COVER SHEET
for
SEC FORM 17-Q

SEC Registration Number

0 6 9 - 0 3 9 2 7 4

COMPANY NAME

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
17-Q	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corpsec.aceph@acenergy.com.ph	(02) 7730-6300	09278370863

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
4,072	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.*

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2023**

2. Commission identification number **39274**

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**

6. Industry Classification Code [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City, 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 issued and outstanding:

Common	:	***39,677,394,773 shares**
Preferred Series A	:	**8,341,500 shares**
Preferred Series B	:	**16,658,500 shares**
		**net of 14,500,000 treasury shares*

Amount of debt outstanding : **₱10.00 billion in bonds registered with Philippine SEC and listed in PDEX.**

11. Are any or all of the securities listed on a Stock Exchange?
Yes [**X**] No [ ]

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [**X**] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [**X**] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached ANNEX "A"

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

Please refer to attached ANNEX "B"

PART II--OTHER INFORMATION

Please refer to attached ANNEX "C"

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on November 6, 2023.

ACEN CORPORATION

DocuSigned by:
02B056275DA34BE...

JOHN ERIC T. FRANCIA
President & Chief Executive Officer

DocuSigned by:
5C1F2AE14E14408...

DocuSigned by:
4D86C9CCA0BF4AE...

MARIA CORAZON G. DIZON
Chief Financial Officer

ANNEX A

ACEN CORPORATION
and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at September 30, 2023
and for the Nine Months Period Ended
September 30, 2023 and 2022
(With comparative figures as at
December 31, 2022)

ACEN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2023 (With Comparative Balances as at December 31, 2022)
(Amounts in Thousands)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 24)	**₱59,013,358**	₱34,630,011
Accounts and notes receivable - net (Notes 5, 22 and 24)	**24,127,601**	30,503,231
Fuel and spare parts	**1,080,898**	806,986
Financial assets at fair value through profit or loss (FVTPL)	**568,210**	42,863
Current portion of:		
Input value added tax (VAT)	**2,382,552**	2,132,179
Creditable withholding taxes	**1,608,085**	940,403
Other current assets (Notes 11 and 24)	**1,070,620**	966,907
Total Current Assets	**89,851,324**	70,022,580
Noncurrent Assets		
Investments in:		
Associates and joint ventures (Note 6)	**30,049,611**	24,766,433
Other financial assets at amortized cost (Note 7)	**20,166,063**	21,260,907
Financial assets at FVTPL	**1,293,298**	1,260,023
Financial assets at fair value through other comprehensive income (FVOCI)	**2,505,078**	366,844
Property, plant and equipment (Note 8)	**78,629,405**	58,398,228
Right-of-use assets (Note 9)	**6,696,670**	3,726,647
Accounts and notes receivable - net of current portion (Notes 5, 22 and 24)	**11,434,882**	16,387,729
Goodwill and other intangible assets (Note 10)	**23,494,924**	23,268,743
Net of current portion:		
Input VAT	**2,994,174**	2,336,747
Creditable withholding taxes	**781,743**	752,317
Deferred income tax assets - net (Note 21)	**1,875,354**	1,730,194
Other noncurrent assets (Notes 11 and 24)	**6,264,733**	8,495,171
Total Noncurrent Assets	**186,185,935**	162,749,983
TOTAL ASSETS	**₱276,037,259**	₱232,772,563
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12, 22 and 24)	**₱15,124,649**	₱13,322,569
Short-term loans (Notes 13 and 24)	**2,500,000**	2,900,000
Current portion of:		
Long-term loans (Notes 13, 24 and 25)	**1,273,342**	719,385
Lease liabilities (Notes 9, 24 and 25)	**790,967**	258,562
Income and withholding taxes payable	**345,455**	479,435
Due to stockholders (Note 22)	**16,585**	16,585
Total Current Liabilities	**20,050,998**	17,696,536

(Forward)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Noncurrent Liabilities		
Notes payable (Notes 13, 24 and 25)	**₱32,468,988**	₱32,093,314
Long-term loans - net of current portion (Notes 13, 24 and 25)	**40,837,613**	28,051,903
Lease liabilities - net of current portion (Notes 9, 24 and 25)	**6,385,956**	4,206,459
Pension and other employee benefits	**88,607**	76,997
Deferred income tax liabilities – net (Note 21)	**614,356**	226,268
Other noncurrent liabilities (Note 14)	**1,089,492**	827,643
Total Noncurrent Liabilities	**81,485,012**	65,482,584
Total Liabilities	**101,536,010**	83,179,120
Equity		
Common shares (Note 15)	**39,691,895**	39,691,895
Redeemable preferred shares (Note 15)	**25,000**	–
Additional paid-in capital (Note 15)	**132,302,422**	107,492,243
Other equity reserves (Note 15)	**(59,450,345)**	(56,585,740)
Unrealized fair value loss on equity instruments at FVOCI	**(242,692)**	(114,566)
Unrealized fair value gain on derivative instruments designated as hedges – net of tax (Note 24)	**65,746**	326,676
Remeasurement loss on defined benefit plans – net of tax	**(9,781)**	(43,910)
Accumulated share in other comprehensive loss of associates and joint ventures (Note 6)	**(46,318)**	(5,794)
Cumulative translation adjustments	**7,811,473**	7,449,690
Retained earnings (Note 15)	**24,523,225**	19,551,839
Treasury shares (Note 15)	**(28,657)**	(28,657)
Total equity attributable to equity holders of the Parent Company	**144,641,968**	117,733,676
Non-controlling interests (Note 15)	**29,859,281**	31,859,767
Total Equity	**174,501,249**	149,593,443
TOTAL LIABILITIES AND EQUITY	**₱276,037,259**	₱232,772,563

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Figures)

	Three-Month Period Ended September 30 (Unaudited)		Nine-Month Period Ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
REVENUES				
Revenue from sale of electricity (Note 16)	**₱8,122,065**	₱9,231,940	**₱28,407,633**	₱25,107,463
Rental income	**17,213**	17,053	**51,644**	51,416
Dividend income	**–**	–	**–**	3,635
Other revenues	**42,073**	25,777	**190,634**	80,770
	8,181,351	9,274,770	**28,649,911**	25,243,284
COSTS AND EXPENSES				
Costs of sale of electricity (Note 17)	**7,917,386**	8,805,786	**25,193,418**	23,435,185
General and administrative expenses (Note 18)	**3,437,358**	474,341	**5,926,516**	1,123,203
	11,354,744	9,280,127	**31,119,934**	24,558,388
INTEREST AND OTHER FINANCE CHARGES (Note 19)	**(458,883)**	(558,625)	**(1,342,409)**	(1,822,998)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES (Note 6)	**(4,945)**	(166,466)	**1,559,913**	296,234
OTHER INCOME - NET (Note 20)	**6,517,605**	2,991,945	**10,264,723**	6,061,737
INCOME BEFORE INCOME TAX	**2,880,384**	2,261,497	**8,012,204**	5,219,869
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)				
Current	**(102,013)**	108,185	**58,557**	297,183
Deferred	**337,095**	(245,188)	**242,928**	(427,998)
	235,082	(137,003)	**301,485**	(130,815)
NET INCOME	**₱2,645,302**	₱2,398,500	**₱7,710,719**	₱5,350,684
Net Income Attributable To:				
Equity holders of the Parent Company	**₱2,334,186**	₱1,937,430	**₱6,565,640**	₱4,120,519
Non-controlling interests	**311,116**	461,070	**1,145,079**	1,230,165
	₱2,645,302	₱2,398,500	**₱7,710,719**	₱5,350,684
Basic/Diluted Earnings Per Share (Note 23)	**₱0.06**	₱0.05	**₱0.17**	₱0.10

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Figures)

	Three-Month Period Ended September 30 (Unaudited)		Nine-month period Ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
NET INCOME	**₱2,645,302**	₱2,398,500	**₱7,710,719**	₱5,350,684
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods				
Cumulative translation adjustment	**1,788,644**	5,579,896	**211,532**	11,712,480
Unrealized fair value (loss) gain on derivative instruments designated as hedges - net of tax	**(2,543)**	(50,775)	**(260,930)**	18,881
	1,786,101	5,529,121	**(49,398)**	11,731,361
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	**(32,115)**	(16,543)	**(128,126)**	(18,050)
Remeasurement gain (loss) on defined benefit plans – net of tax	**15,809**	–	**34,129**	(755)
	(16,306)	(16,543)	**(93,997)**	(18,805)
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	**(74,882)**	–	**(74,882)**	–
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	**4,634**	14,732	**1,935**	30,222
Interest rate swap	**44,115**	–	**44,115**	–
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	**(2,673)**	3,925	**(11,692)**	4,028
	(28,806)	18,657	**(40,524)**	34,250
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) – NET OF TAX	**1,740,989**	5,531,235	**(183,919)**	11,746,806
TOTAL COMPREHENSIVE INCOME	**₱4,386,291**	₱7,929,735	**₱7,526,800**	₱17,097,490
Total Comprehensive Income Attributable To:				
Equity holders of the Parent Company	**₱4,075,175**	₱7,515,421	**₱6,531,972**	₱15,915,549
Non-controlling interests	**311,116**	414,314	**994,828**	1,181,941
	₱4,386,291	₱7,929,735	**₱7,526,800**	₱17,097,490

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM 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 on Equity Instruments at FVOCI	Unrealized Fair Value Gain (Loss) on derivative instruments designated as hedge – net of tax (Note 24)	Remeasurement Loss (Gain) On Defined Benefit Plans – net of tax	Accumulated Share in Other Comprehensive Income (Loss) gain 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
	For the nine-month period ended September 30, 2023 (Unaudited)														
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	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**6,565,640**	**–**	**6,565,640**	**1,145,079**	**7,710,719**
Other comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**(128,126)**	**(260,930)**	**34,129**	**(40,524)**	**361,783**	**–**	**–**	**(33,668)**	**(150,251)**	**(183,919)**
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**–**	**(128,126)**	**(260,930)**	**34,129**	**(40,524)**	**361,783**	**6,565,640**	**–**	**6,531,972**	**994,828**	**7,526,800**
Dividends declared	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,587,096)**	**–**	**(1,587,096)**	**(1,135,237)**	**(2,722,333)**
Issuance of capital stock	**–**	**–**	**25,000**	**24,975,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25,000,000**	**–**	**25,000,000**
Share issuance costs	**–**	**–**	**–**	**(164,821)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(164,821)**	**–**	**(164,821)**
Changes due to loss of control	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(7,158)**	**–**	**(7,158)**	**–**	**(7,158)**
Acquisition of non-controlling interest in a subsidiary	**–**	**–**	**–**	**–**	**(2,864,605)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,864,605)**	**(1,860,077)**	**(4,724,682)**
	–	**–**	**25,000**	**24,810,179**	**(2,864,605)**	**–**	**–**	**–**	**–**	**–**	**(1,594,254)**	**–**	**20,376,320**	**(2,995,314)**	**17,381,006**
Balances at September 30, 2023	**₱39,691,895**	**₱107,492,243**	**₱25,000**	**₱24,810,179**	**(₱59,450,345)**	**(₱242,692)**	**₱65,746**	**(₱9,781)**	**(₱46,318)**	**₱7,811,473**	**₱24,523,225**	**(₱28,657)**	**₱144,641,968**	**₱29,859,281**	**₱174,501,249**
	For the nine-month period ended September 30, 2022 (Unaudited)														
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	–	–	–	–	–	–	–	–	–	–	4,120,519	–	4,120,519	1,230,165	5,350,684
Other comprehensive income (loss)	–	–	–	–	–	(18,050)	(23,227)	(755)	34,250	11,802,812	–	–	11,795,030	(48,224)	11,746,806
Total comprehensive income (loss)	–	–	–	–	–	(18,050)	(23,227)	(755)	34,250	11,802,812	4,120,519	–	15,915,549	1,181,941	17,097,490
Dividends declared	–	–	–	–	–	–	–	–	–	–	(2,298,950)	–	(2,298,950)	(1,099,084)	(3,398,034)
Issuance of capital stock	1,320,746	9,237,832	–	–	–	–	–	–	–	–	–	–	10,558,578	–	10,558,578
Grants through Employee Stock Ownership Plan	32,623	210,586	–	–	–	–	–	–	–	–	–	–	243,209	–	243,209
Adjustment in grants through Employee Stock Ownership Plan	(1)	(6)	–	–	–	–	–	–	–	–	–	–	(7)	–	(7)
Non-controlling interest arising from a business combination	–	–	–	–	–	–	–	–	–	–	–	–	–	1,096	1,096
Acquisition of non-controlling interest in a subsidiary	–	–	–	–	(114,552)	–	–	–	–	–	–	–	(114,552)	15,139	(99,413)
	1,353,368	9,448,412	–	–	(114,552)	–	–	–	–	–	(2,298,950)	–	8,388,278	(1,082,849)	7,305,429
Balances at September 30, 2022	₱39,691,895	₱107,492,243	₱–	₱–	(₱56,719,084)	(₱108,139)	(₱16,999)	(₱25,191)	₱63,973	₱11,442,902	₱10,528,870	(₱28,657)	₱112,321,813	₱30,049,868	₱142,371,681

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Nine-month period Ended September 30 (Unaudited)	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱8,012,204**	₱5,219,869
Adjustments for:		
Interest and other finance charges (Note 19)	**1,342,409**	1,822,998
Depreciation and amortization (Notes 17 and 18)	**1,228,216**	1,725,717
Pension and other employee benefits	**45,739**	(19,486)
Foreign exchange gains – net	**(47,034)**	(163,611)
Equity in net income of associates and joint ventures (Note 6)	**(1,559,913)**	(296,234)
Interest and other financial income (Note 20)	**(5,067,449)**	(4,071,198)
Dividend income	**–**	(3,635)
Provision for (reversal of):		
Impairment loss on:		
Other financial assets at amortized cost (Notes 7 and 18)	**1,577,037**	–
Other assets (Notes 8, 11 and 18)	**9,804**	41,539
Expected credit losses (Notes 5 and 18)	**1,093,253**	(4)
Loss (gain) on:		
Remeasurement of investment in joint venture (Notes 2 and 6)	**(3,433,328)**	–
Disposal of investment (Note 2)	**(1,062,030)**	–
Settlement of development loan (Notes 5 and 20)	**(515,000)**	–
Sale of financial asset at FVTPL (Note 20)	**(37,385)**	–
Fair value adjustment on financial asset at FVTPL (Note 20)	**121,195**	–
Realized foreign exchange forward contracts (Note 20)	**16,437**	(391,488)
Sale of property and equipment	**4,080**	8,292
Divestment of investment in associate (Notes 8 and 20)	**–**	(734,667)
Acquisition of investments (Note 20)	**–**	(212,120)
Unrealized foreign exchange forward contracts (Note 20)	**–**	(50,296)
Sale of inventories and by-product	**–**	29,495
Sale of noncurrent assets held for sale	**–**	8,400
Write-off of FVOCI	–	500
Operating income before working capital changes	**1,728,235**	2,914,071
Decrease (increase) in:		
Accounts receivable	**(2,776)**	1,777,983
Fuel and spare parts	**(273,912)**	(423,479)
Other current assets	**(341,259)**	(2,475,459)
Increase in accounts payable and other current liabilities	**348,590**	705,213
Cash generated from operations	**1,458,878**	2,498,329
Interest received	**815,159**	62,649
Income and withholding taxes paid	**(200,075)**	(245,197)
Net cash flows from operating activities	**2,073,962**	2,315,781
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**(17,579,677)**	(8,296,580)
Loans to related parties (Note 22)	**(5,185,862)**	(20,051,909)
Investments in associates and joint venture, net (Note 6)	**(4,217,733)**	(7,603,579)
Investment in financial assets at FVOCI	**(2,124,530)**	–
Issuance of convertible loans (Note 7)	**(1,807,639)**	(2,807,214)
Investments in redeemable preferred shares (Note 7)	**(1,706,064)**	(4,720,354)
Financial assets at FVTPL	**(558,250)**	(912,534)
Investments in subsidiaries, net of cash acquired	**(114,000)**	(2,477)
Other intangible assets (Note 10)	**(28,714)**	(1,471)
Subscription deposits (Note 7)	**(27,320)**	(180,448)
Short-term investments (Note 11)	**(2,245)**	(179,149)

