures in split form (X%/Y%], figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest

Attachment III
Page 7 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

INTERNATIONAL BUSINESS - INDONESIA



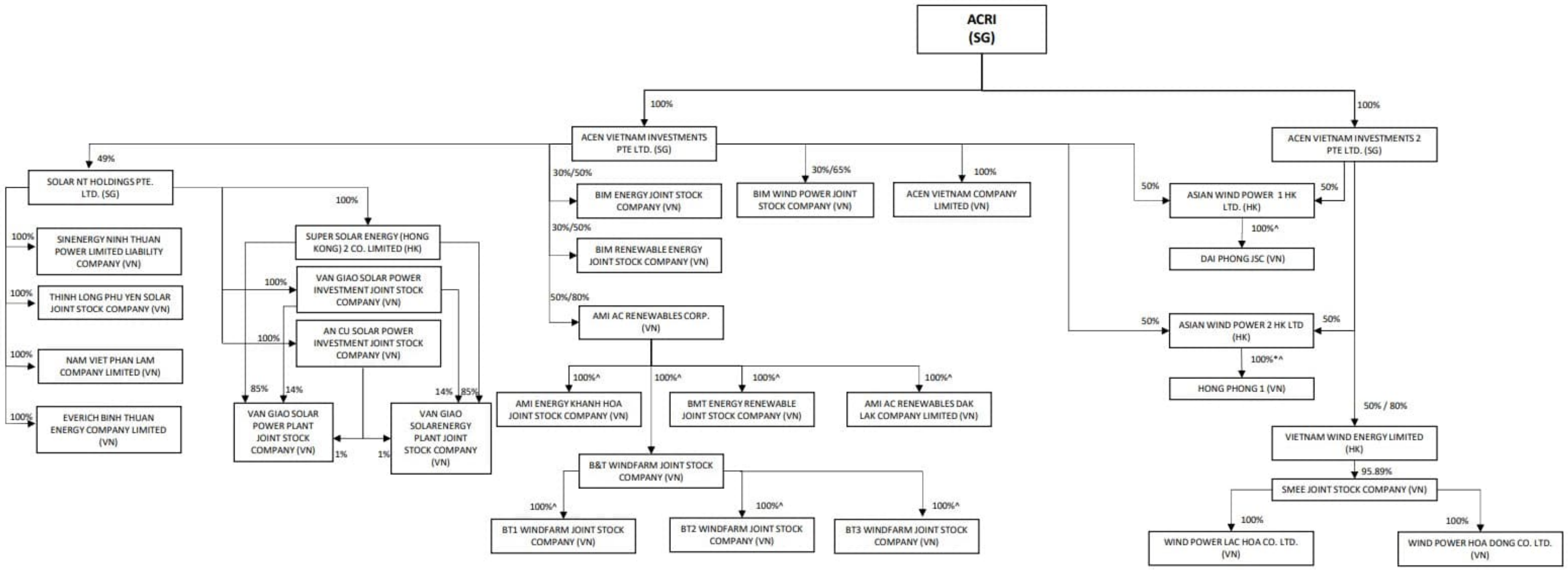
Note:
(1) For figures in split form (X%/Y%), figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest
*Updated ownership in Hong Kong Registry being processed.

Attachment III

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

INTERNATIONAL BUSINESS – VIETNAM



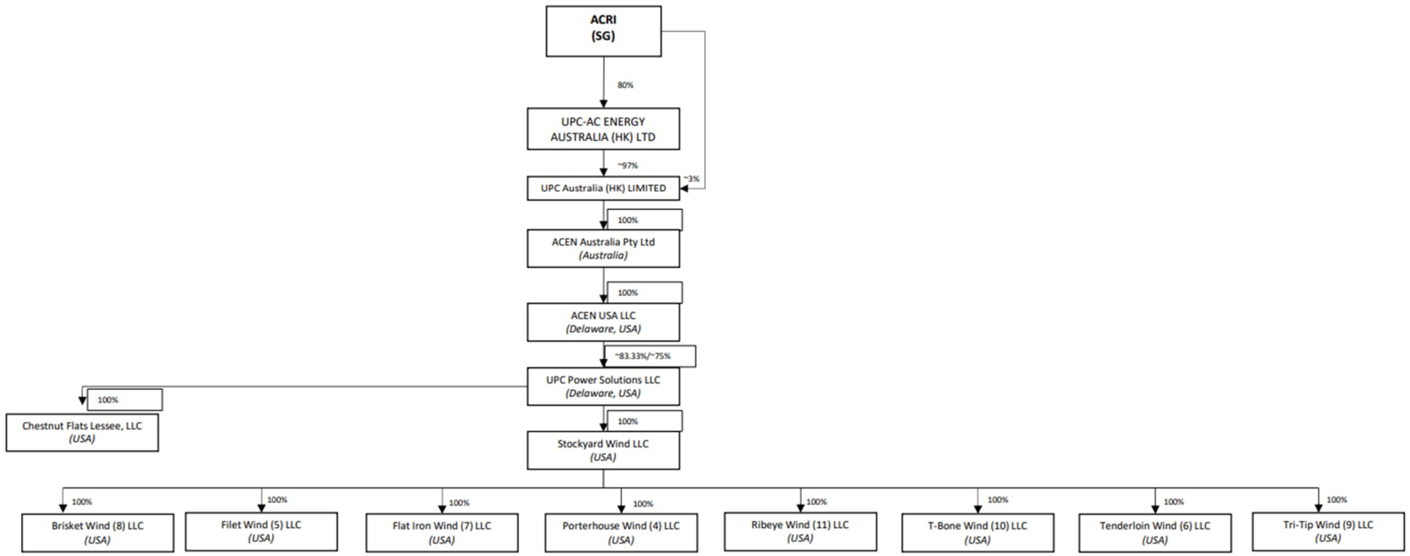
Note:
(1) For figures in split form (X%/Y%], figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest
(3) For Van Giao Solar Power Plant Joint Stock Company and Van Giao Solar Energy Plant Joint Stock Company, the figures represent the par value of total equity (regardless whether voting or non-voting)

Attachment III
Page 9 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

INTERNATIONAL BUSINESS – USA



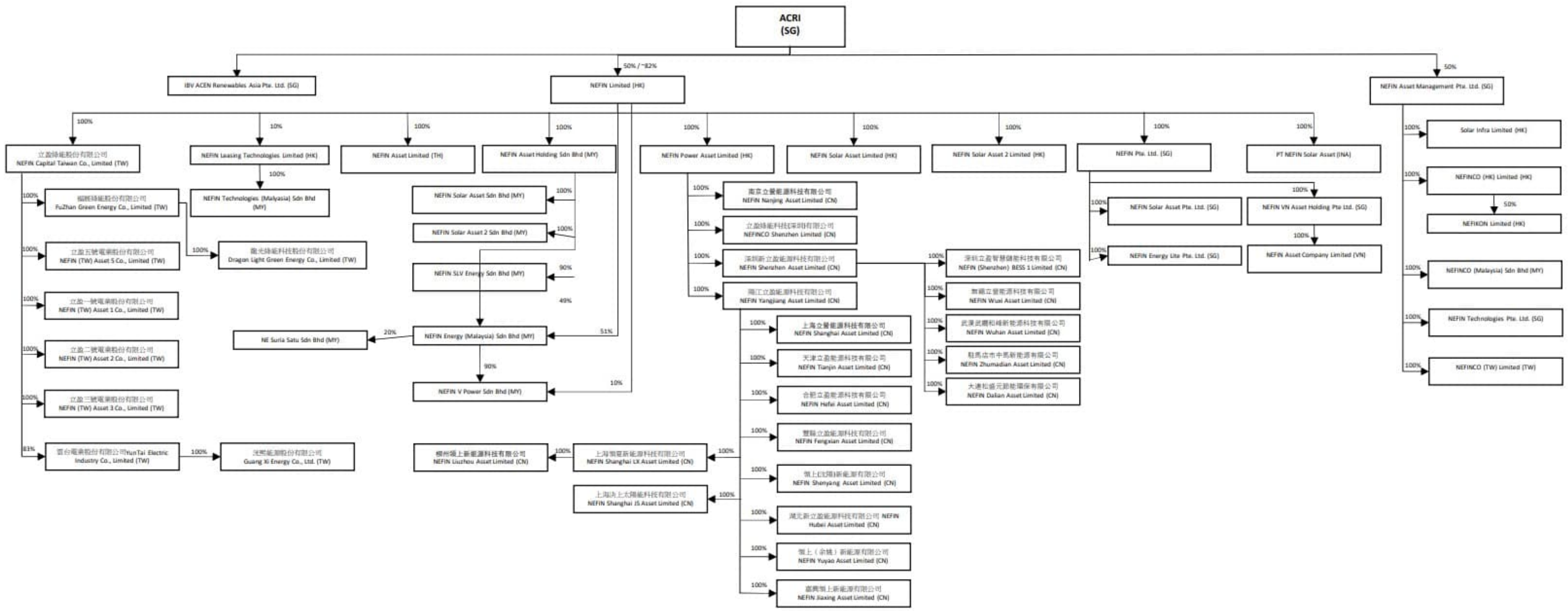
Note:
(1) For figures in split form (X%/Y%], figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest

Attachment III
Page 10 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

INTERNATIONAL BUSINESS – OTHER JURISDICTIONS (1)



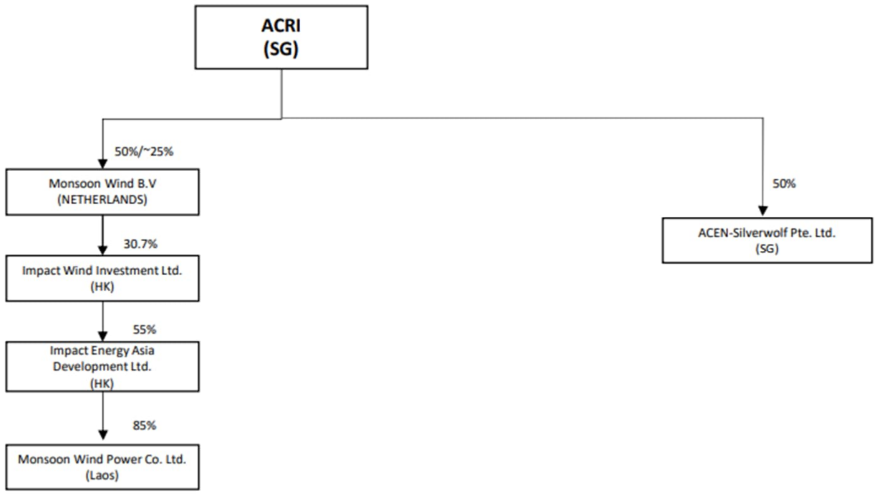
Note:
(1) For figures in split form (X%/Y%], figures in left represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest
(3) The official company name of CN and TW entities is only in Chinese, the English name is given for internal identification use only.
(4) The NEFIN Group holds NEFIN Asset Company Limited 100% through nominee.
(5) NEFIN Limited holds PT NEFIN Solar Asset 99.84%. NEFIN Asset Holding Sdn Bhd and NEFIN Pte. Ltd. holds 0.08% each.

Attachment III
Page 11 of 11

AC ENERGY CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As of December 31, 2023

INTERNATIONAL BUSINESS – OTHER JURISDICTIONS (2)



Note:
(1) For figures in split form (X%/Y%], figures in left font represent voting interest, while figures in right represent economic interest.
(2) For figures not in split form, figures represent both voting and economic interest

Attachment IV

ACEN CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Key Performance Indicator	Formula	31-Dec-23	31-Dec-22	Increase (Decrease) Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**3.57**	3.96	(0.39)	(10%)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**3.38**	3.68	(0.30)	(8%)
Solvency Ratios					
Debt/Equity ratio	Total liabilities / Total equity	**0.64**	0.56	0.08	15%
Asset-to-equity ratio	Total assets / Total equity	**1.64**	1.56	0.08	5%
Interest Coverage Ratio	Statutory Earnings before interest & tax (EBIT)(1) / Cash interest expense(2)	**2.37**	2.14	0.23	11%
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**0.23**	0.19	0.04	21%
Profitability Ratios					
Return on Equity	Net income after tax attributable to equity holders of the Parent Company / Average total stockholders' equity attributable to equity holders of the Parent Company	**6.05%**	12.69%	(6.64%)	(52%)
Return on Common Equity	Net income after tax attributable to equity holders of the Parent Company (Common) / Average Common equity attributable to equity holders of the Parent Company (Common)	**5.71%**	12.69%	(6.98%)	(55%)
Return on assets	Net income after taxes / Average total assets	**3.52%**	7.23%	(3.71%)	(51%)
Asset Turnover	Revenues / Average total assets	**14.10%**	17.45%	(3.35%)	(19%)

(1) Statutory EBIT is Statutory EBITDA less depreciation and amortization expense.
(2) Cash interest expense is gross of capitalized borrowing cost of ₱1,852.97 million and ₱747.78 million for the years ended December 31, 2023 and 2022, respectively.

Attachment V

Annex 68-I

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

ACEN CORPORATION
As at December 31, 2023

1. Gross and net proceeds as indicated in the final prospectus

	SRO	Preferred Shares Offering
Gross proceeds	₱5,374,165,629	₱25,000,000,000
Net proceeds	₱5,316,030,000	₱24,831,983,134

2. Actual gross and net proceeds

	SRO	Preferred Shares Offering
Gross proceeds	₱5,374,165,629	₱25,000,000,000
Net proceeds	₱5,309,058,151	₱24,848,833,081

3. Each expenditure item where the proceeds were used

   a. SRO

Net proceeds	₱5,309,058,151
Development of Renewable Assets	
Solarace1 Energy Corp.	(600,000,000)
Gigasol3, Inc.	(200,000,000)
Greencore Power Solutions 3, Inc.	(2,400,000,000)
Other Projects (Balaoi, RE Lab, and New Technologies)	
GigaAce 4, Inc.	(1,854,441,310)
Bataan Solar Energy, Inc.	(133,985,890)
Pagudpud Wind Power Corp.	(11,572,800)
General Corporate	
Power purchase	(109,058,151)
Balance as at December 31, 2023	₱–

b. Preferred Shares Offering

Net proceeds	₱24,848,833,081
Refinancing of short-term bridge loans for Eligible Green Projects	(4,000,000,000)
Financing of Eligible Green Projects	(2,450,000,000)
Financing of Eligible Green Projects	
Zambales Solar Projects	(2,925,000,000)
Pangasinan Solar Projects	(942,000,000)
Palauig 2 Solar Project	(1,770,000,000)
Cagayan North Solar Project	(659,000,000)
Isla Wind Project	(2,425,000,000)
Balance as at December 31, 2023	₱9,677,833,081

4. Balance of the proceeds as at the end of reporting period

	SRO	Preferred Shares Offering
Balance as at December 31, 2023	₱–	₱9,677,833,081

Exhibit C : 2023 Parent Company Financial Statements

(with BIR ITR Filing Reference)

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

FILING REFERENCE NO.

TIN	: 000-506-020-000
Name	: ACEN CORPORATION
RDO	: 121
Form Type	: 1702
Reference No.	: 462400059080760
Amount Payable (Over Remittance)	: -2,984,922,384.00
Accounting Type	: C - Calendar
For Tax Period	: 12/31/2023
Date Filed	: 04/10/2024
Tax Type	: IT

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Noel Gamallo

From: eafs@bir.gov.ph
Sent: Thursday, April 11, 2024 11:41 PM
To: ACEN - Finance
Cc: ACEN - Finance
Subject: Your BIR AFS eSubmission uploads were received

Hi AC ENERGY CORPORATION,

Valid files

- EAFS000506020AFSTY122023.pdf
- EAFS000506020ITRTY122023.pdf
- EAFS000506020TCRTY122023-02.pdf
- EAFS000506020TCRTY122023-01.pdf
- EAFS000506020TCRTY122023-03.pdf
- EAFS000506020RPTTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-3313233V02M4WVRTWMPN4VW2N0PSWNWSMT**
Submission Date/Time: **Apr 11, 2024 11:41 PM**
Company TIN: **000-506-020**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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Noel Gamallo

From: eafs@bir.gov.ph
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- EAFS000506020TCRTY122023-05.pdf
- EAFS000506020TCRTY122023-04.pdf

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Transaction Code: **AFS-0-4RY3XYS204R2PVX4TNY2XNPNP0BJ9B8AF8**
Submission Date/Time: **Apr 12, 2024 01:24 AM**
Company TIN: **000-506-020**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
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Subject: Your BIR AFS eSubmission uploads were received

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- EAFS000506020TCRTY122023-07.pdf
- EAFS000506020TCRTY122023-08.pdf
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- <None>

Transaction Code: **AFS-0-QWTX2Y4X0L989DEEMM2SMVYX0B7H5GH6A**
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Company TIN: **000-506-020**

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Transaction Code: **AFS-0-QR3QM43N07E6D95HFPV3MP4N202WS3VSY4**
Submission Date/Time: **Apr 12, 2024 01:42 AM**
Company TIN: **000-506-020**

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	6	9	-	0	3	9	2	7	4	

C O M P A N Y   N A M E

ACEN CORPORATION (Formerly AC Energy Corporation)

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

35th Floor, Ayala Triangle Gardens Tower 2 Paseo de Roxas corner Makati Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
corpsec.aceph@acenergy.com.ph	**7730-6300**	**09278370863**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,205	**04/24**	**12/31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Alan T. Ascalon	**corpsec.aceph@acenergy.com.ph**	**(02) 7730-6300**	**–**

CONTACT PERSON's ADDRESS

35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

ACEN

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **ACEN CORPORATION** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, as at and for the years ended December 31, 2023 and 2022, 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.

The Board of Directors reviews and approves the financial statements including the schedules attached therein and submits the same to the Stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders, has audited the company financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the Stockholders, has expressed their opinion on the fairness of presentation upon completion of such audit.

DELFIN L. LAZARO
Chairman of the Board

JOHN ERIC T. FRANCIA
President and Chief Executive Officer

JONATHAN P. BACK
Group Chief Finance Officer
and Group Chief Strategy Officer

Signed this 11th day of March 2024

SUBSCRIBED AND SWORN to before me this MAR 2 5 2024 at Makati City, affiants exhibiting to me their Passport, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Delfin L. Lazaro	P7392634B	13 Aug 2021	DFA Manila
John Eric T. Francia	P3923362B	21 Nov 2019	DFA Manila
Jonathan P. Back	GBR 534699744	15 Feb 2016	United Kingdom

Doc. No. 498
Page No. 101
Book No. IV
Series of 2024

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

LAWRENCE ANDREW F. QUINA
NOTARY PUBLIC
ROLL NO. 77899
MAKATI CITY, PHILIPPINES

LAWRENCE ANDREW F. QUINA
Notary Public for Makati City
Appointment No. M-376 (2023-2024)
Attorney's Roll No. 77899
PTR No. 10079346; 1-03-2024, Makati City
IBP No. 403596; 1-03-2024, Makati City
35th Floor Ayala Triangle Gardens Tower 2, Makati Ave.
Makati Avenue corner Paseo De Roxas
Makati City, Philippines 1226
Makati City

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
ACEN Corporation (formerly AC Energy Corporation)
35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of ACEN Corporation (formerly AC Energy Corporation) (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2023 and 2022, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including material accounting policy information.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of the parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Building a better working world

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information required under Revenue Regulations 15-2010 in Note 26 to the parent company financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic parent company financial statements. Such information is the responsibility of the management of ACEN Corporation (formerly AC Energy Corporation). The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Benjamin N. Villacorte.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10082034, January 6, 2024, Makati City

March 11, 2024

ACEN CORPORATION
(Formerly AC Energy Corporation)

PARENT COMPANY STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	**₱11,361,151**	₱2,233,439
Receivables (Note 6)	**21,598,056**	20,785,429
Financial assets at fair value through profit or loss (FVTPL) (Note 22)	**565,284**	–
Fuel and spare parts - at cost	**547,657**	494,827
Other current assets (Note 7)	**2,239,699**	2,750,821
Total Current Assets	**36,311,847**	26,264,516
Noncurrent Assets		
Property and equipment	**480,321**	388,132
Investments in subsidiaries, associates and joint ventures (Note 8)	**220,885,515**	195,266,189
Right-of-use asset (Note 12)	**1,025,774**	823,750
Deferred income tax assets - net (Note 18)	**1,275,097**	1,228,289
Other noncurrent assets (Note 9)	**4,019,524**	3,197,826
Total Noncurrent Assets	**227,686,231**	200,904,186
TOTAL ASSETS	**₱263,998,078**	₱227,168,702
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 10)	**₱9,582,302**	₱6,753,339
Short-term loan (Note 11)	**1,500,000**	2,900,000
Current portion of:		
Long-term loans (Note 11)	**264,209**	196,988
Lease liability (Note 12)	**114,329**	64,796
Income and withholding taxes payable	**81,224**	112,112
Due to stockholders	**16,585**	16,585
Total Current Liabilities	**11,558,649**	10,043,820
Noncurrent Liabilities		
Long-term loans - net of current portion (Note 11)	**23,620,316**	17,196,870
Notes payable (Note 11)	**9,902,247**	9,879,688
Lease liability - net of current portion (Note 12)	**1,071,338**	855,480
Pension and other employee benefits - net of current portion	**313,131**	27,786
Other noncurrent liabilities	**66,120**	79,344
Total Noncurrent Liabilities	**34,973,152**	28,039,168
Total Liabilities	**₱46,531,801**	₱38,082,988

(Forward)

	December 31	
	2023	2022
Equity		
Common shares (Note 13)	**₱39,691,895**	₱39,691,895
Redeemable preferred shares (Note 13)	**25,000**	–
Additional paid-in capital (Note 13)	**132,109,164**	107,305,718
Other equity reserves (Notes 8 and 13)	**43,080,191**	43,080,191
Unrealized fair value gains on derivative instrument designated under hedge accounting (Note 21)	**(3,958)**	16,181
Remeasurement losses on defined benefit plan - net of tax	**(32,452)**	(3,395)
Unrealized fair value losses on equity instruments at FVOCI (Note 21)	**(16,468)**	(16,468)
Treasury shares (Note 13)	**(28,657)**	(28,657)
Retained earnings (deficit) (Note 13)	**2,641,562**	(959,751)
Total Equity	**217,466,277**	189,085,714
TOTAL LIABILITIES AND EQUITY	**₱263,998,078**	₱227,168,702

See accompanying Notes to Parent Company Financial Statements.

ACEN CORPORATION
(Formerly AC ENERGY Corporation)

PARENT COMPANY STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Figures)

	Years Ended December 31	
	2023	2022
REVENUES		
Revenue from sale of electricity (Note 14)	**₱29,447,776**	₱29,829,228
Dividend income (Note 8)	**7,907,490**	3,315,545
Management fee (Note 19)	**1,320,971**	1,219,601
	38,676,237	34,364,374
COSTS AND EXPENSES		
Costs of sale of electricity (Note 15)	**29,581,004**	32,465,960
General and administrative expenses (Note 16)	**2,915,969**	2,061,096
	32,496,973	34,527,056
INTEREST AND OTHER FINANCIAL CHARGES (Note 17)	**(2,257,987)**	(931,107)
OTHER INCOME (EXPENSES) - NET (Note 17)	**1,839,786**	(3,776,480)
INCOME (LOSS) BEFORE INCOME TAX	**5,761,063**	(4,870,269)
BENEFIT FROM (PROVISION FOR) INCOME TAX (Note 18)	**(90,733)**	975,921
NET INCOME (LOSS)	**₱5,670,330**	(₱3,894,348)
Basic/Diluted Earnings (Loss) Per Share (Note 20)	**₱0.13**	(₱0.10)

See accompanying Notes to Parent Company Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)

PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Figures)

	Years Ended December 31	
	2023	2022
NET INCOME (LOSS)	**₱5,670,330**	(₱3,894,348)
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized fair value gain (losses) on derivative instrument designated under hedge accounting (Note 21)	**(26,852)**	21,575
Remeasurement gain (losses) on defined benefit plan	**(38,743)**	10,322
Income tax effect	**16,399**	(7,975)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	**(49,196)**	23,922
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱5,621,134**	(₱3,870,426)

See accompanying Notes to Parent Company Financial Statements.

ACEN CORPORATION
(Formerly AC ENERGY Corporation)

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands)

	Common shares (Note 13)	Redeemable preferred shares (Note 13)	Additional Paid-in Capital (Note 13)	Other Equity Reserves (Note 13)	Treasury Shares (Note 13)	Unrealized Fair Value Gains on Equity Instruments at FVOCI (Note 21)	Unrealized Fair Value Losses on Derivative Instruments designated under hedge accounting (Note 21)	Remeasurement Gains (Losses) on Defined Benefit Obligation - net of tax	Retained Earnings (Deficit) (Note 13)	Total
BALANCES AT JANUARY 1, 2023	**₱39,691,895**	**₱–**	**₱107,305,718**	**₱43,080,191**	**(₱28,657)**	**(₱16,468)**	**₱16,181**	**(₱3,395)**	**(₱959,751)**	**₱189,085,714**
Net income	–	–	–	–	–	–	–	–	**5,670,330**	**5,670,330**
Other comprehensive income	–	–	–	–	–	–	**(20,139)**	**(29,057)**	–	**(49,196)**
Total comprehensive income (loss)	–	–	–	–	–	–	**(20,139)**	**(29,057)**	**5,670,330**	**5,621,134**
Issuance of shares of stock		**25,000**	**24,975,000**	–	–	–	–	–	–	**25,000,000**
Stock issuance costs	–	–	**(171,554)**	–	–	–	–	–	–	**(171,554)**
Dividends declared and paid (Note 13)	–	–	–	–	–	–	–	–	**(2,069,017)**	**(2,069,017)**
	–	**25,000**	**24,803,446**	–	–	–	–	–	**(2,069,017)**	**22,759,429**
BALANCES AT DECEMBER 31, 2023	**₱39,691,895**	**₱25,000**	**₱132,109,164**	**₱43,080,191**	**(₱28,657)**	**(₱16,468)**	**(₱3,958)**	**(₱32,452)**	**₱2,641,562**	**₱217,466,277**
BALANCES AT JANUARY 1, 2022	₱38,338,527	₱–	₱97,857,306	₱43,080,191	(₱28,657)	(₱16,468)	₱–	(₱11,136)	₱5,233,547	₱184,453,310
Net loss	–	–	–	–	–	–	–	–	(3,894,348)	(3,894,348)
Other comprehensive loss	–	–	–	–	–	–	16,181	7,741	–	23,922
Total comprehensive loss	–	–	–	–	–	–	16,181	7,741	(3,894,348)	(3,870,426)
Issuance of shares of stock	1,353,368	–	9,448,412	–	–	–	–	–	–	10,801,780
Dividends declared and paid (Note 13)	–	–	–	–	–	–	–	–	(2,298,950)	(2,298,950)
	1,353,368	–	9,448,412	–	–	–	–	–	(2,298,950)	8,502,830
BALANCES AT DECEMBER 31, 2022	₱39,691,895	₱–	₱107,305,718	₱43,080,191	(₱28,657)	(₱16,468)	₱16,181	(₱3,395)	(₱959,751)	₱189,085,714

See accompanying Notes to Parent Company Financial Statements.

ACEN CORPORATION
(Formerly AC ENERGY Corporation)

PARENT COMPANY STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**₱5,761,063**	(₱4,870,269)
Adjustments for:		
Dividend income (Note 8)	**(7,907,490)**	(3,315,545)
Interest and other financial charges (Note 17)	**2,257,987**	931,107
Interest and other financial income (Note 17)	**(1,185,264)**	(308,577)
Gain on settlement of development loan (Note 9 and 17)	**(515,000)**	–
Depreciation and amortization (Note 16)	**188,675**	160,008
Movement in pension and other employee benefits	**69,968**	(986)
Unrealized foreign exchange loss (gain)	**32,192**	(171,382)
Gain on sale/disposal of financial assets at fair value through profit or loss (Note 17)	**(49,833)**	–
Unrealized gain on fair value change of?	**943**	–
Gain on derivatives - net (Note 17)	–	(9,265)
Employee stock ownership plan expense (Note 13)		31,161
Loss on sale/disposal of asset held for sale	**–**	8,664
Provisions for impairment of investments (Notes 8 and 17)	**–**	233,975
Loss on disposal of investments in subsidiaries, associates and joint venture (Note 17)	**–**	4,093,492
Operating loss before working capital changes	**(1,346,759)**	(3,217,617)
Decrease (increase) in:		
Receivables	**(1,664,125)**	(2,169,667)
Fuel and spare parts	**(52,830)**	123,824
Other current assets	**449,852**	(1,235,697)
Increase in accounts payable and other current liabilities	**2,110,013**	539,608
Net cash used in operations	**(503,849)**	(5,959,549)
Income taxes paid, including creditable withholding taxes	**(151,482)**	–
Net cash used in operating activities	**(655,331)**	(5,959,549)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Investments in subsidiaries, associates and joint venture (Note 8)	**(25,731,613)**	(31,568,053)
Investment in financial assets at fair value through profit or loss	**(3,971,033)**	–
Loans to related parties	**(1,262,665)**	(3,285,717)
Property and equipment	**(155,395)**	(233,252)
Cash dividends received (Notes 8 and 13)	**9,472,616**	1,489,328
Proceeds from:		
Disposal of investments in financial assets and fair value through profit or loss	**4,116,285**	–
Redemption of redeemable preferred shares of investments, associates and joint venture (Note 8)	**562,286**	–
Disposal of investments in subsidiaries, associates and joint ventures	**–**	7,166,269
Disposal of property and equipment	**–**	187,440
Interest received	**341,384**	74,893
Decrease in other noncurrent assets	**593,865**	301,981
Net cash used in investing activities	**(16,034,270)**	(25,867,111)

(Forward)

	Years Ended December 31	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Issuance of capital stock (Note 13)	**₱24,828,446**	₱10,558,570
Short-term loans (Note 11)	**9,000,000**	23,259,020
Long-term loans (Note 11)	**6,750,000**	9,695,000
Notes payable (Note 11)	–	10,000,000
Payments of:		
Short-term loans (Note 11)	**(10,400,000)**	(20,359,020)
Long-term loans (Note 11)	**(225,244)**	(153,020)
Cash dividends (Note 13)	**(2,069,017)**	(2,298,950)
Interest expense on:		
Loans and notes payable (Note 17)	**(1,900,920)**	(785,810)
Lease liability (Note 17)	**(41,561)**	(38,334)
Principal portion of lease liability (Note 12)	**(62,102)**	(74,336)
Debt issuance costs (Note 11)	**(50,625)**	(198,856)
Decrease in other noncurrent liabilities	**(25,660)**	(299,481)
Net cash from financing activities	**25,803,317**	29,304,783
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**13,996**	(32,686)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**9,127,712**	(2,554,563)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,233,439**	4,788,002
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	**₱11,361,151**	₱2,233,439

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

ACEN CORPORATION, formerly AC Energy Corporation ("ACEN" or the "Parent Company"), was incorporated on September 8, 1969, and registered with the Philippine Securities and Exchange Commission ("SEC") on January 5, 1970. ACEN 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 can 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 December 31, 2023 and 2022, AC Energy and Infrastructure Corporation ("ACEIC") directly owns 57.83% and 57.74%, respectively, of ACEN's total outstanding shares of stock.

The direct Company (or intermediate Company) of ACEN is ACEIC, a wholly owned subsidiary of Ayala Corporation ("AC"). AC is a publicly-listed company which is 47.86% owned by Mermac, Inc. (ultimate Company). ACEN, ACEIC, AC and Mermac, Inc. are all incorporated and domiciled in the Philippines.

On December 15, 2021, during a Special Stockholders' Meeting, stockholders representing at least 2/3 of the ACEN's outstanding capital stock, approved the following:

42) Amendment to the Articles of Incorporation ("Articles") to change the corporate name from "AC Energy Corporation" to "ACEN CORPORATION";
ii) Amendment to the Articles to remove oil exploration, mining and related businesses from the Primary Purpose and Secondary Purposes and to specify retail electricity supply and provision of guarantees as part of the Primary Purpose;
iii) Amendment to the Articles to change the principal office of the Company from "4th Floor, 6750 Office Tower, Ayala Avenue, Makati City 1226, Philippines," to "35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226, Philippines".

On the same date, the SEC approved the proposed amendments to ACEN's By-Laws and are intended to reflect the change in corporate name and principal office of ACEN.

On March 3, 2022, Bureau of Internal Revenue (BIR) Certificate of Registration was updated.

On July 20, 2022, the amendment to the Articles of Incorporation was approved by the SEC.

Amendment of Articles of Incorporation
On March 7, 2023, during the regular meeting, the Parent Company's Board of Directors (BOD) approved the amendment to the Seventh Article of the Articles of Incorporation to reclassify 100.00 million unissued common shares into Redeemable Preferred Shares, with par value of ₱1.00 per share.

On April 24, 2023, during the annual special stockholder's meeting, the stockholders representing at least 2/3 of the Parent Company's authorized capital stock approved the amendment.

On May 23, 2023, ACEN filed the Registration Statement with the Securities and Exchange Commission for the Shelf Registration of up to 50 million preferred shares and the proposed public offer and sale of up to 2 million of such preferred shares.

On June 9, 2023, the SEC approved ACEN Amended Articles of Incorporation.

The parent company financial statements were approved and authorized for issuance by the Company's BOD on March 11, 2024.

2. Basis of Preparation and Statement of Compliance

The parent company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

The parent company financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets at fair value through profit and loss (FVTPL), and financial assets at fair value through other comprehensive income (FVOCI) that are measured at fair value and inventories which are valued at lower of cost and net realizable value. The parent company 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 when otherwise indicated.

The accompanying parent company financial statements are ACEN's separate financial statements prepared for submission with the Bureau of Internal Revenue (BIR) and Securities and Exchange Commission (SEC). ACEN also prepares and issues consolidated financial statements for the same period as the parent company financial statements presented in compliance with PFRS 10, *Consolidated Financial Statements*. The consolidated financial statements are filed with and may be obtained from the SEC.