(Forward)

	Nine-month period Ended September 30 (Unaudited)	
	2023	2022
Proceeds from:		
Collection of loans to related parties	**₱16,718,733**	₱25,705,039
Change due to loss of control, net of cash surrender (Note 2)	**3,945,444**	–
Redemption of convertible loan (Note 7)	**2,341,774**	14,508
Redemption of redeemable preferred shares (Note 7)	**323,987**	–
Return of capital from a joint venture (Note 6)	**228,312**	–
Sale of financial asset at FVTPL	**183,661**	–
Sale of property, plant and equipment	**7,684**	6,427
Divestment of investment in associate (Note 20)	–	734,667
Gain from acquisition of investments (Note 20)	–	212,120
Sale of noncurrent assets held for sale	–	193,525
Dividends received from:		
Investments in associates and joint ventures (Note 6)	**1,362,464**	249,587
Financial assets at FVOCI	–	3,635
Interest received	**3,450,151**	1,743,085
Increase in other noncurrent assets, non-current portion of input VAT and CWT (Note 24)	**(1,879,907)**	(2,231,093)
Net cash flows used in investing activities	**(6,669,731)**	(18,124,215)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Issuance of capital stock (Notes 2 and 15)	**25,000,000**	10,801,786
Availment of short-term debts (Notes 13 and 27)	**14,100,000**	20,137,020
Availment of long-term debts (Notes 13 and 27)	**13,520,198**	11,914,000
Issuance of notes payable	–	10,000,000
Payments of:		
Short-term loans (Notes 13 and 27)	**(14,500,000)**	(13,237,020)
Acquisition of non-controlling interest (Notes 2 and 15)	**(4,724,682)**	(99,412)
Cash dividends (Notes 15 and 27)	**(2,722,333)**	(3,398,034)
Interest on short-term and long-term loans (Note 27)	**(1,188,896)**	(1,504,304)
Lease liabilities (Notes 9 and 27)	**(472,761)**	(118,469)
Long-term loans (Notes 13 and 27)	**(432,344)**	(7,276,074)
Interest on lease liabilities (Notes 9 and 27)	**(185,171)**	(168,698)
Share issuance cost	**(164,821)**	–
Debt issue cost (Note 13)	**(47,778)**	(310,428)
Increase in other noncurrent liabilities	**390,720**	1,394,450
Net cash flows from financing activities	**28,572,132**	28,134,817
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**406,984**	3,282,018
NET INCREASE IN CASH AND CASH EQUIVALENTS	**24,383,347**	15,608,401
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**34,630,011**	26,445,429
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱59,013,358**	₱42,053,830

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information

ACEN CORPORATION ("ACEN" or "the Parent") 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 September 30, 2023, ACEIC owns 57.74% of ACEN's total outstanding shares of stock.

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 accompanying unaudited interim condensed consolidated financial statements of ACEN and its subsidiaries ("the Group") as at September 30, 2023, and for the nine-month periods ended September 30, 2023 and 2022 were approved and authorized for issuance by the Parent Company's Audit Committee (pursuant to the authority delegated by the Parent Company's BOD) on November 6, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The unaudited interim condensed consolidated financial statements as at September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022 have been prepared on a historical cost basis, except for the financial assets at fair value through profit and loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments which have been measured at fair value.

The unaudited interim condensed consolidated financial statements are presented in Philippine Peso (₱) which is the functional and presentation current of the Parent Company, and all amounts are rounded to the nearest thousands (‘000) unless otherwise indicated.

Statement of Compliance

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at December 31, 2022.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards and amendments effective as at January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning on or after January 1, 2023

- 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

- 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).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

Basis of Consolidation
The interim condensed consolidated financial statements comprise the financial statements of the Group. For the nine-month period ended September 30, 2023, the changes in the Parent Company's ownership in its subsidiaries is:

		Percentage of Ownership (%)			
		September 30, 2023		December 31, 2022	
Subsidiaries	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
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**

The following are the significant transactions of the Group during the nine-month period ended September 30, 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, Tasmania, Victoria, and South Australia.

Investment in UPC Philippines
On March 18, 2022, ACEN, through its wholly owned subsidiary, ACE Endevor, Inc. (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 North Luzon Renewable Energy Corp. (NLR), the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte,
- 39.98% interest in Bayog Wind Power Corp. (BWPC), the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte, and

- 100% in development and pipeline vehicle companies (collectively referred to as "Target Companies"):
  - Buduan Wind Energy Co, Inc.,
  - Caraballo Mountains UPC Asia Corporation,
  - Pangasinan UPC Asia Corporation,
  - Sapat Highlands Wind Corporation,
  - UPC Mindanao Wind Power Corp.,
  - Itbayat Island UPC Asia Corporation,
  - Laguna Central Renewables, Inc.,
  - Laguna West Renewables, Inc.,
  - Suyo UPC Asia Corporation, and
  - SolarAce 4 Energy Corp. ("SolarAce 4")

Prior to the acquisition of 39.98% in 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 30.00% in SolarAce4, ACEN indirectly owned 70.00% interest through its wholly owned subsidiary, ACE Endevor. The acquisition resulted to 100.00% interest in SolarAce4 and is accounted for as an acquisition of non-controlling interest.

Following the ACEN BOD approval made on October 18, 2021, whereby ACEN and ACE 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.

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 (Note 10).

Investment in Sinocalan Solar Power Corp.("SSPC")
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. ("SSPC") to ACEN.

SSPC is the developer of the proposed 60MW 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 SSPC;
2. Deed of Absolute Sale of Shares with Havilah for the acquisition by ACEN of Havilah's 600 Class B Common Shares in SSPC;
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 SSPC; and
4. Subscription Agreement with SSPC for the subscription by ACEN to 600,000 Redeemable Preferred Shares B ("RPS B"), to be issued out of the increase in ACS of SSPC.

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 SSPC.

The following are the fair value of the identifiable assets and liabilities of SSPC 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.

Consideration transferred was paid in cash on transaction date.

Net cash outflow on acquisition is as follows:

Cash consideration	₱278,398
Less Cash acquired with the subsidiary[a]	268
Net cash outflow	₱278,130

[a] *Cash acquired with the subsidiary is included in cash flows from investing activities.*

Monsoon Wind B.V. (Monsoon Wind) signs financing for its 600 MW wind project
On April 10, 2023, ACEN through its subsidiary ACRI, signed the financing documents for the non-recourse project financing for Monsoon Wind, the first wind power project in Lao People's Democratic Republic (PDR).

Monsoon Wind will construct, own, and operate a 600 MW wind power plant and a 500 kV transmission line.

As of September 30, 2023, the Group infused $6.92 million (₱380.53 million), with $0.22 million (₱2.18 million) of directly attributable costs, and with a return of capital amounting to $4.20 million (₱228.31 million) (Note 6).

ACEN Australia Pty. Ltd. (“ACEN Australia”) secures two long-term energy service agreements for its solar projects in New South Wales (“NSW”) Government’s first renewable energy and storage auction
On May 2, 2023, ACEN Australia has secured 20-year Long Term Energy Service Agreements (LTESAs) for two of its solar projects at the NSW Government’s first renewable energy and storage auction.

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

Regulatory approval of ACEN’s acquisition of portfolio of eight operating wind projects in Texas, USA
On March 16, 2023, UPC Power Solutions LLC (“UPC Power”) signed a Purchase and Sale Agreement with from US-based GlidePath Power Solutions LLC (“GlidePath”) to acquire a portfolio of eight operating wind projects located in northern Texas, USA, subject to regulatory approvals including the approval of U.S. Federal Energy Regulatory Commission (“FERC”).

On June 1, 2023, the U.S. FERC authorized ACEN’s acquisition, through its joint-venture company, UPC Power, of a total of 136 MW of wind assets from GlidePath.

With the U.S. FERC approval, UPC Power and GlidePath will proceed to complete the acquisition pursuant to their Purchase and Sale Agreement. As of September 30, 2023, the group infused $10.36 million (₱584.03 million) in relation to the repowering of wind projects.

ACEN completes the first phase of the acquisition of Super Energy's Vietnam solar platform
On June 26, 2023 ACEN, through its subsidiary, ACEN Vietnam Investments Pte. Ltd. (“ACEV"), moves forward on signing the Shareholders’ Agreement and other definitive agreements for the closing of the acquisition of Super Energy Corporation Public Company Limited’s solar power business in Vietnam. This strategic partnership follows the share purchase agreement signed by the two companies in 2022.

Super Energy Corporation Public Company Limited currently owns and operates 837 MW of solar projects in Vietnam through Solar NT Holdings Pte. Ltd. (“SUPER"); ACEN will take up 49% ownership of SUPER through a phased acquisition. Closing of the first phase of the transaction has been completed in the first half of 2023 (Note 6), while the remaining phases are expected to be completed within the year, with a total consideration estimated at $165.00 million.

As of September 30, 2023, the Group infused US$51.00 million (₱2,815.20 million) and US$0.10 million (₱5.65 million) directly attributable costs (Note 6).

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% (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	₱4,120
Investment in Associate	169,446	9,586,398
Accumulated equity in Associate	38,728	2,174,109
	208,247	11,764,627
Liabilities		
Accounts payable and other current liabilities	51	2,895
Total identifiable net assets	208,196	11,761,732
Percentage sold to SEOG		24.24%
Net assets sold to SEOG	50,467	2,851,044
Currency translation adjustment	–	36,490
Less cash consideration	69,811	3,949,564
Gain on disposal of investment (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 20).

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 on a preliminary basis using the transaction price on the 24.24%-interest sale to SEOG. This transaction price was based on a discounted cash flows based on inputs and assumptions of ACRI. The testing of the inputs and assumptions behind the revaluation gain will be finalized by December 31.

	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	4,120
Net cash inflow	$69,738	₱3,945,444

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

ACEN to develop its first large-scale floating solar project in Laguna Lake
On August 8, 2023, ACEN, through its subsidiaries, signed a Renewable Energy Contract Area Utilization (RECAU) agreement with the Laguna Lake Development Authority (LLDA) to lease 800 hectares of Renewable Energy Areas (REAs) in Laguna, Philippines. ACEN will develop large-scale floating solar project which will be situated on Laguna Lake.

Following an invitation to develop floating solar renewable energy projects on Laguna Lake, ACEN, through its subsidiaries, received Notices of Award from LLDA in July. Solar Energy Operating Contracts (SEOCs) for eight blocks of hundred hectares each in the southern and eastern sections of the lake have been applied with the Department of Energy (see Note 9).

Joint Venture of the Puri Usaha Group and ACEN Renewables International Pte Ltd.
On August 30, 2023, PT Trisuya Mitra Bersama (a member of the Puri Usaha Group) and ACEN Indonesia Investment Holdings, Pte. Ltd. (another subsidiary of ACEN, which is wholly owned by ACRI) entered into an Investment Agreement and Shareholders' Agreement for their joint venture company, PT Puri Prakarsa Batam for the development of renewable energy projects in Indonesia focusing on large-scale solar power plants, battery energy storage system and green hydrogen projects (see Note 6).

Issuance of up to 25 Million Preferred Shares
On September 1, 2023 ACEN marked the issuance of its ₱25.0 billion perpetual preferred shares which were listed on the Main Board of The Philippine Stock Exchange, Inc. ("PSE") on September 1, 2023 under the trading symbols "ACENA" for the Series A preferred shares and "ACENB" for the Series B preferred shares (see Note 15).

3. Significant Accounting Judgment, Estimates and Assumptions

The preparation of the accompanying unaudited interim condensed 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.

Except as otherwise stated, the significant accounting policies, judgements, estimates and assumptions used in the preparation of the unaudited interim condense consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2022.

<u>Judgments</u>
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 unaudited interim condensed consolidated financial statements.

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 Significant Influence over Associate
The Group's investments in associates are structured in separate incorporated entities. The investment in UPC Power Solutions LLC is accounted for as investment in associate since the Group has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control) (see Note 6).

Assessment of Joint Control over Joint Ventures
The Group's investments in joint ventures are structured in separate incorporated entities (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 Transaction Price from Sale of Electricity
The adjustment of the FIT rates for the delivered energy is a variable consideration which shall be accounted for in the period it is approved. For the nine-month periods ended September 30, 2023, and 2022, while waiting for the approval of the respective years FIT rates, management assessed that the use of the approved 2020 FIT rates represent the best estimate of the transaction price the Group will be entitled to in exchange of delivered energy.

<u>Management's Use of Estimates</u>
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.

Purchase Price Allocation and Goodwill
The Group made several acquisitions for the nine-month period ended September 30, 2023 (see Note 6 and 10). The Group determined the fair value of the net assets of the investee companies for the finalization of the purchase price allocation. Estimation of the fair value used assumptions such as unavailability of information to facilitate fair value computation. This includes information for the valuation of assets related to offtake contracts, and property, plant, and equipment, among others.

Evaluation of impairment of financial assets
Under PFRS 9, the Group reviews its receivables portfolio to assess impairment at least on an annual basis. In determining whether ECL should be recognized in the Group's consolidated comprehensive income, the Group makes judgment as to whether there is any observable data that there is measurable decrease in the estimated future cash flows from debt instruments (see Notes 5 and 7).

Impairment of nonfinancial assets
The Group assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group recognizes an impairment loss whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

The factors that the Group considers important which could trigger an impairment review include the following:

a. significant underperformance relative to expected historical or projected future operating results;
b. significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
c. significant negative industry or economic trends.

The Group recognized allowance for impairment loss on certain items of property and equipment and advances to contractors related to project cost amounting to ₱9.80 million as of September 30, 2023 (see Notes 8, 11 and 18).

4. Cash and Cash Equivalents

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and in banks	**₱28,680,984**	₱11,205,281
Cash equivalents	**30,332,374**	23,424,730
	₱59,013,358	₱34,630,011

Cash in bank includes ₱18,381.98 million restricted cash in escrow account as part of the proceeds from the issuance of redeemable 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 from cash in banks and cash equivalents for the nine-month period ended September 30, 2023 and 2022 amounted to ₱905.60 million and ₱91.16 million, respectively (Note 20).

5. Accounts and Notes Receivable

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Accounts and other receivable	**₱12,391,900**	₱11,938,538
Notes receivable (Note 22)	**18,455,304**	29,947,254
Accrued interest receivable	**5,976,376**	5,173,012
	36,823,580	47,058,804
Allowance for expected credit losses	**1,261,097**	167,844
	35,562,483	46,890,960
Less noncurrent portion	**11,434,882**	16,387,729
Current portion	**₱24,127,601**	₱30,503,231

Accounts and other receivable

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables		
Third party		
Independent Electricity Market Operator of the Philippines ("IEMOP")	**₱5,279,814**	₱3,995,641
RES Buyer	**2,666,871**	3,630,872
National Transmission Corporation ("TransCo")	**1,680,537**	1,772,553
National Grid Corporation of the Philippines ("NGCP")	**100,060**	146,922
Philippine Electricity Market Corporation ("PEMC")	**35,701**	51,025
Others	**84,409**	63,258
Other receivables		
Third party	**1,322,164**	1,387,897
Related party (Note 22)	**1,222,344**	890,370
	12,391,900	11,938,538
Allowance for expected credit losses	**150,990**	167,844
	12,240,910	11,770,694
Less noncurrent portion	**1,697,493**	1,507,126
Current portion	**₱10,543,417**	₱10,263,568

Other receivables are comprised of outstanding balance from NGCP for the sale of transmission line assets, refundable deposits, receivable from employees and dividends receivables.

Notes receivable

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Debt replacement - related party (Note 22)	**₱13,085,172**	₱20,094,774
Development loans:		
Third party	**659,175**	5,845,766
Related party (Note 22)	**2,156,105**	2,454,171
Other loans:		
Third party	**1,695,983**	1,009,077
Related party (Note 22)	**858,869**	543,466
	18,455,304	29,947,254
Allowance for expected credit losses	**782,474**	–
	17,672,830	29,947,254
Less noncurrent portion	**6,263,253**	11,974,612
Current portion	**₱11,409,577**	₱17,972,642

Debt replacement
Debt replacement facilities are provided to related party entities, mostly joint ventures, in order to fund investment requirements for plants while undergoing construction and implementation or release of project financing from bank.

Debt replacement bear interest ranging from 7.00% to 15.00% per annum.

Development loans
Development loans are provided to third parties and related parties to fund development of renewable energy projects in various locations. Development loan bear interest ranging from 4.00% to 10.85% per annum.

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 in of SP New Energy Corporation (“SPNEC”), a listed company which is an affiliate of Solar PH (which SPNEC shares have 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 and arrangement and security amendment in consideration for ACEN releasing its pledge over shares owned by Solar PH in SPNEC, and (c) allow further drawdown by Provincia from the existing ₱1,000.00 million loan facility. As at September 30, 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 for the nine-month period ended September 30, 2023 (see Note 20).

Other Loan
Other loans receivable from third parties includes long term loan receivables for land acquisitions. These are interest bearing and payable upon maturity.

Other loans bear interest ranging from 3.00% to 12.00% per annum.

Accrued interest receivable:
This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Debt replacements:		
Related party (Note 22)	**₱1,391,277**	₱1,072,045
Development loans:		
Third party	**127,426**	43,705
Related party (Note 22)	**516,852**	389,231
Other financial assets at amortized cost - related party (Note 22)		
Redeemable preferred shares	**3,057,405**	2,487,852
Convertible loans	**673,757**	1,071,551
Other loans:		
Third party	**65,966**	31,846
Related party (Note 22)	**67,365**	11,042
Trade receivables		
Third party	**76,077**	60,332
Related party (Note 22)	**251**	5,408
	5,976,376	5,173,012
Allowance for expected credit losses	**327,633**	–
	5,648,743	5,173,012
Less noncurrent portion	**3,474,136**	2,905,991
Current portion	**₱2,174,607**	₱2,267,021

For the nine-month ended September 30, 2023, the Group recognized allowance for impairment loss in development loan to UPC-AC Energy Solar Limited (UPC Solar) for its principal and interest amounting to US$13.78 million (₱782.47 million) and US$5.77 million (₱327.63 million), respectively (Note 18). Net reversals of other credit losses in the current period amounted to ₱16.85 million.

As at September 30, 2023 and December 31, 2022, the aging analysis of receivables are as follows:

	September 30, 2023 (Unaudited)						
		Past Due but not Impaired				**Past Due Individually Impaired**	
	Current	**<30 Days**	**30–60 Days**	**61–90 Days**	**More than 90 Days**		**Total**
Trade receivables	**6,649,061**	**599,005**	**935,123**	**522,329**	**1,075,747**	**66,127**	**9,847,392**
Due from related parties	**16,129,707**	**68,101**	**76,988**	**860,622**	**4,783,571**	**1,110,407**	**23,029,396**
Others	**1,269,326**	**515,311**	**5,585**	**363,343**	**1,708,664**	**84,563**	**3,946,792**
	24,048,094	**1,182,417**	**1,017,696**	**1,746,294**	**7,567,982**	**1,261,097**	**36,823,580**

	December 31, 2022 (Audited)						
		Past Due but not Impaired				Past Due Individually Impaired	
	Current	<30 Days	30–60 Days	61–90 Days	More than 90 Days		Total
Trade receivables	₱8,953,563	₱151,902	₱244,730	₱7,774	₱219,322	₱82,980	₱9,660,271
Due from related parties	27,521,524	484,305	5	28,556	1,006,828	–	29,041,218
Others	7,987,250	136,262	41,212	107,727	–	84,864	8,357,315
	₱44,462,337	₱772,469	₱285,947	₱144,057	₱1,226,150	₱167,844	₱47,058,804

Interest income

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

	September 30, 2023 (Unaudited)	September 30 2022 (Unaudited)
Debt replacements		
Related Party		
Wind Power Lac Hoa (Lac Hoa)	**₱251,632**	₱16,753
Asia Wind Power 1 HK (Asia Wind 1)	**245,939**	188,630
Greencore Power Solutions 3, Inc. (Greencore 3)	**324,360**	158,962
Wind Power Hoa Dong (Hoa Dong)	**220,935**	17,307
BIM Wind Joint Stock Company (BIM Wind)	**129,620**	277,925
Asia Wind Power 2 HK (Asia Wind 2)	**194,933**	136,230
NEFIN Limited (NEFIN)		
Vietnam Wind Energy Limited (VWEL)	**26,480**	57,697
BIM Renewable Energy Joint Stock Company (BIMRE)	**–**	10,134
	1,393,899	863,638
Development Loans		
Third Party		
BEHS Joint Stock Company (BEHS)	**27,825**	32,226
BIM Energy Holdings (BIMEH)	**11,205**	–
Provincia Investments Corporation (Provincia)	**11,353**	11,737
UPC Renewables Asia Pacific Holdings Ltd. (UPCAPH)	**3,100**	50,740
NEFIN Solar Asset Limited (NEFIN Solar)	**34,639**	15,057
Related Party		
UPC Solar	**78,032**	71,381
Yoma Strategic Investments (Yoma)	**39,678**	38,266
ACEIC	**–**	106,672
The Blue Circle (TBC)	**–**	59,014
	205,832	385,093
Other Loans		
Third Party	**52,903**	14,970
Related Party		
Ingrid Power Holdings, Inc. (Ingrid)	**67,173**	1,967
BrightNight India B.V. (BrightNight)	**23,933**	–
Infenium 4 Energy, Inc. (Infenium 4)	**2,620**	1,111
	146,629	18,048
Accounts and other Receivables		
Third Party	**58,899**	26,934
	₱1,805,259	₱1,293,713

6. Investments in Associates and Joint Ventures

The Group's investment in associates and joint ventures and the corresponding effective percentage ownership as at September 30, 2023 and December 31, 2022 are as follows:

	Percentage of ownership		Carrying amount	
	September 30, 2023	December 31, 2022	**September 30, 2023**	December 31, 2022
Investments in associates:				
SUPER	**49.00**	–	**₱2,653,395**	₱–
Maibarara Geothermal, Inc. (MGI)	**25.00**	25.00	**891,053**	823,357
UPC Power Solutions LLC	**75.00**	75.00	**436,016**	32,367
PT Puri Prakarsa Batam	**40.00**	–	**165,897**	–
Star Energy Geothermal B.V. (Salak and Darajat)	–	19.80	**–**	11,550,597
Others	**various**	various	**8,056**	8,056
			4,154,417	12,414,377
Investments in joint ventures:				
ACEHI Netherlands	**75.76**	–	**12,657,938**	–
Philippine Wind Holdings Corporation (PhilWind)	**69.81**	69.81	**5,848,190**	5,779,741
NLR	**33.30**	33.30	**2,355,389**	2,306,315
BIMRE	**30.00**	30.00	**1,890,909**	1,802,627
Ingrid	**50.00**	50.00	**1,033,091**	1,168,629
NEFIN	**50.00**	50.00	**450,127**	520,173
Greencore 3	**50.00**	50.00	**438,329**	216,729
BrightNight	**50.00**	–	**199,710**	–
BIM Wind	**65.00**	65.00	**184,975**	101,622
Monsoon Wind	**50.00**	–	**200,949**	–
AMI AC Renewables Corporation (AAR)	**50.00**	50.00	**16,529**	128,577
BIM Energy Joint Stock Company (BIME)	**30.00**	30.00	**114,392**	116,179
Others	**various**	various	**504,666**	211,464
			25,895,194	12,352,056
			₱30,049,611	₱24,766,433

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Investment in associates and joint ventures		
Acquisition costs:		
Balance at beginning of period	**₱22,557,032**	₱19,908,130
Additions	**4,217,733**	7,575,323
Conversion from subscription deposits (Note 7)	**27,320**	134,228
Conversion from redeemable preferred shares (Note 7)	**1,859**	–
Conversion from FVTPL	**276,297**	–
Return of capital	**(228,312)**	–
Remeasurement (Note 20)	**3,433,328**	–
Acquired from business combination	–	41,866
Reclassification from other noncurrent asset	–	22,997
Divestment	**(2,260,215)**	(94,339)
Acquisition of control	**–**	(7,005,539)
Cumulative translation adjustment	**173,444**	1,974,366
Balance at end of period	**28,198,486**	22,557,032
Accumulated equity in net earnings (losses):		
Balance at beginning of period	**2,216,754**	1,422,007
Equity in net earnings	**1,559,913**	937,834
Dividends received	**(1,362,464)**	(2,222,356)
Disposal	**(515,201)**	–
Acquisition of control	–	1,984,930
Divestment	–	94,339
Balance at end of period	**1,899,002**	2,216,754
Accumulated share in other comprehensive income:		
Balance at beginning of period	**(5,794)**	29,723
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	**1,935**	45,224
Interest rate swap	**44,115**	**–**
Remeasurement loss on defined benefit plans - net of tax	**(11,692)**	7,628
Cumulative translation adjustment	**(74,882)**	
Effect of business combinations	**–**	(88,369)
Balance at end of period	**(46,318)**	(5,794)
Accumulated impairment losses		
Balance at beginning and end of period	**(1,559)**	(1,559)
Total investments	**₱30,049,611**	₱24,766,433

The Group received dividends amounting to:

	For the three-month period ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
PhilWind	**₱–**	₱–	**₱471,002**	₱248,165
NLR	**–**	–	**74,319**	1,422
Salak and Darajat	**–**	–	**655,776**	–
BIMRE	**–**	–	**161,367**	–
	₱–	₱–	**₱1,362,464**	₱249,587

Investment in Associate

a. 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.

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 September 30, 2023, the Group infused US$51.00 million (₱2,815.20 million) and US$0.10 million (₱5.65 million) directly attributable costs.

b. 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.

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 September 30, 2023, the Group, infused US$2.93 million (₱165.90 million) through subscription of common shares.

Investments in Joint Ventures

a. 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.

As of September 30, 2023, the Group infused US$3.80 million (₱206.37 million) and US$0.39 million (₱21.42 million) directly attributable costs.

b. 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.

As of September 30, 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 (IWIL) pursuant to the Party B Financing Bond Subscription and Shareholder's Agreement executed on February 24, 2023. As of September 30, 2023, the Group subscribed to IWIL's Party B Financing Bonds amounting to $19.15 million (₱1,051.89 million; see Note 7).

c. ACEHI Netherlands

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).

Following deconsolidation of ACEHI Netherlands, investment of the Group in Salak and Darajat previously presented under "Investments in associates" is reclassified to "Investment in joint ventures" through ACEHI Netherlands.

7. Investments in Other Financial Assets at Amortized Cost

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Redeemable preferred shares		
AAR	**₱7,094,754**	₱6,991,917
UPC Solar	**4,399,109**	4,332,163
BIM Wind	**2,280,875**	2,074,683
BIMRE	**1,379,675**	1,359,678
UPC Renewables Asia III Ltd. (UPC Asia III)	**1,236,976**	1,219,047
NEFIN	**1,465,293**	1,142,420
BIME	**240,738**	237,248
IWIL (Note 6)	**1,005,878**	–
	19,103,298	17,357,156
Subscription deposits		
BIM Wind	–	293,479
Suryagen Capital Pte. Ltd. (Suryagen)	–	139,388
	–	432,867
Convertible loans		
Asian Wind Power 1 HK Ltd (Asian Wind 1)	**920,147**	1,449,630
Asian Wind Power 2 HK Ltd (Asian Wind 2)	**887,492**	1,186,973
VWEL	**2,116,572**	2,118,690
	3,924,211	4,755,293
	23,027,509	22,545,316
Less allowance for expected credit loss	**2,861,446**	1,284,409
Balance at end of period	**₱20,166,063**	₱21,260,907

Investments in redeemable preferred shares and subscription deposits

The rollforward analysis of this account follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balances at beginning of period	**₱17,790,023**	₱12,766,483
Subscription deposits	**27,320**	180,448
Subscription to redeemable preferred shares	**1,706,064**	3,571,739
Conversion of subscription deposits	**(176,222)**	(1,899,834)
Conversion to redeemable preferred shares	**176,219**	1,899,834
Redemption of redeemable preferred shares and subscription deposit	**(323,987)**	–
Reclassification to FVOCI	**(353,340)**	–
Conversion to investment in joint venture (Note 6)	**(29,179)**	(134,228)
Cumulative translation adjustment	**286,400**	1,405,581
	19,103,298	17,790,023
Allowance for impairment	**863,906**	–
Balance at end of period	**₱18,239,392**	₱17,790,023

Investments in redeemable preferred shares bear interest ranging from 8.80% to 14.00% per annum.

Capital call and subscription deposit
On various dates for the nine-month period of 2023, the Group made investments in the following investee companies:

- IWIL of $19.15 million (₱1,051.89 million)
- UPC Solar of $6.50 million (₱353.34 million)
- NEFIN of $5.41 million (₱300.83 million)

On various dates in 2023, IWIL, BIM Wind and Suryagen redeemed $1.38 million (₱74.75 million), $2.13 million (₱119.34 million) and $2.50 million (₱129.90 million), respectively.