3. Material Accounting Policy Information

<u>Statement of Compliance</u>
The accompanying parent company financial statements, which are prepared for submission to the SEC and the Bureau of Internal Revenue (BIR), have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The Parent Company prepares and issues consolidated financial statements in compliance with PFRS which are available at the registered office address of the Parent Company.

<u>New Standards, Interpretations and Amendments</u>
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective in 2023. The Parent Company 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 an impact on the parent company financial statements.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Material Accounting Policies
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its parent company financial statements. The Parent Company intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FSRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

- Amendments to PAS 21, *Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The accounting policies set out below have been applied consistently to all periods presented in the parent company's financial statements, unless otherwise indicated.

<u>Presentation of Financial Statements</u>
The Parent Company has elected to present all items of recognized income and expense in two statements: a statement displaying components of profit or loss (parent company statement of income) and a second statement beginning with profit or loss and displaying components of OCI (parent company statement of comprehensive income).

Current versus Noncurrent Classification
The Parent Company presents assets and liabilities in the parent company statement of financial position based on current or noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve (12) months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve (12) months after the reporting period; or,
- there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period.

The Parent Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents
Cash and cash equivalents in the parent company statement of financial position is composed of cash in banks and on hand and short-term deposits with a maturity of three (3) months or less, which are subject to an insignificant risk of changes in value.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Asset
Initial recognition
The Parent Company classifies financial assets at initial recognition as at amortized cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Parent Company's business model for managing them. For a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

Subsequent measurement of financial assets
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
The Parent Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. This accounting policy relates to the Parent Company's "Cash and cash equivalents", "Receivables", loans receivable, interest receivable and advances to affiliates under "Other noncurrent assets".

If the Parent Company revises its estimates of receipts of future cashflows, it shall adjust the gross carrying amount of the financial asset to reflect the revised estimated contractual cash flows that are discounted at the financial instrument's original effective interest rate. The adjustment is recognized in the profit or loss as income or expense.

Financial Assets at FVTPL
Financial assets at FVTPL are measured at fair value unless these are measured at amortized cost or at FVOCI. Included in this classification are debt instruments with contractual terms that do not represent solely payments of principal and interest. Financial assets held at FVTPL are initially recognized at fair value, with transaction costs recognized in the parent company statement of income as incurred. Subsequently, they are measured at fair value and any gains or losses are recognized in the parent company statement of income.

Additionally, even if the asset meets the amortized cost or the FVOCI criteria, the Parent Company may choose at initial recognition to designate the financial asset at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) that would otherwise arise from measuring financial assets on a different basis.

This accounting policy related to Parent Company's listed equity instruments presented under "Financial assets at fair value through profit or loss".

<u>Derivative financial instruments and hedge accounting</u>
Initial recognition and subsequent measurement
The Parent Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are

subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Parent Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Parent Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognized in the parent company statement of income as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the parent company statement of income as other expense.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in profit or loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the parent company statement of income. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Parent Company uses forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized as other expense and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses.

The Parent Company designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

The Parent Company uses a coal swap contract as a hedge of its exposure to coal price risk on its coal purchases (see Note 24).

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a Parent Company of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Parent Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Parent Company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Modification of financial assets
The Parent Company derecognizes a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new asset, with the difference between its carrying amount and the fair value of the new asset recognized as a derecognition gain or loss in profit or loss, to the extent that an impairment loss has not already been recorded.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Parent Company recalculates the gross carrying amount of the financial asset as the present value of the renegotiated or modified contractual cash flows discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets) and recognizes a modification gain or loss in the statement of income.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset is its highest and best use.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient date are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Day 1 difference
Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Parent Company recognizes the difference between the transaction price and fair value (a Day 1 difference) in profit or loss unless it qualifies for recognition as some type of asset or liability. In cases where no observable data is used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Parent Company determines the appropriate method of recognizing the Day 1 profit amount.

Impairment of Financial Assets
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables (except trade receivables), ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Parent Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Parent Company uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The key inputs in the model include the Parent Company's definition of default and historical data of three years for the origination, maturity date and default date. The Parent Company considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Parent Company may also consider a financial asset to be in default when internal or external information indicates that the Parent Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Parent Company.

Determining the stage for impairment
At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or

effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. The Parent Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL.

Financial Liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financials liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities pertain to "Accounts payable and other current liabilities", "Short-term loan", Long-term loans", and "Lease liabilities".

Subsequent measurement
After initial recognition, interest-bearing loans and borrowings, accounts and other payables, and payables to related parties are subsequently measured at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the parent company statement of comprehensive income. Cost incurred to discharge and cancel a liability is recognized in the Parent Company statement of comprehensive income.

Offsetting Financial Instruments
Financial instruments are offset and the net amount reported in the parent company statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Input Value-added Taxes (VAT)
Input VAT represents VAT imposed on the Parent Company by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is recognized as an asset and will be used to offset the Parent Company's Output VAT liabilities. Input VAT is stated at its net realizable value (NRV).

Creditable Withholding Taxes (CWT)
CWTs represent amounts withheld from income subject to expanded withholding taxes. CWTs can be utilized as payment for income taxes provided that these are properly supported by certificates of creditable tax withheld at source subject to the rules on Philippine income taxation. CWTs which are

expected to be utilized as payment for income taxes within twelve months are classified as current assets; otherwise these are classified as noncurrent assets.

Investments in Subsidiaries, Associates and Joint Ventures
The Parent Company's investments in subsidiaries, associates and joint ventures are accounted for under the cost method less accumulated provision for impairment losses, if any.

A subsidiary is an entity in which the Parent Company exercises control over the company. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b. Exposure, or rights, to variable returns from its involvement with the investee; and
c. The ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. The contractual arrangement with the other vote holders of the investee;
b. Rights arising from other contractual arrangements; and
c. The Parent Company's voting rights and potential voting rights.

An associate is an entity over which the Parent Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but has no control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control is similar to those necessary to determine control over subsidiaries.

On acquisition of the investment, the excess of the cost of investment over the investor's share in the net fair value of the investee's identifiable assets, liabilities and contingent liabilities is included in the carrying amount of the investment and not amortized.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. Distributions received in excess of such profits are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

The Parent Company reduces the carrying value of its investment based on average acquisition cost per share (historical cost) when the Parent Company disposes the investment, or the investee reacquires its own equity instruments from the Parent Company.

If a Parent Company disposed of an asset in exchange for an increased investment in a subsidiary, the shares of stocks acquired is recorded at the fair value of the consideration given.

Lease Liabilities
At the commencement date of the lease, the Parent Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Parent Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. If the modification increases the scope of the lease (e.g., adding the right to use the underlying asset), the Parent Company recognizes the right-of-use assets and lease liability as a separate new lease after assessing that the consideration for the lease increases by an amount commensurate with the stand-alone price and any adjustments to that stand-alone price reflects the circumstances of the particular contract. For lease assignment, the Parent Company remeasures the lease liability and reduces the right-of-use assets, and any difference between those adjustments is recognized in profit or loss. For all other modifications, the Parent Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use assets, without affecting profit or loss.

Impairment of Non-financial Assets
The Parent Company assesses, at each reporting date, whether there is an indication that an asset may be impaired in accordance with PAS 36. If any indication exists, or when annual impairment testing for an asset is required, the Parent Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value-in-use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The following assets have specific characteristics for impairment testing:

Investments in Subsidiaries, Associates and Interest in a Joint Venture
The Parent Company determines at the end of each reporting period whether there is any objective evidence that the investments in subsidiaries, associates and interest in a joint venture are impaired. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the investments in subsidiaries, associates and interests in joint ventures, and their carrying amounts.

Right-of-Use Assets
Right of use assets with finite useful lives are tested for impairment when circumstances indicate that the carrying value may be impaired.

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, impairment loss is measured, presented and disclosed in accordance with PAS 36, *Impairment of Assets.*

Capital Stock
Capital stock represents the portion of the paid-in capital representing the total par value of the shares issued.

Stock Options and Grants
Stock option and grants are accounted for in accordance with PFRS 2, that is, the cost of stock option awards is measured by reference to the fair value at the date on which they are granted. The fair value is determined using the binomial method. The cost of such awards is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. The cumulative expense that is recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Parent Company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the parent company statement of income for a period represents the movement in cumulative expense recognized as at the beginning and end of the period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of the award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where the stock option is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the preceding paragraph.

If the outstanding options are dilutive, its effect is reflected as additional share dilution in the computation of diluted earnings per share.

Additional Paid-in Capital (APIC)
APIC represents the amount paid in excess of the par value of the shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Other Equity Reserves
Other equity reserves are imputed equity contribution or dividend distribution arising from common control transactions when there is difference between the agreed transaction price and fair value.

Retained Earnings (deficit)
Retained earnings (deficit) include all current and prior period results of operations as reported in the parent company statement of income, net of any dividend declaration and adjusted for the effects of changes in accounting policies as may be required by PFRS's transitional provisions.

Cash Dividend to Equity Holders of the Company
The Parent Company recognizes a liability to make cash distributions to equity holders of the Parent Company when the distribution is authorized, and the distribution is no longer at the discretion of the Parent Company. A corresponding amount is recognized directly in equity.

Basic/Diluted Earnings/Losses Per Share
Basic earnings/losses per share (EPS/LPS) is computed by dividing net income/loss attributable to equity holders of the Parent Company for the year by the weighted average number of common shares issued and outstanding during the year after giving retroactive effect to stock dividends declared and stock rights exercised during the year, if any. The Parent Company currently does not have potential dilutive common shares.

Treasury Shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the parent company statement of income on the acquisition, reissuance or retirement of the Parent Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Share options exercised during the reporting period are satisfied with treasury shares.

Other Comprehensive Income
OCI are items of income and expense that are not recognized in determining the profit or loss for the year in accordance with PFRS.

Revenue and Income Recognition
Revenue from contracts with customers is recognized when control of the services is transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for those services. The Parent Company has assessed its revenue arrangements against specific criteria in order to determine if it is acting as a principal or as an agent. The Parent Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Energy sales
Sale of electricity is consummated whenever the electricity generated by the Parent Company is transmitted through the transmission line designated by the buyer, for a consideration.

Revenue from sale of electricity through Retail Electricity Supply Contract is composed of generation charge from monthly energy supply with various contestable customers and is recognized monthly based on the actual energy delivered. The basic energy charges for each billing period are inclusive of generation charge and retail supply charge.

Revenue from sales of electricity using bunker fuel and coal are composed of generation fees from spot sales to the WESM and supply agreements with third parties and are recognized monthly based on the actual energy delivered.

Revenue from sale of electricity through ancillary services to the National Grid Corporation of the Philippines (NGCP) is recognized monthly based on the capacity scheduled and/or dispatched and provided.

The Parent Company identified the sale of electricity as its performance obligation since the customer can benefit from it in conjunction with other readily available resources and it is also distinct within the context of the contract. The performance obligation qualifies as a series of distinct services that are substantially the same and have the same pattern of transfer. The Parent Company concluded that the revenue should be recognized overtime since the customers simultaneously receives and consumes the benefits as the Parent Company supplies electricity.

Management income
Management fees for services rendered are recognized when earned.

Dividend income
Dividend income is recognized when the Parent Company's right to receive the payment is established.

Interest income
Interest income is recognized as it accrues using effective interest rate (EIR).

Other income
Other income is derived from activities other than the main business of the Parent Company and recognized in the period it is earned.

Costs of Sales and Expenses
Costs and expenses are recognized in the parent company statement of comprehensive income when decrease in economic benefits related to a decrease in an asset or an increase in liability has arisen that can be measured reliably. These are generally recognized as they are incurred.

Deferred Financing Cost
Deferred financing cost, including debt issue costs, represent the fees incurred to obtain financing and are accounted for as deduction to the related debt. Deferred financing costs are amortized using the EIR method over the terms of the related long-term loans.

Income Tax
Current tax
Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred Tax
Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investment in domestic subsidiaries, associates and interests in joint ventures.

The carrying amount of deferred tax assets is reviewed at the reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged or credited to income for the period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Segment Reporting
The Parent Company's businesses are organized and managed separately according to its geographic areas of operations, with each segment representing a strategic business unit that serves different markets.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded using the exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are restated using the closing exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the year.

Provisions
Provisions are recognized when the Parent Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation. Where the Parent Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each reporting and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the parent company financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the parent company financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post-year end events that provide additional information about the Parent Company's position at reporting date (adjusting events) are reflected in the financial statements. Post-year end events that are not adjusting events are disclosed in the notes to the financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the accompanying parent company financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying parent company financial statements are based on management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from such estimates.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Parent Company'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 parent company financial statements:

Assessment of Control
The Parent Company determined that it has control over its subsidiaries (see Note 8) by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following were also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Partnership's voting rights and potential voting rights

Management has exercised significant judgement in assessing that the Parent Company has lost control over SLTEC on the basis of the following:

- It does not any have voting and economic rights over SLTEC
- The call option is considered non-substantive as it exercisable beginning only 2031
- The AMA and O&M agreements are considered service contracts arrangements (see Note 8)

As at December 31, 2022, the Parent Company lost its control over SLTEC following the sale of SLTEC's common shares to qualified third-party investors (see Note 8).

Assessment of Joint Control over Joint Ventures
The Parent Company's investments in joint ventures are structured in separate incorporated entities. The investments in Philippine Wind Holdings Corp. ("PhilWind") and North Luzon Energy Corp. (NLR) are accounted for as investments in joint venture since the fundamental business and operational matters requires unanimous consent from all parties (see Note 6).

Even though the Parent Company holds various percentage of ownership in interests on these arrangements, their respective joint arrangement agreement requires unanimous consent from all parties to the agreement for the relevant activities identifies. In addition, the Parent Company considers the number of its Board seats in its incorporated entity. Further, the Parent Company and the parties to the agreement only have rights to the net assets of the joint venture through the term of the contractual agreements. Considering these factors, management assessed that it has joint control over the entity.

Revenue Recognition
The Parent Company identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customers and the Parent's Company's promise to transfer the good or service to the customer is separately identifiable.

The Parent Company assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if (i) each distinct good or service in the series are transferred over time and (ii) the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.

The combined performance obligation qualifies as a series of distinct services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

Retail supply also qualifies as a series of distinct services which is accounted for as one performance obligation since the delivery of energy every month is a distinct service which is recognized over time and have the same measure of progress.

For power generation and trading and retail supply, the Company uses the actual kwh dispatched which are also billed on a monthly basis.

For ancillary services, the Company determined that the output method is the best method in measuring progress since actual energy is supplied to customers. The Company recognizes revenue based on contracted and actual kilowatt hours (kwh) dispatched which are billed on a monthly basis.

Classification of Preferred Shares as Equity Instrument
The Parent Company's redeemable preferred shares is classified as equity instrument since it has the option but not contractual obligation to redeem in whole or in part of the shares. The Series A Preferred Shares and Series B Preferred Shares are perpetual, cumulative, non-voting, non-participating, non-convertible, re-issuable and redeemable at the option of the Parent Company. There is no contractual obligation on the issued preferred shares that would require to deliver cash or other financial asset or financial liability to the holders of the instrument (see Note 13).

<u>Management's Use of Estimates</u>
The key assumptions concerning the future and other key 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.

Measurement of Expected Credit Losses (ECL)
At each reporting date, the Parent Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Parent Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis. An exposure will migrate through the ECL stages as asset quality deteriorates. If in a subsequent period, asset quality improves and any previously assessed significant increase in credit risk also reverses since origination, then the loss allowance measurement reverts from lifetime ECL to 12-month ECL (see Notes 6 and 21).

Determination of Significant Increase in Credit Risk (SICR)
The Parent Company compares the probabilities of default occurring over the expected life of financial assets as at the reporting date with the probability of default occurring over the expected life on the date of initial recognition to determine significant increase in credit risk. Since comparison is made between forward-looking information at reporting date against initial recognition, the deterioration in credit risk may be triggered by the following factors:

- substantial deterioration in credit quality as measured by the applicable internal or external ratings or credit score or the shift from investment grade category to non-investment grade category.
- adverse changes in business, financial and/or economic conditions of the borrower.
- early warning signs of worsening credit where the ability of the counterparty to honor his obligation is dependent upon the business or economic condition.

- the account has become past due beyond 30 days where an account is classified under special monitoring category: and
- expert judgment for the other quantitative and qualitative factors which may result to SICR as defined by the Group.

As at December 31, 2023 and 2022, the Parent Company assessed that for its financial assets such as cash and cash equivalents, non-trade and other receivables there has been no SICR since origination and is assessed as low credit risk based on published information of comparable entities. For trade receivables, the Parent Company used provision matrix in estimating its ECL. A broad range of forward-looking information were considered as economic inputs, such as GDP growth, inflation rates, unemployment rates, interest rates and BSP statistical indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. While these model inputs including forward-looking information are revised, the ECL models, and definitions of default remain consistent with prior periods.

Evaluation of impairment of nonfinancial assets
The Parent Company assesses whether there are any indicators of impairment for all nonfinancial assets (i.e., investment in subsidiaries, associates and joint ventures, property and equipment, and other assets) at each financial reporting date. These nonfinancial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs, while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For investment in subsidiaries, associates and joint ventures, the Parent Company calculates the amount of impairment as the difference between the recoverable amount and the carrying value of the investee company and recognizes the difference in the parent company statement of income.

Impairment of Investment in Bataan Solar Energy, Inc. (BSEI)
In 2022, an impairment loss amounting to ₱233.98 million was recognized for BSEI to fully impair the investment since the Parent Company assessed that the expected revenue from BSEI cannot cover return of the investment made.

Realizability of Deferred Income Tax Assets
The Parent Company reviewed its business and operations to take into consideration the estimated impact on macroeconomic environment, the market outlook and the Parent Company's operations. As such, the Parent Company 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 Parent Company assessed that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized.

As at December 31, 2023 and 2022, deferred income tax assets recognized by the Parent Company amounted to ₱1,583.41 million and ₱1,552.02 million, respectively (see Note 18). The Parent Company's deductible temporary differences, unused NOLCO and unused MCIT for which no deferred income tax assets were recognized are disclosed in Note 18.

Contingencies and Tax Assessments
The Parent Company is currently involved in various legal proceedings and assessments for local and national taxes. 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 parent company financial statements.

5. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand and in banks	**₱9,014,289**	₱2,228,399
Cash equivalents	**2,346,862**	5,040
	₱11,361,151	₱2,233,439

Cash in banks includes ₱8,827.83 million restricted cash in an escrow account as part of the proceeds from the issuance of redeemable preferred shares (Note 13). Pursuant to the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies of the PSE, all funds to be raised by an applicant company must be held in escrow and shall not be released for any purpose other than the disclosed intended purpose and in accordance with the timetable of expenditures (the “Escrow Requirement”).

Cash equivalents are short term, highly liquid investments that are made for varying periods of up to three months depending on the immediate cash requirements of the Parent Company, and earn interests at the range of 0.06% to 6.25% per annum in 2023 and 1.25% to 5.55% per annum in 2022.

Interest income earned on cash and cash equivalents in 2023 and 2022 amounted to ₱422.28 million and ₱25.20 million, respectively (see Note 17).

6. Receivables

This account consists of:

	2023	2022
Due from related parties (see Note 19)	**₱8,168,312**	₱9,937,677
Debt replacement (see Note 19)	**7,070,727**	4,226,146
Trade receivables from:		
Third parties	**5,580,654**	5,766,130
Related parties (see Note 19)	**236,865**	346,282
Others	**637,655**	615,588
	21,694,213	20,891,823
Less allowance for credit losses	**96,157**	106,394
	₱21,598,056	₱20,785,429

Due from related parties
Due from related parties represents receivables from subsidiaries, associates, and joint ventures for working capital advances, development management fee, and management services. There are interest bearing and matures 1-2 years upon drawdown.

Debt replacement
Debt replacement facilities are provided to related parties to fund investment requirements for renewable power plants while under construction and undergoing implementation or release of project financing from financial institutions (see Note 19).

Greencore Power Solutions 3, Inc. (Greencore 3)
On February 4, 2021, the Parent Company, Citicore Solar Energy Corporation (CSEC), ACE Endevor, Inc. (ACE Endevor) and Greencore Power Solutions 3, Inc. entered into an interest-bearing Omnibus Agreement amounting to ₱2,680.00 million in order to finance a 50MW solar power plant in Mexico, Pampanga (Arayat Phase 1). On February 9, 2022, the Omnibus Agreement was amended to increase the loan facility to ₱2,860.00 million and extended the maturity from March 1, 2023, to June 30, 2023. On December 20, 2023, the Omnibus Agreement was amended to extend the maturity date from June 30, 2023, to June 30, 2024 and increase the fixed interest rate from 7.00% to 15.00% on all amounts outstanding after June 30, 2023, until all amounts are paid.

As of December 31, 2023 and 2022, the outstanding debt replacement for Arayat Phase 1 amounts to ₱2,595.70 million.

On May 25, 2022, the Parent Company, CSEC, ACE Endevor and Greencore 3 entered into an interest-bearing Omnibus Agreement amounting to ₱1,990.00 million in order to finance a 30MW solar power plant in Mexico, Pampanga (Arayat Phase 2). The maturity of the loan is on June 30, 2023.

On December 20, 2023, the Omnibus Agreement was amended to extend the maturity date from June 30, 2023 to June 30, 2024 and increase the fixed interest rate from 7.00% to 15% on all amounts outstanding after June 30, 2023, until all amounts are paid.

As of December 31, 2023 and 2022, the outstanding debt replacement for Arayat Phase 2 amounted to ₱1,878.84 million and ₱1,630.25 million, respectively

Ingrid Power Holdings, Inc. (INGRID)
On December 27, 2022, the Parent Company and Ingrid entered into a facility agreement amounting to ₱1,250.00 million in order to fund working capital requirements in relation to the operation of its 150MW Pililia diesel power plant in Pililia Rizal. The loan bears an annual fixed interest rate and is payable upon maturity.

Promissory notes executed in relation to the facility agreement were made on:

Date	Amount	Original Maturity Date	Extended Maturity Date
December 28, 2022	₱200,000,000	June 27, 2023	August 30, 2023
January 11, 2023	₱300,000,000	July 10, 2023	October 31, 2023
January 27, 2023	₱300,000,000	July 26, 2023	June 30, 2024

As at December 31, 2023 and 2022, the outstanding debt replacement amounted to ₱300.00 million and ₱200.00 million, respectively.

Natures Renewables Energy Devt. Corporation (NAREDCO)
On July 14, 2022, the Parent Company and NAREDCO entered into a loan and security agreement to finance the engineering, construction and procurement of a 130MW solar power plant located in Lal-Lo, Cagayan. The interest-bearing loan has a total facility of ₱1,139.00 million and bears an annual fixed interest rate payable upon maturity. Maturity is on the first anniversary of the commercial

operations date of the project which is estimated to be in 2nd quarter of 2024. On August 4, 2023, the loan and security agreement was amended to increase the loan facility to ₱2,296.93 million.

As of December 31, 2023 and 2022, the outstanding debt replacement amounted to ₱2,296.19 million and ₱1,138.17 million, respectively. The 2022 outstanding debt replacement balance is presented as "Development loan" under "Other noncurrent assets" (see Note 9).

The Parent Company earned interest income on receivables amounting to ₱762.93 million and ₱283.07 million in 2023 and 2022, respectively (see Note 17).

Trade receivables
Trade receivables mainly represent receivables from IEMOP, NGCP, subsidiaries, associates and joint ventures and from bilateral customers. Trade receivables consist of interest-bearing and noninterest-bearing receivables. The terms are generally thirty (30) to sixty (60) days.

Allowance for expected credit loss
For the year ended December 31, 2023, the Parent Company written off receivable from a customer amounting to ₱10.24 million.

7. Other Current Assets

This account consists of:

	2023	2022
Deferred input VAT	**₱1,441,451**	₱1,171,378
Creditable withholding taxes	**483,808**	1,299,516
Deposits	**208,636**	155,029
Derivative assets (Note 21)	**16,425**	77,695
Others	**89,379**	47,203
	₱2,239,699	₱2,750,821

Deferred input VAT arises from the purchase of capital goods which are amortized over time and purchase of services that are realized as input VAT upon payment.

Creditable withholding taxes represent amounts withheld by the Company's customers and are deducted from the Company's income tax payable.

Deposits pertain to advance payments to suppliers and deposits to distribution utilities.

8. **Investments in Subsidiaries, Associates and Joint Ventures**

The Parent Company's investments in subsidiaries, associates, and joint ventures and the corresponding direct percentage of ownership are shown below:

	Principal Activity	Percentage of Direct Ownership		Amounts	
		2023	2022	**2023**	2022
Subsidiaries:					
ACEN International, Inc. (ACEN International)	Investment holding	**100**	100	**₱87,856,418**	₱85,931,872
Santa Cruz Solar Energy, Inc. (SCSE)	Power generation	**95**	95	**19,481,643**	11,749,408
AC Renewables International Pte. Ltd. (ACRI)	Investment holding	**100**	100	**9,268,618**	7,319,993
ACE Endevor, Inc. (ACE Endevor)	Investment holding and management	**92**	92	**8,604,779**	8,097,464
Bayog Wind Power Corp. (BWPC)	Power generation	**40**	40	**8,477,081**	7,822,462
Giga Ace 8, Inc. (Giga Ace 8)	Power generation	**100**	100	**4,624,522**	100
Guimaras Wind Corporation (Guimaras Wind)	Wind power generation	**100**	100	**3,827,502**	3,827,502
Buendia Christiana Holdings Corp. (BCHC)	Investment holding	**100**	100	**3,784,152**	2,584,152
Natures Renewable Energy Devt. Corporation (NAREDCO)	Power generation	**93**	60	**3,551,656**	2,006,625
Giga Ace 2, Inc. (Giga Ace 2)	Power generation	**100**	100	**3,144,252**	3,144,252
Sinocalan Solar Power Corp. (SINOCALAN)	Power generation	**100**	100	**2,670,238**	164,398
Giga Ace 1, Inc. (Giga Ace 1)	Power generation	**100**	100	**2,573,429**	2,581,416
Giga Ace 6, Inc. (Giga Ace 6)	Power generation	**100**	100	**2,425,100**	100
Giga Ace 4, Inc. (Giga Ace 4)	Power generation	**100**	100	**2,087,672**	1,660,050
ACE Renewables Philippines, Inc. (ARPI)	Investment holding	**100**	100	**1,696,174**	1,696,174
Giga Ace 3, Inc. (Giga Ace 3)	Power generation	**100**	100	**1,688,017**	1,688,017
Bulacan Power Generation Corporation (Bulacan Power)	Power generation	**100**	100	**1,381,722**	1,381,722
Northwind Power Development Corp. (NPDC)	Wind power generation	**51.73**	51.73	**1,018,800**	1,018,800
SolarAce1 Energy Corp. (SolarAce1)	Power generation	**95**	95	**984,457**	734,457
Monte Solar Energy, Inc. (Montesol)	Solar power generation	**96**	96	**603,973**	1,158,272
ENEX Energy Corp. (ENEX)	Oil, gas, and geothermal exploration	**75.92**	75.92	**280,475**	280,475
Manapla Sun Power Development Corp. (MSPDC)	Leasing and land development	**36.37**	36.37	**253,703**	253,703
Viage Corporation (Viage)	Investment holding	**100**	100	**237,000**	237,000
CIP II Power Corporation (CIPP)	Power generation	**100**	100	**151,530**	151,530
ACE Shared Services, Inc. (ACES)	Shared services	**100**	100	**150,000**	150,000
Others	various	**various**	various	**566,409**	130,052
				171,389,322	145,769,996

(Forward)

	Principal Activity	Percentage of Direct Ownership 2023	2022	Amounts 2023	2022
Joint venture:					
Philippine Wind Holdings Corp. (PhilWind)		**42.96**	42.96	**₱3,008,919**	₱3,008,919
North Luzon Renewable Energy Corporation (NLR)		**33.30**	33.30	**2,285,389**	2,285,389
Others		**various**	various	**691,981**	691,981
				5,986,289	5,986,289
Associates:					
Maibara Geothermal Inc. (MGI)		**25.00**	25.00	**404,550**	404,550
Others		**various**	various	**26,735**	26,735
				431,285	431,285
Total				**177,806,896**	152,187,570
Adjustments reflected in Other Equity Reserves (see Note 13)				**43,359,337**	43,359,337
Allowance for impairment				**(280,718)**	(280,718)
				₱220,885,515	₱195,266,189

Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company's investment in subsidiaries, associates, and joint ventures is in the Philippines.

Except as discussed below, the voting rights held by the Parent Company in its investments in subsidiaries, associates, and joint ventures are in proportion to its ownership interest.

The following significant transactions affected the Parent Company's investments:

	2023			
	Subsidiaries	**Joint Ventures**	**Associates**	**Total**
Cost:				
Balance at beginning of year	**₱187,099,145**	**₱7,759,624**	**₱407,420**	**₱195,266,189**
Additions	**26,181,612**	**–**	**–**	**26,181,612**
Redemptions*	**(562,286)**	**–**	**–**	**(562,286)**
Balance at end of year	**₱212,718,471**	**7,759,624**	**₱407,420**	**₱220,885,515**

**Pertains to the share redemptions of 221,719,794 redeemable preferred A shares of Montesol at par value ₱2.50 per share for a total redemption price of ₱554.30 million and 199,674 redeemable preferred A shares of Giga Ace 1 at par value ₱40 per share for a total redemption price of ₱7.99 million.*

	2022			
	Subsidiaries	Joint Ventures	Associates	Total
Cost:				
Balance at beginning of year	₱167,846,795	₱5,474,235	₱414,984	₱173,736,014
Additions	29,282,664	2,285,389	–	31,568,053
Reclassifications*	1,463,422	–	(7,564)	1,455,858
Divestment**	(11,259,761)	–	–	(11,259,761)
Allowance for impairment (see Note 17)	(233,975)	–	–	(233,975)
Balance at end of year	₱187,099,145	₱7,759,624	₱407,420	₱195,266,189

** Cancellation of ACEX and ACEN property-for-share swap, acquisition of additional interest resulting to the reclassification of NAREDCO from associate to a subsidiary and ₱595.95 million reclassification of DFFS to investments.*
***Pertains to the divestment of SLTEC.*

The additions made are as follow:

	2023	2022
Subsidiaries:		
Santa Cruz Solar Energy	**₱7,732,235**	₱9,949,502
Giga Ace 8	**4,624,422**	–
SINOCALAN	**2,505,839**	164,398
Giga Ace 6	**2,425,000**	–
ACRI	**1,948,625**	7,319,993
ACEN International	**1,924,545**	–
NAREDCO	**1,545,031**	1,999,070
BCHC*	**1,200,000**	1,236,518
BWPC	**654,619**	7,760,128
Giga Ace 4	**427,622**	–
Various	**1,193,674**	853,055
Joint Venture:		
NLR	**–**	2,285,389
	₱26,181,612	₱31,568,053

**As of December 31, 2023, the Parent Company has unpaid subscription amounting to ₱450.00 million. 2022 additions pertain to reclass from DFFS to investment to subsidiaries.*

Dividend income was received as follows:

	2023	2022
Subsidiaries:		
ACEN International, Inc.	**₱5,513,300**	₱1,122,400
ACE Endevor	**915,305**	830,121
Giga Ace 1, Inc.	**356,600**	88,000
ACE Renewables Philippines, Inc.	**320,000**	–
Guimaras Wind Corporation	**300,000**	150,000
Monte Solar Energy, Inc.	**72,007**	48,004
Northwind Power Development Corp.	**64,411**	115,941
Giga Ace 2, Inc.	**30,000**	282,000
Manapla Sun Power Development Corp.	**7,274**	22,913
Viage Corporation	–	110,000
Joint Ventures:		
Philippine Wind Holdings Corp.	**254,274**	303,586
North Luzon Renewable Energy Corporation	**74,319**	242,580
	₱7,907,490	₱3,315,545

As of December 31, 2023, and 2022, dividends receivable amounted to ₱267.27 million and ₱1,832.40 million, respectively and is presented "Due from related parties" in Receivables (see Note 6).

As of December 31, 2023, and 2022, subscription payable amounted to ₱450.00 million and ₱1,029.95 million, respectively and is presented "Due to related parties" in Accounts Payable and Other Current Liabilities (see Note 10).

<u>Investments in Subsidiaries</u>

Transfer of ACEIC Subsidiaries through Share Swap

On October 9, 2019, ACEN signed a Deed of Assignment with ACEIC for subscription by ACEIC to and the issuance to ACEIC of 6,185,182,288 common shares at a subscription price of ₱2.37 per common share, or an aggregate subscription value of ₱14,658.88 million in exchange for ACEIC's ownership of various Philippine Assets.

On June 22, 2020, the transfer value was approved by the SEC together with its approval of the application for the increase in ACEN's capital stock. The closing date of the transaction was June 22, 2020.

On October 30, 2020, ACEN received BIR Certification Ruling SN027-2020 in relation to the tax-exempt transfer of shares of stocks made by ACEIC to ACEN pursuant to Section 40 (C) (2) of the National Internal Revenue Code of 1997, as amended. The Certification Ruling states that the property-for-share swap between ACEIC and ACEN covering the issuance of 6,185,182,288 common shares of ACEN in favor of ACEIC in exchange for ACEIC's shares of stock in select Philippine Assets is not subject to income tax, capital gains tax, expanded withholding tax, donor's tax and value-added tax.

Below are the Philippine Assets transferred from ACEIC to ACEN via the share swap, including the percentage of ownership and their corresponding fair value. The difference between the fair value of the issued ACEN shares of ₱0.13 per share and the agreed transfer value in the Deed of Assignment amounting to ₱804.07 million is recorded as a decrease in "Other equity reserves" (see Note 13).