On March 29, 2023, UPC Solar redeemable preferred shares were reclassified to FVOCI amounting to $6.50 million (₱353.34 million)

Convertible loans

The rollforward analysis of this account follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	**₱4,755,293**	₱13,319,476
Additions	**1,807,639**	2,807,214
Effect of business combination	**–**	(12,951,246)
Redemptions	**(2,341,774)**	(14,508)
Others	**–**	74,446
Cumulative translation adjustment	**(296,947)**	1,519,911
	3,924,211	4,755,293
Allowance for impairment	**1,997,540**	1,284,409
Balance at end of period	**₱1,926,671**	₱3,470,884

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

For the nine-month ended September 30, 2023, the Group recognized additional allowance for impairment loss in redeemable preferred shares in UPC Solar and convertible loan to VWEL amounting to US$15.21 million (₱863.91 million) and US$12.86 million (₱713.13 million), respectively (Note 18).

Interest income

The Group earns interest income from its investments in redeemable preferred shares, subscription deposits, and convertible loans amounting to:

	For the three-month period ended September 30 (Unaudited)		**For the nine-month period ended September 30 (Unaudited)**	
	2023	2022	**2023**	2022
Redeemable preferred shares				
AAR	**₱221,196**	₱222,603	**₱662,030**	₱617,366
UPC Solar	**184,963**	120,841	**451,987**	299,627
BIM Wind	**105,380**	404,704	**296,404**	428,758
UPC Asia III	**60,747**	59,987	**186,057**	165,649
BIMRE	**44,740**	46,957	**131,640**	129,667
NEFIN Solar	**34,815**	12,915	**88,755**	12,915
IWIL	**21,920**	–	**35,970**	–
BIME	**7,824**	8,212	**23,021**	22,676
Convertible loans				
VWEL	**42,763**	–	**193,110**	–
Asian Wind 1	**52,791**	58,692	**146,608**	151,919
Asian Wind 2	**50,916**	46,657	**141,005**	123,649
UPC-ACE Australia	**–**	329,367	–	734,102
	₱828,055	₱1,310,935	**₱2,356,587**	₱2,686,328

8. Property, Plant and Equipment

The Group invested significant capital expenditures related to the following projects amounting to ₱16,996.64 million and ₱18,854.56 million for the nine months ended September 30, 2023 and for the year ended December 31, 2022, respectively:

Project	Capacity (MW)	Location	% Completion September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Pagudpud Wind	160	Ilocos Norte, Philippines	98%	90%
Arayat-Mexico Solar (Phase 2)	44	Pampanga, Philippines	95%	81%
San Marcelino Solar (Phase 1)	283	Zambales, Philippines	94%	68%
Cagayan North Solar (Phase 1)	133	Lal-lo Cagayan, Philippines	98%	60%
Palauig 2 Solar	300	Zambales, Philippines	31%	5%
Capa Wind	70	Caparispisan, Pagudpud, Ilocos Norte, Philippines	82%	<1%
Pangasinan Solar	60	Sinocalan, San Manuel, 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%

As at September 30, 2023 and 2022, unpaid property, plant and equipment acquisitions amounted to ₱330.47 million and ₱1,126.05 million, respectively.

Borrowing cost capitalized to property, plant, and equipment amounted to ₱1,464.29 million and ₱584.81 million for the nine-month periods ended September 30, 2023 and 2022, respectively. The capitalization rate used to determine the borrowing cost eligible for capitalization is 6.27% and 5.50% in 2023 and 2022, respectively.

Impairment Losses

For the nine-month periods ended September 30, 2023 and 2022, provision for impairment include ₱3.41 million and ₱28.52 million for BSEI's construction-in-progress respectively, and ₱7.89 million in 2022 for One Subic Power Generation Corporation ("One Subic Power")'s construction-in-progress.

For the nine-month periods ended September 30, 2023 and 2022, depreciation and amortization included in the cost of sale of electricity amounted to ₱694.14 million and ₱519.67 million, respectively (see Note 17), while depreciation and amortization included as part of general and administrative expenses amounted to ₱189.03 million and ₱120.40 million, respectively (see Note 18).

The Group's property, plant, and equipment with carrying value of ₱3,398.71 million, and ₱3,546.88 million as at September 30, 2023 and 2022, respectively, were mortgaged as security for the long-term loans of the Group. There are no other property, plant, and equipment that are used to secure the borrowings of the Group (see Note 13).

9. Right-of-Use Assets and Lease Liabilities

The rollforward of these accounts follows:

	For the period ended September 30, 2023 (Unaudited)						
	Right-of-Use Assets						
	Land and Easement Rights	**Land and Power plants**	**Office Space and Parking Slots**	**Land and Office Building**	**Leasehold Rights**	**Total**	**Lease Liabilities**
As at January 1, 2023	**₱158,939**	**₱533,131**	**₱2,354,976**	**₱679,062**	**₱539**	**₱3,726,647**	**₱4,465,020**
New lease agreements	**815,938**	**535,823**	**1,308,017**	–	–	**2,659,778**	**2,573,762**
Amortization expense (Notes 17 and 18)	**(7,896)**	**(95,908)**	**(111,243)**	**(9,755)**	**(404)**	**(225,206)**	–
Reclassifications	**10,573**	–	–	**(10,573)**	–	–	–
Remeasurement	**19**	**359,341**	**(4,685)**	**144,766**	–	**499,441**	**645,593**
Interest expense (Note 19)	–	–	–	–	–	–	**185,171**
Capitalized amortization	**(2,720)**	**(1,786)**	**(67,364)**	–	–	**(71,870)**	**126,604**
Payments	–	–	–	–	–	–	**(657,932)**
Foreign exchange adjustments	–	–	**107,880**	–	–	**107,880**	**(161,295)**
As at September 30, 2023	**₱974,853**	**₱1,330,601**	**₱3,587,581**	**₱803,500**	**₱135**	**₱6,696,670**	**₱7,176,923**

	For the year ended December 31, 2022 (Audited)						
	Right-of-Use Assets						
	Land and Easement Rights	Land and Power plants	Office Space and Parking Slots	Land and Office Building	Leasehold Rights	Total	Lease Liabilities
As at January 1, 2022	₱154,346	₱815,512	₱935,360	₱229,184	₱1,077	₱2,135,479	₱2,696,252
New lease agreements	–	149,743	130,465	1,896	–	282,104	263,077
Amortization expense	(8,550)	(14,781)	(144,269)	(11,726)	(538)	(179,864)	–
Reclassifications	13,576	(486,466)	13,190	459,700	–	–	–
Remeasurement	–	61,747	(13,488)	(42)	–	48,217	(75,752)
Remeasurement due to lease modification	(433)	7,376	–	50	–	6,993	2,060
Interest expense (Note 19)	–	–	–	–	–	–	198,050
Payments	–	–	–	–	–	–	(291,085)
Acquired through business combination	–	1,323,557	–	–	–	1,323,557	1,485,756
Foreign exchange adjustments	–	110,161	–	–	–	110,161	186,663
As at December 31, 2022	₱158,939	₱1,966,849	₱921,258	₱679,062	₱539	₱3,726,647	₱4,465,021

Lease with Laguna Lake Development Authority (LLDA)

On August 8, 2023, Lessee subsidiaries namely AC Laguna Solar Inc, AC Subic Solar Inc, GigaWind1 Inc, Ingrid2 Power Corp and Solar Ace4 Energy Corp, 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. 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 Lessee subsidiaries. Upon signing of the contract, the Lessee is required to pay a total of ₱1.44 billion, to be settled based on the scheduled payment tranches until 2025. Upon payment of the initial bid fee, the Lessee is 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 fee of Php4/sqm until the expiration of the lease agreement, subject to compounded increase of 2% per year.

In 2023, ACRI entered into a land lease agreement for Stubbo Solar Farm for a term of 30 years and Narragamba project.

For the nine-month periods ended September 30, 2023, and 2022, the total cash outflow in respect of leases amounted to ₱657.93 million and ₱287.17 million, respectively. Interest expense in relation to lease liabilities in the current period 2023 and 2022 amounted to ₱185.17 million and ₱168.70 million, respectively, and is presented as part of "Interest and Other Finance Charges" in the consolidated statements of income (see Note 19).

For the nine-month periods ended September 30, 2023 and 2022, amortization expense included in the cost of sale of electricity amounted to ₱82.38 million and ₱109.10 million, respectively (see Note 17), while depreciation and amortization included as part of general and administrative expenses amounted to ₱142.82 million and ₱35.45 million, respectively (see Note 18).

There was no indication of impairment on the right-of-use assets of the Group as at September 30, 2023 and December 31, 2022.

10. Goodwill and Other Intangible Assets

The rollforward of this account follows:

	September 30, 2023 (Unaudited)				
	Goodwill	**Deferred Exploration Costs**	**Leasehold and Water Rights**	**Other Intangible Assets**	**Total**
Cost:					
Balance at beginning of period	**₱21,190,542**	**₱143,212**	**₱185,347**	**₱2,301,466**	**₱23,820,567**
Translation adjustment	**203,313**	–	–	–	**203,313**
Acquired from business combination (Note 2)	**114,000**	–	–	–	**114,000**
Additions	–	**55**	–	**28,659**	**28,714**
Balance at end of period	**21,507,855**	**143,267**	**185,347**	**2,330,125**	**24,166,594**
Accumulated amortization:					
Balance at beginning of period	–	–	**48,877**	**416,886**	**465,763**
Amortization (Notes 17 and 18)	–	–	**6,090**	**113,756**	**119,846**
Balance at end of period	–	–	**54,967**	**530,642**	**585,609**
Allowance for impairment:					
Balance at beginning and end of period	–	**86,061**	–	–	**86,061**
Net book value	**₱21,507,855**	**₱57,206**	**₱130,380**	**₱1,799,483**	**₱23,494,924**

	December 31, 2022 (Audited)				
	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	21,665,700	1,471	–	88,648	21,755,819
Acquired from business combination	–	–	–	19,006	19,006
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	–	–	8,120	151,595	159,715
Balance at end of year	–	–	48,877	416,886	465,763
Allowance for impairment:					
Balance at beginning of year	–	85,477	–	–	85,477
Impairment	–	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

11. Other Assets

Other current asset

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Derivative asset	**₱661,108**	₱617,139
Prepaid expenses	**216,163**	202,565
Advances to contractors	**195,461**	145,163
Short-term investments	**2,773**	528
Other current assets	**27,694**	27,693
	1,103,199	993,088
Less allowance for impairment loss (Note 18)	**32,579**	26,181
	₱1,070,620	₱966,907

Allowance for impairment relates to the advances to contractors paid by Bataan Solar Energy, Inc. ("BSEI") for the development of its renewable energy laboratory facility with energy storage system project (see Note 18).

Other noncurrent asset

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Development costs	**₱3,120,530**	₱5,723,562
Advances to suppliers	**1,652,600**	1,722,023
Advances for land acquisition	**1,185,430**	809,975
Deposits	**147,557**	109,718
Investment properties	**13,085**	13,085
Others	**145,531**	116,808
	₱6,264,733	₱8,495,171

12. **Accounts Payable and Other Current Liabilities**

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Nontrade	**₱4,303,394**	₱1,231,305
Trade	**3,450,684**	3,701,024
Due to related parties (Note 22)	**2,466,274**	1,782,157
Accrued expenses	**2,066,799**	4,710,091
Output VAT – net	**1,282,522**	1,280,631
Accrued interest expenses	**386,505**	210,510
Retention payables	**367,576**	158,105
Accrued directors' and annual incentives	**59,554**	58,507
Derivative liability	**–**	3,012
Others	**741,341**	187,227
	₱15,124,649	₱13,322,569

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

Short-term Loans

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	**₱2,900,000**	₱–
Availments	**14,100,000**	23,259,020
Payments	**(14,500,000)**	(20,359,020)
Balance at end of period	**₱2,500,000**	₱2,900,000

As at September 30, 2023, the Group's outstanding short-term loans from various local banks bear interest ranging from 6.15% to 6.19%. (2.20% to 4.25% in 2022).

Total interest expense recognized on short-term loans amounted to ₱149.02 million and ₱135.07 million for the nine-month periods ended September 30, 2023 and 2022 (Note 19).

Long-term Loans

This account consists of:

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
ACEN								
₱1,175.00 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-annually *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 a margin of ninety basis points per annum (0.90%), with the sum divided by 0.95	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annually	**4,815,789**	4,842,105
₱7,000.00 million Loan C	₱500.00 million ₱1,000.00 million ₱1,000.00 million ₱2,000.00 million	July 15, 2020 August 24, 2020 June 10, 2022 November 15, 2022	July 15, 2030 July 15, 2030 July 15, 2030 July 15, 2030	5.00% per annum 5.00% per annum 5.066% per annum 5.8096% per annum 7.1720% per annum (repriced July 2023)	Principal and interest payable semi-annual Principal and interest payable quarterly	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annually	**6,907,000**	4,476,000

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
	₱2,500.00 million	January 13, 2023	July 15, 2023	6.4580% per annum				
₱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	Floating interest rate repriced on every succeeding semi-annual period. Can be converted to fixed up to the 2nd anniversary of initial drawdown.	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annually	**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, 2023	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 the ACEN consolidated year-end balances. Tested semi-annually	**6,000,000**	3,000,000
₱10,000.00 million Loan F	₱250.00 million	August 17, 2023	August 17, 2035	7.0891% 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	**250,000**	–
NorthWind								
₱2,300.00 million	₱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 a spread of 1.115%, or (b) 5.125% per annum, whichever is higher	Principal and interest payable semi-annual	Minimum historical DSCR of 1.05 times Based on the standalone balances of the borrower. Tested semi-annually	**1,860,700**	1,939,360

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
Guimaras Wind								
₱4,300.00 million loan	₱4,300.00 million	December 18, 2013	February 14, 2029	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%.	Principal and interest payable semi-annual	Minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Based on the standalone 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 a spread of ninety basis points (0.90%), divided by the Interest Premium Factor, or (b) five hundred seventy-five basis points (5.75%), 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")								
AU$212.50 million Loan	AU$157.78 million	February 11, 2021	December 22, 2025	2.25%	Principal Repayment based on agreed schedule.	DSCR Ratio of 1.15 to 1.00x Secured by Property	**7,359,446**	5,933,641

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
	AU$36.34 million	June 30, 2023	December 22, 2025		Interest payments 3 or 6 months or any such shorter period agreed.	Based on the ACEN consolidated year-end balances. Tested quarterly		
AU$100 million Loan	AU$34.54 million AU$9.85 million	August 18, 2022 June 30, 2023	August 18, 2027 August 18, 2027	5.6667%	3 or 6 months with automatic rollover but not to exceed the maturity date	Net DE Ratio of 3.0x Tangible Net worth of AU$150 million Based on the ACEN consolidated year-end balances. Tested quarterly	**1,615,602**	1,299,044
AU$140 million Loan	AU$28.36 million AU$32.42 million	September 16, 2022 June 30, 2023	September 16, 2027 September 16, 2027	6.0016%	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 Tangible Net worth of AU$150 million Based on the ACEN consolidated year-end balances. Tested quarterly	**2,757,901**	1,066,513

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**September 30, 2023 (Unaudited)**	December 31, 2022 (Audited)
AU$75.00 million Loan	AU$0.38 million AU$5.00 million	October 28, 2022 June 30, 2023	October 28, 2027 October 28, 2027	6.4275%	Principal Repayment on Termination Date. Interest payments 6 months, or any other period greater than 1 month agreed with Lender.	Net DE Ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	**996,295**	14,101
AU$277.00 million Loan	AU$72.61 million AU$83.49 million	January 6, 2023 June 30, 2023	January 6, 2028 January 6, 2028	5.7943%	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 Tangible Net worth of AU$150 million Based on the ACEN consolidated year-end balances. Tested semi-annual	**3,038,596**	–
Totals							**₱42,277,888**	₱28,905,691
Less unamortized debt issue cost							**166,933**	134,403
							42,110,955	28,771,288
Less current portion							**1,273,342**	719,385
Long-term loans, net of current portion							**₱40,837,613**	₱28,051,903

The rollforward of this account follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
As at beginning of period	**₱28,905,691**	₱21,154,114
Availment	**13,520,198**	22,753,475
Payment	**(432,344)**	(7,387,050)
Assumed through business combination	–	5,758,990
Change due to loss of control	–	(13,594,700)
Translation adjustments	**284,343**	220,862
	42,277,888	28,905,691
Less unamortized debt issue cost	**166,933**	134,403
	₱42,110,955	₱28,771,288

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
As at beginning of period	**₱134,403**	₱211,893
Additions	**47,778**	261,443
Derecognition	–	(97,864)
Change due to loss of control	–	(214,360)
Amortization/accretion (Note 19)	**(15,248)**	(26,709)
As at end of period	**₱166,933**	₱134,403

Compliance with covenants
The Group has complied with the covenants required by the long-term loans payable as at September 30, 2023, and December 31, 2022.

As disclosed in Note 8, certain property, plant, and equipment are used as collateral to long-term loans.

Total interest expense and other financing charges recognized on long-term loans amounted to ₱162.78 million and ₱586.82 million for the nine-month periods ended September 30, 2023 and 2022, respectively (Note 19).

<u>Notes payable</u>

The rollforward of this account follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Principal		
Balance at beginning of period	**₱30,383,600**	₱20,383,600
Additions	–	10,000,000
Balance at end of period	**30,383,600**	30,383,600

(Forward)

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Debt issue cost		
Balance at beginning of period	**198,773**	114,939
Additions	**–**	128,622
Amortization (Note 19)	**(48,367)**	(44,788)
Balance at end of period	**150,406**	198,773
Cumulative translation adjustment	**2,235,794**	1,908,487
	₱32,468,988	₱32,093,314

For the nine-months periods ended September 30, 2023 and 2022, total interest expense and other financing charges recognized on the US dollar Green Bonds amounted to US$12.66 million (₱702.51 million) and US$12.45 million (₱668.75 million), respectively (see Note 19), while ₱452.12 million for the Peso Green Bonds (nil in 2022).

14. **Other Noncurrent Liabilities**

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Unaudited)
Asset retirement obligation	**₱598,917**	₱176,056
Derivative liability	**218,107**	37,500
Deposit payable	**68,113**	83,199
Contract liabilities	**61,643**	68,875
Provision for employee benefits / long service leave	**53,770**	88,486
Nontrade payable	**8,975**	8,144
Provision for unresolved claims and assessment	**5,000**	–
Retention payable	**4,204**	77,180
Accrued expense	**–**	272,580
Others	**70,763**	15,623
	₱1,089,492	₱827,643

Asset retirement obligation include restoration provision for the New England solar farm amounting to US$6.18 million (₱349.65 million).

15. **Equity**

Capital Stock

This account consists of:

	Number of Shares			
Class of share	**Common**	**Redeemable Preferred**	**Treasury**	**Total**
Authorized shares	**48,400,000,000**	**50,000,000**		
Par value	**₱1**	**₱1**		
Balances at January 1, 2022	38,338,527,174	–	(14,500,000)	38,324,027,174
Issuance of capital stock	1,320,745,833	–	–	1,320,745,833
Grants through Employee Stock Ownership Plan	32,622,666	–	–	32,622,666
Adjustment in grants through Employee Stock Ownership Plan	(900)	–	–	(900)
Balances at December 31, 2022	39,691,894,773	–	(14,500,000)	39,677,394,773
Issuance of capital stock	**–**	**25,000,000**	**–**	**25,000,000**
Balances at September 30, 2023	**39,691,894,773**	**25,000,000**	**(14,500,000)**	**39,702,394,773**

	Additional Paid-In Capital (Amount)			
Class of share	**Common**	**Redeemable Preferred**	**Treasury**	**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	**–**	**(164,821,150)**	**–**	**(164,821,150)**
Balances at September 30, 2023	**₱107,492,243,548**	**₱24,810,178,850**	**₱–**	**₱132,302,422,398**

The issued and outstanding shares are held by a number of equity holders below:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Common shares	**4,067**	3,182
Redeemable preferred shares	**5**	–

Common Shares

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

Year Approval	No. of shares Registered	No. of shares Issued	Par Value
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.*

Redeemable Preferred Shares

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 such preferred shares 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 under its 50,000,000 preferred shares shelf registration at an issue price of ₱1,000.00 per share and a par value of ₱1.00 per share, for total proceeds of ₱25,000,000,000.00. 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 ₱8,341,500,000.00 and the proceeds from the Series B Preferred shares amounted to ₱16,658,500,000.00.

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.

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 ₱58,709.64 million and ₱43,529.36 as at September 30, 2023 and December 31, 2022, respectively and (b) the cost of treasury shares amounted to ₱28.66 million as at September 30, 2023 and December 31, 2022.

As at September 30, 2023 and December 31, 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$690.89 million (₱34,089.11 million) and US$927.32 million (₱27,983.63 million) as at September 30, 2023 and December 31, 2022, respectively.

Dividends

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 six centavos (₱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.

Non-controlling Interest (NCI)

The rollforward of this account is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Unaudited)
Balance at beginning of period	**₱31,859,767**	₱29,950,776
Net income attributable to NCI	**1,145,079**	1,542,769
OCI attributable to NCI	–	42,108
Cumulative translation adjustments	**(150,251)**	(28,690)
Dividends	**(1,135,237)**	(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 period	**₱29,859,281**	₱31,859,767

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.

Dividends
For the nine-month periods ended September 30, 2023 and 2022, ACEN Cayman declared to its shareholder, AC Energy Finance International Limited $20.61 million (₱1,135.24 million) and $20.61 million (₱1,099.08 million), respectively.

Other Equity Reserves

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
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)
25% in ENEX	**(130,854)**	(130,854)
40% in BWPC	**(110,398)**	(110,398)
30% in SolarAce4	**(65)**	(65)
25% in UACH	**121,831**	121,831
Distribution of property dividends – ENEX shares	**1,107**	1,107
Other equity reserves from joint venture	**17,231**	17,231
	(₱59,450,345)	(₱56,585,740)

16. **Revenue from Sale of Electricity**

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

	For the three-month period ended September 30 (Unaudited)		**For the nine-month period Ended September 30 (Unaudited)**	
	2023	2022	**2023**	2022
Revenue from power supply contracts	**₱4,110,817**	₱6,357,693	**₱12,362,889**	₱16,943,957
Revenue from power generation	**4,011,248**	2,874,247	**16,044,744**	8,163,506
	₱8,122,065	₱9,231,940	**₱28,407,633**	₱25,107,463

Feed-in-Tariff ("FIT") adjustment

On February 19, 2021, the ERC clarified in its letter to TransCo, the Administrator of the FIT system, pending the approval of the 2021 FIT-All rate and adjustment of FIT rates, the original approved FIT rates shall be used for the generation billing for 2021. Revenues for the nine-month periods ended September 30, 2023 and 2022 were accrued using the 2020 approved FIT rates in the absence of the approval of the respective years FIT rates and are billed and collected based on the original approved FIT rates.

17. Costs of Sale of Electricity

This account consists of:

	For the three-month period ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
Costs of purchased power	**₱6,961,183**	₱6,055,653	**₱21,764,271**	₱15,969,212
Direct materials	**228,231**	1,453,739	**1,289,025**	3,730,227
Depreciation and amortization (Notes 8, 9 and 10)	**312,531**	549,594	**896,309**	1,588,876
Repairs and maintenance	**120,533**	204,552	**350,038**	539,230
Taxes and licenses	**109,791**	172,301	**341,520**	520,096
Salaries and directors' fees	**50,395**	102,533	**162,633**	330,696
Insurance	**38,739**	128,387	**99,843**	398,645
Transmission costs	**22,667**	32,879	**72,376**	81,709
Contractor's fee	**23,751**	43,258	**72,015**	122,982
Rent	**11,151**	10,507	**42,091**	35,513
Communication	**5,812**	5,149	**13,210**	13,414
Transportation and travel	**5,444**	6,069	**12,832**	11,990
Pension and other employee benefits	**2,340**	3,948	**5,911**	15,036
Market fees	**1,167**	7,046	**3,684**	10,867
Others	**23,651**	30,171	**67,660**	66,692
	₱7,917,386	₱8,805,786	**₱25,193,418**	₱23,435,185

18. General and Administrative Expenses

This account consists of:

	For the three-month period ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
Provision for impairment of investments at amortized cost (Note 7)	**₱1,107,164**	₱–	**₱1,577,037**	₱–
Salaries and directors' fees	**652,791**	110,122	**1,309,287**	175,877
Provision (reversal) for credit losses (Note 5)	**1,108,727**	–	**1,093,253**	(4)
Management and professional fees	**156,381**	78,659	**747,567**	212,673
Depreciation and amortization (Notes 8, 9 and 10)	**108,870**	61,197	**331,907**	136,841
Taxes and licenses	**20,492**	112,619	**220,662**	205,297
Insurance, dues and subscriptions	**59,272**	46,213	**114,729**	73,931
Transportation and travel	**30,025**	12,785	**81,499**	24,381
Corporate social responsibilities	**26,916**	19,459	**63,573**	68,058
Building maintenance and repairs	**29,717**	3,214	**49,923**	19,895
Utilities	**13,391**	2,867	**45,811**	10,749
Contractor's fee	**28,246**	(27,966)	**44,425**	29,093
Rent	**18,451**	14,935	**38,610**	28,483
Training and commitment fees	**10,333**	1,185	**28,542**	8,210
Meeting and conferences	**11,952**	8,092	**25,334**	14,901
Pension and other employee benefits	**5,193**	4,429	**17,213**	14,693
Advertisements	**1,631**	2,370	**14,669**	7,522
Office supplies	**4,363**	3,100	**12,340**	6,959
Communication	**2,915**	2,367	**8,267**	6,644
Provision for impairment of advances to contractors	**4,481**	9,053	**6,398**	9,053
Provision for impairment of property, plant and equipment	**2,320**	3,046	**3,406**	36,410
Provision for probable losses on deferred exploration costs	**–**	(16)	**–**	584
Others	**33,727**	6,611	**92,064**	32,953
	₱3,437,358	₱474,341	**₱5,926,516**	₱1,123,203

19. Interest and Other Finance Charges

This account consists of:

	For the three-month period ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
Interest expense on:				
Notes payable (Note 13)	**₱233,756**	₱236,501	**₱702,510**	₱668,755
Lease obligations (Note 9)	**90,300**	57,930	**185,171**	168,698
Long-term loans (Note 13)	**15,101**	122,437	**162,781**	586,820
Short-term loans (Note 13)	**63,929**	97,348	**149,023**	135,066
Amortization of debt issue cost (Note 13)	**(7,707)**	10,323	**31,822**	18,899
Bank charges and interest expense on asset retirement obligation	**63,504**	34,086	**111,102**	244,760
	₱458,883	₱558,625	**₱1,342,409**	₱1,822,998

20. Other Income – Net

This account consists of:

	For the three-month period ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
Interest and other financial income	**₱1,874,606**	₱1,841,576	**₱5,067,449**	₱4,071,198
Remeasurement of investment in joint venture (Notes 2 and 6)	**3,433,328**	–	**3,433,328**	–
Gain on disposal of investment (Note 2)	**1,062,030**	–	**1,062,030**	–
Gain on settlement of development loan (Note 5)	**–**	–	**515,000**	–
Foreign exchange (loss) gain – net	**137,315**	(85,441)	**84,729**	170,588
Guarantee fee income	**1,987**	104,750	**49,126**	290,122
Gain on sale of financial asset at FVTPL		–	**37,385**	–
Claims on insurance	**19,425**	45,433	**25,411**	72,993
Fair value loss on financial asset at FVTPL	**(90,618)**	–	**(121,195)**	–
Realized gains on foreign exchange forward contracts	**1,214**	67,818	**(16,437)**	391,489
Gain on divestment of an associate	**–**	734,667	–	734,667
Gain from acquisition of investments	**–**	212,120	–	212,120
Realized (losses) gains on foreign exchange forward contracts	**–**	50,296	–	50,296
Others	**78,318**	20,726	**127,897**	68,264
	₱6,517,605	₱2,991,945	**₱10,264,723**	₱6,061,737

Fair value gain on financial assets at FVTPL is comprised of marked-to-market gains of listed SPNEC shares amounting to ₱54.49 million and loss of unlisted shares Masaya Solar Energy Private Limited amounting to ₱175.68 million for the nine-month ended September 30, 2023.

Interest and Other Financial Income

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

	For the three-month period ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
Interest income on:				
Cash in banks and short-term deposits (see Note 4)	**₱391,041**	₱66,577	**₱905,603**	₱91,157
Accounts and notes receivables (Notes 5 and 22)	**655,511**	464,064	**1,805,259**	1,293,713
Other financial assets at amortized cost (Note 7)	**828,054**	1,310,935	**2,356,587**	2,686,328
	₱1,874,606	₱1,841,576	**₱5,067,449**	₱4,071,198

ACRI Guarantee Agreement

ACRI serves as a guarantor for various types of transactions 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 for the nine-month periods ended September 30, 2023 and 2022. Therefore, the obligation related to the guarantee extended by ACRI is nil.

There is no new material guarantee provided for the nine-month period ended September 30, 2023.

For the nine-month periods ended September 30, 2023 and 2022, the Group recognized corresponding guarantee fee income amounting to $0.89 million (₱49.13 million) and $5.29 million (₱290.12 million), respectively.

21. Income Taxes

Current income tax pertains to the following:

	For the three-month period ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
RCIT	**(₱122,250)**	₱110,105	**₱–**	₱291,733
MCIT	**(1,495)**	(4,560)	**18,330**	1,815
Final income tax	**21,732**	2,640	**40,227**	3,635
	(₱102,013)	₱108,185	**₱58,557**	₱297,183

Net deferred tax liabilities amounted to ₱614.36 million and ₱226.27 million as at September 30, 2023 and December 31, 2022, respectively.

Net deferred tax assets amounted to ₱1,875.35 million and ₱1,730.19 million as at September 30, 2023 and December 31, 2022, respectively.