	Percentage of Ownership	Fair Value
Subsidiaries		
South Luzon Thermal Energy Corporation	35.00	₱5,100,157,223
ACE Endevor	94.00	3,144,194,130
ARPI	100.00	1,580,233,932
Montesol	96.00	1,208,264,963
MSPD	36.37	253,703,333
Viage	100.00	237,000,000
NPDC	19.52	85,320,000
ACTA Power Corporation	50.00	36,577,277
Ingrid Power Holdings Corp.	100.00	4,512,480
Joint venture:		
Philippine Wind Holdings Corporation	42.74	3,008,918,685
		₱14,658,882,023

Acquisition of ACEIC's investee companies through share swap
On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for subscription by ACEIC to, and the issuance to ACEIC, of 16,685,800,533 common shares at a subscription price of ₱5.15 per common share, or an aggregate subscription price of ₱85,931.87 million in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in ACE International which holds ACEIC's international renewable assets. The closing date of the share swap transaction was on June 7, 2021.

On June 27, 2021, the transfer value was approved by the SEC together with its approval of the application for the increase in ACEN's capital stock. The closing date of the transaction was June 27, 2021.

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 difference between the fair value of the issued ACEN shares of ₱2.63 per share and the agreed transfer value in the Deed of Assignment amounting to ₱43,833.65 million is recorded as a decrease in "Other equity reserves" (see Note 13).

(1) *ACEN International, ACRI, Viage, ARPI, and NPDC*

In 2017, ACEIC entered into a share purchase agreement with ACEN International, ARPI, Viage, and BDO Capital and Investment Corporation to acquire 100% ownership of ACEN International, ARPI, and Viage. The acquisition gave ACEIC an indirect 50.00% effective stake in NPDC. ACEIC also has direct ownership in NPDC of 19.52%. NPDC owns and operates the 33MW wind power plant located in Bangui Bay, Ilocos Norte.

In 2021, the Parent Company made additional direct investment of ₱933.48 million in NPDC to acquire a collective 100% direct and indirect investment in NPDC. As of December 31, 2021, the Parent Company has direct ownership in NPDC of 32.21% and an indirect ownership of 59.28% and 8.51% through ARPI and Viage, respectively.

On March 24, 2022, the Parent Company subscribed to 1,402,029 ACRI Class E redeemable preference shares with total par value of US$140,202,900 (₱7,319.99 million). Additional investment for the year amounting to ₱115.94 million which pertains to the reclassification from DFFS.

In 2023, the Parent Company made additional investments amounting to ₱1,948.63 million and ₱1,924.55 million to ACRI and ACEN International, Inc., respectively. ACRI was established in Singapore on May 23, 2016 as a private limited company intended to be the investment vehicle of the Parent Company for international projects.

(2) *ACE Endevor and MSPDC*

In 2017, ACEIC signed definitive agreements to acquire 100% ownership of ACE Endevor and 36.79% of MSPDC. The acquisition of ACE Endevor provided ACEIC with a renewable energy development, management and operations platform. MSPDC, on the other hand, engages in leasing, operating, managing and developing public or provide lands.

(3) *BWPC*

BWPC was incorporated in 2010 and is engaged in the business of developing, undertaking, implementing, operating, and owning wind energy projects and facilities. BWPC owns and is currently constructing a 160-MW wind power plant in Pagudpud, Ilocos Norte.

In 2023, the Parent Company made additional investments amounting to ₱654.62 million.

(4) *Guimaras Wind*

Guimaras Wind was incorporated in 1994 and is engaged in the development of renewable energy. Guimaras Wind owns and operates the 54-MW wind power plant in San Lorenzo, Guimaras.

(5) *Giga Ace 2*

Giga Ace 2 was incorporated in 2019 and is engaged in the power generation business, both from renewable and non-renewable energy sources.

In 2019, ACEN signed a purchase agreement with PINAI for the acquisition of PINAI's 96.00% ownership interest in San Carlos Solar Energy, Inc. (SACASOL). SACASOL owns and operates the 45MW solar power plant located in Negros Occidental.

(6) *BCHC*

BCHC was incorporated in 2019 and is engaged in activities of a holding company except as a stockholder or dealer of securities.

In 2023, the Parent Company made additional investments amounting to ₱1,200.00 million.

(7) *PhilWind and GigaAce 1*

In 2013, ACEN signed an Investment Framework Agreement and Shareholder's Agreement with UPC Philippines Wind Holdco I BV and the Philippine Investment Alliance for Infrastructure fund (PINAI) to develop a wind power project in Ilocos Norte through North Luzon Renewable Energy Corporation (NLR).

In 2020, ACEN purchased all the shares of PINAI in PhilWind for ₱2,573.30 million through its wholly-owned subsidiary, Giga Ace 1. Giga Ace 1 was incorporated in 2019 and is engaged in the power generation business, both from renewable and non-renewable energy sources.

On March 18, 2022, ACEN and UPC Philippines Holdco I BV executed a Deed of Absolute Sale of Shares covering 16,668 common shares and 740 preferred shares representing 33% ownership in NLR for ₱2,385.27 million.

PhilWind directly and indirectly owns 67.00% of NLR through its 38.00% direct interest and 28.70% indirect interest through its 100.00% owned subsidiary, Ilocos Wind Energy Holdings Co., Inc.

(8) *NAREDCO*

On March 24, 2022, ACEN, ACE Endevor, CleanTech Renewable Energy 4 Corp. ("CREC4"), and NAREDCO executed a Shareholder's Agreement for the acquisition of a 55% interest in NAREDCO for ₱1,000.01 million. NAREDCO owns and is currently constructing a 133MW solar power plant (Phase 1) in Lal-lo, Cagayan.

In 2023, the Parent Company made additional investments amounting to ₱1,545.03 million.

(9) *Giga Ace 3*

Giga Ace 3 was incorporated in 2019 and is engaged in the power generation business, both from renewable and non-renewable energy sources.

In 2019, ACEN signed a purchase agreement with PINAI for the acquisition of PINAI's 98.00% ownership interest in Negros Island Solar Power, Inc. (ISLASOL). ISLASOL owns and operates the 80MW solar power plant in La Carlota and Manapla, Negros Occidental.

(10) *Giga Ace 4*

Giga Ace 4 was incorporated in 2019 and is engaged in the power generation business, both from renewable and non-renewable energy sources.

In 2023, the Parent Company made additional investments amounting to ₱427.62 million.

(11) *Montesol*

In 2017, ACEIC signed the Subscription and Shareholder's Agreement with Bronzeoak Philippines, Inc. for an 18MW solar power plant in Negros Oriental.

(12) *SolarAce 1*

SolarAce 1 was incorporated in 2018 and operates and maintains a 120MW solar power plant in Alaminos, Laguna.

(13) *Bulacan Power and CIPP (referred to as "Diesel Plants")*

Bulacan Power was incorporated in 1996 and operates and maintains a 54MW diesel power plant in Norzagaray, Bulacan.

CIPP was incorporated in 1998 and operates and maintains a 21MW diesel power plant in Bacnotan, La Union.

Following the cancellation of the property-for-shares-swap between ACEN and ENEX, the Parent Company reclassified its investments in Diesel Plants to investments in subsidiaries, associates, and joint ventures.

(14) *ENEX*

ENEX was incorporated in 1994 and is engaged in oil and gas exploration, exploitation and production. Its primary purpose also includes generally engaging in the business of power generation.

As of December 31, 2023, ENEX has not yet started commercial operations.

(15) *Sinocalan*

On November 29, 2022, ACEN, Sungrow Power Renewables Corp. (Sungrow), and Havilah AAA Holdings Corp. (Havilah) signed an agreement for the sale and purchase of Sungrow's and Havilah's interest in Sinocalan for ₱164.40 million. Sinocalan is the developer of a 60MW solar power plant in San Miguel, Pangasinan.

In 2023, the Parent Company made additional investments amounting to ₱2,505.84 million.

(16) *Giga Ace 6 and Giga Ace 8*

Giga Ace 6 and Giga Ace 8 were both incorporated in 2019 and is engaged in carrying on the general business of generating, marketing, selling and supplying energy derived from coal, natural gas, fuel, diesel, gas turbine, steam power plant, fossil fuel and renewable energy sources.

In 2023, the Parent Company made additional investments amounting to ₱2,425.00 million and ₱4,624.42 million to Giga Ace 6 and Giga Ace 8, respectively.

(17) *ACES*

ACES was incorporated in 2019 and was organized to provide a full range of business process outsourcing services.

(18) *MGI*

MGI was incorporated in 2010 and operates a 32MW geothermal power plant in Sto. Tomas, Batangas.

(19) *SCSE*

Santa Cruz Solar Energy Inc. was incorporated in 2016. The Company's 283MW DC Solar Power Phase 1 Project located in San Marcelino, Zambales started testing and commissioning phase on December 23, 2023.

In, 2021, the Parent Company executed a subscription agreement whereby ACEN would subscribe to 61,996,737 Common A Shares and 557,970,634 Redeemable Preferred A shares of SCSE, which is equivalent to a 95% voting interest. In 2022, the SEC approved the application for increase in authorized capital stock. In 2023, the Parent Company made an additional investment amounting to ₱7,732.23 million.

(20) *SLTEC*

In 2011, ACEN and ACEIC entered into a 50-50 joint venture to incorporate SLTEC. SLTEC is the project company for the 246MW coal power plant in Calaca Batangas.

In 2016, ACEN and ACEIC sold its 5% and 15% interest, respectively, to Axia Power Holdings Philippines Corp. (AXIA). The sale resulted to ownership interest of 35% ACEIC, 45% ACEN, and 20% AXIA.

On July 10, 2019, ACEIC and AXIA signed a share purchase agreement for AXIA's 20% interest in SLTEC. On November 4, 2019, ACEN signed an agreement with ACEIC for assignment of ACEIC's right to acquire 20% ownership of AXIA in SLTEC.

On October 18, 2021, the Board of Directors of the Parent Company approved and authorized management to work towards the early retirement of SLTEC coal plant by 2040 using an Energy Transition Mechanism (ETM), which includes the redemption, retirement and sale of common and redeemable preferred shares held by ACEN.

On April 8, 2022, SLTEC refinanced the existing ₱9,800.00 million SLTEC loan and upsized it by ₱3,900.00 million pursuant to the Amended and Restated Omnibus Loan and Security Agreement ("AROLSA") executed on April 11, 2022.

On April 11, 2022, SLTEC applied with the SEC for the reduction in authorized capital stock ("ACS") from 35,830,250 common shares to 832,500 common shares. On the same date, SLTEC applied for the amendment of features of the SLTEC redeemable preferred shares from voting to non-voting. Both applications were approved on October 7, 2022.

SLTEC redeemed all of the redeemable preferred shares held by the Parent Company for a total redemption price of ₱3,583.03 million in three tranches: (1) 32,000,000 on October 21, 2022, (2) 2,480,000 on November 7, 2022 and (3) 1,350,250 also on November 7, 2022.

On October 28, 2022, SLTEC retired 34,997,750 common shares held by ACEN at par value of ₱100/share or a total of ₱3,499.78 million. After retirement, the Parent Company held the remaining 832,500 common shares of SLTEC.

On November 7, 2022, SLTEC redeemed 3,830,250 common shares held by ACEN at par value for a total redemption price of ₱383.03 million.

On November 7, 2022, the Parent Company and ETM Philippines Holdings, Inc. (“EPHI”) (a third party) executed a share purchase agreement covering the sale of 832,500 common shares with a purchase price of ₱83.25 million (equivalent to ₱100/share). The deed of absolute sale was executed on the same date.

After the sale to EPHI, ACEN has fully divested its interest in SLTEC. ACEN recognized a loss of ₱4,093.71 million which represents the difference between the total investment cost in SLTEC carried in ACEN books of ₱11,259.76 million and proceeds from the divestment of ₱7,166.05 million.

The Parent Company paid donor’s tax amounting to ₱6.90 million which is presented as “Others” under “General and administrative expenses” in the statement of income.

Execution of Option Agreements between ACEN and InLife, GSIS and EPHI to implement the overall energy transition mechanism for SLTEC

On October 24, 2022 and November 7, 2022, the Parent Company executed separate Option Agreements with InLife, GSIS and EPHI, (collectively the “Investors”) involving SLTEC, following the issuance of SLTEC redeemable preferred shares to these Investors and purchase by EPHI of the common shares.

The Option Agreements entitle ACEN and the Investors, severally, to exercise call and put options, respectively, based on certain pre-agreed conditions, to enable the early retirement of the coal plant by 2040, and its transition to cleaner technology. The call options for common and redeemable preferred shares are exercisable only beginning 2031 to 2040, while the put option on redeemable preferred shares is exercisable only in 2040. Both options are accounted as derivative assets and liabilities. As of December 31, 2022, the derivative asset on call options on common and redeemable preferred shares amounted to ₱16.43 million (see Note 8) and the derivative liability on put options on redeemable preferred shares amounted to ₱7.16 million (see Note11).

Administration and Management Agreement (“AMA”) and Operations and Maintenance Agreement (“O&M Agreement”)

Executed on October 4, 2019, ACEN and SLTEC entered into an AMA granting ACEN the exclusive rights and obligations to administer and manage all of the net available output of SLTEC’s power plant and ACEN’s obligation to supply and deliver the necessary coal to generate electricity at an agreed price, subject to certain adjustments. On April 11, 2022, ACEN and SLTEC terminated the AMA and executed a new AMA where, in addition to ACEN’s rights and obligations to administer and manage the entire capacity of SLTEC, ACEN shall pay SLTEC regardless of availability based on a pricing formula that will ensure SLTEC has sufficient cash to cover debt service and distributions to shareholders.

On April 11, 2022, ACEN entered into an Operations and Maintenance Agreement (“O&M Agreement”) with SLTEC, wherein ACEN shall provide operation, maintenance and administrative services to SLTEC to ensure the proper and efficient operation and maintenance of the power plant. The O&M Agreement is valid for a period of five (5) years effective from April 11, 2022 and shall automatically renew for successive five (5) year terms from April 11, 2022 until December 25, 2040.

The AMA and O&M do not give ACEN control over SLTEC. The rights of ACEN and terms and conditions under this agreement are subject to review and approval of SLTEC BOD.

9. **Other Noncurrent Assets**

This account consists of:

	2023	2022
Creditable withholding tax - net of current portion	**₱2,341,649**	₱666,753
Receivables from third parties and employees	**573,897**	598,366
Advances to affiliates (Note 19)	**519,963**	519,963
Development loans	**416,928**	1,288,171
Interest receivable (Note 19)	**53,707**	43,244
Others	**113,380**	81,329
	₱4,019,524	₱3,197,826

Development loans
Cleantech Renewable Energy 50 Corporation
On July 14, 2022, ACEN and Cleantech Renewable Energy 50 Corporation entered into an interest-bearing loan agreement amounting to ₱266.93 million with an interest rate of 9.76%. Principal and interest of the loan is payable upon maturity on July 14, 2032.

Provincia Investments Corporation
In 2021, ACEN and Provincia Investments Corporation ("PIC") entered into an interest-bearing term loan facility to fund its various acquisition of project sites for solar power projects. The interest-bearing loan has a total facility of ₱1,000.00 million and bears annual fixed interest rate and payable upon maturity. On July 2, 2021, Provincia made an initial drawdown amounting ₱150.00 million. The principal and interest of the loan are payable on July 2, 2026.

On January 25, 2023, ACEN, Provincia Investments Corporation (Provincia) and Solar Philippines Power Project Holdings, Inc. (Solar PH) entered into definitive agreements whereby ACEN receives 500 million shares of SP New Energy Corporation ("SPNEC"), a listed company which is an affiliate of Solar PH (which SPNEC shares had a market value of approximately ₱660.00 million as of January 24, 2023) as (a) pre-payment for part of the development loan principal, (b) payment of interest, (c) consideration for the arrangement and security amendment by which ACEN released its pledge over shares owned by Solar PH in SPNEC, and (d) allow further drawdown by Provincia from the existing ₱1,000.00 million loan facility. As at December 31, 2023, Provincia drew additional ₱125.00 million from its development loan facility.

Outstanding balance as at December 31, 2023 and 2022 amounted to ₱150.00 million with an interest rate that ranges from 8.00% to 10.80%%. The principal and interest of the loan is payable upon maturity.

The Parent Company recognized ₱515.00 million gain from the partial settlement of development loan for the year ended December 31, 2023 (see Note 17).

The SPNEC shares held by ACEN for trading purposes amounting to ₱501.82 million and presented as financial assets at fair value through profit or loss in the parent company statements of financial position. The Company recognized gain on sale of SPNEC shares amounting to ₱37.34 million and nil for the years ended December 31, 2023 and 2022, respectively.

Receivables from PEMC Multilateral Agreements
In December 2013, there were elevated WESM prices because of a Malampaya outage. As a result, ERC issued an Order imposing Administered/Regulated Pricing, which was lower than the WESM rates at the time. The receivables from PEMC Multilateral Agreements are the refundable amount from PEMC arising from the recalculation of November and December 2013 spot prices as directed by the ERC. In 2014, ACEN, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN recorded collections in relation to the Multilateral Agreement amounting to ₱571.71 million. Collections are presented as “Trade payables” under “Other noncurrent liabilities”.

In July 2022, the Supreme Court declared the administered regulated pricing void and upheld the December 2023 Meralco hike for recovery costs. In October 2022, the Supreme Court denied all Motions for Reconsideration.

The ERC has not yet issued guidance on the method of implementation of these adjustments. Consequently, in 2022, the Parent Company has reversed its receivables amounting to ₱571.71 million and recorded additional cost of purchased power of equivalent amount. The unpaid cost of purchased power is presented as “Trade payables” under “Accounts Payable and Other Current Liabilities (see Note 10).

Receivables from third parties and employees
Receivables from third parties includes long term loan receivables for land acquisitions. There are interest bearing and matures 1-2 years upon drawdown.

Receivables from third parties bear interest ranging from 3.00% to 12.00% per annum for both the years ended December 31, 2023 and 2022.

10. Accounts Payable and Other Current Liabilities

This account consists of:

	2023	2022
Trade payables		
Third parties	**₱3,445,231**	₱2,670,517
Related parties (Note 19)	**2,302,631**	1,704,160
Deferred output VAT	**1,182,317**	988,719
Refundable deposits	**1,014,609**	105,471
Accrued expenses	**1,010,654**	686,218
Accrued interest payable	**463,521**	187,109
Due to related parties (Note 19)	**76,337**	–
Output VAT - net	–	114,115
Derivative liability	–	44,660
Others	**87,002**	252,370
	₱9,582,302	₱6,753,339

Trade payables include billings of goods and services from various suppliers and are normally settled within 30 to 90 days. In 2023 and 2022, the Parent Company recognized gain on the reversal of long-outstanding payable amounting to ₱97.26 million and nil, respectively (see Note 17).

Deferred output VAT represents the tax related to sales of electricity which are to be settled by the customers in future period. This shall be reclassed to output VAT once realized.

Accrued expenses include compensation and benefits, professional fees and operating expenses.

Output VAT is the net of input VAT which is due for remittance to the government every quarter.

11. **Loans**

Short-term Loans

This account consists of:

	2023	2022
Beginning balance	**₱2,900,000**	₱–
Availments	**9,000,000**	23,259,020
Payments	**(10,400,000)**	(20,359,020)
Ending balance	**₱1,500,000**	₱2,900,000

Interest range of short-term loan from local banks is 5.52% to 6.50% and 2.20% to 4.25% in 2023 and 2022, respectively.

Total interest expense recognized on short-term loans amounted to ₱174.58 million and ₱179.92 million for the years ended December 31, 2023 and 2022, respectively.

Loans-term loans
The rollforward of this account follows:

	2023	2022
As at beginning of year	**₱17,393,858**	₱7,915,610
Availment	**6,750,000**	9,695,000
Payments	**(225,244)**	(153,020)
Additional debt issue cost	**(50,625)**	(72,712)
Amortization of debt issue cost	**16,536**	8,980
Balance at end of year	**23,884,525**	17,393,858
Less current portion	**264,209**	196,988
Noncurrent portion	**₱23,620,316**	₱17,196,870

The rollforward of unamortized debt issue costs follows:

	2023	2022
Balance at beginning of year	**₱116,672**	₱52,940
Additional debt issue cost	**50,625**	72,712
Amortization of debt issue cost	**(16,536)**	(8,980)
Balance at end of year	**₱150,761**	₱116,672

The relevant terms of the long-term loans of the Parent Company are as follows:

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**2023**	2022
₱1,500.00 million Loan A	₱1,175.00 million	January 11, 2017	July 11, 2029	6.50% per annum	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x* Based on the ACEN consolidated year-end balances. Tested semi-annual *On August 24, 2022, lender approved amendment to financial covenants. Previously, covenant included minimum DSCR 1.00x; maximum DE ratio of 1.50x; and minimum current ratio of 1.00x.	**₱611,313**	₱692,425
₱5,000.00 million Loan B	₱5,000.00 million	November 15, 2019	November 14, 2029	5.0505% per annum for the first 5 years; repricing for the succeeding five (5) years is the average of the 5-year BVAL, three (3) days prior to repricing date, plus an agreed margin	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	**4,789,473**	₱4,842,105
₱7,000.00 million Loan C	₱500.00 million ₱1,000.00 million	July 15, 2020 August 24, 2020	July 15, 2030 July 15, 2030	5.00% per annum 5.00% per annum	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances.	**6,907,000**	4,476,000

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**2023**	2022
	₱1,000.00 million	June 10, 2022	July 15, 2030	5.066% per annum; repricing for the 4th and 7th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin		Tested semi-annual		
	₱2,000.00 million	November 15, 2022	July 15, 2030	7.1720% per annum; repricing for the 3rd and 6th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin				
	₱2,500.00 million	January 13, 2023	July 15, 2030	6.4580% per annum; repricing on the 4th and 7th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin				

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**2023**	2022
₱4,500.00 million Loan D	₱805.00 million ₱2,000.00 million ₱1,695.00 million	March 30, 2021 February 28, 2022 April 11, 2022	March 30, 2031 March 30, 2031 March 30, 2031	7.00% per annum 7.00% per annum 7.00% per annum Floating interest rate repriced on every succeeding semi-annual period.	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	**4,477,500**	4,500,000
₱10,000.00 million Loan E	₱3,000.00 million ₱3,000.00 million	December 13, 2022 January 27, 2023	December 13, 2032 December 13, 2032	6.2481% per annum 6.9129% per annum Floating interest rate repriced on every succeeding semi-annual period.	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	**6,000,000**	3,000,000
₱10,000.00 million Loan F	₱250.00 million	August 17, 2023	August 17, 2033	7.0891% per annum for the first 2 years; repricing for the 2nd, 4th, 6th, and 8th anniversaries is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	**250,000**	–

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**2023**	2022
₱5,000.00 million Loan G	₱500.00 million	October 24, 2023	October 24, 2033	6.6102% per annum Floating interest rate repriced on every succeeding quarterly period. Can be converted to fixed up to 12 months from initial drawdown.	Principal and interest payable quarterly	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	**500,000**	–
₱20,000.00 million Loan H	₱500.00 million	December 22, 2023	December 22, 2033	6.5000% per annum Floating interest can be converted to fixed up to 12 months from initial drawdown; subject to repricing after sixty (60) months from fixed interest setting date.	Principal and interest payable quarterly	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	**500,000**	–
Totals	**₱24,925,000**						**₱24,035,286**	₱17,510,530
Less unamortized debt issue cost							**150,761**	116,672
Less current portion							**264,209**	196,988
Long-term loans, net of current portion							**₱23,620,316**	₱17,196,870

The long-term loans of the Parent Company also contain prepayment provisions as follows:

Description	Prepayment Provision
Loan A	Early redemption is at the option of the issuer exercisable on an interest payment date at par plus break-funding cost. Transaction cost is minimal.
Loan B	ACEN has the option to prepay the loan, wholly or partially at any time during the term, starting twenty-four (24) months from drawdown date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan C	The loan facility contains a prepayment provision which allows the Parent Company to make an optional prepayment, wholly or partially, starting the fifth (5^{th}) anniversary of the initial drawdown date and on every interest payment date thereafter. The amount payable to the bank shall consist of the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any increase in applicable gross receipts tax ("GRT") as a result of such prepayment, and any applicable prepayment premium as indicated in the loan agreement.
Loan D	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan, starting on the 4^{th} interest payment date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan E	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan starting twenty-four (24) months from the drawdown date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan F	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan on or after the third (3^{rd}) anniversary of the drawdown date. The amount payable to the bank shall consist of the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any increase in applicable gross receipts tax ("GRT") as a result of such prepayment, and any applicable prepayment premium as indicated in the loan agreement.
Loan G	ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan, beginning on the first (1^{st}) anniversary from the initial drawdown date. The amount payable to the bank shall consist of any accrued interest on the outstanding principal amounts, the outstanding principal amount being redeemed, and any applicable prepayment premium as indicated in the loan agreement.
Loan H	ACEN has the option to prepay the loan, wholly or partially at any time during the term, starting twenty-four (24) months from the initial drawdown date. If prepayment is made in a non-interest payment date, it shall be subject to payment of accrued interest thereon and a 2% prepayment penalty of the relevant principal amount prepaid.

The prepayment option on all long-term loans were assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Loan covenant
The Parent Company has complied with all its loan covenants as at December 31, 2023, and 2022.

Interest expense
Total interest expense on loans payable amounted to ₱1,397.66 million and ₱531.46 million in 2023 and 2022, respectively (see Note 17).

ACEN Fixed-Rate ASEAN Green Bonds due 2027
As at December 31, this account consists of:

	2023	2022
Principal		
Balance at end of year	**₱10,000,000**	₱10,000,000
Unamortized debt issue cost		
Beginning balance	**120,312**	–
Addition	–	126,276
Amortization (Note 17)	**(22,559)**	(5,964)
Balance at end of year	**97,753**	120,312
	₱9,902,247	₱9,879,688

On September 22, 2022, the Parent Company (the Issuer) issued an unsecured-fixed rate Peso Green Bonds with an aggregate principal amounting to ₱10,000.00 million. The proceeds of the issuance will be used to finance investments in various solar power plants. The issue cost amounted to ₱126.28 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Peso Green Bonds due on September 22, 2027 with interest rate of 6.0526% per annum. This is the first tranche offered out of the shelf registration of Peso Green Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Peso Green Bonds is payable quarterly on March 22, June 22, September 22, and December 22.

Total interest expense recognized on the Peso Green Bonds amounted to ₱605.09 million and ₱166.45 million in 2023 and 2022, respectively (see Note 17).

Redemption at the option of the Issuer
The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding PHP Green Bonds before the relevant Maturity on any one of the following Interest Payment Dates indicated below, or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

1. 12th to 15th Interest Payment Date at Call Option Price of 101.00%
2. 16th to 19th Interest Payment Date at Call Option Price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants
The Peso Green Bonds provide for the Issuer to comply with covenants including incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; effecting any consolidation or merger with other entities where ACEN is not the surviving corporation in such merger or consolidation; and certain other covenants. The Peso Green Bonds requires the Issuer to maintain, for as long as any of the Peso Green Bonds remain outstanding, a Net Debt to Total Equity Ratio of not more than 3.0:1.0. These were complied with for the years ended December 31, 2023 and 2022.

12. Right-of-Use Assets and Lease Liabilities

The rollforward of this account follows:

	2023	
	ROU Asset	**Lease Liabilities**
As at January 1,	**₱823,750**	**₱920,276**
Additions	**327,493**	**327,493**
Amortization expense	**(102,780)**	**–**
Capitalized amortization	**(22,689)**	**7,072**
Interest expense (Note 17)	**–**	**41,561**
Payments	**–**	**(110,735)**
As at December 31	**₱1,025,774**	**₱1,185,667**
Less current portion	**–**	**(114,329)**
Noncurrent portion	**₱1,025,774**	**₱1,071,338**

	2022	
	ROU Asset	Lease Liabilities
As at January 1,	₱937,051	₱994,612
Amortization expense	(113,301)	–
Interest expense (Note 17)	–	38,334
Payments	–	(112,670)
As at December 31	₱823,750	₱920,276
Less current portion	–	(64,796)
Noncurrent portion	₱823,750	₱855,480

On January 17, 2021, the Parent Company entered into a lease agreement with Ayala Land, Inc. for office units and parking lots with terms of 10 years. The quarterly rent for the leased premises amount to ₱23.55 million and ₱2.22 million, respectively. The rent shall be subject to an annual escalation rate of 5% beginning anniversary of the lease commencement date and every year thereafter.

On May 22, 2023, another lease agreement with ALI was executed for the lease of additional office unit and parking lots with lease term of 8 years. The quarterly rent for the leased premises amount to ₱11.04 million and ₱1.59 million, respectively. The rental rate is subject to an annual escalation rate of 5% beginning January 1, 2024 and every year thereafter.

13. **Equity**

Capital Stock

This account consists of:

Class of share	Common	Redeemable Preferred	Total
Authorized shares	**48,300,000,000**	**100,000,000**	**48,400,000,000**
Par value	**₱1**	**₱1**	**₱1**
Balances at January 1, 2022	38,338,527,174	–	38,338,527,174
Issuance of new shares	1,353,368,499	–	1,353,368,499
Adjustment in grants through Employee Stock Ownership Plan	(900)	–	(900)
Balances at December 31, 2022	39,691,894,773	–	39,691,894,773
Issuance of new shares	**–**	**25,000,000**	**25,000,000**
Balances at December 31, 2023	**39,691,894,773**	**25,000,000**	**39,716,894,773**

The issued and outstanding shares are held by a number of equity holders below:

	2023
Common shares	4,195
Redeemable preferred shares	10

The following table presents the track record of registration of common shares:

Year Approval	No. of common shares Registered	No. of shares Issued	Par Value
Prior to 2005*	1,000,000,000	**840,601,987	₱0.01/1.00
2005	1,000,000,000	264,454,741	1.00
2007	–	552,528,364	1.00
2008	–	4,713,558	1.00
2009	–	304,419	1.00
2010	–	2,022,535	1.00
2011	2,200,000,000	1,165,237,923	1.00
2012	4,200,000,000	2,027,395,343	1.00
2013	–	6,603,887	1.00
2014	–	1,283,332	1.00
2016	–	20,751,819	1.00
2017	–	3,877,014	1.00
2019	–	2,632,000,000	1.00
2020	16,000,000,000	6,185,182,288	1.00
2021	24,000,000,000	24,623,380,967	1.00
2022	–	1,361,556,596	1.00
Total	48,400,000,000	39,691,894,773	

**On April 7, 1997, par value was increased from ₱0.01 to ₱1.00.*
***Equivalent number of shares at ₱1.00 par.*

Additional Paid-in Capital

The roll forward of this account follows:

	2023	2022
Beginning balance	**₱107,305,718**	₱97,857,306
Issuance of shares of stock	**24,975,000**	9,448,417
Stock issuance costs	**(171,554)**	–
Adjustment in grants through Employee Stock Ownership Plan	–	(5)
Ending balance	**₱132,109,164**	₱107,305,718

Series A Preferred Shares and Series B Preferred Shares

On March 7, 2023, the Board of Directors of the Parent Company approved the establishment of a 50,000,000 preferred shares shelf program and the issuance, offer, sale, registration, and listing of of up to 25,000,000 preferred shares and on July 25, 2023, adopted resolutions containing the specific terms and conditions of the preferred shares. On August 3, 2023, the SEC issued the Certificate of Filing of Enabling Resolution. The Parent Company's shelf registration is for up to 50,000,000 preferred shares with a par value of ₱1.00 per preferred share to be offered in one or more tranches, which may be comprised of one or more series per tranche, at the discretion of the Parent Company, and to be registered with the Securities and Exchange Commission.

On September 1, 2023, the Parent Company issued and listed on the Main Board of the PSE the first tranche of 25,000,000 preferred shares at an issue price of ₱1,000.00 per share and a par value of ₱1.00 per share, for total proceeds of ₱25,000.00 million. The issuance is comprised of two series of preferred shares: 8,341,500 Series A Preferred Shares and 16,658,500 Series B Preferred Shares. The proceeds from the Series A Preferred shares amounted to ₱8,341.50 million and the proceeds from the Series B Preferred shares amounted to ₱16,658.50 million.

The Series A Preferred Shares and Series B Preferred Shares are perpetual, cumulative, non-voting, non-participating, non-convertible, re-issuable and redeemable at the option of the Parent Company.

Dividends on the Series A Preferred Shares will be payable quarterly at an initial dividend rate of 7.1330% per annum, subject to the dividend payment conditions under the terms of the Series A Preferred Shares. The Series A Preferred Shares dividend rate will be subject to a dividend rate re-setting on the fifth year according to the terms of the Series A Preferred Shares.

Dividends on the Series B Preferred Shares will be payable quarterly at a fixed dividend rate of 8.0000% per annum, subject to the dividend payment conditions under the terms of the Series B Preferred Shares. The Series B Preferred Shares dividend rate is fixed and will not be subject to dividend rate re-setting.

The Series A Preferred Shares may be redeemed at the option of the Parent Company starting on the third year. The Series B Preferred Shares may be redeemed at the option of the Parent Company starting on the seventh year.

Subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines

On March 21, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at a price of ₱7.871 per share:

UPCAPH	₱869,119,204
Anton Rohner ("Rohner")	61,630,796
Total ACEN shares to be issued	930,750,000
Subscription price per share	7.871
Total subscription price	₱7,325,933,250

On March 22, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at a price of ₱8.2889 per share:

Estanyol Holdings Ltd.	₱153,493,200
Wind City Inc.	142,668,634
Tenggay Holdings Ltd.	70,525,763
UPC Philippines Wind Partners Ltd	19,059,423
Alan Kerr (collectively, the "UPC Philippines Group")	4,248,813
Total ACEN shares subscribed	389,995,833
Subscription price per share	8.2889
Total subscription price	₱3,232,636,460

The subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines to ACEN shares was approved by the BOD of ACEN on October 18, 2021.

The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021. On March 8, 2022, the BOD of ACEN approved a revised list of subscribers constituting the UPC Philippines, including a re-allocation of some of the shares for subscription, which was presented to the stockholders for approval during the 2022 annual stockholders' meeting of ACEN on April 25, 2022.