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.

The transactions and balances of accounts as at September 30, 2023 and December 31, 2022 and for the nine-month period ended September 30, 2023 and 2022 are:

a. Transaction with ACEIC, the Parent Company

	Amount/Volume		**Outstanding Balance Receivable (Payable)**		
Nature	**September 30, 2023**	September 30, 2022	**September 30, 2023**	December 31, 2022	
Interest income / receivable	**₱–**	₱106,672	**₱–**	₱–	30-day, non-interest bearing
Management fee income	**9,618**	13,081	**1,580**	10,002	30-day, non-interest bearing
Management fees expense	**279,382**	19,472	**(282,133)**	(23,421)	30-day, non-interest bearing
Due from related parties		–	**172,030**	167,572	Due and demandable
Due to related parties		–	**(79,014)**	(80,194)	Due and demandable

b. Notes Receivables

Nature & Relationship	Related Party	Outstanding Balance September 30, 2023	 December 31, 2022	Terms / Conditions
Development loans				
Joint Venture				
	UPC Solar	**₱793,789**	₱1,115,100	Due in 2023; interest bearing; unsecured; no impairment
	ACEN -Silverwolf	**3,551**	–	Due in 2023; interest bearing; unsecured; no impairment
Affiliate				
	Yoma	**1,358,765**	1,339,071	Due in 2023; interest bearing; unsecured; no impairment
		₱2,156,105	₱2,454,171	
Allowance for Impairment				
	UPC Solar	**(782,474)**	–	
		₱1,373,631	₱2,454,171	
Debt replacements				
Joint Venture				
	BIM Wind	**₱–**	₱4,749,490	Due in 2030 interest bearing; unsecured; no impairment
	Greencore 3	**4,474,536**	4,225,946	Due in 2023; interest bearing; unsecured; no impairment
	Asian Wind 1	**1,506,338**	3,087,433	Due in 2023; interest bearing; unsecured; no impairment
	Lac Hoa	**2,682,280**	2,643,403	Due in 2024; interest bearing; unsecured; no impairment
	Asian Wind 2	**1,196,184**	2,435,262	Due 2045 interest bearing; unsecured; no impairment
	Hoa Dong	**2,352,895**	2,318,792	Due in 2024; interest bearing; unsecured; no impairment
	NEFIN Solar	**583,288**	574,834	Due in 2024; interest bearing; unsecured; no impairment
	VWEL	**289,651**	59,614	Due in 2040; interest bearing; unsecured; no impairment
		₱13,085,172	₱20,094,774	
Other Loan				
Joint Venture	Ingrid	**₱500,000**	₱500,000	Due in 2023; interest bearing; unsecured; no impairment
Joint Venture	Infineum 4	**48,326**	43,466	Due in 2024; interest bearing; unsecured; no impairment
Joint Venture	BrightNight	**310,543**	–	Due in 2024; interest bearing; unsecured; no impairment
		₱858,869	₱543,466	

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 September 30, 2023.

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

Receivables from Infineum 4
On January 7, 2022, 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 years from the date of the agreement which may be extended upon mutual agreement by the parties.

c. Interest Income and Receivable

This account consists of:

	Amount/Volume		Outstanding Balance Receivable (Payable)		
Related Party	**September 30, 2023**	September 30, 2022	**September 30, 2023**	December 31, 2022	**Terms**
Other Financial Assets at Amortized Cost (Note 7)					
Redeemable preferred shares	**₱1,875,864**	₱1,676,658	**₱3,057,405**	₱2,487,852	various dates
Convertible loans	**480,723**	1,009,670	**673,757**	1,071,551	various dates
Development Loans					
Joint Venture					
UPC Solar	**78,083**	71,380	**327,633**	242,890	various dates
ACEN-Silverwolf	–	–	**74**	–	various dates
Associate					
TBC	–	59,014	**–**	–	various dates
Affiliate					
Yoma	**39,678**	38,266	**189,145**	146,341	various dates
Allowance for Impairment					
UPC Solar	**–**	–	**(327,633)**	–	
Debt replacements					
Joint Venture					
VWEL	**26,480**	57,697	**465,381**	431,899	various dates
Greencore 3	**324,360**	158,962	**171,525**	276,357	30-day, non-interest bearing
Asian Wind 2	**194,933**	136,230	**23,771**	67,648	various dates
BIM Wind	**129,620**	277,925	**–**	88,657	various dates
Lac Hoa	**251,632**	17,307	**357,141**	97,896	various dates
Hoa Dong	**220,934**	16,753	**315,145**	87,504	various dates
NEFIN Solar	–	15,058	**57,897**	22,084	various dates
BIMRE	–	10,134	**–**	–	various dates
Asian Wind 1	**245,939**	188,630	**418**	–	various dates
Others		3,078			
Ingrid	**67,173**	–	**42,816**	9,167	30-day, non-interest bearing
Infenium 4	**2,620**	–	**4,495**	1,875	30-day, non-interest bearing
Brightnight	**23,933**	–	**20,054**	–	various dates
Trade Receivables					
Affiliates	–	–	**251**	5,408	30-day, non-interest bearing
	₱3,961,972	₱3,736,762	**₱5,379,275**	₱5,037,129	

d. Loans Payable

	Amount/Volume		Outstanding Balance Receivable (Payable)		
Related Party	**September 30, 2023**	September 30, 2022	**September 30, 2023**	December 31, 2022	**Terms**
Bank of the Philippines Island					
Interest Expense/Interest Payable	**₱138,274**	₱293,412	**(₱33,614)**	(₱8,834)	30 days, unsecured
Long-term loans (Note 13)	–	–	**(2,446,582)**	(1,766,487)	Due in Sept 2032, 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 unit and parking spaces.

	Amortization / Interest Expense		Right-of-use assets / (Lease Liabilities)		
Related Party	**September 30, 2023**	September 30, 2022	**September 30, 2023**	December 31, 2022	**Terms**
ALI					
Right of use Assets (Note 9)	**₱107,964**	₱87,789	**₱1,494,554**	₱926,451	10 years, unsecured
Lease Liabilities (Note 9)	**49,522**	37,508	**(1,689,853)**	(1,008,858)	10 years, unsecured
FBDC					
Right of use Assets	–	6,927	–	4,573	3 years, unsecured
Lease Liabilities	–	135	–	(9,771)	3 years, unsecured

f. Other Related Party Transactions

	Amount/Volume		Outstanding Balance Receivable (Payable)		
	September 30, 2023	September 30, 2022	**September 30, 2023**	December 31, 2022	**Terms**
Management fee income	**₱137,986**	₱46,388	**₱112,253**	₱ 8,019	30-days, unsecured
Rental income	**13,009**	13,003	**1,619**	2,118	30-days, unsecured
Revenue from power supply contracts	**387,372**	10,499	–	–	30-days, unsecured
Cost of sale of electricity	**(778,300)**	(780,206)	**(85,780)**	(92,591)	30-days, unsecured
Dividends Receivables (Note 6)	**1,362,464**	–	**74,647**	–	30-days, unsecured
Due from related parties	–	–	**555,253**	422,796	On demand, Unsecured
Due to related parties	–	–	**(2,019,346)**	(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. This is presented under “Other revenues” in the consolidated statement of income.

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 ₱323.56 million and ₱301.17 million as at September 30, 2023 and December 31, 2022, respectively, 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)		
	September 30, 2023	September 30, 2022	**September 30, 2023**	December 31, 2022	**Terms**
Accrued director's and annual incentives (Note 12)					
Directors' fee and annual incentives	**₱1,047**	(₱1,196)	**(₱59,554)**	(₱58,507)	On demand, Unsecured
Due to stockholders (Note 15)					
Cash dividends	**1,587,096**	–	**(16,585)**	(16,585)	On demand, Unsecured

Key Management Compensation

Compensation of key management personnel of the Group are as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Short term benefits	**₱53,940**	₱54,431
Post-Employment Benefits	**–**	4,132
	₱53,940	₱58,563

<u>Identification, Review and Approval of Related Party Transactions</u>
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:

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period Ended September 30 (Unaudited)	
	2023	2022	**2023**	2022
	(In Thousands, Except for Number of Shares and Per Share Amounts)			
Net income attributable to equity holders of Parent Company	**₱2,334,186**	₱1,937,430	**₱6,565,640**	₱4,120,519
Less cumulative preferred share dividends	**(161)**	–	**(161)**	–
(a) Net income attributable to common share owners of Parent Company	**2,334,025**	1,937,430	**6,565,479**	4,120,519
Common shares outstanding at beginning of period (Note 15)	**39,677,394,773**	39,252,902,464	**39,677,394,773**	38,324,027,174
Weighted average number of:				
Shares issued during the period	–	10,276,737	–	939,152,927
(b) Weighted average common shares outstanding	**39,677,394,773**	39,263,179,201	**39,677,394,773**	39,263,180,101
Basic/Diluted earnings per share (a/b)	**₱0.06**	₱0.05	**₱0.17**	₱0.10

For the nine-months ended September 30, 2023 and 2022, except for Employee Stock Ownership Plan (“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 nine-months ended September 30, 2023 and 2022.

24. 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 trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments.

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

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

- Foreign exchange risk
- Credit or counterparty risk
- Liquidity risk
- Interest rate risk

Corporate Planning and Investor Relations (“CPIR”) focuses on the following major risks that may affect its transactions:

- Market risk
- Equity price risk

Commercial Operations (“CO”) focuses on commodity price risk.

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

Risk Management Process

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

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

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

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

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

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

	September 30, 2023 (Unaudited) U.S. Dollar (US$)	December 31, 2022 (Audited) U.S. Dollar (US$)
Financial Assets		
Cash and cash equivalents	**$533,020**	$433,954
Other receivables	**295,873**	492,919
	828,893	926,873
Financial Liabilities		
Accounts payable and other current liabilities	**(48,261)**	(64,476)
Notes payable and loans-term loans	**(666,575)**	(284,620)
	(714,836)	(349,096)
Net foreign currency-denominated assets (liabilities)	**$114,057**	$577,777
Peso equivalent	**₱6,496,687**	₱32,424,845

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱56.96 to US$1.00 September 30, 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$
September 30, 2023	**(₱0.50)**	**(₱57,029)**
	(1.00)	**(114,057)**
	0.50	**57,029**
	1.00	**114,057**
December 31, 2022	(₱0.50)	(₱288,889)
	(1.00)	(577,777)
	0.50	288,889
	1.00	577,777

For subsidiaries with functional currency in US dollars, 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 US dollar denominated investments in associates and joint ventures, accounts and other payables, and notes payable with US dollar 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 ACEC, ACEN HK and ACEN Finance which are in US dollar functional currency were likewise translated to the Group's presentation currency.

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

	September 30, 2023 (Unaudited)	
	Peso	**US$**
Cash and cash equivalents	**₱27,271,608**	**$482,043**
Receivables	**16,427,356**	**290,364**
Investments in:		
Associates and joint ventures	**19,251,928**	**340,290**
Other financial assets at amortized cost	**20,166,063**	**356,448**
Financial asset at FVTPL	**3,795,763**	**67,093**
	86,912,718	**1,536,238**
Accounts payable and other current liabilities	**2,730,042**	**48,255**
Notes payable	**37,711,494**	**666,575**
Net foreign currency position	**₱46,471,182**	**$821,408**

	December 31, 2022 (Audited)	
	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
September 30, 2023	**USD**	**($0.50)**	**(₱410,704)**
		(1.00)	**(821,408)**
		0.50	**410,704**
		1.00	**821,408**

		Increase (decrease) in Peso per foreign currency	Effect on income before income tax
December 31, 2022	USD	($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 Treasurer for 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 Treasurer 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.

	September 30, 2023 (Unaudited)					
	Neither Past Due nor Impaired			**Past Due but not**	**Past Due Individually**	
	Class A	**Class B**	**Class C**	**Impaired**	**Impaired**	**Total**
Trade and other receivables						
Current:						
Trade receivables	**₱4,811,952**	**₱516,969**	**₱9,186**	**₱3,316,844**	**₱50,196**	**₱8,705,147**
Due from related parties	**7,301,085**	**355**	**3,090**	**5,107,463**	**–**	**12,411,993**
Others	**418,563**	**35,336**	**54,477**	**2,552,281**	**84,864**	**3,145,521**
Noncurrent						
Trade receivables	**–**	**–**	**–**	**1,765**	**1,121,886**	**1,123,651**
Due from related parties	**10,039,897**	**52,822**	**–**	**539,127**	**4,151**	**10,635,997**
Receivables from third Parties	**311,806**	**–**	**3,181**	**486,284**	**–**	**801,271**
	₱22,883,303	**₱605,482**	**₱69,934**	**₱12,003,764**	**₱1,261,097**	**₱36,823,580**

	December 31, 2022 (Audited)					
	Neither Past Due nor Impaired			Past Due but not	Past Due Individually	
	Class A	Class B	Class C	Impaired	Impaired	Total
Trade and other receivables						
Current:						
Trade receivables	₱7,686,667	₱461,360	₱–	₱171,351	₱60,433	₱8,379,811
Due from related parties	13,950,580	6,536	4,211	1,011,690	–	14,973,017
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	1,252,450
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	₱46,993,239

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 ₱2,505.08 million and ₱366.84 million as at September 30, 2023 and December 31,2022, 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:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial Assets at Amortized Cost (Portfolio 1)		
Cash and cash equivalents	**₱59,013,358**	₱34,630,011
Short-term investments	**2,773**	528
Under "Receivables" account		
Current:		
Trade receivables	**8,654,951**	9,649,612
Due from related parties	**12,411,993**	14,947,017
Others	**3,060,657**	7,315,267
Noncurrent:		
Trade receivables	**1,765**	1,230,172
Due from related parties	**10,631,846**	14,094,201
Receivables from third parties	**801,271**	1,063,355
Other financial assets at amortized cost	**20,166,063**	22,545,316
Under "Other Noncurrent Assets" account		
Deposits	**147,557**	109,718
	₱114,892,234	₱105,585,197

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

	September 30, 2023 (Unaudited)				
		Lifetime ECL			
Grade	**12-month Stage 1**	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
High	**₱17,817,005**	**₱–**	**₱–**	**₱230,554**	**₱18,047,559**
Standard	**66,858**	**–**	**–**	**823,289**	**890,147**
Substandard	**–**	**–**	**–**	**–**	
Default	**42,315**	**69,112**	**–**	**–**	**111,427**
Gross carrying amount	**17,926,178**	**69,112**	**–**	**1,053,843**	**19,049,133**
Less loss allowance	**–**	**–**	**–**	**–**	**–**
Carrying amount	**₱17,926,178**	**₱69,112**	**₱–**	**₱1,053,843**	**₱19,049,133**

	December 31, 2022 (Audited)				
		Lifetime ECL			
Grade	12-month Stage 1	Stage 2	Stage 3	Simplified Approach	Total
High	₱29,473,652	₱–	₱–	₱32,273	₱29,505,925
Standard	–	–	–	1,573,540	1,573,540
Substandard	–	–	–	–	–
Default	–	–	–	–	–
Gross carrying amount	29,473,652	–	–	1,605,813	31,079,465
Less loss allowance	–	–	–	–	–
Carrying amount	₱29,473,652	₱–	₱–	₱1,605,813	₱31,079,465

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.

	September 30, 2023 (Unaudited)					
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year to 5 Years	More than 5 Years	Total
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	**₱4,582,305**	**₱3,215,834**	**₱41,719**	**₱8,975**	**₱–**	**₱7,848,833**
Retention payable	**55,725**	**2,329**	**309,522**	**4,204**	**–**	**371,780**
Accrued expenses [a]	**1,947,060**	**115,307**	**63,827**	**159**	**–**	**2,126,353**
Accrued interest	**385,151**	**1,022**	**–**	**332**	**–**	**386,505**
Due to related parties	**1,700,504**	**658,236**	**6,445**	**15,309**	**–**	**2,380,494**
Others	**731,841**	**–**	**–**	**472,803**	**–**	**1,204,644**
Derivative Liability	**–**	**–**	**–**	**218,107**	**–**	**218,107**
Short-term loans	**–**	**2,500,000**	**–**	**–**	**–**	**2,500,000**
Due to stockholders	**16,585**	**–**	**–**	**–**	**–**	**16,585**
Lease liabilities [b]	**–**	**120,011**	**1,142,120**	**2,982,905**	**8,734,678**	**12,979,714**
Long-term loans [c]	**–**	**506,992**	**1,533,959**	**25,569,118**	**25,946,709**	**53,556,778**
Notes payable	**–**	**–**	**–**	**–**	**34,307,562**	**34,307,562**
Other noncurrent liabilities [d]	**–**	**–**	**–**	**8,676**	**59,445**	**68,121**
	₱9,419,171	**₱7,119,731**	**₱3,097,592**	**₱29,280,588**	**₱69,048,394**	**₱117,965,476**

[a] *Excluding current portion of vacation and sick leave accruals.*
[b] *Gross contractual payments.*
[c] *Including contractual interest payments.*
[d] *Excluding contract liabilities.*

	December 31, 2022 (Audited)					
	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 September 30, 2023 and December 31, 2022, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	September 30, 2023 (Unaudited)				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Current:					
Cash and cash equivalents	₱59,013,358	₱–	₱–	₱–	₱59,013,358
Accounts and Notes Receivables:					
Accounts and other Receivable	8,070,506	1,658,230	949,740	–	10,678,476
Notes receivable	5,810,234	464,073	5,135,270	–	11,409,577
Interest receivable	1,955,572	125,807	93,228	–	2,174,607
Noncurrent:					
Receivables:					
Accounts and other receivable	–	–	–	1,713,424	1,713,424
Notes receivable	–	–	–	7,045,726	7,045,726
Interest receivable	–	–	–	3,801,769	3,801,769
Derivative assets	–	–	–	661,108	661,108
Other financial assets at amortized cost	–	–	–	20,166,063	20,166,063
Financial assets at FVOCI:					
Quoted	–	–	–	1,922	1,922
Unquoted	–	–	–	2,503,156	2,503,156
	₱74,849,670	₱2,248,110	₱6,178,238	₱35,893,168	₱119,169,186

	December 31, 2022 (Audited)				
	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
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	2,267,021	–	–	2,905,991	5,173,012
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
	₱59,291,320	₱657,340	₱5,329,879	₱42,845,566	₱108,124,105

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, 2022 and 2021, 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 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 and Chief Finance Officer are authorized to make coal and bunker fuel oil hedging decisions for the Group. All executed hedges go through a stringent approval process to justify the tenor, price and volume of the hedge to be undertaken.

Monitoring and assessment of the hedge effectiveness and Coal and Fuel Hedging Strategy are reviewed 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 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 September 30, 2023							
Coal							
Notional amount (in Metric Tons)	**600**	**–**	**21,450**	**–**	**–**	**1,200**	**23,250**
Notional amount (in $000)	**($9)**	**$–**	**($724)**	**$–**	**$–**	**($53)**	**($786)**
Average hedged rate ($ per Metric ton)	**155.37**	**–**	**175.30**	**–**	**–**	**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 September 30, 2023				
Commodity swap contracts – Coal	**$23,250**	**₱18,584**	**Other current assets**	**(₱33,564)**
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 September 30, 2023			
Coal purchase	**(₱33,564)**	**₱–**	**₱–**
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	–	–
Highly probable forecast purchases	₱55,500	(₱51,722)	₱–

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 September 30, 2023						
Commodity swap contracts – Coal	**(₱33,564)**	**₱–**	**Unrealized fair value gains on derivative instruments designated as hedges**	**₱–**	**₱–**	**₱–**
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 is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

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

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

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

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Short-term debt (Note 13)	**₱2,500,000**	₱2,900,000
Long-term debt (Note 13)	**74,579,943**	60,864,602
Total debt	**77,079,943**	63,764,602
Less:		
Cash and cash equivalent (Note 4)	**40,631,375**	34,630,011
Short-term investments (Note 11)	**2,773**	528
Restricted cash (Note 4)	**18,381,983**	–
Net debt	**18,063,812**	29,134,063
Total equity	**₱174,501,249**	₱149,593,443
Debt to equity	**44.17%**	42.63%
Net bank debt to equity	**10.35%**	19.48%

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.

25. **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 September 30, 2023 and December 31, 2022:

	September 30, 2023 (Unaudited)			
		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	**₱1,861,508**	**₱–**	**₱1,861,508**	**₱–**
Financial assets at FVOCI	**2,505,078**	**–**	**₱2,505,078**	**–**
Other financial assets at amortized cost	**20,166,063**	**–**	**–**	**12,514,256**
Derivative asset*	**661,108**	**–**	**661,108**	**–**
Refundable deposits**	**147,557**	**–**	**–**	**181,827**
Trade receivables***	**845,356**	**–**	**–**	**876,973**
Receivables from third parties****	**35,700**	**–**	**–**	**35,700**
	26,222,370	**₱–**	**5,027,694**	**13,608,756**
Liabilities				
Notes payable	**32,468,988**	**₱–**	**–**	**29,185,365**
Long-term debt	**42,110,955**	**–**	**–**	**41,159,240**
Deposit payables and other liabilities*****	**68,113**	**–**	**–**	**68,113**
Derivative liability******	**218,107**	**–**	**218,107**	**–**
Lease liabilities	**7,176,923**	**–**	**–**	**7,280,555**
	82,043,086	**₱–**	**218,107**	**77,693,273**

** 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"*

	December 31, 2022 (Audited)			
		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	₱–	₱1,302,885	₱–
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	₱–	₱2,286,868	₱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" and "Other noncurrent assets" accounts.*
****** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*

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

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

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

Cash and Cash Equivalents, Short-term Investment, Receivables, Accounts Payable and Other Current Liabilities and Due to Stockholders
The carrying amounts of cash and cash equivalents, short-term investment, receivables, accounts payable and other current liabilities and due to stockholders approximate their fair values due to the relatively short-term maturities of these financial instruments.

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

For unquoted financial assets at FVTPL and FVOCI, management uses the discounted cash flow technique in estimating the fair value of the financial instruments. Based on the financial performance and financial position of the investee entity which is a related party investment company, management estimates the amount and timing of the future cash inflow arising from redemption of preferred shares.

Other Financial Assets at Amortized Cost
This includes investments in redeemable preferred shares and convertible loans. The 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 3.22% to 8.89% and 1.03% to 9.13% as at September 30, 2023 and December 31, 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 6.15% to 6.73% and 6.47% as at September 30, 2023 and December 31, 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.

26. 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 ways of energy generation
  4. Project development
  5. Leasing
  6. Bulk water supply, and
  7. Petroleum and exploration.

- International represents the operations of ACRI, which is the holding company for all offshore investments. This includes earnings from the international renewable investments, as well as project development expenses and overhead expenses for the various renewable power projects in the pipeline.

- Parent and Others represents operations of the Parent Company (excluding RES / CO) and ACE Shared Services, Inc. This also includes interest expense incurred by ACEN Finance Limited.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. The chief operating decision-maker (CODM) has been identified as the chief executive officer. The CODM reviews the Group's internal reports to assess performance of the Group.

Revenue earned from a single external customer amounted to ₱9,048.97 million and ₱8,818.35 million for the nine-month period ended September 30, 2023 and 2022, respectively, which accounted for more than 10% of the consolidated revenues from external customers, arise from sales in the Philippine Segment.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment results are shown net of transfers between operating segments. Those transfers are eliminated in consolidation.

The following tables regarding operating segments present revenue and income information for the nine-month period ended September 30, 2023 and 2022 and assets and liabilities as at September 30, 2023 and December 31, 2022:

	For the nine months ended September 30, 2023 (Unaudited)			
	Philippines	**International**	**Parent and Others**	**Consolidated**
Revenues				
Revenue from sale of electricity	**₱27,962,340**	**₱445,293**	**₱–**	**₱28,407,633**
Rental income	**51,644**	**–**	**–**	**51,644**
Other revenues	**8,125**	**22,238**	**160,271**	**190,634**
	28,022,109	**467,531**	**160,271**	**28,649,911**
Costs and expenses				
Costs of sale of electricity	**25,193,418**	**–**	**–**	**25,193,418**
General and administrative expenses	**2,054,681**	**2,144,270**	**1,727,565**	**5,926,516**
	27,248,099	**2,144,270**	**1,727,565**	**31,119,934**
Interest and other finance charges	**(300,090)**	**(813,827)**	**(228,492)**	**(1,342,409)**
Equity in net income of associates and joint ventures	**793,408**	**766,505**	**–**	**1,559,913**
Other income – net	**1,736,692**	**7,297,770**	**1,230,261**	**10,264,723**
Net income (loss) before income tax	**3,004,020**	**5,573,709**	**(565,525)**	**8,012,204**
Provision for (benefit from) income tax	**514,224**	**(266,335)**	**53,596**	**301,485**
Segment net income (loss)	**₱2,489,796**	**₱5,840,044**	**(₱619,121)**	**₱7,710,719**
Other disclosures				
Depreciation and amortization	**₱1,022,503**	**₱32,779**	**₱172,934**	**₱1,228,216**
Capital expenditures	**10,377,158**	**7,202,519**	**–**	**17,579,677**
Provision for impairment of property, plant and equipment and advances to contractors	**10,817**	**–**	**–**	**10,817**

	As at September 30, 2023 (Unaudited)			
Operating assets	**₱33,766,467**	**₱100,051,593**	**₱142,219,199**	**₱276,037,259**
Operating liabilities	**₱15,062,181**	**₱44,175,737**	**₱42,298,092**	**₱101,536,010**
Other disclosures:				
Investments in associates and joint ventures	**₱10,664,830**	**₱19,384,781**	**₱–**	**₱30,049,611**
Pension & other employment benefits	**40,028**	**–**	**48,579**	**88,607**

	For the nine months ended September 30, 2022			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱25,107,463	₱–	₱–	₱25,107,463
Rental income	51,416	–	–	51,416
Dividend income	–	3,635	–	3,635
Other revenues	29,042	8,229	43,499	80,770
	25,187,921	11,864	43,499	25,243,284
Costs and expenses				
Costs of sale of electricity	23,435,185	–	–	23,435,185
General and administrative expenses	295,928	419,236	408,039	1,123,203
	23,731,113	419,236	408,039	24,558,388
Interest and other finance charges	(667,005)	(76,003)	(1,079,990)	(1,822,998)
Equity in net income of associates and joint ventures	425,743	(129,509)	–	296,234
Other income – net	572,891	4,792,760	696,086	6,061,737
Net income (loss) before income tax	1,788,437	4,179,876	(748,444)	5,219,869
(Provision for) benefit from income tax	374,660	21,163	(526,638)	(130,815)
Segment net income (loss)	₱1,413,777	₱4,158,713	(₱221,806)	₱5,350,684
Other disclosures				
Depreciation and amortization	₱1,606,394	₱82	₱119,241	₱1,725,717
Capital expenditures	6,904,020	–	–	6,904,020
Provision for impairment of property, plant and equipment and advances to contractors	45,463	–	–	45,463

	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
Other disclosures:				
Investments in associates and joint ventures	₱10,392,685	₱14,373,748	₱–	₱24,766,433
Pension & other employment benefits	38,804	–	38,193	76,997

Adjustments and Eliminations

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

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

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

Other income – net includes interest and other financial income from investments in redeemable preferred shares of associates and joint ventures and from development loans and advances to these associates and joint ventures, guarantee fee income, reversal of 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.

27. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the nine-month period ended September 30, 2023 and 2022 are as follow:

	For the nine-month period Ended September 30 (Unaudited)	
	2023	2022
Non-cash additions to property, plant and equipment	**₱1,115,723**	₱1,126,046
Set-up of ROU assets from new lease agreements	**2,659,778**	265,168
Reclassifications to (from):		
Property, plant and equipment	**3,456,273**	181,151
Investments in associates and joint ventures	**305,476**	148,975
Financial assets at FVTPL	**(276,297)**	–
Investments in other financial assets at amortized cost	**(382,519)**	(59,782)
Creditable withholding taxes	**(667,682)**	488,867
Other noncurrent assets	**(3,525,696)**	1,054,610
Noncurrent assets held for sale	–	(1,539)
Investment properties		–
Acquired through business combinations:		
Other noncurrent assets	–	158,132
Property, plant and equipment	–	202

Movements in the Group's liabilities from financing activities for the nine-month period ended September 30, 2023 and 2022 are as follows:

	January 1, 2023	**Availments/ Proceeds**	**Payments**	**Others**	**September 30, 2023**
Current portion of:					
Short-term loans	**₱2,900,000**	**₱14,100,000**	**(₱14,500,000)**	**₱–**	**₱2,500,000**
Long-term loans	**719,385**	**–**	**(432,344)**	**986,301**	**1,273,342**
Lease liabilities	**258,562**	**–**	**(657,932)**	**1,190,337**	**790,967**
Interest payable	**483,090**	**–**	**(1,188,896)**	**1,093,623**	**387,817**
Due to stockholders	**16,585**	**–**	**(2,722,333)**	**2,722,333**	**16,585**
Noncurrent portion of:					
Notes payable	**32,093,314**	**–**	**–**	**375,674**	**32,468,988**
Long-term loans	**28,051,903**	**13,520,198**	**–**	**(734,488)**	**40,837,613**
Lease liabilities	**4,206,459**	**–**	**–**	**2,179,497**	**6,385,956**
Other noncurrent liabilities	**827,643**	**390,720**	**–**	**(128,871)**	**1,089,492**
Total liabilities from financing activities	**₱69,556,941**	**₱28,010,918**	**(₱19,501,505)**	**₱7,684,406**	**₱85,750,760**

	January 1, 2022 (Audited)	Availments/ Proceeds	Payments	Others	September 30, 2022 (Unaudited)
Current portion of:					
Short-term loans	₱–	₱20,137,020	(₱13,237,020)	₱–	₱6,900,000
Long-term loans	824,488	–	(7,276,074)	7,516,646	1,065,060
Lease liabilities	536,950	–	(287,167)	39,562	289,345
Interest payable	448,919	–	(1,504,304)	1,547,139	491,754
Due to stockholders	16,585	–	(3,398,034)	3,398,034	16,585
Noncurrent portion of:					
Notes payable	20,195,054	10,000,000	–	3,027,896	33,222,950
Long-term loans	20,117,733	11,914,000	–	(7,622,369)	24,409,364
Lease liabilities	2,159,302	–	–	409,043	2,568,345
Other noncurrent liabilities	2,736,920	1,394,450	–	663,453	4,794,823
Total liabilities from financing activities	₱47,035,951	₱43,445,470	(₱25,702,599)	₱8,979,404	₱73,758,226

28. 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 November 6, 2023, the CIR's motion for reconsideration has not been resolved by the CTA *en banc*.