Employee Stock Ownership Plan

At the Annual Stockholders' Meeting held on April 19, 2021, stockholders approved the allocation of 960 million common shares to the Employee Stock Ownership Plan ("ESOWN") out of the unsubscribed portion of the ACEN's capital stock, to be available to qualified employees upon achievement of the Company's goals and the determination of any variable compensation of grantee. This replaces ACEN's Stock Grants and Stock Options Plan which does not have any remaining life.

Under the Plan, qualified employees are awarded the option to subscribe to a specified number of ACEN shares based on discounted market price determined by the Personnel and Compensation Committee and are subjected to the Plan's vesting period. The subscription price is equal to the market price of the shares with a discount determined by the Personnel and Compensation Committee at the time of the grant of the option. Grants under the Plan are exercisable in three annual tranches. Any availment is payable within a maximum period of ten years.

The SEC granted the Plan's request for exemption from registration pursuant to Section 10.2 of the Securities Regulation Code (SRC) on March 4, 2022.

In 2021, stock options totaling 8,188,997 shares at a subscription price of ₱6.96 per share were granted under the Plan, of which 8,188,097 shares were issued in 2022, resulting to an adjustment of 900 shares in the grants.

On August 19, 2022, ACEN issued 32,622,666 common shares to various employees of the Parent Company through the ESOWN.

Total expense arising from the equity-settled share-based payment transaction (included under General and administrative expenses) amounted to nil and ₱31.16 million in 2023 and 2022, respectively. There were no grants and availments both in 2023 and 2022.

Retained Earnings (Deficit)
The Company's retained earnings balance (deficit) amounted to ₱2,641.56 million and (₱959.75) million as at December 31, 2023 and 2022, respectively. Retained earnings available for dividend declaration amounted to ₱1,431.57 million and nil as at December 31, 2023 and 2022, respectively.

Dividends
Declaration of cash dividends on common shares
On August 7, 2023, the BOD of ACEN approved the declaration of cash dividends of four centavos (₱0.04) per share on the 39,677,394,773 outstanding shares of ACEN, or a total dividend amounting to ₱1,587.10 million, paid on September 18, 2023, to the shareholders on record as at August 22, 2023.

On March 8, 2022, the BOD of ACEN approved the declaration of cash dividends of ₱0.06 per share on the 38,315,838,177 outstanding shares of ACEN, or a total dividend amounting to ₱2,298.95 million, paid on April 19, 2022, to the shareholders on record as at April 5, 2022.

Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA) Series B Preferred Shares (ACENB)

On November 3, 2023, the BOD of ACEN declared dividends for the fourth quarter of 2023 on ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB), paid on December 1, 2023, to stockholders of record as of November 17, 2023.

	ACENA	ACENB
Dividend Rate	¼ of 7.1330% per annum	¼ of 8.0000% per annum
Dividend Per Share	₱17.8325 per share	₱20.0000 per share
Dividends	₱148,750	₱333,170

Total dividends amounting to ₱481.92 million was paid on November 30, 2023.

Other Equity Reserves
This represents the impact of share swap transaction from ACEIC to ACEN. The amount reflected in other equity reserves is the difference between the fair value of the issued ACEN shares and the agreed transfer values in the Deeds of Assignment (see Note 8).

Treasury Shares
On March 18, 2020, the BOD of the Company approved a share buy-back program to support its share prices through the repurchase in the open market of up to ₱1,000.00 million worth of common shares beginning March 24, 2020. As at December 31, 2022 and 2021, the cumulative number of shares repurchased is at 14.50 million for an aggregate repurchase price of ₱28.66 million.

Capital Management
The primary objective of the Parent Company's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire long-term debts.

14. **Revenue from Sale of Electricity**

The table presents the Parent Company's revenue from different revenue streams.

	2023	2022
Revenue from power supply contracts	**₱28,787,875**	₱29,810,006
Revenue from power generation and trading and ancillary services	**659,901**	19,222
	₱29,447,776	₱29,829,228

Power Supply Agreement with MERALCO
On September 9, 2019, the Parent Company won the bid to supply MERALCO a baseload demand of 200MW from December 26, 2019 until December 25, 2029 subject to the approval of ERC. The Parent Company received a copy of the provisional ERC approval for the contract on January 31, 2020 and the final approval on May 13, 2020 for the baseload.

On September 11, 2019, the Parent Company won the bid to supply MERALCO a baseload demand of 110MW from December 26, 2019 until December 25, 2024 subject to the approval of ERC. The Parent Company received copies of the provisional and final ERC approvals for the contract on January 31, 2020 and June 1, 2020, respectively.

Pre-termination fees
Revenues from power supply contract were reduced by RES customer pre-termination fees of ₱605.00 million in 2022 (nil in 2023).

15. **Costs of Sale of Electricity**

This account consists of:

	2023	2022
Costs of power purchased	**₱27,937,112**	₱29,982,678
Fuel	**1,448,230**	2,279,853
Others	**195,662**	203,429
	₱29,581,004	₱32,465,960

Power Administration and Management Agreement (PAMA)
The Parent Company entered into PAMAs with its affiliates Bulacan Power, CIPP and One Subic Power. Under the terms of the PAMA, the Parent Company will administer and manage the entire generation output of the 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 or quarterly. 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 Subic Bay Metropolitan Authority.

Power Purchase and Supply Agreement with GNPower Dinginin Ltd. Co.
On October 25, 2022, The BOD of ACEN approved the execution of a Power Purchase and Supply Agreement (”PPSA”) between ACEN and GNPower Dinginin Ltd. Co. (“GNPD”) for the supply of 43 MW of capacity. The PPSA commenced on October 26, 2022.

Power Purchase and Supply Agreement with MGI
On April 26, 2016, the Parent Company, entered into two 20-year Electricity Supply Agreements (ESA) with Maibarara Geothermal Incorporated for the supply of 32MW from its two generating units.

Administrative and Management Agreement (AMA) with SLTEC
On April 11, 2022, the Parent Company, entered in an Administrative and Management Agreement (AMA) with SLTEC. In return for payment of capacity fees and cost recover fees to SLTEC, ACEN has the exclusive right to take up, administer, and/or manage, the entire capacity of SLTEC’s power plant. The contract is valid until December 25, 2040.

16. General and Administrative Expenses

This account consists of:

	2023	2022
Salaries and directors’ fees	**₱1,143,600**	₱961,100
Management and professional fees	**660,037**	234,791
Outsourced services	**212,684**	227,451
Depreciation and amortization	**188,675**	160,008
Pension and other employee benefits	**175,428**	122,695
Insurance, dues and subscriptions	**159,435**	67,749
Transportation and travel	**52,387**	29,179
Repairs and maintenance	**44,803**	12,181
Advertising expense	**36,153**	20,760
Meetings, representations and company events	**31,676**	35,057
Taxes and licenses	**30,018**	105,349
Utilities	**27,223**	31,502
Supplies	**12,794**	7,359
Rent	**6,091**	2,103
Donations and contributions	**5,500**	6,439
Corporate social responsibility	**2,495**	14,997
Bank charges	**1,166**	3,235
Others	**125,804**	19,141
	₱2,915,969	₱2,061,096

17. Other Income (Expenses) - Net

This account consists of:

	2023	2022
Interest and other financial income	**₱1,185,264**	₱308,577
Gain on settlement of development loan (Note 9)	**515,000**	–
Gain on reversal of trade payables (Note 10)	**97,260**	–
Gain on sale/disposal of financial asset at FVTPL (Note 9)	**49,833**	–
Foreign exchange gain (loss)	**(59,296)**	215,189
Gain on derivatives - net	**–**	9,265
Loss on divestment of SLTEC (Note 8)	**–**	(4,093,492)
Provision for impairment of investment in BSEI (Note 8)	**–**	(233,975)
Others	**51,725**	17,956
	₱1,839,786	(₱3,776,480)

Interest and Other Financial Income
The details of interest and other financial income are as follows:

	2023	2022
Interest income on:		
Receivables (Note 6)	**₱762,930**	₱283,071
Short-term deposits (Note 5)	**396,674**	15,063
Cash in banks (Note 5)	**25,608**	10,135
Others	**52**	308
	₱1,185,264	₱308,577

Interest and Other Financial Charges
The details of interest and other financial charges are as follows:

	2023	2022
Interest expense on:		
Long-term loans (Note 11)	**₱1,397,655**	₱531,462
Notes payable (Note 11)	**605,094**	166,447
Short-term loans (Note 11)	**174,583**	179,920
Lease liabilities (Note 12)	**41,561**	38,334
Amortization of debt issue cost (Note 11)	**39,094**	14,944
	₱2,257,987	₱931,107

18. Income Taxes

a. The provision for (benefit from) income taxes consist of:

	2023	2022
Final taxes	**₱78,172**	₱2,155
MCIT	**42,422**	–
Deferred income taxes	**(29,861)**	(978,076)
	₱90,733	(₱975,921)

b. The components of the Parent Company's net deferred income tax assets as at December 31 are as follows:

	2023	2022
Presented in statements of income		
Deferred income tax assets on:		
NOLCO	**₱1,155,195**	₱1,155,195
Lease liabilities	**296,416**	230,069
MCIT	**42,422**	88,800
Pension and other employee benefits	**24,942**	7,579
Allowance for credit losses	**24,039**	26,598
Derivative liability	**15,950**	–
Allowance for probable losses on deferred exploration costs	**11,372**	11,372
Accrued expenses	**198**	198
Unamortized discount on long-term receivables	**–**	12
Others	**12,873**	32,192
	1,583,407	1,552,015
Deferred income tax liabilities on:		
Right-of-use asset	**(256,443)**	(205,937)
Unamortized debt issue cost	**(62,128)**	(59,246)
Unrealized foreign exchange gain	**(3,325)**	(51,024)
Derivative asset	**–**	(4,106)
Unamortized interest cost on payable to APHPC	**–**	(52)
	(321,896)	(320,365)
Presented in statements of other comprehensive income		
Deferred tax asset -		
Remeasurement loss on defined benefit obligation	**9,294**	2,581
Derivative liability on hedging	**4,292**	–
	13,586	2,581
Deferred tax liability -		
Derivative asset on hedging	**–**	(5,942)
	–	(5,942)
Deferred income tax assets – net	**₱1,275,097**	₱1,228,289

Deferred income tax not recognized by the Parent Company pertains to portion of NOLCO amounting to ₱447.64 million in 2023 and ₱217.82 million in 2022, respectively while deferred income tax not recognized by the Parent Company on excess MCIT over RCIT amounted to ₱42.42 million and nil as at December 31, 2023 and 2022, respectively.

The details of the Parent Company's NOLCO and MCIT as at December 31, 2023 and 2022 are as follows:

NOLCO

Year Incurred	Amount	Applied	Expired	Balance	Expiry
2021	₱569,823	₱–	₱–	₱569,823	2026
2022	4,268,781	–	–	4,268,781	2025
2023	1,785,079	–	–	1,785,079	2026
	₱6,623,683	₱–	₱–	₱6,623,683	

Excess MCIT

Year Incurred	Amount	Applied	Expired	Balance	Expiry
2020	₱88,800	₱–	(₱88,800)	₱–	2023
2021	23,763	–	–	23,763	2024
2023	42,422			42,422	2026
	₱154,985	₱–	(₱88,800)	₱66,185	

c. The reconciliation between the effective income tax rates and the statutory income tax rate follows:

	2023	2022
Applicable statutory income tax rate	**25%**	25%
Decrease in tax rate resulting from:		
Dividend income exempt from tax	**(34.31)**	17.02
Interest income subjected to final tax	**(0.47)**	0.13
Movement in unrecognized DTA	**7.72**	(0.91)
Non-deductible expenses from share issuances	**(0.16)**	(21.01)
MCIT	**0.74**	–
Nondeductible expenses	**3.02**	(0.19)
Others	**0.05**	0.01
Effective income tax rate	**1.57%**	20.05%

19. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

Outstanding balances at year-end are unsecured and are expected to be settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

No provision for credit losses was recognized for receivables from related parties in 2023 and 2022. The assessment of collectability of receivables from related parties is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. In the ordinary course of business, the Parent Company transacts with subsidiaries, associates, affiliates, jointly-controlled entities and other related parties on advances, loans, reimbursement of expenses, management service agreements and electricity supply.

The balances of accounts pertaining to related parties as at and for the years ended December 31 are as follows:

	Receivables		Payables	
	2023	2022	**2023**	2022
Intermediate Parent				
ACEIC	**₱242,737**	₱46,391	**₱334,819**	₱14,978
Subsidiaries				
SolarAce 1	**3,064,049**	3,603,263	**–**	–
NAREDCO	**2,405,677**	1,732,724	**–**	–
BWPC	**1,332,294**	1,330,322	**1,519**	–
Gigasol 3	**1,185,717**	1,463,464	**–**	–
SCSE	**791,707**	502,111	**–**	–

(Forward)

	Receivables		Payables	
	2023	2022	**2023**	2022
Giga Ace 4	**₱306,914**	₱269,338	**₱–**	₱–
YMP Telecom Power Inc. (YMP)	**200,000**	–	**–**	–
ENEX	**182,214**	147,019	**–**	–
BSEI	**181,192**	159,663	**–**	–
Giga Ace 8	**151,907**	–	**–**	–
OSPGC	**145,491**	62,506	**22,185**	66,783
ACE Endevor	**72,175**	567,819	**341**	–
BPGC	**35,148**	65,053	**76,911**	50,199
ACES	**319**	319	**24,816**	105,557
BCHC	**90**	–	**450,000**	–
ACEN International	**–**	1,124,525	**–**	–
Giga Ace 3	**–**	–	**699,800**	700,000
Various	**672,763**	370,512	**27,212**	21,977
Associates				
Greencore	**4,532,926**	4,468,683	–	–
IPHI	**419,435**	199,281	1	1
MGI	**10,931**	23,130	**103,650**	111,922
Various	**2,449**	7,256	**254**	254
Other related parties				
GNPower Dinginin Ltd. Co.	**4,470**	(11,235)	**621,734**	623,400
Various	**55,262**	258,900	**15,726**	9,089
Total	**₱15,995,867**	₱16,391,044	**₱2,378,968**	₱1,704,160

Due from related parties (see Note 6)	**₱8,405,177**	₱9,937,877	**₱–**	₱–
Debt replacement (see Note 6)	**7,070,727**	4,225,946	**–**	–
Advances to affiliates (see Note 9)	**519,963**	519,963	**–**	–
Due to related parties (see Note 10)	**–**	–	**2,378,968**	1,704,160
Loans receivable	**–**	1,707,258	**–**	–
Total	**₱15,995,867**	₱16,391,044	**₱2,378,968**	₱1,704,160

Intermediate Parent

ACEIC
The Parent Company has a management contract with PHINMA, Inc. This management contract was assigned to ACEIC on June 25, 2019 through the executed Deed of Assignment. The contract expired last September 1, 2023.

Total receivable transaction occurred in years 2023 and 2022 amounted to ₱204.03 million and ₱52.50 million, respectively.

Total payable transaction pertains to share in expenses of the Parent Company and the amounted to ₱1,517.80 million and ₱183.04 million, in years 2023 and 2023, respectively.

The amount is due and demandable.

Subsidiaries

SolarAce 1, BWPC, Gigasol 3, SCSE, GigaAce 4, BSEI , Giga Ace 8, ACE Endevor, BCHC, Giga Ace 3
This pertains to advances for working capital requirement, project funding, management fees charged by the Parent Company. These are non-interest bearing and are due and demandable.

Total receivable transaction for the years 2023 and 2022 amounted to ₱6,030.49 million and ₱10,806.08 million, respectively.

Total payables transaction for the years 2023 and 2022 amounted to ₱4,029.58 million and ₱3,278.91 million, respectively.

<u>YMP</u>
This is a loan provided for the purpose of building and operating solar powered solutions to telecommunication towers and commercial and industrial solar power solutions. The loan is subject to 12.00% interest and both principal and interest are payable three months after the execution of the agreement on December 22, 2023.

Total loan availed from the Parent Company for the years 2023 and 2022 amounted to ₱200.00 million and nil, respectively.

<u>ENEX Energy Corp.</u>
On December 10, 2021, the ENEX BOD approved the availment of a short-term loan from ACEN of up to ₱150.00 million to fund the initial subscription by ENEX to shares in BCEI and authorized the ENEX to secure bank loans in an aggregate amount of up to ₱150.00 million to be guaranteed by ACEN subject to the payment of a guarantee fee. On December 13, 2021, the ACEN BOD approved the short-term loan up to ₱150.00 million in favor of ENEX.

The first loan drawdown amounting to ₱127.00 million is subjected to 3.875% per annum, payable on or before November 10, 2022. On November 11, 2022, extension of the loan was granted. The loan is now subject to 7.2954% per annum payable on or before November 10, 2023. On November 11, 2023, the loan agreement was amended to extend the maturity to September 30, 2024 and any outstanding amount is subject to 8.66% per annum from its previous maturity date.

The second loan amounting to ₱23.00 million is subject to 5.75% per annum, payable on or before February 1, 2024. On February 2, 2024, the loan agreement with ACEN was amended to extend the maturity date to September 30, 2024 and increase the fixed interest rate to 8.10% per annum.

Interest income related to short-term loan amounted to ₱9.81 million and ₱5.33 million for the years ended December 31, 2023 and 2022.

<u>OSPGC and BPGC</u>
This pertains to unpaid capacity fee by virtue of the PAMA. This is non-interest bearing and is due and demandable.

Total receivable transaction for the years 2023 and 2022 amounted to ₱1,674.08 million and ₱1,000.13 million, respectively.

Total payable transaction for the years 2023 and 2022 amounted to ₱1,617.13 million and ₱1,646.49, respectively.

<u>ACES</u>
This pertains to unpaid management/outsourcing fees for services availed. This is non-interest bearing and is payable within 30-to-60 day term.

Total receivable transaction for the years 2023 and 2022 is ₱33.12 million and ₱3.20 million, respectively.

Total payable transaction for the years 2023 and 2022 amounted ₱1,211.75 million and ₱356.22 million, respectively.

<u>NAREDCO</u>
This pertains to a loan and security agreement to finance the engineering, construction and procurement of 130MV solar power plant in Lal-lo Cagayan (see Note 6). This is interest bearing and is due upon maturity.

Total loan availed from the Parent Company for the years 2023 and 2022 amounted to ₱1,158.02 million and ₱1,138.17 million, respectively.

ACEN International Inc.
The Parent company's receivable pertains to the dividends declared by ACEN International amounted to ₱1,122.40 million and was collected on January 6, 2023.

Associates

Greencore
This pertains to an Omnibus Agreement in order to finance a 50MW and 30MW solar power plant in Mexico Pampanga (see Note 6). This is interest bearing and is due upon maturity.

Total loan availed including interests for the years 2023 and 2022 amounted to ₱248.59 million and ₱2,147.55 million, respectively.

Ingrid
This pertains to a facility agreement in order to fund working capital requirements in relation to the operations of the 150MW Pililia diesel power plant (see Note 6). Facility agreement is interest bearing and is due upon maturity.

Total loan availed including interests for the years 2023 and 2022 amounted to ₱600.00 million and ₱200.00 million, respectively.

MGI
This pertains to purchases of electricity and includes reimbursement of expenses. This is non-interest bearing and is payable within a 30-to-60 day term.

Total receivable transaction for the years 2023 and 2022 amounted to ₱14.69 million and ₱67.87 million, respectively.

Total payable transaction for the years 2023 and 2022 amounted to ₱2,363.27 million and ₱1,839.66 million, respectively.

Other related parties

GNPower Dinginin Ltd. Co
This pertains to purchase of electricity. This is non-interest bearing and is payable within a 30-to-60 day term.

Total receivable transaction for the years 2023 and 2022 amounted to ₱15.91 million and ₱142.49 million, respectively.

Total payable transaction for the years 2023 and 2022 amounted to ₱15,324.48 million and ₱8,922.83million, respectively.

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 Parent Company with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its

commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

For related party transactions that, aggregately within a 12-month period, breach the SEC materiality threshold, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Management fee
The parent company charged management fee to its various subsidiaries, associates and joint ventures. Total management fee income recognized amounted to ₱1,280.97 million and ₱1,212.93 million in 2023 and 2022, respectively and presented under "Management fee" in parent company statements of income.

Compensation of Key Management Personnel
Compensation of key management personnel of the Parent Company are as follows which pertain to compensation and benefits of officers:

	2023	2022
Short-term employee benefits	**₱59,802**	₱54,431
Post-employment benefits	**27,750**	4,133
	₱87,552	₱58,564

20. **Earnings/(loss) per Share**

Basic and diluted earnings (loss) per share are computed as follows:

	2023	2022
	(In Thousands, Except for Number of Shares and Per Share Amounts)	
Net income (loss)	**₱5,670,330**	(₱3,894,348)
Less cumulative preferred share dividends	**642,560**	–
(a) Net income (loss) net of cumulative preferred share dividends	**5,027,770**	(3,894,348)
Common shares outstanding at beginning of year (Note 13)	**₱39,677,394,773**	₱38,338,527,174
Weighted average number of shares:		
Shares issued during the year	–	1,043,557,948
(b) Weighted average common shares outstanding	**39,691,894,773**	39,382,085,122
Basic/Diluted Earnings (Loss) per share (a/b)	**₱0.13**	(₱0.10)

For the years ended December 31, 2023 and 2022, except for ESOWN, the Parent Company does not have material potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings per share is the same as the basic earnings per share for the year ended December 31, 2023 and 2022.

21. **Financial Risk Management Objectives and Policies**

Objectives and Investment Policies
The funds of the entities held directly by the Parent Company are managed by the Corporate Finance. All cash investments of the Parent Company 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 is yield to trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments.

The Corporate Finance manages the funds of the Parent Company 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 Parent Company's financial assets that finance the Parent Company's operations and investments in enterprises.

Corporate Finance 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

Corporate Planning and Investor Relations focuses on the following major risks that may affect its transactions:

- Market risk
- Equity price risk

Commercial Operations focuses on commodity price risk.

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Parent Company.

Risk Management Process

Foreign Exchange Risk
The Parent Company defines foreign exchange risk as the risk of realizing reduced operating cash flows, higher capital expenditure, cost of international investments 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:

- Matching the currency of borrowing to the de facto operating currency of the respective projects or investments funded;

- 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 Parent Company 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 Parent Company's significant foreign currency-denominated financial assets and financial liabilities as at December 31, 2023 and 2022 are as follows:

	2023 **US Dollar (US$)**	2022 US Dollar (US$)
Financial Assets		
Cash and cash equivalents	**$12,422**	$667
Receivables	**43,702**	43,774
Foreign currency-denominated assets	**$56,124**	$44,441
Financial Liability		
Accounts payable and other current liabilities	**($29)**	($25)
	(29)	($25)
Net foreign currency denominated assets (liabilities)	**$56,095**	$44,416
Philippine peso equivalent	**₱3,117,199**	₱2,492,626

In translating foreign currency-denominated financial assets and financial liabilities into Philippine peso amounts, the exchange rate used were ₱55.57 to US$1.00 as at December 31, 2023 and ₱56.12 to US$1.00 as at December 31, 2022.

The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Parent Company's profit before tax (due to the changes in the fair value of monetary assets and liabilities) in 2023 and 2022. The possible changes are based on surveys conducted by management among its banks. There is no impact on the Parent Company's equity other than those already affecting the profit or loss. The effect on profit before tax already includes the impact of derivatives.

Year	**Increase (Decrease) in Foreign Exchange Rate**	**US$**
2023	**(₱0.50)**	**(₱28,077)**
	(1.00)	**(56,153)**
	0.50	**28,077**
	1.00	**56,153**
2022	(₱0.50)	(₱22,208)
	(1.00)	(44,416)
	0.50	22,208
	1.00	44,416

Credit or Counterparty Risk
The Parent Company defines Credit or Counterparty Risk as the risk of sustaining a loss resulting from a counterparty's default on a transaction entered with the Parent Company.

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 Corporate Finance before it is executed subject to the Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and a Corporate Finance managers supervises the execution of major transaction.
- 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 other financial assets of the Parent Company, which comprise cash and cash equivalents, and derivative instruments, the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Parent Company's assessments of the credit quality of its cash and cash equivalents and derivative assets were assessed as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.

There are no significant concentrations of credit risk within the Company.

Maximum exposure to credit risk of financial assets subject to impairment
The gross carrying amount of financial assets as at December 31 subject to impairment are as follows:

	2023	2022
Financial Assets at Amortized Cost (Portfolio 1)		
Cash in banks and cash equivalents	**₱11,360,526**	₱2,233,114
Receivables:		
Trade receivables	**5,580,654**	6,140,405
Due from related parties	**8,405,177**	9,973,239
Debt replacement	**7,070,727**	4,225,946
Others	**637,655**	325,352
Other Current Assets:		
Refundable deposits	**208,636**	155,029
Other Noncurrent Assets:		
Loans receivables	**416,928**	1,555,100
Receivables from third parties	**332,508**	332,508
Refundable deposits	**99,600**	80,379
	₱34,112,411	₱25,021,072

Credit risk under general and simplified approach

	2023				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks and cash equivalents	**₱11,360,526**	**₱–**	**₱–**	**₱–**	**₱11,360,526**
Receivables:					–
Trade	–	–	–	**5,580,654**	**5,580,654**
Due from related parties	**8,168,313**			**236,865**	**8,405,178**
Debt replacement	**7,070,727**	–	–	–	**7,070,727**
Others	**637,655**	–	–	–	**637,655**
Refundable deposits under "Other current assets"	**208,636**	–	–	–	**208,636**
Other noncurrent assets:				–	
Loans receivables	**416,928**	–	–	–	**416,928**
Receivable from third parties	**332,508**	–	–	–	**332,508**
Refundable deposits	**99,600**	–	–	–	**99,600**
	₱28,294,893	**₱–**	**₱–**	**₱5,817,519**	**₱34,112,412**

	2022				
	General Approach			Simplified	
	Stage 1	Stage 2	Stage 3	Approach	Total
Cash in banks and cash equivalents	₱2,233,114	₱–	₱–	₱–	₱2,233,114
Receivables:					–
Trade	–	–	–	6,112,412	6,112,412
Due from related parties	9,563,000			374,877	9,937,877
Debt replacement	4,225,946	–	–	–	4,225,946
Others	615,588	–	–	–	615,588
Refundable deposits under "Other current assets"	155,029	–	–	–	155,029
Other noncurrent assets:				–	
Loans receivables	1,288,171	–	–	–	1,288,171
Receivable from third parties	332,457	–	–	–	332,457
Refundable deposits	80,379	–	–	–	80,379
	₱18,493,684	₱–	₱–	₱6,487,289	₱24,980,973

Simplified Approach

Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix):

	2023					
		Days Due				
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	**0.58%**	**1.72%**	**2.12%**	**4.67%**	**6.04%**	
Estimated total gross carrying amount at default	**₱3,830,567**	**₱735,036**	**₱268,369**	**₱284,065**	**₱699,482**	**₱5,817,519**
Expected credit loss	**₱22,272**	**₱12,671**	**₱5,678**	**₱13,278**	**₱42,258**	**₱96,157**

	2022					
		Days Due				
	Current	<30 days	30-60 days	61-90 days	>91 days	Total
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	7.53%	
Estimated total gross carrying amount at default	₱3,001,808	₱1,979,507	₱40,807	₱51,757	₱1,413,410	₱6,487,289
Expected credit loss	₱–	₱–	₱–	₱–	₱106,394	₱106,394

Liquidity Risk

Liquidity risk is defined as the risk that the Parent Company 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 Parent Company.
- Investment maturities being spread on a weekly, monthly, and annual basis as indicated in the Parent Company's plans. Average duration of investments do not exceed one (1) year.
- Setting up working capital lines to address unforeseen cash requirements that may cause pressure to liquidity.

The tables below summarize the maturity profile of the Parent Company's financial liabilities as at December 31 based on contractual undiscounted payments:

	2023					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 years**	**Total**
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	**₱1,424,204**	**₱1,944,871**	**₱2,376,732**	**₱2,055**	**₱–**	**₱5,747,862**
Due to related parties	**–**	**–**	**76,337**	**–**	**–**	**76,337**
Accrued interest	**–**	**463,521**	**–**	**–**	**–**	**463,521**
Accrued expenses[a]	**–**	**–**	**1,009,826**	**–**	**–**	**1,009,826**
Due to stockholders	**16,585**	**–**	**–**	**–**	**–**	**16,585**
Short-term loan[b]	**–**	**1,500,000**	**–**	**–**	**–**	**1,500,000**
Long-term loans[b]	**–**	**431,185**	**1,110,652**	**6,177,736**	**25,503,842**	**33,223,415**
Notes Payable[b]	**–**	**–**	**–**	**–**	**9,949,275**	**9,949,275**
Lease liability[c]	**–**	**28,528**	**164,713**	**709,021**	**465,824**	**1,368,086**
Other noncurrent liabilities	**–**	**–**	**–**	**66,120**	**–**	**66,120**
	₱1,440,789	**₱4,368,105**	**₱4,738,260**	**₱6,954,932**	**₱35,918,941**	**₱53,421,027**

[a] *Excludes current portion of vacation and sick leave accruals amounting to ₱.83 million as at December 31, 2023.*
[b] *Includes contractual interest payments.*
[c] *Gross contractual payments.*

	2022					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	More than 5 years	Total
Accounts payable and other current liabilities[a]:						
Trade and nontrade accounts payable	₱182,429	₱2,350,530	₱23,443	₱–	₱–	₱2,556,402
Due to related parties	–	2,327,347	–	–	–	2,327,347
Accrued interest	–	187,109	–	–	–	187,109
Accrued expenses[b]	–	687,736	–	–	–	687,736
Derivative liability	–	–	44,660	–	–	44,660
Due to stockholders	16,585	–	–	–	–	16,585
Short-term loan[c]	–	2,900,000	–	–	–	2,900,000
Long-term loans[c]	–	–	460,056	4,133,270	19,414,602	24,007,928
Notes Payable[c]	–	–	–	9,877,342	–	9,877,342
Lease liability[d]	–	–	85,092	478,565	701,779	1,265,436
Other noncurrent liabilities	–	–	–	79,344	–	79,344
	₱199,014	₱8,452,722	₱613,251	₱14,568,521	₱20,116,381	₱43,949,889

[a] *Excludes output VAT amounting to ₱114 million as at December 31, 2022 (see Note 11).*
[b] *Excludes current portion of vacation and sick leave accruals amounting to ₱0.83 million as at December 31, 2022.*
[c] *Includes contractual interest payments.*
[d] *Gross contractual payments.*

As at December 31, the profile of financial assets used to manage the Parent Company's liquidity risk is as follows:

	2023				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Current					
Cash in banks and cash equivalents	₱11,361,151	₱–	₱–	₱–	₱11,361,151
Receivables:					
Trade	–	4,205,407	1,375,247	–	5,580,654
Due from related parties	852,681	328,396	14,057,962	–	15,239,039
Others	–	86,000	551,656		637,656
Refundable deposits*	–	–	208,636	–	208,636
Derivative asset*	–	16,425	–	–	16,425
Noncurrent					
Receivables from third parties	–	–	–	332,508	332,508
Refundable deposits**	–	–	–	99,600	99,600
	₱12,213,832	₱4,636,228	₱16,193,501	₱432,108	₱33,475,669

**Included in "Other current assets" account.*
***Included in "Other noncurrent assets" account.*

	2022				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Current					
Cash in banks and cash equivalents	₱2,233,439	₱–	₱–	₱–	₱2,233,439
Receivables:					
Trade	–	4,817,051	1,295,361	–	6,112,412
Due from related parties	257,235	1,912,596	11,993,992	-	14,163,823
Others	28,899	559,861	58,809		647,659
Refundable deposits*	–	–	155,029	–	155,029
Derivative asset*	–	61,270	–	–	61,270
Noncurrent					
Receivables from third parties	–	–	–	332,457	332,457
Refundable deposits**	–	–	–	80,379	80,379
	₱2,519,573	₱7,350,778	₱13,503,191	₱412,836	₱23,786,468

**Included in "Other current assets" account.*
***Included in "Other noncurrent assets" account.*

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.

As at December 31, 2023 and 2022, the Parent Company has already liquidated all outstanding investment in marketable securities and will discontinue investing in highly volatile financial instruments to keep a risk-averse position.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 2023 and 2022, the Parent Company has fixed rate financial instruments measured at fair value.

The Parent Company's exposure to interest rate risk relates primarily to long-term debt obligations that bear floating interest rate. The Parent Company 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:

Loan A
In 2017, the Parent Company availed a fixed rate loan from a local bank amounting to ₱1,175.00 million to be used to fund its projects and working capital. The loan has a term of twelve and a half (12.5) years. Principal and interest are payable semi-annually.

Loan B
In 2019, the Parent Company availed a ₱5,000.00 million loan with a local bank 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 will be repriced for the succeeding five (5) years.

Loan C
In July 2020, the Parent Company entered into a term loan agreement with a local bank amounting to ₱7,000.00 million. The loan has a term of ten (10) years with an option to choose the interest rate structure prior to each drawdown.

Loan D
In March 2021 the Parent Company entered into a term loan agreement with a local bank amounting to ₱4,500.00 million. The loan has a term of ten (10) years with a floating interest rate repriced on every succeeding semi-annual period.

Loan E
In December 2022, the Parent Company entered into a term loan agreement with a local bank amounting to ₱10,000.00 million. The loan has a term of ten (10) years with an option to choose the interest rate structure prior to each drawdown. As at December 31, 2023, the Company has drawn a ₱6,000.000 million tranche, which has a term of ten (10) years with a floating interest rate repriced on every succeeding semi-annual period.

Loan F
In August 2023, the Parent Company entered into a loan agreement with a local bank for a maximum principal amount of ₱10,000.00 million. As at December 31, 2023, the Company has drawn ₱250.00 million. The loan has a term of ten (10) years from the initial drawdown date.

Loan G
In October 2023, the Parent Company entered into a term loan agreement with a local bank amounting to ₱5,000.00 million. 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, 2023, the Company has drawn ₱500.00 million. The loan is repriced every succeeding quarterly period and can be converted to fixed rate up to the 1st anniversary of the initial drawdown.

Loan H
In November 2023, the Parent Company entered into a term loan agreement with a local bank amounting to ₱20,000.00 million. The loan has a term of ten (10) years. As at December 31, 2023, the Company has drawn ₱500.00 million. The loan is repriced every succeeding quarterly period and can be converted to fixed rate up to the 1st anniversary of the initial drawdown.

ACEN Fixed-Rate ASEAN Green Bonds due 2027
In September 2022, the Parent Company issued unsecured fixed rate Peso Green Bonds with an aggregate principal amounting to ₱10,000.00 million. The bond has a tenor of five (5) years with an interest rate of 6.05% per annum.

The following table sets out the carrying amount, by maturity of the Parent Company's financial assets that are exposed to interest rate risk:

	2023						
	Interest Rates	**Within 1 Year**	**More than 1 year to 2 years**	**More than 2 years to 3 years**	**More than 3 years to 4 years**	**Beyond 4 years**	**Total**
Long-term loans							
Loan A	**7.87%**	**₱133,782**	**₱258,240**	**₱123,931**	**₱117,125**	**₱110,058**	**₱743,136**
Loan B	**6.38%**	**294,517**	**579,733**	**285,879**	**283,855**	**4,754,247**	**6,198,231**
Loan C	**5.12 – 8.88%**	**487,642**	**958,361**	**471,821**	**467,959**	**7,238,107**	**9,623,890**
Loan D	**3.44 – 4.40%**	**183,778**	**362,741**	**179,345**	**178,359**	**4,569,889**	**5,474,112**
Loan E	**5.42 – 6.00%**	**352,302**	**702,678**	**366,339**	**410,552**	**7,353,414**	**9,185,285**
Loan F	**7.12%**	**23,174**	**45,119**	**21,993**	**21,661**	**299,956**	**411,903**
Loan G	**6.46%**	**33,602**	**67,020**	**33,510**	**82,342**	**561,049**	**777,523**
Loan H	**7.13%**	**33,042**	**75,655**	**42,045**	**41,472**	**617,122**	**809,336**
Notes Payable	**6.05%**	**690,568**	**1,386,076**	**695,724**	**11,523,063**	**14,295,431**	**28,590,862**
Special savings account (SSA) - Peso	**0.375 – 0.75%**	**14,761**	**–**	**–**	**–**	**–**	**14,761**

	2022						
	Interest Rates	Within 1 Year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	Beyond 4 years	Total
Long-term loans							
Loan A	6.50%	₱121,987	₱227,453	₱189,640	₱77,410	₱67,267	₱683,757
Loan B	5.17%	283,733	506,015	432,544	192,687	2,964,510	4,379,489
Loan C	5.10 – 6.72%	252,168	524,234	453,023	392,602	2,695,973	4,318,000
Loan D	4.50 – 6.80%	151,495	337,423	340,100	347,842	3,057,989	4,234,849
Loan E	5.89%	167,454	310,654	291,194	292,751	2,068,665	3,130,718
Notes Payable	6.35%	627,789	1,260,069	632,476	10,475,512	–	12,995,846
Special savings account (SSA) - Peso	0.375 – 0.75%	1,064,770	–	–	–	–	1,064,770

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

The other financial instruments of the Parent Company that are not included in the above table are noninterest-bearing investments and are therefore not subject to interest rate volatility.

The following tables demonstrate the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Parent Company's profit before tax for the years ended December 31, 2023 and 2022. The possible change are based on a survey conducted by management among its banks. There is no impact on the Parent Company's equity other than those already affecting the profit or loss.

	2023	
	Increase (Decrease) in Basis Points	**Increase (Decrease) in Income Before Tax**
Long-term loan	**288**	**(₱102,629)**
	(288)	**102,629**
SSA – Peso	**288**	**102,629**
	(288)	**(102,629)**

	2022	
	Increase (Decrease) in Basis Points	Increase (Decrease) in Income Before Tax
Long-term loan	262	(₱74,739)
	(262)	74,739
SSA – Peso	262	39,538
	(262)	(39,538)

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 Parent Company's exposure to equity price risk relates primarily to its financial assets at FVOCI.

Cash flow hedges
Commodity Price Risk
The Parent Company 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 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 Parent Company developed a Coal Hedging Strategy designated to:

- Manage the risk associated with unexpected increase in coal prices which affect the target Profit & Loss of the Company
- 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 Parent Company's Chief Executive Officer, Chief Finance Officer and Philippine Chief Operating Officer (PH COO) are authorized to make coal hedging decisions for the Parent Company. 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 Hedging Strategy is reviewed monthly by the commercial operations group. Continuation, addition, reduction and termination of existing hedges are decided by the PH COO and any material change in permissible hedging instrument, counterparties and limits are elevated to the Board for approval.

The Parent Company purchases coal under the AMA with SLTEC 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 Parent Company 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 Parent Company 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 Parent Company is holding the following foreign exchange and commodity swap contracts:

	Maturity						
	< 1 month	1-3 months	4-6 months	7-9 months	10-12 months	>12 months	Total
As at December 31, 2023							
Foreign exchange forward contracts							
Notional amount ($000)	**$–**	**$–**	**$–**	**$–**	**$–**	**$–**	**$–**
Average forward rate ($/₱)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Coal							
Notional amount (in Metric Tons)	**1,200**	**–**	**–**	**–**	**–**	**–**	**1,200**
Notional amount (in $000)	**($95)**	**$–**	**$–**	**$–**	**$–**	**$–**	**($95)**
Average hedged rate ($ per Metric ton)	**$168.22**	**$–**	**$–**	**$–**	**$–**	**$–**	**$168.22**
As at December 31, 2022							
Foreign exchange forward contracts							
Notional amount ($000)	$–	$–	$–	$–	$–	$–	$–
Average forward rate ($/₱)	–	–	–	–	–	–	–
Fuel							
Notional amount (in Metric Tons)	16,800	–	–	–	–	–	16,800
Notional amount (in $000)	(461)	–	–	–	–	–	(461)
Average hedged rate ($ per Metric ton)	$327.97	$–	$–	$–	$–	$–	$–
Coal							
Notional amount (in Metric Tons)	9,000	–	–	–	–	1,950	10,950
Notional amount (in $000)	846	–	–	–	–	39	885
Average hedged rate ($ per Metric ton)	408.63	–	–	–	–	–	

The impact of the hedging instruments on the 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 year
As at December 31, 2023				
Foreign exchange forward contracts	**$–**	**₱–**	–	**₱–**
Commodity swap contracts – Coal	**$1,200**	**($1,200,277)**	**Other noncurrent liabilities**	**(3,958)**
As at December 31, 2022				
Foreign exchange forward contracts	$–	₱–	Other current assets;	₱–
Commodity swap contracts – Fuel	16,800	11,604	Other current assets	8,703
Commodity swap contracts – Fuel		(37,500)	Other noncurrent liabilities	(28,125)
Commodity swap contracts – Coal	10,950	49,666	Other current assets	35,603

The impact of hedged items on the Parent Company statements of financial position is, as follows:

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve
As at December 31, 2023		
Highly probable forecast purchases	**(₱10,563)**	**₱**
Coal purchase	**(3,958)**	**–**
As at December 31, 2022		
Highly probable forecast purchases	₱55,500	(₱51,722)
Highly probable forecast purchases	(3,012)	–
Fuel purchase	8,703	–
Fuel purchase	(28,125)	–
Coal purchase	35,603	–

The effect of the cash flow hedge in the statements of comprehensive income is, as follows:

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in Company statements of comprehensive income	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
As at December 31, 2023						
Commodity swap contracts - Coal	**(₱3,958)**	–		–	–	–
As at December 31, 2022						
Foreign exchange forward contracts	₱–	₱–		–	–	–
Foreign exchange forward contracts	–	–		–	–	–
Commodity swap contracts - Fuel	8,703	–	Unrealized fair value gains on derivative instruments designated as hedges	–	–	–
Commodity swap contracts - Fuel	(28,125)	–	Unrealized fair value gains on derivative instruments designated as hedges	–	–	–

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 Finance and Strategy Committee meetings are scheduled where approved strategies, limits, mixes are challenged and rechallenged based on current and forecasted developments on the financial and political events.
- Weekly portfolio reports are submitted to the Management Committee that includes an updated summary of global and domestic events of the past month and the balance of the year.
- 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.

22. **Fair Values**

The table below presents the carrying values and fair values of the Parent Company's financial assets and financial liabilities, by category and by class, as at December 31, 2023 and 2022.

	2023			
		Fair value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Input (Level 3)**
Assets:				
Financial assets at FVTPL	**₱565,284**	**₱501,822**	**₱63,462**	**₱–**
Derivative assets*	**16,425**	**–**	**16,425**	**–**
Refundable deposits*	**308,554**	**–**	**–**	**308,554**
Receivables from third parties	**332,508**	**–**	**–**	**332,508**
	₱1,222,771	**₱501,822**	**₱79,887**	**₱641,062**
Liabilities:				
Long-term loans	**₱23,884,525**	**₱–**	**₱–**	**₱23,239,224**
Deposit payable & other liabilities**	**53,683**	**–**	**–**	**53,683**
	₱23,938,208	**₱–**	**₱**	**₱23,292,907**

** Included under "Other current assets" and "Other noncurrent assets" accounts.*
*** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*

	2022			
		Fair value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Input (Level 3)
Assets:				
Derivative assets*	₱77,695	₱–	₱77,695	₱–
Refundable deposits*	235,408	–	–	235,408
Receivables from third parties	332,457	–	–	332,457
	₱645,560	₱–	₱77,695	₱567,865
Liabilities:				
Long-term loans	₱17,393,858	₱–	₱–	₱24,007,928
Deposit payable & other liabilities**	79,344	–	–	79,344
Derivative liability**	44,660	–	44,660	–
	₱17,517,862	₱–	₱44,660	₱24,087,272

** Included under "Other current assets" and "Other noncurrent assets" accounts.*
*** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*

The Parent Company 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, Receivables, Accounts Payable and Other Current Liabilities (excluding Statutory Payables), Due to Stockholders and Short-term loans
The carrying amounts approximate their fair values due to the relatively short-term maturities of these financial instruments.

Financial Assets at FVTPL and FVOCI
Quoted financial assets FVTPL, specifically for publicly traded shares held by the Group, were measured using market prices and classified as Level 1I.

Quoted financial assets at FVTPL, specifically investments in unit investment trust funds (UITFs) held by the Parent Company were measured using the funds' net asset value (NAV) and classified as Level 2. The Company recognized gain on sale of UITF amounting to ₱12.49 million and nil for the years ended December 31, 2023 and 2022, respectively.

Refundable Deposits, Receivables from Third Parties, and Deposits Payable and Other Liabilities
Estimated fair value is based on present value of future cash flows discounted using the prevailing PHP BVAL reference rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period. The fair value differences of refundable deposits, receivables from third parties, and deposits payable and other liabilities approximate are not material.

Long-Term Loans
The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows ranged from 1.03% to 8.88% and 1.03% to 9.13% as at December 31, 2023 and 2022, respectively.

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.

There were no transfers between levels in the fair value hierarchy both in 2023 and 2022.

23. **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.

For management purposes, the Parent Company is organized into the two business units:

1. Philippines which includes Retail Electricity Supply (RES) or Commercial Operations (CO)
2. Parent and others which represents the Parent Company operations.

The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Company's internal reports in order to assess performance of the Parent Company.

Revenue earned from a single external customer amounted to ₱13,328 million and ₱11,880 million in 2023 and 2022, respectively, arising from sales in the Philippines segment.

The following tables regarding operating segments present revenue and income information for the years ended December 31, 2023 and 2022 and assets and liabilities as at December 31, 2023 and 2022:

	2023		
	Parent and others	**Philippines**	**Segment Total**
Revenues	**₱9,228,461**	**₱29,447,776**	**₱38,676,237**
Costs and expenses	**(2,914,050)**	**(29,582,923)**	**(32,496,973)**
Interest and other finance charges	**(2,257,987)**	**–**	**(2,257,987)**
Interest and other financial income	**1,185,264**	**–**	**1,185,264**
Other income (expenses)	**648,044**	**6,478**	**654,522**
Net loss before income tax	**5,889,732**	**(128,669)**	**5,761,063**
Benefit from income tax	**(90,733)**	**–**	**(90,733)**
Segment income (loss)	**5,798,999**	**(128,669)**	**5,670,330**
Operating assets	**₱253,911,258**	**₱10,086,820**	**₱263,998,078**
Operating liabilities	**₱38,257,496**	**₱8,274,305**	**₱46,531,801**
Capital expenditures	**₱ 512,397**	**₱–**	**₱ 512,397**
Capital disposals	**6,173**	**–**	**6,173**
Investments in subsidiaries, associates and joint ventures	**220,885,515**	**–**	**220,885,515**
Depreciation and amortization	**160,008**	**–**	**160,008**

	2022		
	Parent and others	Philippines	Segment Total
Revenues	₱4,535,146	₱29,829,228	₱34,364,374
Costs and expenses	(1,976,717)	(32,550,339)	(34,527,056)
Interest and other finance charges	(931,107)	–	(931,107)
Interest and other financial income	302,577	10,898	313,475
Other income (expenses)	(4,095,344)	5,389	(4,089,955)
Net loss before income tax	2,165,445	2,704,824	4,870,269
Benefit from income tax	975,921	–	975,921
Segment loss	₱1,189,524	₱2,704,824	₱3,894,348
Operating assets	₱217,474,099	₱9,694,603	₱227,168,702
Operating liabilities	₱33,027,927	₱5,055,061	₱38,082,988
Capital expenditures	₱233,003	₱249	₱233,252
Capital disposals	696	3,425	4,121
Investments in subsidiaries, associates and joint ventures	195,266,189	–	195,266,189
Depreciation and amortization	152,871	7,137	160,008

24. Supplemental Cash Flow Information

The following table shows the Parent Company's non-cash investing and financing activities and corresponding transactions' amounts for the years ended December 31, 2023 and 2022:

	2023	2022
Non-cash investing activities:		
Reclassifications to receivables from other non-current assets	**₱14,814,350**	₱4,225,946
Addition to right-of-use assets (Note 12)	**327,493,208**	–
Reclassifications to assets held for sale (Notes 7 & 9)	–	859,918
Reclassifications to investments in subsidiaries, associates and joint ventures from deposit for future stock subscription (Note 10)	–	595,940

Movements in the Parent Company's liabilities from financing activities are as follows:

	January 1, 2023	Availments	Payments	Others	December 31, 2023
Current portion of:					
Short-term loan	**₱2,900,000**	**₱9,000,000**	**(₱10,400,000)**	**₱–**	**₱1,500,000**
Interest payable	**187,109**	**–**	**(2,012,836)**	**2,289,248**	**463,521**
Long-term loans	**196,988**	**–**	**(225,244)**	**292,465**	**264,209**
Lease liability	**64,796**	**–**	**(103,662)**	**153,195**	**114,329**
Due to stockholders	**16,585**	**–**	**–**	**–**	**16,585**
Noncurrent portion of:					
Long-term loans	**17,196,870**	**6,750,000**	**–**	**(326,554)**	**23,620,316**
Bonds payable	**9,879,688**	**–**	**–**	**22,559**	**9,902,247**
Lease liability	**855,480**	**–**	**–**	**215,858**	**1,071,338**
Total liabilities from financing activities	**₱31,297,516**	**₱15,750,000**	**(₱12,741,742)**	**₱2,646,772**	**₱36,952,545**

	January 1, 2022	Availments	Payments	Others	December 31, 2022
Current portion of:					
Short-term loan	₱–	₱23,259,020	(₱20,359,020)	₱–	₱2,900,000
Interest payable	95,091		(785,810)	877,828	187,109
Long-term loans	141,598		(153,020)	208,410	196,988
Lease liability	₱108,582	₱–	(₱112,670)	₱68,884	₱64,796
Due to stockholders	16,585	–	–	–	16,585
Noncurrent portion of:					
Bonds payable	–	10,000,000	–	(120,312)	9,879,688
Long-term loans	7,774,012	9,695,000	–	(272,142)	17,196,870
Lease liability	886,030		–	(30,550)	855,480
Total liabilities from financing activities	₱9,021,898	₱42,954,020	(₱21,410,520)	₱732,118	₱31,297,516

Others includes the amortization of debt issue costs, interest expense, foreign exchange gains/losses and the effect of reclassification of non-current portion to current due to passage of time.

25. Events After the Reporting Period

Issuance of Corporate Guarantee in support of ACEN Cayman
On January 12, 2024, ACEN, as Guarantor to its subsidiary, ACEN Cayman, executed Parent Company Guarantees in favor of ACEN Cayman's lenders: (a) Philippine National Bank for US$140.00 million, and (b) Rizal Commercial Banking Corporation for US$180.00 million. This loan obtained by ACEN Cayman shall be used to redeem the redeemable preferred shares held by AC Energy Finance International Limited ("ACEFIL") in ACEN Cayman; the proceeds will in turn be used by ACEFIL to redeem its maturing green bonds.

Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA) Series B Preferred Shares (ACENB)
On February 8, 2024, the BOD of ACEN approved the declaration of the first quarter of 2024 cash dividends on the ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB):

	ACENA	ACENB
Dividend Rate	¼ of 7.1330% per annum	¼ of 8.0000% per annum
Dividend Per Share	₱17.8325 per share	₱20.0000 per share

Short-term loan agreements with Giga Ace 2, Inc. and Giga Ace 3, Inc.
On February 22, 2024, ACEN executed separate short-term loan agreements with its wholly-owned subsidiaries, Giga Ace 2, Inc. and Giga Ace 3, Inc. for ₱50.00 million and ₱211.00 million respectively. The advances to be made by ACEN is part of the ACEN group's cash management optimization.

Issuance of Corporate Guarantee in support of the Australia Projects
On February 26, 2024, ACEN, as the Guarantor to its subsidiary ACEN Australia Pty Ltd. ("ACEN Australia"), executed Facility Agreements with ACEN Australia, and each of Australia and New Zealand Banking Group Limited ("ANZ"), and Westpac Banking Corporation ("WBC"). Each bank is providing a green term loan facility with a limit of AUD 75 million. ANZ and WBC also entered into an Accession Letters to include ANZ and WBC as Lenders under the Common Provisions Agreement dated 18 August 2022, as amended through an Amending Deed on 6 January 2023 (with ACEN Australia, DBS Bank Ltd., Australia Branch, MUFG Bank, Ltd., Sydney Branch, Clean Energy Finance Corporation, Bank of China (Hong Kong) Limited, Bank of China (Hong Kong) Limited – Manila Branch, CTBC Bank Co., Ltd, Singapore Branch, CTBC Bank (Philippines) Corporation, Standard Chartered Bank, Australia Branch, and ACEN as Guarantor to ACEN Australia).

Amendment to Articles of Incorporation
On March 11, 2024, the Board of Directors, approved the amendment of the second article of its Articles of Incorporation to remove "distribution" from the Primary Purpose.

26. Supplementary Information Required Under Revenue Regulations (RR) No. 15-2010

In compliance with the Bureau of Internal Revenue (BIR) RR No. 15-2010, following are the information on the taxes and licenses fees that the Parent Company reported and/or paid for the year:

a. VAT

Details of the Parent Company's net sales/receipts, output VAT and input VAT accounts are as follows:

Output VATs
Net sales/receipts and output VAT declared in the Parent Company's VAT returns filed for the period follows:

	Net Sales/ Receipts	Output VAT
Taxable sales:		
Sale of services	₱28,040,918	₱3,364,950
Sale of goods	335	40
Zero-rated sales	7,957,096	–
Exempt sales	12,606	–
	₱36,010,955	₱3,364,990

Zero-rated sales consist of sale of power to PEZA and sale of power generated from renewable sources of energy under Republic Act (R.A.) No. 9513.

Exempt sales represent collections allocated to universal charges, franchise tax and benefits to host communities and sales under Presidential Decree No. 87 which are not subject to VAT.

The Parent Company's sale of services and rental income which are subjected to VAT are based on actual collections received, hence, may not be the same as amounts accrued in the Parent Company statement of income.

Input VAT

The amount of VAT Input taxes claimed broken down into:

Beginning of the year	₱224,446
Deferred on capital goods exceeding 1 million from previous period	2,560
Current year's purchases:	
Services under cost of goods sold	2,561,694
Goods other than for resale or manufacture	189,084
Importations other than capital goods	556
Capital goods not subject to amortization	96
Capital goods subject to amortization	6,380
Total available input tax	2,984,816
Less:	
Deferred on capital goods exceeding 1 million for the succeeding period	1,737
Input VAT applied against output VAT	2,707,670
Allocable to exempt sales	739
Balance at December 31, 2023	₱274,670

b. Other Taxes and Licenses

This includes all other taxes, local and national, including real property taxes, licenses and permit fees.

Details of other taxes and license fees are as follows:

Local	
Business permits	₱197,708
Community tax certificates	–
Professional tax	–
Other taxes and licenses	2,618
	₱200,326

National	
Gross receipts taxes on loans	₱443
Documentary stamp taxes (DST)	44,770
Fringe benefits tax	6,470
BIR Annual Registration	–
	₱51,683

c. DST

The Parent Company's DST for the year ended December 31, 2023 is as follows:

DST on:	
Loans	₱44,237
Others	533
	₱44,770

DST on the long-term debt availed in 2023 amounting to ₱42.09 million is recorded as debt issue costs which is deducted from the loan balance for reporting purposes and amortized over the term of the loan.

d. Withholding Taxes

Details of withholding taxes are as follows:

	Paid	Balance as at December 31, 2023
Withholding taxes on compensation and benefits	₱188,629	₱16,699
Expanded withholding taxes	473,408	35,103
Final withholding taxes	143,262	27,676
Fringe benefits	4,896	1,575
	₱810,195	₱81,053

e. Tax Assessments and Cases

i. On August 20, 2014, the Parent Company distributed cash and property dividends in the form of shares in ENEX after securing SEC's approval of the registration and receipt of Certificate Authorizing Registration (CAR) from the BIR.

On October 22, 2014, the Parent Company received from the BIR a Formal Letter of Demand (FLD), assessing the Company 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, the Parent Company 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 the Parent Company 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 the Parent Company;
2) The Parent Company 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 the Parent Company.

On May 27, 2015, the Parent Company received from the BIR a Final Decision on Disputed Assessment (FDDA) dated May 26, 2015, denying the protest.

On June 25, 2015, the Parent Company filed with the 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 cancelled and withdrew the FLD. On January 18, 2020, the CTA denied the BIR's motion for reconsideration. On February 22, 2021, BIR filed its petition for review seeking CTA's reversal of its decision on September 28, 2020 and its resolution on January 18, 2021. In response, the Parent Company filed its Comment/Opposition. The CTA referred the case for mediation. However, the parties had no agreement to mediate so CTA submitted the case for decision on July 10, 2020. On October 13, 2021, CTA En Banc issued a resolution stating that the Motion for Reconsideration and Motion to Release Surety Bond are now submitted for resolution. As at March 11, 2024, there still has been no resolution issued by the CTA en Banc on the foresaid motions.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
ACEN Corporation (formerly AC Energy Corporation)
35th Floor, Ayala Triangle Gardens Tower 2,
Paseo de Roxas corner Makati Avenue, Makati City

We have audited the financial statements of ACEN Corporation (formerly AC Energy Corporation) (the Parent Company) as at and for the years ended December 31, 2023 and 2022, on which we have rendered the attached report dated March 11, 2024.

In compliance with Revised Securities Regulation Code Rule No. 68, we are stating that the above Parent Company has a total number of 2,825 stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 10082034, January 6, 2024, Makati City

March 11, 2024

Exhibit D : 2023 Consolidated Financial Statements of a Material Subsidiary

Deloitte.

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES
(Registration No. 201613868M)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2023.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company set out on pages 6 to 91 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Patrice Rene Clausse	
Chan Louie Long-Yin	(Appointed on August 11, 2023)
Ma. Cecilia Tumagay Cruzabra	(Appointed on January 23, 2024)

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967.

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

DIRECTORS' STATEMENT

5 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

DocuSigned by:

69B8971E71674B3...

....

Chan Louie Long-Yin
Director

DocuSigned by:

5AC24295B3004B8...

....

Ma. Cecilia Tumagay Cruzabra
Director

March 11, 2024

Deloitte & Touche LLP
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

ACEN RENEWABLES INTERNATIONAL PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ACEN Renewables International Pte. Ltd. (the "Company") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 6 to 91.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 2, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

ACEN RENEWABLES INTERNATIONAL PTE. LTD.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF

ACEN RENEWABLES INTERNATIONAL PTE. LTD.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

March 11, 2024

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
December 31, 2023

	Note	Group 2023	Group 2022	Company 2023	Company 2022
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Plant and equipment	6	648,562	401,105	1	-
Goodwill	7	371,649	371,649	-	-
Investment in subsidiaries	8	-	-	650,739	884,648
Investments in associates and joint ventures	9	368,176	258,443	146,471	12,941
Financial assets at fair value through other comprehensive income	10	106,632	6,535	100,597	6,535
Financial assets at fair value through profit or loss	11	34,910	22,599	-	-
Other financial assets at amortised cost	12	380,758	373,564	383,427	349,037
Derivative financial instruments	13	111,709	8,727	-	-
Right-of-use assets	14	71,300	29,009	-	-
Deferred tax assets	15	3,957	6,939	-	-
Amounts due from related parties	16	206,045	172,466	82,798	74,289
Deposits for future stock subscription	17	26,500	7,764	102,996	2,500
Other non-current receivables	18	-	10,233	-	-
Other non-current assets		49	879	43	538
Total non-current assets		2,330,247	1,669,912	1,467,072	1,330,488
Current assets					
Derivative financial instruments	13	2,455	530	-	-
Financial assets at fair value through profit or loss	11	-	769	-	-
Amounts due from related parties	16	63,732	248,557	190,086	51,530
Prepayments		2,094	32	-	-
Trade receivables		3,596	-	-	-
Other receivables	18	72,513	97,371	2,229	113,309
Inventory		23	-	-	-
Cash and bank balances	19	241,491	420,028	162,642	334,118
Other current assets		1,442	-	7	-
Total current assets		387,346	767,287	354,964	498,957
Total assets		2,717,593	2,437,199	1,822,036	1,829,445
LIABILITIES AND EQUITY					
Non-current liabilities					
Loans and borrowings	20	323,251	145,342	-	-
Lease liabilities	21	62,874	30,343	-	-
Provisions		368	337	-	-
Other non-current liabilities	22	14,574	1,250	-	-
Other payables	23	94,122	-	-	-
Total non-current liabilities		495,189	177,272	-	-
Current liabilities					
Loans and borrowings	20	11,575	3,762	-	-
Lease liabilities	21	5,206	2,453	-	-
Other payables	23	30,911	66,501	195	20,285
Amounts due to a related party	24	50,789	29,539	1,385	1,383
Tax payables		221	950	219	926
Other current liabilities	22	3,430	580	-	-
Total current liabilities		102,132	103,785	1,799	22,594
Total liabilities		597,321	281,057	1,799	22,594

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (cont'd)
December 31, 2023

	Note	Group 2023	Group 2022	Company 2023	Company 2022
		$'000	$'000	$'000	$'000
Capital, reserves and non-controlling interest					
Share capital	25	36,100	1,100	36,100	1,100
Redeemable preference shares	26	1,446,968	1,420,203	1,446,968	1,420,203
Merger reserve	27	(299)	(299)	-	-
Revaluation reserves	28	(275)	226	(275)	226
Hedging reserves	28	11,396	5,769	-	-
Equity reserves	28	(49,628)	2,144	(346)	-
Translation reserves	28	21,021	16,108	-	-
Retained earnings		656,112	677,255	337,790	385,322
Equity attributable to owners of the company		2,121,395	2,122,506	1,820,237	1,806,851
Non-controlling interest	29	(1,123)	33,636	-	-
Total equity		2,120,272	2,156,142	1,820,237	1,806,851
Total liabilities and equity		2,717,593	2,437,199	1,822,036	1,829,445

See accompanying notes to financial statements.

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended December 31, 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue	30	70,047	62,862
Other income			
Gain on sale of investments	35	19,344	12,765
Share of profit of associates and joint ventures	9	13,725	3,103
Interest income	31	47,603	32,857
Other income		2,900	7,075
		83,572	55,800
Cost and expenses			
Other operating expenses		(87,366)	(32,447)
Profit from operating activities		66,253	86,215
Finance costs	32	(3,125)	(2,097)
Foreign exchange gains (losses)		847	(589)
Fair value loss on financial assets at fair value through profit or loss	11	(4,822)	(2,238)
Remeasurement gain	35, 37	60,459	189,668
Profit before taxation		119,612	270,959
Income tax benefit	33	5,843	6,489
Profit for the year	36	125,455	277,448

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)
Year ended December 31, 2023

	Note	Group 2023 $'000	Group 2022 $'000
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss			
Net fair value loss on investments in equity instruments designated as at FVTOCI	10	(501)	(430)
Net fair value gain on hedging instruments entered into for cash flow hedges subject to basis adjustment	28	5,627	5,769
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	28	4,913	15,446
Share of other comprehensive (losses) gain of associates and joint ventures	9	(1,413)	986
Other comprehensive income for the year, net of tax		8,626	21,771
Total comprehensive income for the year		134,081	299,219
Profit attributable to:			
Owner of the Company		126,136	277,915
Non-controlling interest		(681)	(467)
		125,455	277,448
Total comprehensive income attributable to:			
Owner of the Company		134,081	299,219
Non-controlling interest		-	-
		134,081	299,219

See accompanying notes to financial statements.

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
Year ended December 31, 2023

Group	Share capital	Redeemable preference shares	Merger reserves	Revaluation reserves	Hedging reserves	Equity reserves	Translation reserves	Retained earnings	Equity attributable to the owners	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at January 1, 2022	**1,100**	**1,280,000**	**(299)**	**656**	**-**	**-**	**662**	**467,047**	**1,749,166**	**2,686**	**1,751,852**
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	277,915	277,915	(467)	277,448
Other comprehensive income for the year	-	-	-	(430)	5,769	-	15,446	986	21,771	-	21,771
Total	-	-	-	(430)	5,769	-	15,446	278,901	299,686	(467)	299,219
Transactions with owner, recognised directly in equity											
Non-controlling interest arising from acquisition of a subsidiary (Note 37)	-	-	-	-	-	-	-	-	-	33,569	33,569
Effects of acquiring part of non-controlling interest in subsidiary (Note 28)	-	-	-	-	-	2,144	-	-	2,144	(2,152)	(8)
Issue of preference shares (Note 26)	-	140,203	-	-	-	-	-	-	140,203	-	140,203
Dividends (Note 34)	-	-	-	-	-	-	-	(68,693)	(68,693)	-	(68,693)
Total	-	140,203	-	-	-	2,144	-	(68,693)	73,654	31,417	105,071
Balance at December 31, 2022	**1,100**	**1,420,203**	**(299)**	**226**	**5,769**	**2,144**	**16,108**	**677,255**	**2,122,506**	**33,636**	**2,156,142**

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (cont'd)
Year ended December 31, 2023

Group	Share capital	Redeemable preference shares	Merger reserves	Revaluation reserves	Hedging reserves	Equity reserves	Translation reserves	Retained earnings	Equity attributable to the owners	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at January 1, 2023	**1,100**	**1,420,203**	**(299)**	**226**	**5,769**	**2,144**	**16,108**	**677,255**	**2,122,506**	**33,636**	**2,156,142**
Total comprehensive income for the year											
Profit for the year	-	-	-	-	-	-	-	126,136	126,136	(681)	125,455
Other comprehensive income for the year	-	-	-	(501)	5,627	-	4,913	(1,413)	8,626	-	8,626
Total	-	-	-	(501)	5,627	-	4,913	124,723	134,762	(681)	134,081
Transactions with owner, recognised directly in equity											
Effects of acquiring part of non-controlling interest in subsidiary (Note 28)	-	-	-	-	-	(51,772)	-	-	(51,772)	(34,078)	(85,850)
Issue of preference shares (Note 26)	-	35,000	-	-	-	-	-	-	35,000	-	35,000
Redemption of preference shares (Note 26)	-	(8,235)	-	-	-	-	-	-	(8,235)	-	(8,235)
Allotment of common shares (Note 25)	35,000	-	-	-	-	-	-	-	35,000	-	35,000
Dividends (Note 34)	-	-	-	-	-	-	-	(145,866)	(145,866)	-	(145,866)
Total	35,000	26,765	-	-	-	(51,772)	-	(145,866)	(135,873)	(34,078)	(169,951)
Balance at December 31, 2023	**36,100**	**1,446,968**	**(299)**	**(275)**	**11,396**	**(49,628)**	**21,021**	**656,112**	**2,121,395**	**(1,123)**	**2,120,272**

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY (cont'd)
Year ended December 31, 2023

Company	Share capital	Redeemable preference shares	Revaluation reserves	Equity reserves	Retained earnings	Total
	$'000	$'000	$'000		$'000	$'000
Balance at January 1, 2022	**1,100**	**1,280,000**	**656**	**-**	**343,790**	**1,625,546**
Total comprehensive income for the year						
Profit for the year	-	-	-	-	110,225	110,225
Other comprehensive loss for the year	-	-	(430)	-	-	(430)
Total	-	-	(430)	-	110,225	109,795
Transactions with owner, recognised directly in equity						
Issue of preference shares (Note 26)	-	140,203	-	-	-	140,203
Dividends (Note 34)	-	-	-	-	(68,693)	(68,693)
Total	-	140,203	-	-	(68,693)	71,510
Balance at December 31, 2022	**1,100**	**1,420,203**	**226**	**-**	**385,322**	**1,806,851**
Total comprehensive income for the year						
Profit for the year	-	-	-	-	98,334	98,334
Other comprehensive loss for the year	-	-	(501)	-	-	(501)
Total	-	-	(501)	-	98,334	97,833
Transactions with owner, recognised directly in equity						
Issue of preference shares (Note 26)	-	35,000	-	-	-	35,000
Redemption of preference shares (Note 26)	-	(8,235)	-	-	-	(8,235)
Allotment of common shares (Note 25)	35,000	-	-	-	-	35,000
Revaluation	-	-	-	(346)	-	(346)
Dividends (Note 34)	-	-	-	-	(145,866)	(145,866)
Total	35,000	26,765	-	(346)	(145,866)	(84,447)
Balance at December 31, 2023	**36,100**	**1,446,968**	**(275)**	**(346)**	**337,790**	**1,820,237**

See accompanying notes to financial statements.

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2023

	Group	
	2023	2022
	$'000	$'000
Operating activities		
Profit before income tax	119,612	270,959
Adjustments for:		
Share of profit of associates and joint ventures	(13,725)	(3,103)
Depreciation and amortisation expense	1,052	293
Interest income	(102,740)	(95,649)
Finance costs	3,125	2,097
Provision for expected credit loss	53,229	23,037
Fair value loss on financial assets at fair value through profit or loss	4,822	2,238
Remeasurement gain	(60,459)	(189,668)
Gain on sale of investments	(19,344)	(12,765)
Operating cash flows before movements in working capital	(14,428)	(2,561)
Other receivables	18,056	(6,192)
Other payables	(28,235)	383
Cash generated from operations	(24,607)	(8,370)
Income taxes paid	(978)	(808)
Net cash used in operating activities	(25,585)	(9,178)
Investing activities		
Net proceeds from sale of investment	69,811	11,868
Interest received	74,392	55,844
Dividends received from associates and joint venture	14,803	29,536
Repayment of loans from a third party	100,975	39,109
Repayment of loans to related parties	231,527	333,594
Loans to related parties	(56,235)	(139,382)
Loans to a third party	(65,700)	(85,391)
Deposit for future stocks subscription	(26,500)	(3,486)
Purchase of plant and equipment (Note A)	(240,982)	(43,692)
Investment in equity instrument designated at FVTOCI	(100,598)	-
Investment in equity instrument designated at FVTPL	(21,248)	(17,595)
Investment in other financial assets at amortised cost	(71,146)	(110,272)
Investment in associates and joint ventures	(97,619)	(11,821)
Acquisition of subsidiary (Note 37)	-	(74,920)
Acquisition of non-controlling interest	(85,391)	-
Net cash used in investing activities	(273,911)	(16,608)
Financing activities		
Proceeds from loans and borrowings	185,722	41,852
Issuance of common shares	35,000	-
Issuance of redeemable preference shares	35,000	140,203
Advances from related parties	21,250	17,595
Movement in other non-current liabilities	-	669
Repayment of lease liability	(4,375)	(180)
Payment of dividends	(145,866)	(48,693)
Redemption of redeemable preference shares	(8,235)	-
Net cash from financing activities	118,496	151,446
Net (decrease) increase in cash and cash equivalents	(181,000)	125,660
Effects of foreign exchange rate changes on cash and cash equivalents	2,463	1,612
Cash and cash equivalents at beginning of year	420,028	292,756
Cash and cash equivalents at end of year (Note 19)	241,491	420,028

ACEN RENEWABLES INTERNATIONAL PTE. LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
Year ended December 31, 2023

Note A

During the year, the Group purchased plant and equipment amounting to $241.5 million (2022 : $87.8 million) of which $0.6 million (2022 : $44.1 million) was accrued construction costs and capitalized interest and the balance $240.9 million (2022 : $43.7 million) by cash.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	January 1, 2023	Financing cash flows (i)	Acquisition of subsidiary (Note 37)	Foreign exchange movement	New finance leases	Other changes(ii)	December 31, 2023
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans and borrowings	149,104	185,722	-	-	-	-	334,826
Lease liabilities	32,796	(4,375)	-	1,435	42,857	(4,633)	68,080
Advances from related parties	29,539	21,250	-	-	-	-	50,789

	January 1, 2022	Financing cash flows (i)	Acquisition of subsidiary (Note 37)	Foreign exchange movement	New finance leases	Other changes(ii)	December 31, 2022
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans and borrowings	-	41,852	101,821	5,431	-	-	149,104
Lease liabilities	-	(180)	27,506	1,482	3,494	494	32,796
Advances from related parties	11,944	17,595	-	-	-	-	29,539

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

(ii) Other changes pertain to the interest expense and capitalised interest during the year.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration Number 201613868M) is incorporated in Singapore with its principal place of business and registered office at 1 Scotts Road, #23-13 Shaw Centre, Singapore 228208. The financial statements are expressed in United States dollars.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries, associates and joint ventures are disclosed in Notes 8 and 9.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2023 were authorised for issuance by the Board of Directors on March 11, 2024.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2023. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years, except as below.

Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*

The amendments change the requirements in FRS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in FRS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Guidance and examples are also issued to explain and demonstrate the application of the 'four-step materiality process' described in FRS Practice Statement 2.

The amendments to FRS 1 are applied prospectively. As the amendments to FRS Practice Statement 2 provide non-mandatory guidance on the application of the definition of material accounting policy information, it does not include an effective date or transition requirements.

Standards issued but not effective

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

<u>Effective for annual periods beginning on or after January 1, 2024</u>

- Amendments to FRS 1: *Classification of Liabilities as Current or Non-current*
- Amendments to FRS 1: Non-current Liabilities with Covenants
- Amendments to FRS 116: *Lease Liability in a Sale and Leaseback*

<u>Effective date is deferred indefinitely</u>

- Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements in the period of their initial adoption.

2.3 BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 109, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.4 BUSINESS COMBINATIONS - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2.5 FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

2.5.1 Financial assets

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held 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 that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost except for short term balances where the effect of discounting is immaterial.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which FRS 103 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the revaluation reserves. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead,
they will be transferred to retained earnings.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of FRS 109 (see Note 10).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “dividend income” line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically, investments in equity instruments are classified as at FVTPL, unless the group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "miscellaneous incomes and losses" line item. Fair value is determined in the manner described in Note 4(c)(vi).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when there is reasonable evidence to support that the instrument has a high risk of default driven by the borrower's capacity to meet its obligation or changes in the economic environment where the borrower operates, or when contractual payments are more than 30 days past due, unless there is reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

In response to COVID-19, the Group undertook a review of its portfolio of financial assets and the ECL for the period for financial assets carried at amortised costs. The review considered the macroeconomic outlook, client and borrower credit quality, the type security held, exposure at default and the effect of payment deferral options as at the reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.5.2 Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other payables

Other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Bank loans

Interest-bearing bank loans are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.5.3 Derivative financial instruments

The Group enters into a derivative financial instrument to manage its exposure to interest rate risks, including interest rate swaps.

The Group also secured a 20-year Long-Term Energy Supply Agreement ("LTESA") for its New England Solar and Stubbo Solar projects at the New South Wales Government's first renewable energy and storage auction to manage it exposure from electricity spot prices.

Further details of derivative financial instruments are disclosed in Note 13.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

2.5.4 Hedge accounting

Any interest rate swaps or derivatives transacted as part of the project finance arrangements will be accounted for in accordance with FRS 109 *Financial Instruments*. Any hedge arrangements will be recorded as a cash flow hedge.

The Group chooses to apply hedge accounting for certain derivatives held which meet the following criteria:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;

- the hedge relationship meets all of the hedge effectiveness requirements including that an economic relationship exist between the hedged item and the hedging instrument, credit risk does not dominate the fair value changes; and

- the hedge ratio is designated based on actual quantities of the hedged item and hedging instrument.

Cash flow hedges

When derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income - hedge reserve. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item from the inception of the hedge. Any ineffective portion of changes in fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in other comprehensive income.

The Group uses these contracts to lock the cash flows associated with the cost of non-financial assets and the income/expense relating to foreign currency transactions.

If a highly probable forecast transaction results in the recognition of a non-monetary asset or where a cash flow hedge of a hedged forecast transaction for a non-financial asset or liabilities becomes a firm commitments to which fair value hedge accounting is applied, the cumulative loss/(gain) is added to/(subtracted from) the cost of the asset acquired.

In other cases, the cumulative gain or loss recognised in the hedge reserve is reclassified to profit or loss at the same time as the hedged item affects profit or loss.

If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in other comprehensive income to date is recognised in profit or loss as per above. Subsequent changes in the fair value of the derivative are recognised in profit or loss. If the Group closes out its position before the transaction takes place, the cumulative gain or loss is recognised as above if the transaction is expected to take place. If the hedged transaction is no longer expected to occur, then the cumulative gain or loss in the hedge reserve is reclassified to profit or loss immediately.

Fair value hedges

When derivatives are used to hedge exposure to fair value movements (for example interest rate swaps), then the hedged item is remeasured to take into account the gain or loss attributable to the hedged risk with the gains or losses arising recognised in profit or loss.

The gain or loss on the hedging instrument is measured at fair value through profit or loss.

2.6 RIGHT OF USE ASSETS – The Group recognises right of use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The group as lessee

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the remaining lease term. The lease payments include fixed payments (including in-substance fixed payments, as applicable) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Group has elected to use the two exemptions proposed by the standard on the following contracts:

a. Lease contracts for which the lease terms ends within 12 months from the date of initial application.

b. Lease contracts for which the underlying asset is of low value.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has the option to renew the lease contract for an additional term subject to the mutual agreement with the lessors. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Group currently has operating leases for development land agreements, contractual arrangements (as a lessee) to use land on which the majority of its assets are or will be situated. These leases (including options) span the expected economic life of the assets.

2.7 PLANT AND EQUIPMENT - Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Land and land improvements	1 to 40
Machinery and equipment - Others	1 to 40
Transportation equipment	1 to 5
Furniture, fixture and office equipment	1 to 5
Computer equipment	1 to 5

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

Development Assets

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development assets represent expenditure incurred prior to the commencement of an asset construction.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Employee labour costs for staff directly working on a project are allocated based upon the percentage individual staff members are working on the project assessed by the project director. These allocations are regularly reviewed.

Construction in Progress

Assets under construction in progress represent direct costs relating to renewable energy assets not yet ready for use, where applicable, including interest incurred on construction facility borrowings. Assets under construction are transferred to in-use plant and equipment once the asset is ready for commercial use.

The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs.

Employee labour costs for staff directly working on a project are allocated based upon the percentage individual staff members are working on the project assessed by the project director. These allocations are regularly reviewed.

2.8 GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the group’s interest in the fair value of the acquiree’s identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

2.10 ASSOCIATES AND JOINT VENTURES - An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those polices.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with FRS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 28 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

2.11 PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.12 REVENUE RECOGNITION - The Group recognises revenue from investment revenue representing dividends on equity investments and interest income from investments.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Interest income

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Electricity sales

Electricity sales is recognised based on actual energy delivered. Electricity sales is consummated whenever the electricity generated by the Group is transmitted through the transmission line by the buyer, for a consideration. Revenue from electricity sales is based on sales price.

2.13 BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 INCOME TAX - Income tax for the financial year comprises current and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.15 FOREIGN CURRENCY TRANSACTIONS - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and equity of the Group are presented in United States dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.16 CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash on hand and deposits held at call with banks that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as follows:

<u>Calculation of loss allowance</u>

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amount of other financial assets at amortised cost and amount due from related parties are disclosed in Note 12 and Note 17 to the consolidated financial statements.

Impairment of investment in associates, joint ventures and subsidiaries

Management exercises their judgement in estimating recoverable amounts of its investment in associates and joint ventures of the Group and subsidiaries of the Company. The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that those investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, management needs to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of the Company’s investment in subsidiaries and the Group’s investment in associates and joint ventures are disclosed in Note 8 and Note 9 to the financial statements respectively.

Deferred tax

Deferred tax asset are recognised for all unused tax losses to the extent that is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amounts of deferred tax asset is disclosed in Note 15 to the financial statements.

Leases including land agreements

Reasonably certain

Accounting standards require that lease options be recognised when reasonably certain that they will be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken to help determine the lease term. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed annually.

Projects in pre-feasibility stage the initial lease term has recognised upon commencement of the development land agreement. At this pre-feasibility stage it is not reasonably certain that any extension option will be exercised, as the viability of the project is at the initial assessment stage. In the feasibility stage of development commences once the decision has been made to proceed to fully feasibility assessment and the procurement of all necessary development approvals. During this stage the development land agreements are re-assessed as to when the Group becomes reasonably certain that the extension options will be exercised. This is usually when all substantive project approvals have been received and the financing is in place to construct the project (agreement has been reached with a financier to provide financing, however there are still conditions to be met prior to Financial Close being met).

Incremental borrowing rate

The present value of the lease payment is discounted using the Group's incremental borrowing rate. This rate represents the rate of interest which would be the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds to obtain an asset of a similar value to the right of use asset in a similar economic environment. If the rate were different the estimates would change.

The carrying amounts of right-of-use assets and lease liabilities are disclosed in Note 14 and Note 21 to the financial statements respectively.

<u>Provision</u>

Lease calculations resulting in right of use assets and lease liabilities include anticipated restoration of leased land which requires assumptions such as the exit date and cost estimates. The assumptions are reviewed annually and updated based on the facts and circumstances available at the time. As at December 31, 2023, the carrying amount is $368,000 (2022 : $337,000).

<u>Fair value measurement of financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss</u>

In the estimation of the fair value of the investments recorded as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss, management need to determine the appropriate valuation techniques and inputs for fair value measurements. Management estimates the discount rate to measure the fair value of the investments disclosed in Notes 10 and 11 to the financial statements.

<u>Fair value measurement of commodity options</u>

In determining the estimation of fair value of LTESA swaptions, a commodity option hedge instrument, Management used option pricing techniques which resulted in a Day 1 derivative asset to the group, even if no premium was paid. The carrying amount of LTESA is disclosed in Note 13.

<u>Impairment of goodwill</u>

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generation unit and a suitable discount rate in order to calculate the present value. The carrying amount of the group's goodwill is disclosed in Note 7.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Financial assets				
Financial assets at amortised cost	991,039	1,329,983	924,178	922,821
Financial assets at FVTOCI	106,632	6,535	100,597	6,535
Financial assets at FVTPL	34,910	23,368	-	-
Derivatives financial instruments	114,164	9,257	-	-
	1,246,745	1,369,143	1,024,775	929,356
Financial liabilities				
Lease liabilities	68,080	32,796	-	-
Financial liabilities at amortised cost	510,648	245,144	1,580	21,668
	578,728	277,940	1,580	21,668

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The Group and the Company do not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting arrangements.

(c) *Financial risk management policies and objectives*

The Group is exposed to various financial risks arising from its operations and use of financial instruments. The key financial risks are foreign exchange risk, interest rate risk, equity price risk, credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(i) Foreign exchange risk management

The Group transacts business in various foreign currencies, including the Vietnamese Dong, Singapore dollar ("SGD") and Australian Dollar ("AUD") and therefore is exposed to foreign exchange risk.

The Group monitors and manage its foreign currency exchange rate risk with Natural Hedge Principle and further evaluated through:

- Continual monitoring of global and domestic political and economic environments that have impact of foreign exchange;
- Regular discussions with banks to get multiple perspectives on currency trends or forecasts; and
- Constant updating of 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 endeavours to actively manage its open foreign currency exposures through:

- Trading by spot conversions; or
- Entering into derivative forward transactions on a deliverable or non-deliverable basis to protect values.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the Company's functional currency are as follows:

	Group			
	Assets		Liabilities	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Australian Dollar	33,738	16,262	459,401	149,104
Vietnamese Dong	2,931	6,447	280	-
Singapore dollar	86	208	-	-

	Company			
	Assets		Liabilities	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Singapore dollar	86	208	-	-

Foreign currency sensitivity

The Group has a significant foreign currency-denominated financial assets and financial liabilities in Australian Dollars (AUD). The following tables details the sensitivity to a 10% increase and decrease in the exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

The sensitivity analysis includes external loans. A positive number below indicates an increase in profit and other equity where functional currency of each group entity strengthens 10% against the relevant foreign currency. For a 10% weakening of functional currency of each group entity against the relevant foreign currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

		Increase (decrease) in USD per foreign currency	**Effect on income before income tax $'000**
December 31, 2023	**AUD**	**10%**	**(42,566)**
		-10%	**42,566**
December 31, 2022	AUD	10%	(13,284)
		-10%	13,284

(ii) Interest rate risk management

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 policy is to maintain a minimum of 50% of its debt obligations to be fixed rate.

The interest rates are as disclosed in Notes 18, 19 and 20 respectively to the financial statements.

Interest rate sensitivity

Interest rate sensitivity is the measure of Group's profit fluctuation as a result of changes in the interest rate environment. The Group and the Company have limited exposure from interest rate risk. Hence, interest rate sensitivity analysis has not been presented.

(iii) Equity price risk management

The Group and Company is exposed to equity risks arising from equity investments classified as FVTOCI. Equity investments measured at FVTOCI are held for strategic rather than trading purposes. The Group does not actively trade such investments.

Further details of these equity investments can be found in Note 10.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to inputs to the valuation model in respect of equity investments at FVTOCI at the end of the reporting period.

(iv) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from such defaults. Credit risk on cash and bank balances and derivative financial instrument is limited as these balances are placed with or transacted with institutions of good reputation. The Group manages these risks by monitoring credit worthiness and limiting the aggregate use to any individual counterparty. The Group does not expect to incur material credit losses on its financial instruments.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition, or the amount is >30 days past due.	Lifetime ECL - not credit-impaired
In default	There is evidence indicating the asset is credit-impaired or the amount is >90 days past due.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			$'000	$'000	$'000
Group					
2023					
Amount due from related parties	(i)	12-month ECL	308,043	(38,266)	269,777
Other receivables	Performing	12-month ECL	72,513	-	72,513
Deposits for future stock subscription	Performing	12-month ECL	26,500	-	26,500
Other financial assets at amortised cost	Performing/ Doubtful	12-month ECL/Lifetime ECL (simplified approach)	418,758	(38,000)	380,758
				(76,266)	
2022					
Amount due from related parties	(i)	12-month ECL	421,023	-	421,023
Other receivables	Performing	12-month ECL	107,604	-	107,604
Deposits for future stock subscription	Performing	12-month ECL	7,764	-	7,764
Other financial assets at amortised cost	Performing/ Doubtful	12-month ECL/Lifetime ECL (simplified approach)	396,601	(23,037)	373,564
				(23,037)	

	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			$'000	$'000	$'000
Company					
2023					
Amount due from related parties	(i)	12-month ECL	308,356	(35,472)	272,884
Other receivables	Performing	12-month ECL	2,229	-	2,229
Deposits for future stock subscription	Performing	12-month ECL	102,996	-	102,996
Other financial assets at amortised cost	Performing	12-month ECL	385,127	-	385,127
				(35,472)	
2022					
Amount due from related parties	(i)	12-month ECL	125,819	-	125,819
Other receivables	Performing	12-month ECL	113,309	-	113,309
Other financial assets at amortised cost	Performing	12-month ECL	349,037	-	349,037
				-	

(a) For amount due from related parties, the Group has applied the simplified approach in FRS 109 to measure the loss allowance at 12-month ECL. The Group determines the expected credit losses on these items based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets are presented based on past due status.

(b) For other financial assets at amortised costs, the Group has applied simplified approach in FRS 109 to measure loss allowance at 12-month ECL for instruments that are identified as performing and lifetime ECL for instruments that have significant increase in credit risk based on internal assessment.

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(v) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management by ensuring continuity in funding through borrowings to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

All financial assets and liabilities in 2023 and 2022 are repayable in demand or due within 1 year from the end of the reporting period, except for financial assets at fair value through other comprehensive income (Note 10), financial assets at fair value through profit or loss (Note 11), other financial assets at amortised cost (Note 12), non-current portion of amount due from related parties and its accrued interest (Note 16), deposits for future stock subscription (Note 17), other non-current receivables (Note 18), loans and borrowings (Note 20) and lease liabilities (Note 21).

Liquidity and interest risk analyses - Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjust-ment	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Group							
2023							
Non-interest bearing		81,700	-	-	94,122	-	175,822
Fixed interest-rate instruments	5.25%	14,396	2,408	392,103	272,826	(278,827)	402,906
		96,096	2,408	392,103	366,948	(278,827)	578,728
2022							
Non-interest bearing	-	96,040	-	-	-	-	96,040
Fixed interest-rate instruments	4.62%	3,773	2,457	155,131	107,196	(86,657)	181,900
		99,813	2,457	155,131	107,196	(86,657)	277,940

	Weighted average effective interest rate	On demand or within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjust-ment	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Company							
2023							
Non-interest bearing	-	1,580	-	-	-	-	1,580
2022							
Non-interest bearing	-	21,668	-	-	-	-	21,668

Liquidity and interest risk analyses - Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjust-ment	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Group							
2023							
Non-interest bearing		299,389	36,042	-	282,354	-	617,785
Fixed interest-rate instruments	9.8%	92,563	715	147	424,382	(3,011)	514,796
		391,952	36,757	147	706,736	(3,011)	1,132,581
2022							
Non-interest bearing	-	503,155	4,621	-	201,310	-	709,086
Fixed interest-rate instruments	9.0%	255,411	62,257	-	341,621	(8,489)	650,800
		758,566	66,878	-	542,931	(8,489)	1,359,886

	Weighted average effective interest rate	On demand or within 1 year	Within 1 to 2 years	Within 2 to 5 years	Over 5 years	Adjust-ment	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
Company							
2023							
Non-interest bearing		288,840	83	-	145,475	-	434,398
Fixed interest-rate instruments	7.8%	26,204	-	147	565,062	(1,036)	590,377
		315,044	83	147	710,537	(1,036)	1,024,775
2022							
Non-interest bearing	-	390,497	-	-	36,253	-	426,750
Fixed interest-rate instruments	7.7%	110,425	-	-	395,160	(1,017)	504,568
		500,922	-	-	431,413	(1,017)	931,318

(vi) Fair value of financial assets and financial liabilities

Some of the group's financial assets and financial liabilities are measured at fair value as at each reporting date. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial asset	December 31, 2023	December 31, 2022	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s)
	$'000	$'000				
Group						
Interest rate swaps	7,476	9,257	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparts	n.a	n.a
Long-term Energy Supply Agreement	106,688	-	Level 3	Discounted cash flow. Valuation requires the use of long dated energy valuation volumes and long dated energy and LGC price curves	n.a.	n.a.
Redeemable preference shares	57,034	6,535	Level 3	Discounted cash flow	n.a	n.a
Redeemable preference shares	49,598	-	Level 3	Net Book Value	n.a	n.a
Compulsorily convertible debentures	34,910	23,368	Level 3	Discounted cash flow.	n.a	n.a

The management considers that the carrying amounts of cash and bank balances, trade and other current receivables and payables, and other liabilities and amounts payable approximate their fair values due to the relatively short-term maturity of these financial instruments.

(d) ***Capital management policies and objectives***

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings.

The Group is not subject to any externally imposed capital requirements.

5 HOLDING COMPANY AND RELATED COMPANY/RELATED PARTY TRANSACTIONS

The Company is a subsidiary of ACEN International, Inc. ("ACE International"), incorporated in the Philippines, which is a wholly owned subsidiary of ACEN Corporation ("ACEN"), incorporated in the Philippines. The ultimate holding company is Ayala Corporation, incorporated in the Philippines. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Some of the Company's transactions and arrangements are between members of the Group and the effect of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Some of the group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, group entities entered into the following significant transactions with related parties:

	Group	
	2023	2022
	$'000	$'000
Service fee income from related parties	560	516
Interest income from investments	55,137	62,792
Interest income from loans to related parties	27,915	25,659

Compensation of key management personnel

	2023	2022
	$'000	$'000
Short-term employee benefits	292	-
Contributions to CPF	5	-
Total compensation paid to a director of the Company	297	-

6 PLANT AND EQUIPMENT

	Land and land improvements	Machinery and equipment - Others	Transportation equipment	Furniture, fixture, and office equipment	Development assets	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost:							
At January 1, 2022	-	-	-	7	-	-	7
Additions	-	12	26	-	53,481	34,273	87,792
Acquired on acquisition of a subsidiary (Note 37)	210	2,123	458	195	24,505	268,213	295,704
Exchange differences	14	138	30	13	1,540	17,553	19,288
At December 31, 2022	224	2,273	514	215	79,526	320,039	402,791
Additions	-	651	172	121	10,927	229,570	241,441
Disposals	-	(32)	(116)	-	-	-	(148)
Reclassification	-	-	-	-	(55,089)	55,089	-
Exchange differences	-	6	4	3	2,149	4,457	6,619
At December 31, 2023	224	2,898	574	339	37,513	609,155	650,703
Accumulated depreciation:							
At January 1, 2022	-	-	-	3	-	-	3
Depreciation	-	77	14	7	-	-	98
Additions	-	1,221	127	138	-	-	1,486
Exchange differences	-	81	9	9	-	-	99
At December 31, 2022	-	1,379	150	157	-	-	1,686
Depreciation	-	357	105	34	-	-	496
Disposals	-	-	(53)	-	-	-	(53)
Exchange differences	-	9	2	1	-	-	12
At December 31, 2023	-	1,745	204	192	-	-	2,141
Carrying amount:							
At December 31, 2023	224	1,153	370	147	37,513	609,155	648,562
At December 31, 2022	224	894	364	58	79,526	320,039	401,105

7 GOODWILL

	Group
	$'000
At January 1, 2022	-
Arising on acquisition of a subsidiary (Note 37)	371,649
At December 31, 2022 and December 31, 2023	371,649

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the business combination. The carrying amount of goodwill had been allocated as follows:

	Group	
	2023	2022
	$'000	$'000
ACEN Australia Pty Ltd	371,649	371,649

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. This requires an estimation of the value in use of the related CGU. The value in use calculation requires the Group to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Forecasted revenue growth - Revenue forecasts are management's best estimates considering factors such as historical/industry trend, target market analysis, government regulations and other economic factors.

- EBITDA margin - It is a measure of a firm's profit that includes all expenses except interest, depreciation and income tax expenses. It is the difference between operating revenues and operating expenses. EBITDA was adjusted for tax, depreciation, interest expenses and changes in net working capital and maintenance capital expenditures in arriving the free cash flow.

- Discount rates - represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

An increase of 100 basis points in the Group's pre-tax discount rate will not result in an impairment of goodwill.

Management used an appropriate discount rate for cash flows which is consistent with the valuation practice. Management used the weighted average cost of capital (WACC) wherein the cost of equity and debt financing are weighted. The post-tax discount rates used were 7.2% to 8.3% (2022 : 8.5% to 9.0%). The cost of equity of was determined based on the capital asset pricing model. The gearing ratios for the CGUs ranged from 30% to 65% and represent industry comparable funding strategies for the respective CGUs.

Based on management's assessment, recoverable amount exceeded the carrying amount of the CGU. No impairment loss was recognised on goodwill as at December 31, 2023.

8 INVESTMENT IN SUBSIDIARIES

	2023	2022
	$'000	$'000
Cost comprising:		
Ordinary shares	209,887	293,395
Redeemable preference shares	440,852	591,253
	650,739	884,648

	2023	2022
	$'000	$'000
Ordinary shares:		
At beginning of year	293,395	169,681
Issuance during the year	86,033	-
Return of capital	(41,279)	-
Reclassification to joint venture (Note 9)	(128,262)	-
Reclassification from joint venture (Note 9)	-	123,714
At end of year	209,887	293,395
Redeemable preference shares:		
At beginning of year	591,253	620,490
Issuance during the year	-	10,763
Redemptions during the year	(150,401)	(40,000)
At end of year	440,852	591,253

The rights, privileges and conditions attached to each of the redeemable preference shares ("RPS") held by the Company can be summarised as follows:

(i) The RPS carry no voting rights;

(ii) The holder of RPS is entitled to priority of payment in a liquidation of the issuer over any distribution or payment to be made in favour of the holders of all other shares in the issuer, but is not entitled to any further participation in surplus assets; and

(iii) The issuer, subject to Section 70 of the Act, is entitled to redeem all or part of the redeemable preference shares held by any one or more of the holders of the redeemable preference shares by paying to the relevant holder the amount paid up or credited as paid up on the redeemable preference shares plus such premium (if any) as the directors may in their absolute discretion determine at any time upon giving notice to the holders.

Details of the Group's subsidiaries at December 31 are as follows:

Name of subsidiary	Country of incorporation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2023	2022	2023	2022	
		%	%	%	%	
Directly held						
ACEN HK Ltd.	Hong Kong					Investment holding
- Ordinary shares		100	100	100	100	
ACEHI Netherland B.V.	Netherlands					Investment holding
- Ordinary shares (2)		-	100	-	100	
ACEN Vietnam Investments Pte. Ltd.	Singapore					Investment holding
- Ordinary shares		100	100	100	100	
- Redeemable preference shares		100	100	-	-	
Arlington Mariveles Netherlands Holding Cooperatie U.A.	Netherlands					Investment holding
- Ordinary shares		100	100	100	100	
ACEN Vietnam Investments 2 Pte. Ltd.	Singapore					Investment holding
- Ordinary shares		100	100	100	100	
- Redeemable preference shares		100	100	-	-	
ACEN Australia Pte. Ltd.	Singapore					Investment holding
- Ordinary shares		100	100	100	100	
- Redeemable preference shares		100	100	-	-	
UPC-AC Energy Australia (HK) Ltd. (1)	Hong Kong					Investment holding
- Ordinary shares		100	80	100	100	
ACEN Indonesia Investment Pte Ltd (3)	Singapore					Investment holding
- Ordinary shares		100	-	100	-	
ACEN Investments HK Limited (4)	Hong Kong					Investment holding
- Ordinary shares		100	-	100	-	

Name of subsidiary	Country of incorporation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2023	2022	2023	2022	
		%	%	%	%	
Indirectly held						
Arlington Mariveles Netherlands Holding B.V.	Netherlands	100	100	100	100	Investment holding
ACEN Vietnam Co. Ltd	Vietnam	100	100	100	100	Investment holding
ACEN Investments Australia Pty Ltd (1) (5)	Australia					Investment holding
- Ordinary shares		100	95	100	95	
- Redeemable preference shares		100	95	-	-	
UPC Australia (HK) Ltd (1)	Hong Kong					Investment holding
- Ordinary shares		100	80	100	100	
ACEN Australia Pty. Ltd (1)	Australia					Renewable energy
- Ordinary shares		100	80	100	100	development and construction
ACEN USA LLC	United States					Investment holding
- Ordinary shares		100	100	100	100	
PT ACEN Development Indonesia (6)	Indonesia					Investment holding
- Ordinary shares		100	-	100	-	

1. Entity became a subsidiary in November 2023 (See Note 37).
2. Entity became a joint venture in July 2023
3. Newly incorporated entity in September 2023
4. Newly incorporated entity in December 2023
5. Previously UAC Holdings Pty Ltd

The table below shows the details of non-wholly owned subsidiaries of the Group that have material non-controlling interest:

Name of subsidiary	Principal place of business and place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests for the period		Non-controlling interests	
		2023	2022	2023	2022	2023	2022
		%	%	$'000	$'000	$'000	$'000
ACEN Investments Australia Pty Ltd	Australia	-	5	-	-	-	537
UPC-AC Energy Australia (HK) Ltd.	Hong Kong	-	20	-	(467)	-	33,201

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	ACEN Investments Australia Pty Ltd		**UPC-AC Energy Australia (HK) Ltd.**	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	$'000	$'000	$'000	$'000
Current assets	1,112	28	2,292	13,251
Non-current assets	821	-	406,155	446,801
Current liabilities	(427)	(21)	(208,167)	(116,775)
Non-current liabilities	-	-	(228,982)	(177,271)
Equity attributable to owners of the company	(1,507)	530	29,143	(132,805)
Non-controlling interest	-	(537)	-	(33,201)

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Cost of investment	346,748	224,333	146,471	12,941
Share of post-acquisition profit, net dividend received	21,428	34,110	-	-
	368,176	258,443	146,471	12,941

Group	Investment in associates and joint ventures $'000
Balance as at January 1, 2022	268,247
Additions	11,821
Acquired on acquisition of a subsidiary (Note 37)	775
Share of post-acquisition profit	4,089
Dividend received	(29,536)
Reclassification to subsidiary (Note 8)	(87,276)
Reclassification from other non-current assets	46
Conversion of subscription deposit	2,539
Purchase consideration settled in cash	87,699
Translation	39
Balance as at December 31, 2022	258,443
Additions	98,453
Conversion (Note 11)	4,884
Share of post-acquisition profit	13,725
Share in other comprehensive income	(1,413)
Dividend received	(14,803)
Reclassification from subsidiary (Note 8)	128,262
Remeasurement	60,459
Divestment	(179,475)
Translation	(359)
Balance as at December 31, 2023	368,176

Company	Investment in associates and joint ventures $'000
Balance as at January 1, 2022	39,492
Additions	99,079
Disposal	(1,916)
Reclassification to subsidiary (Note 8)	(123,714)
Balance as at December 31, 2022	12,941
Additions	5,268
Reclassification from subsidiary (Note 8)	128,262
Balance as at December 31, 2023	146,471

Details of the Group's significant associates and joint ventures at December 31 are as follows:

Name of entity	Type	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
			2023	2022	2023	2022	
			%	%	%	%	
Directly held							
UPC Renewables Asia III Ltd. (5)	Joint Venture	Hong Kong	10	10	51	51	Renewable energy developer
ACEHI Netherlands B.V.(8)	Joint Venture	Netherlands	75.8	-	75.8	-	Financial holdings
UPC-AC Energy Solar Limited	Joint Venture	Hong Kong	50	50	50	50	Financial holdings
UPC-AC Energy Solar Pte. Ltd.	Joint Venture	Singapore	50	50	50	50	Financial holdings
NEFIN Limited	Joint Venture	Hong Kong	50	50	50	50	Financial holdings
NEFIN Asset Management Pte. Ltd.	Joint Venture	Singapore	50	50	50	50	Financial holdings
BrightNight India B.V.(9)	Joint Venture	Netherlands	50	-	50	-	Financial holdings
ACEN-Silverwolf Pte. Ltd.	Joint Venture	Singapore	50	-	50	-	Financial holdings
Monsoon Wind B.V.(10)	Joint Venture	Netherlands	50	-	50	-	Financial holdings
IBV ACEN Renewables Asia Pte Ltd	Joint Venture	Singapore	50	-	50	-	Financial holdings
Indirectly held							
Star Energy Geothermal (Salak-Darajat) B.V. and its subsidiaries (1)	Associate	Netherlands	15	19.8	15	19.8	Financial holdings
PT UPC Sidrap Bayu Energi	Joint venture	Indonesia	10	10	38.3	38.3	Wind power generation and plant operation
AMI AC Renewables Corporation (2)	Joint venture	Vietnam	50	50	50	50	Power generation
BIM Renewable Energy JSC (4)	Joint venture	Vietnam	30	30	30	30	Power generation
BIM Energy JSC (4)	Joint venture	Vietnam	30	30	30	30	Power generation
BIM Wind Energy JSC (4)	Joint venture	Vietnam	30	30	30	30	Power generation
Masaya Solar Energy Pvt Ltd.	Joint Venture	India	51	51	50	50	Power generation
Asian Wind Power 1 HK Ltd. (3)	Joint Venture	Hong Kong	50	50	50	50	Financial holdings
Dai Phong Development Investment Joint Stock Company (3)	Joint Venture	Vietnam	50	50	50	50	Power Generation

Name of entity	Type	Place of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
			2023	2022	2023	2022	
			%	%	%	%	
Indirectly held (cont'd)							
Asian Wind Power 2 HK Ltd [6]	Joint Venture	Hong Kong	50	50	50	50	Financial holdings
Indochina Wind Pte. Ltd.	Joint Venture	Singapore	50	50	50	50	Financial Holdings
Vietnam Wind Energy Limited	Joint Venture	Hong Kong	50	50	50	50	Financial Holdings
UPC Power Solutions LLC [7]	Joint Venture	USA	83	83	50	50	Financial Holdings
PT Puri Prakarsa Batam	Associate	Indonesia	40	-	40	-	Power generation
PT Dewata ACEN Renewables Indonesia	Joint Venture	Indonesia	50	-	50	-	Power generation
Solar NT Holdings Pte. Ltd.	Associate	Singapore	49	-	49	-	Financial holdings

1. The Group has significant influence over Star Energy Geothermal (Salak-Darajat) B.V. and its subsidiaries by virtue of its approval rights over key decision areas and material transactions through various reserved matters.

2. AMI AC Renewables Corporation was formerly known as New Energy Investment Corporation.

3. The Group has joint control over Asian Wind Power 1 HK Ltd. and Dai Phong Development Investment Joint Stock Company by virtue of its contractual right to appoint two out of four directors to the board of both companies and all decisions that significantly affect the Asian Wind Power 1 HK Ltd. and Dai Phong Development Investment Joint Stock Company require unanimous consent from both Shareholders, ACEN Vietnam Investments 2 Pte. Ltd. and The Blue Circle Pte. Ltd.

4. The Group has joint control over BIM Renewable Energy Joint Stock Company, BIM Energy Joint Stock Company and BIM Wind Energy Joint Stock Company by virtue of the requirement for unanimous consent from both Shareholders over key decision areas and material transactions through various reserved matters.

5. The Group has joint control over UPC Renewables Asia III Ltd. by virtue of the requirement for unanimous consent from both shareholders over key decision areas and material transactions through various reserve matters.

6. The Group has joint control over Asian Wind Power 2 HK Ltd. by virtue of its contractual right to appoint two out of four directors to the board of both companies and all decisions that significantly affect the Asian Wind Power 2 HK Ltd. require unanimous consent from both Shareholders, ACEN Vietnam Investments 2 Pte. Ltd. and The Blue Circle Pte. Ltd.

7. The Group has joint control over UPC Power Solutions LLC because all fundamental decisions and matters require unanimous approval of all partners.

8. In July 2023, the Group disposed 24.2% of its interest in ACEHI Netherlands B.V. The Group has joint control over ACEHI Netherlands B.V. due to unanimous approval on all matters.

9. The Group has joint control over BrightNight India B.V. by virtue of the requirement for unanimous consent from both shareholders over key decision areas and material transactions through various reserve matters.

10. The Group has joint control over Monsoon Wind B.V. by virtue of the requirement for simple majority from both shareholders over key decision areas and material transactions through various reserve matters.

On January 22, 2018, the Group entered into a 50-50 joint venture with AMI Renewables Energy Joint Stock Company ("AMI RE JSC") to invest in New Energy Investment Corporation ("NEI"), a joint stock company with a 100% ownership shares in AMI Energy Khanh Hoa Joint Stock Company ("AMI Khan Hoa"), a 50MW Solar Farm in Khanh Hoa, in AMI Energy Binh Thuan Joint Stock Company ("AMI BT JSC"), a 50MWp Solar Farm in Binh Thuan, BMT Energy Renewable Joint Stock Company, a 30MW Solar Farm in Dak Lak and in B&T Windfarm Joint Stock Company ("B&T QB JSC"), a 252MW Wind Farm in Quang Binh, all of which are situated in Vietnam. On December 27, 2018, NEI changed its business name into AMI AC Renewables Corporation ("AAR"). On April 26, 2019, the Khan Hoa and Dak Lak Solar Farms were energised and achieved commercial operations. On October 31, 2021, the Quang Binh Wind Farm were energised and achieved commercial operations.

On April 12, 2018, the Group entered into a 30-70 joint venture with Ha Long Investment and Development Limited Company ("BIM Group") to develop a 330MW of solar power projects in Ninh Thuan province, Vietnam. The solar project, which is comprised of three facilities with installed capacities of 30MW, 250MW and 50MW achieved commercial operations in April 2019. On December 2020, the 75MW solar expansion project was energised and achieved commercial operations.

On April 26, 2018, the Group and Jetfly Asia Pte. Ltd. executed a Share Sale Purchase Agreement for the acquisition of 25% interest in Singapore-based renewable energy company, The Blue Circle Pte. Ltd. ("TBC"). TBC is a regional development and operations company that has a platform of wind projects in the Southeast Asia.

On May 23, 2018, the Group participated in the Australian renewables market through a joint venture with international renewable energy developer, UPC Renewables Asia Pacific Holdings Limited ("UPCAPH"). Capital of $30 million was infused to the 50-50 joint venture, UPC-AC Energy Australia (HK) Ltd. ("UPC-ACE Australia"). UPC-ACE Australia has became a subsidiary in November 2022 as detailed in Note 37.

On December 4, 2018, the Group acquired one (1) share, the entire issued share of Asian Wind Power 1 HK Limited ("Asian Wind 1"). Subsequently on March 1, 2019, Asian Wind 1 increased its capitalization by allotting 1,000 ordinary shares of $1 each which was acquired by the Group. On March 4, 2019, Asian Wind 1 increased its capitalization by allotting 1,001 ordinary shares of $1 each which was acquired by TBC which resulted for Asian Wind 1 to become a joint venture with TBC.

On April 2, 2019, the Group acquired ten (10) common shares in Dai Phong Development Investment Joint Stock Company ("Dai Phong"), accounting for 0.0015% of Dai Phong's Charter Capital. Following the subsequent acquisition of 1,001 ordinary shares in Asian Wind 1, the Group indirectly holds 62.5% of ownership in Dai Phong. In April 2019, construction of the 40MW Dai Phong Wind Farm at the Binh Thuan province commenced and achieved commercial operations in July 2020.

On February 19, 2019, the Group granted a security for a Restructuring Loan from a related party to Asian Wind 1 via a charge over the share of Asian Wind 1 in favour of TBC. On May 12, 2020, the Share Charge has been terminated and the security have been released.

On May 9, 2019, the Group entered into a Share Purchase Agreement with UPC Solar India (HK) Limited to purchase 51% of share capital in Masaya Solar Energy Private Limited ("Masaya Solar") in order to provide a response to the Setting up of 1200MW ISTS Connected Solar PV Power Projects Global competitive bidding rules issued by the Solar Energy Corporation of India Limited in relation to a proposed 300MW solar project in India.

On April 24, 2019, the Group infused additional paid in capital as share premium into BIM Renewable Energy Joint Stock Company ("BIMRE"). There is no change to ownership interest in current year.

On February 12, 2020, the Group subscribed to 100 ordinary shares of UPC-AC Energy Solar Limited ("UPC-ACE Solar") for $1,000 which represent 50% voting right in the joint venture company. UPC-ACE Solar owns and operate the 50MW (70MWdc) Paryapt Solar Plant located in Gujarat Province and 100MW (140MWdc) Sitara Solar Plant located in Rajastan Province in India. Both projects achieved commercial operations in April 2021 and May 2021 respectively.

On March 20, 2020, the Group entered into a Share Subscription Agreement with TBC and Asian Wind Power 2 HK Ltd. ("Asian Wind 2") for 501 ordinary shares of Asian Wind 2, equivalent to 50% of the total issued shares of Asian Wind 2. Asian Wind 2 owns and operate the Hong Phong 1 Wind Project located in Binh Thuan Province, Vietnam. The project achieved commercial operations in November 2021.

On March 20, 2020, the Group entered into a Share Subscription Agreement with TBC and Indochina Wind Pte. Ltd ("Indochina") for 100 ordinary shares of Indochina, equivalent to 50% of the total issued share shares of Indochina.

On April 17, 2020, the Group entered into a Share Subscription Agreement with Vietnam Wind Energy Limited ("VWEL") for 10,000 ordinary shares of VWEL, equivalent to 50% of the total issued shares of VWEL.

On June 15, 2020, the Group entered into a joint venture with BIM Energy Holdings JSC ("BIM Wind Group") to develop wind power projects in Ninh Thuan province, Vietnam. On September 30, 2022, the 88MW wind farm project was energised and achieved commercial operations.

On January 6, 2022, the group entered into a 50-50 joint venture with Canis Majoris Holding Limited ("NEFIN") to invest in NEFIN Limited and NEFIN Asset Management Pte. Ltd. NEFIN is a leading solar photovoltaic developer and investor in carbon neutrality solutions and the JV company will develop, construct and operate rooftop solar projects across asia. Total capital of USD 10 million was infused to the JV for the development and construction of near-term projects over the coming years.

On May 13, 2022, the group entered into a Limited Liability Company Agreement (LLCA) with UPC Solar & Wind Investments LLC and Pivot Power Management to pursue opportunities and acquire operating wind projects in the USA and explore strategies for extending their useful life through preventive maintenance and repowering.

On October 19, 2022, the Company executed the Shareholder's Agreement with Ib Vogt (Singapore) Pte. Ltd. to form a 50-50 joint venture, to develop, construct, own and operate renewable energy projects and battery storage projects in various territories in Asia such as Bangladesh, Myanmar, Pakistan, Laos, Cambodia, Vietnam, Indonesia and India.

On February 24, 2023, the Company executed the Shareholder's Agreement with Mitsubishi Corporation (MC) for the development, construction, and operation of Monsoon Wind Power Project in Southern Lao PDR. The 600 MW wind power plant is the first cross-border wind project in Southeast Asia and is expected to achieve commercial operations before the end of 2025. On March 14, 2023, the Company infused common share premium to the joint venture company, Monsoon Wind BV., representing 50% voting interest.

On March 10, 2023, the Company signed Shareholder's Agreement with US-based renewable power company, BrighNight, to develop, construct and operate large-scale hybrid wind-solar and round-the-clock renewable power projects in India. On March 24, 2023, the Company owns 100 Class A shares and 100 Class A1 shares in the JV company, BrightNight India, B.V., representing 50% voting interest.

On May 31, 2023, the Group entered into a joint venture with Silverwolf Capital Ltd. to invest in ACEN-Silverwolf Pte. Ltd to develop renewable energy projects with a particular focus on projects located in the Republic of China (Taiwan).

On June 26, 2023, the group entered into a Share Purchase Agreement with Super Energy Group for 43,063,650 ordinary shares hold forty-nine percent (49%) of the issued and paid-up share capital of Solar NT Holdings Pte. Ltd. The acquisition resulted in a notional goodwill amounting to $0.6 million, computed as follows:

	2023
	$'000
Notional Goodwill arising from acquisition:	
Total consideration	51,000
Less: Fair value of net assets acquired	50,403
Notional Goodwill arising from acquisition	597

On December 21, 2023, the Company entered into a joint venture agreement with UPC India Pte. Ltd. ("UPCI") to invest in Unlimited Renewables Holdings, B.V ("URH") for the purposes of developing certain Indian renewable energy and energy storage projects.

On August 20, 2023, the Group entered into a Shareholders' Agreement with PT Trisurya Mitra Bersama ("TMB") for a joint development of a 660MW photovoltaic project with potential expansion in Pulau Luma Besar, Indonesia. In September 2023, the Group completed the first and second phase funding requirement for the 40% ownership stake in PT Puri Prakarsa Batam (PPB).

On September 8, 2023, the Group entered into a joint venture with PT Dewata Megaenergi to invest in PT Dewata ACEN Renewables Indonesia for the development, construction and operation of solar, battery energy storage systems and wind projects in Indonesia.

On December 21, 2023, the Company entered into a joint venture agreement with UPC India Pte. Ltd. ("UPCI") to invest in Unlimited Renewables Holdings, B.V ("URH") for the purposes of developing certain Indian renewable energy and energy storage projects.

All the above joint ventures and associates are accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of each of the Group's material joint ventures and associate are set out below. The summarised financial information below represents amounts shown in the joint ventures' and associate's financial statements prepared in accordance with FRS, adjusted by the Group for equity accounting purposes.

(a) Material associate

Star Energy Geothermal (Salak-Darajat) B.V. and its subsidiaries ("Star Energy Salak")	2023	2022
	$'000	$'000
Current assets	365,639	324,561
Non-current assets	2,457,501	2,495,760
Current liabilities	(101,195)	(93,589)
Non-current liabilities	(1,637,839)	(1,693,442)

	2023	2022
	$'000	$'000
Revenue	397,445	371,773
Profit for the year	146,686	118,838
Other comprehensive (loss) income for the year	(868)	293
Total comprehensive income for the year	145,818	119,131
Dividend income from associate during the year	11,880	26,532

Reconciliation of the above summarised financial information to the carrying amount of the interest in Star Energy Salak recognised in these consolidated financial statements:

Star Energy Salak	2023	2022
	$'000	$'000
Net assets of the associate	1,084,106	1,033,290
Proportion of the Group's ownership	15.3115%	19.8%
Goodwill	2,576	2,576
Carrying amount of the Group's interest	168,569	207,167

Solar NT Holdings Pte. Ltd.	2023	2022
	$'000	$'000
Current assets	25,653	-
Non-current assets	224,317	-
Current liabilities	(17,696)	-
Non-current liabilities	(156,630)	-

	2023	2022
	$'000	$'000
Revenue	34,866	-
Loss for the year	(8,104)	-
Total comprehensive loss for the year	(9,548)	-

Solar NT Holdings Pte. Ltd.	2023 $'000	2022 $'000
Net assets of the joint venture	94,295	-
Proportion of the Group's ownership	49%	-
Goodwill	597	-
Carrying amount of the Group's interest	46,205	-

Aggregate information of associates that are not individually material

	2023 $'000	2022 $'000
The Group's share of loss for the year	(23)	(675)
Aggregate carrying amount of the Group's interests in these associates	2,998	484

(b) *Material joint ventures*

BIM Renewable Energy Joint Stock Company ("BIMRE")	2023 $'000	2022 $'000
Current assets	40,067	34,845
Non-current assets	211,827	234,365
Current liabilities	(20,527)	(19,517)
Non-current liabilities	(179,115)	(199,473)

	2023 $'000	2022 $'000
Revenue	54,036	52,098
Profit for the year	13,590	12,192
Total comprehensive income for the year	13,590	12,192
Dividend income from joint venture during the year	2,923	2,763

BIMRE	2023	2022
	$'000	$'000
Net assets of the joint venture	52,252	50,220
Proportion of the Group's ownership	30%	30%
Goodwill	17,055	17,055
Foreign exchange difference	880	210
Carrying amount of the Group's interest	33,611	32,331

UPC Power Solutions LLC ("UPC Power")	2023	2022
	$'000	$'000
Current assets	9,957	-
Non-current assets	26,517	-
Current liabilities	(18,126)	-
Non-current liabilities	(1,077)	-

	2023	2022
	$'000	$'000
Revenue	423	-
Profit for the year	6,124	-
Total comprehensive income for the year	6,124	-

UPC Power	2023	2022
	$'000	$'000
Net assets of the joint venture	17,271	-
Proportion of the Group's ownership	83.33%	-
Goodwill	19,297	-
Carrying amount of the Group's interest	33,689	-

Aggregate information of joint ventures that are not individually material

	2023	2022
	$'000	$'000
The Group's share of loss from continuing operations	(5,786)	(5,104)
The Group's share of total comprehensive income	310	812
Aggregate carrying amount of the Group's interests in these joint ventures	22,745	17,432

The aggregate carrying amount of the Group's interests of the individually immaterial joint ventures comprises mainly the share capital of the respective joint ventures.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Non-current:				
Redeemable preference shares	106,632	6,535	100,597	6,535

Group	Financial assets at FVTOCI
	$'000
Balance as at January 1, 2022	6,965
Fair value loss in other comprehensive income	(430)
Balance as at December 31, 2022	6,535
Fair value loss in other comprehensive income	(501)
Additions	100,598
Balance as at December 31, 2023	106,632

Company	Financial assets at FVTOCI
	$'000
Balance as at January 1, 2022	6,965
Fair value loss in other comprehensive income	(430)
Balance as at December 31, 2022	6,535
Fair value loss in other comprehensive income	(501)
Additions	94,563
Balance as at December 31, 2023	100,597

Redeemable preference shares

Financial assets at fair value through other comprehensive income comprised of redeemable preference shares in UPC Sidrap HK, UPC-ACE Energy Solar Limited, PT Puri Prakarsa Batam, and BrightNight India B.V.

UPC SIDRAP HK

On January 11, 2017, the Company subscribed to 1,130 redeemable Class B preference shares of UPC Sidrap HK. The unquoted equity investments represent investment in the Sidrap Project that is engaged in wind power generation and operation.

UPC-AC ENERGY SOLAR LIMITED

On March 31, 2023, the Company subscribed to redeemable Class B preference shares of UPC-AC Energy Solar Limited. The unquoted equity investments represent investment in the India Projects that are engaged in wind power generation and operation.

PT PURI PRAKARSA BATAM

On September 30, 2023, the Company subscribed to 90,920 redeemable Class B preference shares of PT Puri Prakarsa Batam. The unquoted equity investments represent investment in the Suryagen Project that is engaged in solar power generation and operation.

BrightNight India B.V.

On various dates in 2023, the Company subscribed to Preference C Shares of BrightNight India B.V. The unquoted equity investments represent investments in the India projects that are engaged in Solar and hybrid power generation and operations.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Non-current:				
Compulsorily Convertible Debentures	34,910	22,599	-	-
Current:				
Compulsorily Convertible Debentures	-	769	-	-

Group	Financial assets at FVTPL
	$'000
Balance as at January 1, 2022	8,011
Additions	17,595
Fair value loss in profit or loss	(2,238)
Balance as at December 31, 2022	23,368
Additions	21,248
Conversions (Note 9)	(4,884)
Fair value loss in profit or loss	(4,822)
Balance as at December 31, 2023	34,910

On November 16, 2021 and December 9, 2021, the Group subscribed to 21,561,291 and 32,799,307, respectively, Compulsorily Convertible Debentures (CCDs) of Masaya Solar Energy Private Limited ("Masaya Solar"). Masaya Solar is currently constructing the 420MWp solar farm in the Central Indian state of Madhya Pradesh. Total cost of subscription amounted to $8.01 million. In various dates in 2022, the Group subscribed to 133,650,300 with total subscription amount of $17.60 million.

In 2023, Masaya Solar Energy Private Limited partially converted the CCDs into equity amounting to $4.8 million.

In various dates in 2023, the Group subscribed to 90,557,130 with total subscription amount of $10.79 million.

The CCDs are unsecured and have a maturity date of 18 months and 28 years from the date of allotment. Unless earlier converted, CCDs shall be converted into equity shares immediately after maturity date. Prior to maturity, Masaya Solar, has the option to convert the CCDs into equity shares in the ratio of 1:1.

12 OTHER FINANCIAL ASSETS AT AMORTISED COST

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Unquoted debt securities	380,758	373,564	383,427	349,037

Group	Other financial assets at amortised cost
	$'000
Balance as at January 1, 2022	474,174
Additions	110,272
Redemptions/repayments	(264)
Conversion of subscription deposit to RPS	32,776
Convertible loan by virtue of pre-existing relationship (Note 37)	(228,982)
Reclassification from amount due from related parties	8,625
Provision for expected credit loss	(23,037)
Balance as at December 31, 2022	373,564
Additions	71,146
Redemptions/repayments	(47,289)
Reclassification of RPS to development loan	(1,700)
Provision for expected credit loss	(14,963)
Balance as at December 31, 2023	380,758

Company	Other financial assets at amortised cost
	$'000
Balance as at January 1, 2022	231,565
Additions	110,272
Reclassification from amount due from related parties	7,200
Balance as at December 31, 2022	349,037
Additions	36,090
Reclassification from RPS to development loan	(1,700)
Balance as at December 31, 2023	383,427

Other financial assets at amortised cost relate to investments in unquoted redeemable preference shares and convertible loan facilities to a related party.

UPC Renewables Asia III Ltd. ("UPC Asia III")

Redeemable Class A preference shares in UPC Asia III are non-voting shares and are redeemable at the holder's option within 30 days from earlier of July 15, 2035 or date as soon as funds are realised by UPC Asia III or its subsidiaries. The shares are entitled to dividends at fixed, cumulative and compounding rate annually, commencing from January 11, 2017. As at December 31, 2023, the receivable balance is $21,864,000 (2022 : $21,864,000).

AMI AC Renewables Corporation

Redeemable Class A and Class B preference shares in AAR are entitled to dividends at fixed base rate annually, commencing from January 22, 2018. The shares are redeemable only by cash at the issuer's option on "first in first out" basis but no earlier than the 5th year from subscription date. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commercial operations.

In 2019, the Group subscribed to an additional 1,514,000 redeemable Class A preference shares and 13,171,640 redeemable Class B preference shares in AAR for a total consideration of $6,320,000. During the years ended December 31, 2022 and 2021, the Group partially converted its subscription deposit to 7,421,600 and 128,026,700 redeemable Class A shares, respectively. The shares carry no voting rights. As at December 31, 2023, the amount receivable is $125,404,000 (2022 : $125,404,000).

Asian Wind Power 1 HK Ltd.

On April 12, 2019, AC Energy Vietnam Investments 2 Pte. Ltd. entered into an agreement with Asian Wind 1 to make available a convertible term loan facility in aggregate principal amount not exceeding $26,000,000. The Group, from time to time until 25th anniversary of drawdown date, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years from commissioning date.

On September 27, 2023, ACEN Vietnam Investments Pte. Ltd., and Asian Wind Power 1 HK Ltd, entered into an agreement to make available a Convertible Preferred C facility in aggregate principal amount of US$16.3 million, payable on July 31, 2040. The Group, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years from commissioning date.

On September 29, 2023, Asian Wind Power 1 HK Ltd repaid the outstanding convertible loan facility to ACEN Vietnam Investments 2 Pte Ltd.

As at December 31, 2023, the amount receivable is $16,264,000 (2022 : $26,000,000).

BIM Renewable Energy Joint Stock Company

On November 4, 2019, the Group converted deposit for future equity in BIMRE into 3,437,000 redeemable Class A preference shares and 3,437,000 redeemable Class B preference shares. The redeemable Class A and Class B preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date and no later than the end of the operations of the project which is expected in 20 years from commercial operations. In 2020, the Group converted its subscription deposit to 928,093 Redeemable Class A and 928,093 Redeemable Class B shares. As at December 31, 2023, the amount receivable is $24,387,000 (2022 : $24,387,000).

BIM Energy Joint Stock Company ("BIME")

On November 4, 2019, the Group also converted deposit for future equity in BIME into 343,700 redeemable Class A preference shares and 343,700 redeemable Class B preference shares. The redeemable Class A and Class B preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commercial operations. As at December 31, 2023, the amount receivable is $4,255,000 (2022 : $4,255,000).

UPC-AC Energy Solar Limited (UPC-ACE Solar)

During the years ended December 31, 2020 up to 2023, the Group entered into different Share Subscription Agreement with UPC-ACE Solar to subscribe the latter's Class A redeemable preferred shares. The redeemable Class A Preferred shares are non-voting shares entitled to dividends at fixed, cumulative, and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in, first out" basis. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years from commercial operations. As at December 31, 2023, the amount receivable is $76,000,000 (2022 : $77,700,000).

Asian Wind Power 2 HK Ltd.

On March 25, 2020, the Group entered into an agreement with Asian Wind 2, to make available a convertible term loan facility in an aggregate amount not exceeding $23,000,000. The Group, from time to time until 25th anniversary of drawdown date, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A redeemable preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years from commissioning date.

On September 27, 2023, ACEN Vietnam Investments Pte. Ltd., and Asian Wind Power 2 HK Ltd, entered into an agreement to make available a Convertible Preferred C facility in aggregate principal amount of US$15.7 million, payable on October 31, 2041. The Group, from time to time, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years from commissioning date.

On September 29, 2023, Asian Wind Power 2 HK Ltd repaid the outstanding convertible loan facility to ACEN Vietnam Investments 2 Pte Ltd.

As at December 31, 2023, the amount receivable is $15,687,000 (2022 : $21,289,000).

Vietnam Wind Energy Limited ("VWEL")

On April 17, 2020, the Group entered into an agreement with VWEL, to make available a convertible term loan facility in an aggregate amount of $38,000,000. The Group, from time to time until maturity date, has an irrevocable right to convert all or part of the conversion amount into redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. The redeemable preferred shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends, redeemable at the issuer's option. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years of drawn down date. As at December 31, 2023, the amount receivable is $38,000,000 (2022 : $38,000,000).

BIM Wind Power Joint Stock Company ("BIM Wind")

On December 21, 2021, the Group converted deposit for future equity in BIM Wind into 300,000 redeemable preference shares. The redeemable preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis no later than the end of the operations of the project which is expected in 20 years from commercial operations. In 2022, the Group converted deposit for future equity in BIM Wind amounting to $29,527,378 of Preferred Shares. As at December 31, 2023, the amount receivable is $40,316,000 (2022 : $37,211,000).

NEFIN LIMITED

Construction Equity RPS in NEFIN Limited are non-voting shares entitled to a fixed, cumulative compounding dividends annually and are not entitled to any additional dividends. The shares are redeemable only by cash at the issuer's option. As at December 31, 2023, the amount receivable is $30,945,000 (2022 : $20,490,000).

IMPACT WIND INVESTMENTS LIMITED

On February 2023, the Group entered into a Party B Financing Bond Subscription Agreement with Mitsubishi Corporation, and Monsoon Wind B.V. to subscribe to Party B Financing to fund the construction of 600MW Monsoon Wind Project. The financing has an aggregate total amount of $80.4 million of which, $65.0 million is allocated to the Group. The Party B Financing has a fixed interest rate, payable on March 31, 2043. As at December 31, 2023, the amount receivable is US$25,636,000 (2022 : $Nil)

Other financial assets at amortised cost bear interest ranging from 8% to 14% (2022 : 8.50% to 14.00%) per annum.

These redeemable preference shares are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Hence, the redeemable preference shares are classified as financial assets at amortised cost.

In determining the ECL, management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments operate, in assessing if there is a significant increase in credit risk, as well as estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, and the loss upon default in each case.

As at December 31, 2023, the Group provided ECL provision amounting to $38.0 million (2022 : $23.0 million).

Movement in expected credit loss allowance

	Group	
	2023	2022
	US$	US$
Balance at beginning of the year	23,037	-
Loss allowance recognised in profit or loss (Note 36)	14,963	23,037
Balance at end of the year	38,000	23,037

13 DERIVATIVE FINANCIAL INSTRUMENTS

	Group	
	2023	2022
	$'000	$'000
Assets:		
Interest rate swaps, designated in hedge accounting relationships	7,476	9,257
Long-term Energy Supply Agreement ("LTESA")	106,688	-
Total derivative assets	114,164	9,257
Analyses as:		
Current	2,455	530
Non-current	111,709	8,727
	114,164	9,257

Interest rate swap contracts

On December 27, 2023, the Company entered into a forward starting interest rate swap for the notional amount of $25.0 million, effective December 9, 2024.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the group performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates.

Potential sources of hedge ineffectiveness in the hedging relationship were as follows:

a. Changes in facility agreement terms such as replacing the interest rate with another measure such that the replacement benchmark is not reflected on the hedging instrument.

b. Changes to reset dates or frequency or timing of interest payments.

c. Changes to anticipated drawdowns under the loan agreements resulting in overhedging.

Long-Term Energy Supply Agreements

Long-Term Energy Supply Agreements ("LTESA") gives the generator the right, but not the obligation to enter into a strip of two-year electricity swap contracts from July 1, 2026, to June 30, 2047, also referred to as "Swaptions". If a swaption is exercised, the swap would settle based on the difference between the LTESA fixed price (subject to annual CPI escalation) and the NEM spot rate for each MWh of energy produced. The generator received spot from the Australian Energy Market Operator ("AEMO"), then pays spot to the Scheme Financial Vehicle ("SFV") and receives fixed from SFV.

The LTESA contract comprises of a series of ten consecutive swaptions that would deliver a two-year swap if exercised. Each swaption must be exercised in the period of 6-12 months to the swap effective date. If none of the swaptions are exercised then no cash is exchanged between the SFV and the generator over the life of the arrangement, and the claw back mechanism will come into effect. If SFV has been the net payer under the LTESA; and dispatch weighted average price is above its repayment threshold price per contract, then NESF or Stubbo must pay SFV the repayment amount. The repayment money is capped at the amount previously received by NESF or Stubbo during the swaption.

Maturity date of LTESA for NESF and Stubbo is on June 30, 2046, and June 30, 2047, respectively.

Potential sources of hedge ineffectiveness in the hedging relationship were as follows:

a. Credit risk

b. Fixed price CPI escalation

c. Changes in generation forecast

d. Annual payment cap

e. Clawback mechanism

LTESA valuations is determined using a discounted cash flow approach using long dated energy generation volumes and long dated energy and LGC price curves. The observable energy market pricing in Australia is approximately 2.5 years to 3.5 years based on the ASX futures market and therefore prices past this point are required to be estimated by brokers using modelling of both supply and demand with the NEM.

14 RIGHT-OF-USE ASSETS

The Group leases several assets including development land and offices.

Group	Development land $'000	Offices $'000	Total $'000
Cost:			
At January 1, 2022	-	-	-
Acquired on acquisition of a subsidiary (Note 37)	26,851	334	27,185
Additions	3,494	-	3,494
Foreign exchange adjustment	1,460	18	1,478
At December 31, 2022	31,805	352	32,157
Additions	42,320	537	42,857
Disposals	(196)	-	(196)
Foreign exchange adjustment	1,523	(18)	1,505
At December 31, 2023	75,452	871	76,323
Accumulated amortisation:			
At January 1, 2022	-	-	-
Acquired on acquisition of a subsidiary (Note 37)	2,682	-	2,682
Amortisation charged to profit or loss	133	62	195
Amortisation capitalised	117	-	117
Reclassification	5	-	5
Foreign exchange adjustment	148	1	149
At December 31, 2022	3,085	63	3,148
Amortisation charged to profit or loss	358	198	556
Amortisation capitalised	1,166	83	1,249
Foreign exchange adjustment	81	(11)	70
At December 31, 2023	4,690	333	5,023
Carrying amount:			
At December 31, 2023	70,762	538	71,300
At December 31, 2022	28,720	289	29,009

15 DEFERRED TAX ASSETS

The following are the major deferred tax assets recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	Group	
	2023	2022
	$'000	$'000
Movement in the deferred tax accounts:		
At beginning of financial year	6,939	-
Credit to profit or loss (Note 33)	3,689	6,939
Deferred tax liability	(6,671)	-
At end of financial year	3,957	6,939
Analysed as:		
Deferred tax asset:		
Tax loss carry forward	3,957	6,939

The Group has unutilised tax losses available for set-off against future taxable income subject to compliance with the relevant provisions of the Australia Income Tax Act.

16 AMOUNTS DUE FROM RELATED PARTIES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Non-current:				
Loan receivable from joint venture	81,393	31,379	28,172	30,310
Loan receivable from related parties	80,100	89,000	-	-
Accrued interest income	82,818	52,087	90,098	43,979
Provision for expected credit loss	(38,266)	-	(35,472)	-
	206,045	172,466	82,798	74,289
Current:				
Loan receivable from joint ventures	-	184,238	-	15,813
Loan receivable from related parties	35,467	26,567	178,119	24,017
Amount due from a related parties	97	4,747	204	4,824
Accrued interest income	28,168	33,005	11,763	6,876
	63,732	248,557	190,086	51,530
	269,777	421,023	272,884	125,819

Loan receivable from joint ventures relates to:

(a) A debt replacement facility to BIM Wind, to provide bridge financing to fund the construction of the 88MW wind project in Vietnam for an aggregate principal amount of $45 million. The loan is repayable upon maturity on 5 months from initial utilisation date. On May 19, 2021, the short-term debt replacement facility was refinanced to a long-term facility with an aggregate principal amount of $91.0 million and a 10-year maturity from the utilization date. On August 12, 2021, the long-term debt replacement facility was amended to increase in aggregate principal amount to $102.0 million. As at December 31, 2023, the receivable amount is $Nil (2022 : $85.2 million).

(b) A debt replacement facility to Asia Wind 1, to provide bridge financing during the construction of Dai Phong Wind Project in Vietnam for an aggregate principal amount of $61 million. The loan is repayable on earlier of 12 months from commissioning date or upon project financial close. On December 29, 2021, the debt replacement facility maturity date was amended to June 30, 2022. On September 5, 2022, the debt replacement facility maturity date was amended to June 30, 2023. On June 27, 2023, the debt replacement facility maturity date was amended to August 31, 2023. On August 31, 2023, the debt replacement facility maturity date was amended to September 14, 2023. On September 11, 2023, the debt replacement facility maturity date was amended to September 29, 2023. On September 27, 2023, the debt replacement facility maturity date was amended to September 29, 2035. As at December 31, 2023, the receivable amount is $26.6 million (2022 : $55.38 million).

(c) A Pref B Facility to Asia Wind 2, to provide bridge financing to fund the construction of 42MW wind project in Vietnam, for an aggregate principal amount of $54 million. The loan is repayable on earlier of Project Financial Close, or 5 business days from the date from drawdown of Debt Replacement Facility, or 25th anniversary from drawdown date. As at December 31, 2023, the receivable amount is $20.9 million (2022 : $43.68 million).

(d) A development loan facility granted to UPC-ACE Solar with an aggregate principal amount of $20 million to fund the development of projects across India, Taiwan and Korea. The loan is repayable on 10 years from first utilization date. As at December 31, 2023, the receivable amount is $13.8 million (2022 : $20 million).

(e) A debt replacement facility to NEFIN Limited to provide bridge financing and partially fund the development and construction of NEFIN rooftop solar projects. Loan is repayable on earlier of 24 months from first issuance date or upon securing project financing or debt financing of NEFIN Limited. As at December 31, 2023, the receivable amount is $14.3 million (2022 : $10.31 million).

(f) A loan facility to VWEL with a facility amount of $10.0 million, to provide financing for the construction of 60MW wind project in Vietnam. The loan is repayable 20 years from relevant drawdown date. As at December 31, 2023, the receivable amount is $5.1 million (2022 : $1.07 million).

(g) A loan facility to PT Dewata ACEN Renewables Indonesia, with a facility amount of $0.8 million, to provide financing for the land acquisition of the joint venture. The loan is repayable 24 months after the first drawdown date. As at December 31, 2023, the receivable amount is $0.6 million (2022 : $Nil)

Significant loan receivable from related parties relate to:

a. A facility loan to Yoma Strategic Investments Ltd. ("Yoma"), for an aggregate principal of $25 million. The loan is repayable upon maturity on June 30, 2023. As at December 31, 2023, the receivable amount is $24.0 million (2022 : $24.0 million).

b. Loan facility to Masaya Solar with an aggregate principal amount of $5.2 million to fund the development of Masaya Solar Project in Madhya Pradesh, India. The loan is repayable in 3 years from utilization date. As at December 31, 2023, the receivable amount is $2.6 million (2022 : $2.6 million).

c. A debt replacement facility to Wind Power Hoa Dong Company Limited ("Hoa Dong") to provide bridge financing and fund the payment of project costs. The loan is repayable at first calendar quarter of a year after July 1, 2024 and every end of a calendar quarter thereafter, until full payment of the loan. As at December 31, 2023, the receivable amount is $41.59 million (2022 : $41.59 million).

d. A debt replacement facility to Wind Power Lac Hoa Company Limited ("Lac Hoa") to provide bridge financing and fund the payment of project costs. The loan is repayable at first calendar quarter of a year after July 1, 2024 and every end of a calendar quarter thereafter, until full payment of the loan. As at December 31, 2023, the receivable amount is $47.41 million (2022 : $47.41 million).

Loan receivables from associates, joint ventures and related parties bear interest ranging from 2% to 12% per annum (2022 : 2.46% to 12.00%).

Amount due from related parties relates to guarantee fee receivable from a related party at a fixed rate per annum of the recovery amount on a 180 days credit term. No interest is charged on the amount due from the related party the first 180 days from the date of the invoice. Thereafter, interest is charged at 6-months USD LIBOR + 5% per annum on the unpaid balance.

Accrued interest income relates primarily to the dividend yields from the Company's investments in the redeemable preference shares and interest from loans extended to its related parties.

For purpose of impairment assessment, the loan receivables, advances to a related party and amounts due from related parties are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

As at December 31, 2023, the Group provided ECL provision amounting to $38.3 million (2022 : $Nil).

<u>Movement in expected credit loss allowance</u>

	Group	
	2023	2022
	US$	US$
Balance at beginning of the year	-	-
Loss allowance recognised in profit or loss (Note 36)	38,266	-
Balance at end of the year	38,266	-

17 DEPOSITS FOR FUTURE STOCK SUBSCRIPTION

Subscription deposits to BIM Wind

On July 7, 2020, the Group entered into a Share Subscription and Deposit Agreement with BIM Wind. During the year ended December 31, 2021, the Group subscribed for additional $13,041,951 of future common shares and preferred shares of BIM Wind and converted $7,683,326. During the year ended December 31, 2022, the Group converted $29,527,378 of Preferred Shares. As at December 31, 2023, $Nil (2022 : $5,263,720) of deposits remain outstanding.

Subscription deposits to Suryagen

On March 10, 2022, Framework Agreement Term Sheet between the Company and PT Puri Usaha Kencana, PT Trisurya Mitra Bersama, PT Griya Usaha, PT Suryagen Griya Intitama and PT Puri Energi Kencana was entered into for the joint development of projects in Indonesia. Pursuant to the term sheet, the Company infused $2.5 million to Suryagen Capital Pte Ltd as a non-refundable subscription deposit convertible into common shares investment upon execution of the investment definitive documentation. On March 10, 2023, the Group executed the Framework Agreement Term Sheet with PT Puri Usaha Kencana, PT Trisurya Mitra Bersama, PT Griya Usaha, PT Suryagen Griya Intitama, and PT Puri Energi Kencana, which superseded the previous term sheet signed on March 10, 2022, and the advance capital amounting to $2.5 million was channelled to PT Puri Parakarsa Batam for land downpayment and other land related expenses. As at December 31, 2023, $Nil (2022 : $2,500,000) of deposits remain outstanding.

Subscription deposits for UPC Indonesia Development Assets

On December 13, 2023, the Group entered into an agreement with UPC Renewables Asia Pacific Holdings Pte Ltd, for the 49% acquisition of 3 late-stage development projects in Indonesia, with a combined potential capacity of 320MW. The projects are located in South Sulawesi, Sukabumi, and Lombok. As part of the transaction, the Group, provided a subscription deposit amounting to $2.0 million.

Subscription deposits for BIM Energy Holdings Acquisition

On December 18, 2023, the Group entered into a Reservation Agreement with Beacon Capital Holdings Limited and Huntington Renewable Investments Limited, to acquire 49% equity stake in BIM Energy Holdings, BIM Group's holding company for renewable projects in Vietnam. The transaction is subject to condition precedents, including regulatory approval in Vietnam. As part of the transaction, the Group, provided a reservation deposit amounting to $24.5 million.

Subscription to Subsidiaries

In various dates in August and November 2023, the company made subscription deposits to ACEN Australia Pte Ltd, as part of funding requirements of various investments.

In various dates in November and December 2023, the Company made subscription deposits to ACEN Indonesia Investment Holdings Pte Ltd amounting to $11.7 million, as part of the subsidiary's initial capitalisation and funding requirements of various investments.

In December 2023, the Company made subscription deposits to ACEN Vietnam Investments Pte Ltd amounting to $89.0 million, as part of funding requirements of various investments.

18 OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Non-current:				
Accrued interest on loans	-	1,233	-	-
Loans to third parties	-	9,000	-	-
	-	10,233	-	-
Current:				
Accrued interest on fixed deposit	772	1,070	652	847
Accrued interest on loans	152	567	36	500
Loans to third parties	65,700	91,939	1,218	85,406
Amounts due from related companies	48	80	323	206
Dividend receivable	-	-	-	26,350
Deposit	218	102	-	-
GST receivable	5,623	3,613	-	-
	72,513	97,371	2,229	113,309

Amounts due from related companies

The amount due from related companies are non-trade, interest-free, repayable on demand and to be settled in cash.

The loans to third parties relate to:

a. Facility loan to UPCAPH, to fund the payment of UPCAPH Subscription Agreement, with an aggregate principal amount of $85.4 million. The loan is repayable on completion of the second and final tranche of the Company's acquisition of ACEN Australia. In February 2023, the principal amount and interest were fully paid amounting to $85.4 million. As at December 31, 2023, the receivable amount is $Nil (2022 : $85.4 million).

b. ST loan replacement facility to BIM Energy Holdings ("BIMEH"), for the implementation of BIMEH's' business plans. The facility has an aggregate principal amount of $21 million. The loan is repayable on 11 months from the initial drawdown date. In May 2021, the ST loan replacement facility was refinanced by a Term Loan Facility, with the same aggregate principal amount and with a new maturity date of June 2023. In June 2023, the principal amount and interest were fully paid amounting to $6.53 million. As at December 31, 2023, the receivable amount is $Nil (2022 : $6.53 million).

c. ST loan replacement facility to BEHS Joint Stock Company ("BEHS"), for the implementation of BEHS' business plans. The facility has an aggregate principal amount of $9 million. The loan is repayable on 11 month from the initial drawdown date. In May 2021, the ST loan replacement facility was refinanced by a Term Loan Facility, with the same aggregate principal amount and with a new maturity date of June 2023. In December 2023, the principal amount and interest were fully paid amounting to $9.0 million. As at December 31, 2023, the receivable amount is $Nil (2022 : $9.0 million).

d. Development loan to URH, to fund the development projects of the UPC-ACEN Netherlands JV, with an aggregate principal amount of $1.2 million. The loan is repayable upon maturity on January 5, 2024. As at December 31, 2023, the receivable amount is $1.2 million (2022 : $Nil).

e. Facility loan to Huntington Renewables Investment Limited, to fund the acquisition of a stake in BIM Energy Holding Corporation, with an aggregate principal amount of $64.5 million. The loan is repayable on June 21, 2024. As at December 31, 2023, the receivable amount is $64.62 million (2022 : $nil).

Loan receivables from third parties bear interest ranging from 6.00 % to 12.22 % per annum (2022 : 0.75% to 10.50%).

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has considered the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. No loss allowance is recognised during the year.

19 CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Fixed deposits	193,362	376,716	160,754	332,916
Cash and bank balances	48,129	43,312	1,888	1,202
	241,491	420,028	162,642	334,118

The fixed deposits bear interest ranging from 1.52% to 5.86% (2022 : 1.25% to 4.80%) per annum and for an average term of 25 days (2022 : 26 days).

20 LOANS AND BORROWINGS

	Group	
	2023	2022
	$'000	$'000
Bank loans	334,826	149,104
Less: Amount for settlement within 12 months (shown under current liabilities)	(11,575)	(3,762)
Amount due for settlement after 12 months	323,251	145,342

The Group has the following bank loans:

a. On August 18, 2022, the Group and DBS Bank Australia, executed a Common Provisions Agreement and a Facility Agreement for an AU$100.0 million ($68.1 million) green long-term revolving loan facility.

   Total loan drawn from a facility as of December 31, 2023 amounted to AU$44.4 million ($29.7 million). The facility will mature on August 18, 2027.

b. On September 15, 2022, the Group and MUFG entered into an Accession Letter to include MUFG as a Lender under the Common Provisions Agreement for an AU$140.0 million ($95.4 million) green term loan facility.

   Total loan drawn from a facility as of December 31, 2023 amounted to AU$75.8 million ($50.8 million). The facility will mature on September 15, 2027.

c. On October 28, 2022, the Group executed a facility agreement with Clean Energy Finance Corporation for an AU$75.0 million ($51.1 million) green term loan facility.

   Total loan drawn from a facility as of December 31, 2023 amounted to of AU$42.4 million ($28.4 million). The facility will mature on October 28, 2027.

d. On January 6, 2023, the Group signed a syndicated green term loan facility with major international banks for an aggregate principal amount of AU$277.0 million. Comprising the syndicate are Bank of China in Manila and Hong Kong, CTBC Bank in Manila and Singapore, and Standard Chartered Bank in Australia. The funds will be allocated to finance the development and construction of the Group's project pipeline in Australia encompassing solar, wind, battery storage, pumped hydro power and energy storage.

   Total loan drawn from the facility as at December 31, 2023 amount to AU$133.5 million ($89.4 million). The facility will mature on January 2028.

   These green long-term revolving and term loan facilities are part of the Group's aim to raise an initial issuance of over AU$600.0 million ($408.9 million) to support the development of the Group's projects in Australia. All the loans are secured by a guarantee from ACEN. As at December 31, 2023, the Group had available AU$296.0 million ($201.7 million) under the committed bank facilities of which all conditions precedent had been met.

e. On February 11, 2021, the Group executed the New England Solar Farm Syndicated Facility Agreement with Commonwealth Bank of Australia, Bank of China Limited, Sydney Branch and Westpac Banking Corporation for a total of AU$204.5 million ($139.4 million) of construction or term facilities.

   Total loan drawn from a facility as of December 31, 2023 amounted to AU$203.9 million ($136.5 million). The facility will mature on December 22, 2025.

   This syndicated loan is secured by the New England Solar Project's assets.

f. On December 7, 2023, the Group executed a facility agreement with MUFG Bank, Ltd, Singapore Branch for a total of US$100.0 million of term facility, with a maturity date of December 7, 2028. This facility is unsecured. As at December 31, 2023, there are no drawdowns from this facility.

g. On December 7, 2023, the Group executed a facility agreement with The Hongkong and Shanghai Banking Corporation, Singapore Branch for a total of AU$75.0 million, with a maturity date of December 7, 2028. This facility is unsecured. As at December 31, 2023, there are no drawdowns from this facility.

   The corporate and syndicated loan facilities prices off an interest ranging from 5.8% to 6.43% per annum (2022 : 1.71% to 6.43%).

21 LEASE LIABILITIES

	Group	
	2023	2022
	$'000	$'000
Maturity analysis:		
Year 1	5,222	2,458
Years 2 to 5	20,512	9,089
Years over 5	173,320	107,245
	199,054	118,792
Less: Unearned interest	(130,974)	(85,996)
	68,080	32,796

Analyses as:		
Current	5,206	2,453
Non-current	62,874	30,343
	68,080	32,796

22 OTHER LIABILITIES

	Group	
	2023	2022
	$'000	$'000
Non-current:		
Employee benefits	5,495	1,169
Make good provision	9,079	81
	14,574	1,250
Current:		
Employee benefits	627	355
Other creditors	2,803	225
	3,430	580

Make good provision is for the anticipated restoration of leased land. The assumptions are reviewed annually and updated based on the facts and circumstances available at the time.

23 OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Non-current:				
Unearned revenue	94,122	-	-	-
Current:				
Dividends payable	-	20,000	-	20,000
Accrued expenses	458	576	195	285
Accrued interest	1,638	229	-	-
Wages payable	1,190	2,066	-	-
Accrued construction cost	27,625	43,630	-	-
	30,911	66,501	195	20,285

Unearned revenue relates to the Long-Term Energy Supply agreement that the Group secured for its New England solar and Stubbo solar projects at the New South Wales government's first renewable energy and storage auction. Maturity date of LTESA for NESF and Stubbo is on June 30, 2046 and June 30, 2047, respectively.

Accrued construction cost pertains to invoices yet to be received for the construction of 520MW Stubbo Solar Farm ("Stubbo") located in Stubbo, New South Wales, Australia.

24 AMOUNTS DUE TO A RELATED PARTY

	Group		Company	
	2023	2022	2023	2022
	$’000	$’000	$’000	$’000
Advances from a related party	50,789	29,539	1,385	1,383

The advances from a related party are non-trade, interest-free, repayable on demand and to be settled in cash.

25 SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares		$’000	$’000
Issued and fully paid-up:				
At the beginning of the year	1,100,000	1,100,000	1,100	1,100
Issued during the year	35,000,000	-	35,000	-
At the end of the year	36,100,000	1,100,000	36,100	1,100

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

26 REDEEMABLE PREFERENCE SHARES

	Group and Company			
	2023	2022	2023	2022
	Number of shares		$’000	$’000
Issued and fully paid-up:				
At the beginning of the year	14,202,030	12,800,000	1,420,203	1,280,000
Issued during the year	350,000	1,402,030	35,000	140,203
Redeemed during the year	(82,350)	-	(8,235)	-
At the end of the year	14,469,680	14,202,030	1,446,968	1,420,203

The rights, privileges and conditions attached to each of the redeemable preference shares (“RPS”) issued by the Company can be summarised as follows:

(i) The RPS carry no voting rights;

(ii) The holder of RPS is entitled to priority of payment in a liquidation of the Company over any distribution or payment to be made in favour of the holders of all other shares in the Company, but is not entitled to any further participation in surplus assets; and

(iii) The Company (issuer), subject to Section 70 of the Act, is entitled to redeem all or part of the redeemable preference shares by any one or more of the holders of the redeemable preference shares by paying to the relevant holder the amount paid up or credited as paid up on the redeemable preference shares plus such premium (if any) as the directors may in their absolute discretion determine at any time upon giving notice to the holders.

27 MERGER RESERVE

During the year ended December 31, 2018, the Company's investment in subsidiary, Arlington Mariveles Netherlands Holdings Coöperatie U.A. ("Coop") was acquired from a related party under common control of the ultimate holding company. The acquisition was satisfied by the transfer of all of the shares in the subsidiary, originally held by the related party, to the Company for a cash consideration of $300,000. The combined total net assets of the subsidiary at the date of acquisition was $1,000.

The merger reserve was established as a consequence of the merger of the Company and the subsidiary on September 18, 2018. The difference between the consideration paid and total net assets as at the date of the acquisition amounted to $299,000 which has been classified under merger reserve in equity.

Coop is a cooperative with excluded liability incorporated in the Netherlands with its principal activity being investment holding. The Group acquired Coop with the primary reason for the equity participation in the renewable energy projects held under its joint venture.

28 RESERVES

Revaluation reserves

The revaluation reserves relate to investment revaluation reserves that represents the cumulative gains and losses arising on the revaluation of investments in equity instruments designated as at FVTOCI, net of cumulative gain/loss transferred to retained earnings upon disposal. The revaluation reserves are not available for distribution to the Company's shareholders.

Movement in revaluation reserves

	Group and Company	
	2023	2022
	$'000	$'000
Balance at beginning of year	226	656
Fair value loss on investments in equity instruments designated as at FVTOCI	(501)	(430)
Balance at end of year	(275)	226

Translation reserves

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, being United States dollars, are recognised directly in the translation reserves.

Movement in translation reserves

	Group	
	2023	2022
	$'000	$'000
Balance at beginning of year	16,108	662
Exchange differences on translating the net assets of foreign operations	4,913	15,446
Balance at end of year	21,021	16,108

Hedging reserves

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss when the hedged transaction impacts the profit or loss, or is included directly in the initial cost or other carrying amount of the hedged non-financial items.

Movement in hedging reserves

	Group	
	2023	2022
	$'000	$'000
Balance at beginning of year	5,769	-
Fair value gain on hedging instruments entered into for cash flow hedges subject to basis adjustment	5,627	5,769
Balance at end of year	11,396	5,769

Equity reserves

The equity reserves relate to the effects of changes in ownership interests in subsidiaries when there is no change in control.

Movement in equity reserves

	Group	
	2023	2022
	$'000	$'000
Balance at beginning of year	2,144	-
Effects of changes in ownership interests without change in control	(51,772)	2,144
Balance at end of year	(49,628)	2,144

29 NON-CONTROLLING INTEREST

Non-controlling interest arises from the infusion of:

a) the Company for its 5% (2022 : 20%) interest in UPC-AC Energy Australia HK Limited; and

b) ACEN Australia Pty Ltd for its 5% (2022 : 5%) interest in UAC Energy Holdings Pty Ltd.

30 REVENUE

	Group	
	2023	2022
	$’000	$’000
Dividend income	-	70
Interest income from investments	55,137	62,792
Electricity sales	14,910	-
	70,047	62,862

Interest income from investments is recognised at a point in time and there is no unsatisfied (or partially unsatisfied) performance obligation as at the end of the reporting period.

31 INTEREST INCOME

	Group	
	2023	2022
	$’000	$’000
Interest income from bank deposits	408	18
Interest income from fixed deposits	17,155	4,022
Interest income from loan to third party	1,460	1,610
Interest income from loans to related parties	28,580	27,207
	47,603	32,857

32 FINANCE COSTS

	Group	
	2023	2022
	$’000	$’000
Bank charges	1,452	1,969
Lease liability interest expense	97	25
Loan interest expenses	1,576	103
	3,125	2,097

33 INCOME TAX BENEFIT

	Group	
	2023	2022
	$'000	$'000
Income tax		
- current year	249	856
- prior year	(2,403)	(406)
Deferred tax		
- current year	(3,689)	(6,939)
Income tax benefit	(5,843)	(6,489)

Domestic income tax is calculated at 17% (2022 : 17%) of the assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions, Australia at 30%.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2023	2022
	$'000	$'000
Profit before tax	119,612	270,959
Tax at the domestic income tax rate of 17% (2022 : 17%)	20,334	46,063
Tax effect of:		
Expenses that are not deductible in determining taxable profit	14,113	1,940
Income not subject to tax	(36,288)	(51,079)
Different tax rates of subsidiaries operating in other jurisdictions	(1,599)	(3,007)
Over provision of current tax expense in previous year	(2,403)	(406)
Income tax expense (benefit) for the year	(5,843)	(6,489)

34 DIVIDENDS

On various dates in January, May, July and October 2022, the Company declared and paid interim dividends amounting to $48.69 million to its Class B preferred shareholders.

On various dates in January, April, July, and November 2023, the Company declared and paid interim dividends amounting to $45.87 million to its Class B and Class D preferred shareholders.

On February 22, 2023, the Company declared interim dividends amounting to $100 million to its Class C preferred shareholders.

35 GAIN ON SALE OF INVESTMENTS

Partial Divestment of ACEHI Netherlands B.V.

On July 3, 2023, the Group signed a Share Purchase Agreement with Star Energy Oil & Gas Pte Ltd, for the sale of the Company's 24.24% stake in ACEHI Netherlands B.V. to Star Energy, which resulted in a loss of control due to the required unanimous decision for all matters related to ACEHI Netherlands B.V.

The net assets of ACEHI Netherlands B.V. as at date of partial disposal

	2023
	$'000
Cash	73
Investment in associate	169,446
Accumulated equity	38,729
Total assets	208,248
Less: total liabilities	51
Total identifiable net assets	208,197
Net asset disposed off	50,467

The transaction also resulted in the loss of control, due to required unanimous decision for all matters in ACEHI Netherlands B.V. hence, resulted in a reclassification of the investment as joint venture. The transaction also resulted in the recognition of a gain, calculated as follows:

	2023
	$'000
Gain on disposal:	
Consideration received	69,811
Less: Net assets derecognized	50,467
Gain on disposal	19,344
Net cash inflow arising from disposal:	
Consideration received	69,811
Other related expenses	-
Net cash inflow	69,811

The group remeasured it's previously held interest based on its disposal date fair value, which resulted in a remeasurement gain of $60.5 million.

TBC Divestment

Prior to divestment, the Group held 25% interest in TBC and accounted the investment as an associate by virtue of having significant influence. In September 2022, the Group disposed its 25% interest in TBC to Jetfly Asia Pte. Ltd. for a total consideration of $12.77 million. The transaction has resulted in the recognition of a gain, calculated as follows:

	2022
	$'000
Gain on disposal:	
Consideration received	12,765
Less: Carrying amount of investment on the date of loss of significant influence	-
Gain on disposal	12,765
Net cash inflow arising from disposal:	
Consideration received	12,765
Other related expenses	(897)
Net cash inflow	11,868

36 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2023	2022
	$'000	$'000
Legal and professional fees	8,602	2,600
Depreciation and amortisation	1,052	293
Expected credit loss on other financial assets at amortised cost	53,229	23,037
Gain on sale of investments	(19,344)	(12,765)
Remeasurement gain	(60,459)	(189,668)
Fair value loss on financial assets at fair value through profit or loss	4,822	2,238
Net foreign exchange (gains) losses	(847)	590

37 ACQUISITION OF SUBSIDIARY

On March 11, 2022, the Company, UPCAPH and Mr. Rohner (collectively "the UPC AU Sellers") signed a Share Purchase Agreement for the Group's acquisition of 50% effective ownership interest of UPCAPH and Mr. Rohner in UPC-ACE Australia.

On March 21, 2022, the Company, UPCAPH, and Mr. Rohner signed separate instruments of transfer for the transfer to the Company of UPCAPH's 7,150 ordinary shares in UPC-ACE Australia for $78.34 million and Rohner's 1,000,054 ordinary Class B shares in UPC Australia for $9.36 million, thereby completing the first tranche of the acquisition. The aggregate consideration paid by the Company to UPCAPH and Mr. Rohner is $87.70 million. As a result of the first tranche, the Company owns 80% of UPC-ACE Australia.

On November 8, 2022, UPCAPH, executed proxy rights in favor of the Company, providing the Company with 100% voting rights in the consolidated group of UPC-ACE Australia.

UPC-ACE Australia is a holding company of the Company and UPCAPH for Australia energy and power projects and investment.

ACEN Australia, a subsidiary of UPC-ACE Australia, started the construction of 520MW New England Solar Farm (NESF) located in Uralla, New South Wales and 520MW Stubbo Solar Farm (Stubbo) located in Stubbo, New South Wales. ACEN Australia also has further development portfolio located in Tasmania, Victoria and South Australia.

The Group remeasured its previously held interest in UPC-ACE Australia based on its acquisition date fair value which resulted in a remeasurement gain of $189.67 million.

The cost of the business combination is made up as follows:

	2022
	$'000
Purchase consideration:	
Cash	87,699
Convertible loan	228,982
Fair value of equity interest in UPC-ACE Australia before business combination	189,245
Total consideration	505,926

The fair value of the identifiable assets and liabilities at the acquisition date were:

	2022
	$'000
Non-current assets:	
Investment in associates and joint ventures	775
Derivative financial instrument	3,239
Plant and equipment	294,218
Right-of-use assets	24,503
Intangible assets	1,919
Current assets:	
Other receivables	3,556
Prepayments	10
Cash and bank balances	12,779
Non-current liabilities:	
Finance lease liabilities	(27,506)
Provisions	(1,919)
Other liabilities	(581)
Current liabilities:	
Loans and borrowings	(101,821)
Other payables	(289)
Amount due to related parties	(40,541)
Other liabilities	(496)
Net assets acquired and liabilities assumed	167,846

The fair value of the receivables approximates their carrying amounts. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

Goodwill arose in the acquisition of UPC-ACE Australia because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies and future market growth. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

	2022
	$'000
Goodwill arising from acquisition:	
Total consideration	505,926
Add: Non-controlling interest	33,569
Less: Fair value of assets acquired and liabilities assumed	(167,846)
Goodwill arising from acquisition	371,649

The non-controlling interest (20%) in UPC-ACE Australia recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $33.57 million. The fair value approximates the carrying amounts.

Net cash outflow on acquisition is as follows:

	2022
	$'000
Total cash consideration paid in cash	87,699
Less: Cash and bank balances acquired	(12,779)
Net cash outflow	74,920

Included in the profit and loss for the year is $0.09 million loss attributable to the additional business generated by UPC-ACE Australia. No revenue for the period from UPC-ACE Australia.

Had the business combination during the year been effected at January 1, 2022, the revenue of the Group would have been $47.55 million, and the profit for the year would have been $270.90 million.

On February 1, 2023, the Company completed its previously announced acquisition of the Australia development platform.

The Company and UPCAPH signed an Instrument of Transfer for the transfer to the Company of UPCAPH's remaining 4,766 ordinary shares in UPC-AC Energy Australia, which completes the second and final tranche of the Company's acquisition of ACEN Australia.

The acquisition transforms the joint venture into a subsidiary, the Company's first wholly owned development and operating platform outside of the Philippines. The acquisition results in the full ownership by the Company of the 521 MW New England solar farm and the 520 MW Stubbo solar farm in Australia, as well as the development pipeline of ACEN Australia spanning New South Wales, Tasmania, Victoria, and South Australia.

38 CONTINGENT LIABILITIES

During the year ended December 31, 2023, the Group has entered into various guarantee agreements with the banks for a total of $438.8 million (2022 : $422.3 million) for projects in India, USA and Australia, of which $438.8 million (2022 : $422.3 million) is outstanding as of year-end. The purpose of the guarantee is to secure various Standby Letter of Credit ("SBLC") and guarantee agreements of the projects as follows:

a. Construction SBLCs and guarantees $13.8 million;

b. Bid and performance bonds $15.1 million;

c. Performance connection $33.4 million;

d. SBLC loans $193.2 million; and

e. Loan guarantees $183.2 million

During the year ended December 31, 2023 and December 31, 2022, the Group recognised corresponding guarantee income amounting to $1.65 million and $6.27 million respectively.

ACEN Australia

On February 17, 2021, NESF FINCO Pty Ltd, a subsidiary of ACEN Australia issued two bank guarantees to NSW Electricity Operations Pty Ltd ("Transgrid") to provide security for obligations under the New England Solar Farm Connection Agreement. The total amount of the bank guarantees as at December 31, 2023 was $176.4 million. The two bank guarantees were procured under the New England Solar Farm Syndicated Facility Agreement.

<u>Contingent Liabilities of Material Joint Ventures and Associates</u>

Star Energy Geothermal (Salak-Darajat) B.V. and its Subsidiaries

In September 2016, Star Energy Geothermal Salak Ltd. ("SEGSL") and Star Energy Geothermal Darajat I, Limited ("SEGDL") (together the "SEGSD B.V. Subsidiaries"), received government audit findings for the years 2013 and 2014 claiming an underpayment of the government share amounting to $11.0 million (SEGSL $9.9 million, SEGDL $1.1 million). The SEGSD B.V. subsidiaries have made full payment and submitted an objection letter to the Directorate General of Budget ("DGB"). Payment is recognised as prepaid tax and included as part of other non-current assets.

On July 12, 2022 the Supreme Court issued its cassation decision No. 339/K/TUN/2022 rejecting the cassation request from SEGSL, for which a copy was received on September 26, 2022. Following the Supreme Court cassation decision, SEGSL has recorded a full provision for impairment of $9.9 million as of December 31, 2022, which represents an additional provision of $7.2 million in 2022 from the provision of $2.7 million in 2021, recorded as part of income tax expense.

39 COMMITMENTS

As of December 31, 2023, the Group has outstanding commitments of $192.2 million (2022 : $172.8 million) under the loan facilities it provided to related parties.

Share Purchase Agreement with Super Solar Energy Company Limited

On January 28, 2022, the Group, through its wholly-owned subsidiary ACEN Vietnam Investments Pte. Ltd. ("ACEV") and Super Solar Energy Company Limited ("Super") through its wholly-owned subsidiary Super Energy Group (Hong Kong) Co., Limited ("Super HK"), have signed an agreement to form a strategic partnership to develop, own and operate renewable energy projects across ASEAN.

ACEV signed a purchase agreement (with conditions precedent) to acquire 49% interest of Solar NT, owned by Super HK. Super is a premier renewable energy developer and investor, based in Thailand. The transaction will be via secondary shares acquisition for a total consideration of $165.0 million. Expected completion date is by 2024.

Post restructuring, Solar NT will own and operate nine solar power plants across Vietnam with a total capacity of approximately 837MW.

On June 23, 2023, the Group completed the first phase of the transaction, while the remaining phases are expected to be completed in 2024.

40 EVENTS AFTER THE REPORTING DATE

Below are the events after the reporting date which are treated as non-adjusting events as at December 31, 2023.

Completion of the 49% acquisition of 3 late-stage development projects in Indonesia.

On January 3, 2024, with all the conditions having been satisfied under the Sales and Purchase Agreements, the Group, through its wholly owned subsidiary ACEN Investments HK Ltd, completed the acquisition of shares in three late-stage wind development assets, with a combined potential capacity of 320 MW, that are located in South Sulawesi (Sidrap 2), Sukabumi, and Lombok provinces in Indonesia.

Dividends

On January 24, 2024, the Company declared dividends to ACEN Cayman and ACEN Finance Limited amounting to US$6.1 million and US$4.0 million respectively.

Completion of investments in Unlimited Renewables Holdings, B.V

On January 2, 2024, the Company completed its investment in Unlimited Renewables Holdings B.V. by infusing US$50 for acquisition of 50 shares of URH from UPCI and US$2.674 million for subscription for 2,674 ordinary shares of URH.

New Loan Facilities

On January 2, 2024, the Group entered into a Short-Term Development Loan Facility Agreement with AMI Renewables Quang Binh Investments Corporation as the borrower with facility amounting to US$7 million in relation to the potential joint venture for the development, construction, operation, and target sale of the first phase onshore wind farm with a capacity of around 200MW in Savannakhet Province, Lao People's Democratic Republic and the cross-border transmission line between and located in Laos and Vietnam.

Green Term Loan from ANZ and Westpac

On February 26, 2023, the Group, signed a green term loan facility with a total of AUD150.0 million from Australia and New Zealand Banking Group Limited ("ANZ") and Westpac Banking Corporation ("Westpac"). Each bank is providing a facility limit of AUD75.0 million with a four-year tenor.

New Power Purchase Agreement

On January 2, 2024, the Group through its subsidiary NESF Pty Ltd, signed an offtake agreement with Progressive Green Trading Pty Ltd ("Flow Power"). Under the offtake agreement, NESF will supply, at a bundled fixed rate, 40MW of capacity to Flow Power for eleven (11) years from January 1, 2024.

Redemption of Preferred Shares

On January 24, 2024, the Company redeemed 320,000 Class B Redeemable Preference Shares held by ACEN Cayman amounting to $320.0 million out of the Company's capital.

Collections and Drawdowns from existing facilities

On January 22, 2024, Impact Energy Asia Development Limited made additional drawdown under the existing Party B Financing Bond Subscription and Shareholders' Agreement amounting to $6.955 million.

On February 23, 2024, Impact Energy Asia Development Limited made additional drawdown under the existing Party B Financing Bond Subscription and Shareholders' Agreement amounting to $6.955 million.

On January 24, 2024, Unlimited Renewable Holdings paid its outstanding loan principal and interest to the Company amounting to $1.2 million.