<u>Claims for tax refund</u>

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. There is no decision of the Supreme Court as of report 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.

Based on CTA Record Verification dated July 13, 2023, BIR failed to file its Comment on SACASOL's MR on October 4, 2024. SACASOL's MR was submitted for resolution. SACASOL has yet to receive any orders from the CTA En Banc.

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 protest filed by NorthWind to the Provincial Treasurer from 2017 to 2021 were denied.

As at November 6, 2023, the 2017 to 2023 RPT protest, regarding an aggregate amount of ₱193.40 million, is still pending decision with the LBAA of Ilocos Norte.

29. **Events After the Reporting Period**

Below are the events after the reporting period which are treated as non-adjusting events as at September 30, 2023:

Term Loan Facility
On October 13, 2023, ACEN secured a term loan facility worth ₱5.00 billion.

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), to stockholders of record as of November 17, 2023, payable on December 1, 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

Restructuring of Loan
On November 3, 2023, ACEN's Executive Committee authorized ACEN and its subsidiary, ACEN Renewables International Pte. Ltd. ("ACRI"), to enter into an agreement with Yoma Strategic Holdings Ltd. ("Yoma") and its wholly-owned subsidiary, Yoma Strategic Investments Ltd. ("YSIL"), to restructure YSIL's outstanding loan (US$27 million inclusive of interest) with ACRI.

ACRI made available a US$25 million facility to YSIL, guaranteed by Yoma, to fund the roll out of the micro grids for telecommunications towers by Yoma Micro Power Pte. Ltd. ("YMPS"), Yoma's joint venture with Norfund, IFC and the YMPS founder. Under the restructure agreement, YSIL will purchase the loan from ACRI, payable within a ten-year period, with a Yoma parent guarantee.

ANNEX B

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of ACEN and its subsidiaries should be read in conjunction with the unaudited interim consolidated financial statements as at September 30, 2023, for the nine-month period ended September 30, 2023 and 2022 and the audited consolidated financial statements as at December 31, 2022. The unaudited interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standards ("PAS") 34, *Interim Financial Reporting*.

2023

Corporate Highlights:

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

Operating Highlights:

- As of September 30, 2023, ACEN had ~4,515 MW (megawatts) of attributable capacity of operational and projects under construction in the Philippines and across the region, of which 98%, is renewable. This puts the Group in a strong position to reach its 20-GW RE (gigawatt renewable) target by 2030, towards its vision of becoming the largest listed renewables platform in Southeast Asia.

- Total attributable output showed double-digit growth, rising 27% to 3,174 GWh for the first nine months of 2023 as ACEN continue to add new operating capacity in its global portfolio. Renewables generation from Philippine operations rose by 29% to 769 GWh with the continued commissioning at the 44 MW second phase of the Arayat-Mexico Solar farm and the 160 MW Pagudpud Wind farm, which is the largest in the country. Despite the onset of the low wind season and seasonally low solar resources, ACEN maintained a net merchant selling position during the third quarter.

  ACEN's international portfolio generated 2,405 GWh in January to September 2023, a 27% rise year-on-year, as New England Solar in New South Wales, Australia nears full capacity. Newly contributing to output in the third quarter were the 420 MW Masaya Solar farm in Madhya Pradesh, India and the 287 MW first phase of ACEN's acquisition of 49% of SUPER in Vietnam, a joint venture with Thailand's SUPER Energy.

Financial Highlights:

- The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to **₱6,565.64 million** for the third quarter of 2023 compared to **₱4,120.52 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 periods ended September 30, 2023 and 2022.

Revenues

In thousand Pesos	**Jul - Sep**		**Jan – Sep**		**Jul - Sep**		**Jan – Sep**	
	2023	2022	**2023**	2022	**Inc (Dec)**	%	**Inc (Dec)**	%
Revenue from sale of electricity	**₱8,122,065**	₱9,231,940	**₱28,407,633**	₱25,107,463	**(₱1,109,875)**	(12)	**₱3,300,170**	13
Rental income	**17,213**	17,053	**51,644**	51,416	**160**	1	**228**	1
Dividend income	**–**	–	**–**	3,635	**–**	–	**(3,635)**	(100)
Other revenues	**42,073**	25,777	**190,634**	80,770	**16,296**	63	**109,864**	136

- **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 Solienda and BCHC.
- **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 venture and bulk water sales.

Costs and Expenses

In thousand Pesos	**Jul - Sep**		**Jan – Sep**		**Jul - Sep**		**Jan – Sep**	
	2023	2022	**2023**	2022	**Inc (Dec)**	%	**Inc (Dec)**	%
Cost of sale of electricity	**₱7,917,386**	₱8,805,786	**₱25,193,418**	₱23,435,185	**(₱888,400)**	(10)	**₱1,758,233**	8
General and administrative Expenses	**3,437,358**	474,341	**5,926,516**	1,123,203	**2,963,017**	625	**4,803,313**	428

- **Cost of sale of electricity** slightly increased by 8% with higher cost of purchased power under SLTEC AMA following the divestment of SLTEC starting November 2022.
- **General and administrative expenses** increased mainly driven by increase in manpower to complete renewables scale up and consolidation of ACEN Australia overhead starting November 2022. The account includes provision for impairment of loans from development loans from UPC Solar (₱1,110.11 million), provision for impairment of investments at amortized cost from redeemable preferred shares (UPC Solar) (₱863.91 million) and convertible loans (VWEL) (₱713.13 million).

Other Income and Expenses

In thousand Pesos	**Jul - Sep 2023**	2022	**Jan – Sep 2023**	2022	**Jul - Sep Inc (Dec)**	%	**Jan - Sep Inc (Dec)**	%
Interest and other finance charges	**(₱458,883)**	(₱558,625)	**(₱1,342,409)**	(₱1,822,998)	**₱99,742**	(18)	**₱480,589**	(26)
Equity in net income of associates and joint ventures	**(4,945)**	(166,466)	**1,559,913**	296,234	**161,521**	(97)	**1,263,679**	427
Other Income	**6,517,605**	2,991,945	**10,264,723**	6,061,737	**3,525,660**	118	**4,202,986**	69

- **Interest and other finance charges** went down from last year due to capitalization of borrowings costs for the nine-month period ended of 2023. This is partially offset by accruals of interest expense from additional availments of long-term and short-term loans during the period. 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 ₱996.25 million, year on year. This also includes gain on disposal of investment of ACEHI Netherlands (₱1,062.03 million), gain on remeasurement of ACEHI Netherlands' retained interest which indirectly owns the previous Associate, Salak and Darajat (₱3,433.33), gain from partial settlement of development loan (₱515.00 million) and foreign exchange gains for the period (₱84.73 million). This is partly offset by net fair value losses on investments in FVTPL (₱121.20 million).

Provision for (benefit from) income tax

In thousand Pesos	**Jul - Sep 2023**	2022	**Jan – Sep 2023**	2022	**Jul - Sep Inc (Dec)**	%	**Jan - Sep Inc (Dec)**	%
Current	**(₱102,013)**	₱108,185	**₱58,557**	₱297,183	**(₱210,198)**	(194)	**(₱238,626)**	(80)
Deferred expense (benefit)	**337,095**	(245,188)	**242,928**	(427,998)	**582,283**	(237)	**670,926**	(157)

- The decrease in **provision for income tax - current** due to lower taxable income for the period.
- **Deferred income tax expense** was reported for the year vs. deferred income tax benefit last year due to lower deferred tax asset recognized on NOLCO that will be applied against future taxable income.

Material changes in Consolidated Statements of Financial Position accounts

In thousand pesos	September 30, 2023	December 31, 2022	Increase (Decrease) Amount	%
Current Assets				
Cash and cash equivalents	**₱59,013,358**	₱34,630,011	**24,383,347**	70
Accounts and notes receivable	**24,127,601**	30,503,231	**(6,375,630)**	(21)
Fuel and spare parts	**1,080,898**	806,986	**273,912**	34
Financial assets at fair value through profit or loss (FVTPL)	**568,210**	42,863	**525,347**	1,226
Current portion of:				
Input value added tax (VAT)	**2,382,552**	2,132,179	**250,373**	12
Creditable withholding taxes	**1,608,085**	940,403	**667,682**	71
Other current assets	**1,070,620**	966,907	**103,713**	11
Noncurrent Assets				
Investments in:				
Associates and joint ventures	**30,049,611**	24,766,433	**5,283,178**	21
Other financial assets at amortized cost	**20,166,063**	21,260,907	**(1,094,844)**	(5)
Financial assets at FVTPL	**1,293,298**	1,260,023	**33,275**	3
Financial assets at fair value through other comprehensive income (FVOCI)	**2,505,078**	366,844	**2,138,234**	583
Property, plant and equipment	**78,629,405**	58,398,228	**20,231,177**	35
Right-of-use assets	**6,696,670**	3,726,647	**2,970,023**	80
Accounts and notes receivable - net of current portion	**11,434,882**	16,387,729	**(4,952,847)**	(30)
Goodwill and other intangible assets	**23,494,924**	23,268,743	**226,181**	1
Net of current portion:				
Input VAT	**2,994,174**	2,336,747	**657,427**	28
Creditable withholding tax	**781,743**	752,317	**29,426**	4
Deferred income tax assets – net	**1,875,354**	1,730,194	**145,160**	8
Other noncurrent assets	**6,264,733**	8,495,171	**(2,230,438)**	(26)

- Increase in **Cash and cash equivalents** is attributed to cash generated from operations and availments of both short-term and long-term debts which helped cover for investing activities for the period. Significant increase in cash during the period was from the proceeds of the issuance of 25 million redeemable preferred shares.
- Decrease in **Accounts and notes receivable** is mainly due to improved collections and significant loan repayments coming from Asian Wind Power.
- **Fuel and spare parts** went up because of purchases in bunker fuels.
- **Financial assets at fair value through profit or loss** went up with acquisition of SPNEC shares.
- 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** increased with the expectation of future utilization of tax credits.
- **Other current assets** increased primarily due to prepayments and advances to contractors.
- **Investments in associates and joint ventures** increased mainly due to investments in SUPER, PT Puri Prakarsa Batam, BrightNight, Monsoon Wind, and UPC Power with a total subscription of ₱4,191.28 million. Accumulated equity in net earnings increased by ₱1,559.91 million for the period 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 had translation gains (₱173.44 million) with the appreciation of US dollar during the period but was reduced by dividends received from Star Energy, BIMRE and Phiwind/NLR (₱1,362.46 million).

- **Investments in other financial assets at amortized cost** include redeemable preferred shares and convertible loans. During the period, significant movements are due to capital calls and subscriptions made in IWIL, UPC Solar and NEFIN. Total subscriptions to redeemable preferred shares amounted to ₱1,706.06 million, offset by impairment provision amounted to ₱863.91 million. Additional convertible loans issued amounted to ₱1,807.64 million and offset by impairment provision amounted to ₱1,997.54 million.
- **Current and Noncurrent financial assets at FVTPL** pertains to Compulsorily Convertible Debentures (CCDs) from Masaya Solar and SPNEC shares held. 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 equities and also include golf club shares and listed equity instruments. Part of increase is attributable to a reclassification of redeemable preferred shares and additional subscriptions of UPC Solar totaling ₱810.29 million, loans to BrightNight of ₱961.77 million, and subscriptions to RPS of PT Puri Prakarsa Batam of ₱341.47 million.
- **Plant, property and equipment's** increase is from multiple construction projects in places such as Balaoi, San Marcelino, Cagayan, and New England. 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, Endevor's 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 a significant loan repayment from Asian Wind Power.
- **Goodwill & other intangible assets** increased following translation gain on the goodwill from ACEN Australia.
- 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 decrease is mainly attributable to capitalization of developmental costs to appropriate property, plant and equipment account upon operation.

In thousand pesos	September 30, 2023	December 31, 2022	Increase (Decrease) Amount	%
Current Liabilities				
Accounts payable and other current liabilities	**₱15,124,649**	₱13,322,569	1,802,080	14
Short-term loans	**2,500,000**	2,900,000	(400,000)	(14)
Current portion of:				
Long-term loans	**1,273,342**	719,385	553,957	77
Lease liabilities	**790,967**	258,562	532,405	206
Income and withholding taxes payable	**345,455**	479,435	(133,980)	(28)
Due to stockholders	**16,585**	16,585	–	–
Noncurrent Liabilities				
Notes payable	**32,468,988**	32,093,314	375,674	1
Long-term loans - net of current portion	**40,837,613**	28,051,903	12,785,710	46
Lease liabilities - net of current portion	**6,385,956**	4,206,459	2,179,497	52
Pension and other employee benefits	**88,607**	76,997	11,610	15
Deferred tax income liabilities - net	**614,356**	226,268	388,088	172
Other noncurrent liabilities	**1,089,492**	827,643	261,849	32
Equity				
Common shares	**39,691,895**	39,691,895	–	–
Redeemable preferred shares	**25,000**	–	25,000	–
Additional paid-in capital	**132,302,422**	107,492,243	24,810,179	23
Other equity reserves	**(59,450,345)**	(56,585,740)	(2,864,605)	5
Unrealized fair value loss on equity instruments at FVOCI	**(242,692)**	(114,566)	(128,126)	112
Unrealized fair value gain on derivative instruments designated as hedges – net of tax	**65,746**	326,676	(260,930)	(80)
Remeasurement loss on defined benefit plans – net of tax	**(9,781)**	(43,910)	34,129	(78)
Accumulated share in other comprehensive loss of associates and joint ventures	**(46,318)**	(5,794)	(40,524)	699
Cumulative translation adjustments	**7,811,473**	7,449,690	361,783	5
Retained earnings	**24,523,225**	19,551,839	4,971,386	25
Treasury shares	**(28,657)**	(28,657)	–	–
Non-controlling interests	**29,859,281**	31,859,767	(2,000,486)	(6)

- **Accounts payable and other current liabilities** increased due to power purchases.
- **Short-term loans** are outstanding loans from local banks.
- **Current portion of long-term loans** increased with the currently maturing amortization.
- **Current portion of lease liability** increased with the currently maturing amortization and new lease contracts.
- 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 billion 5-year Green Bonds by ACEN and the US$400.0 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 the principal payments on these loans and other existing loans.
- **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 period.
- Majority of the balance of **deferred income tax liabilities** came from recognition on unrealized foreign exchange gains and right-of-use assets of the Group as at period ended.
- **Other non-current liabilities** include contract liabilities and asset retirement obligations related to solar operations.

- **Redeemable preferred shares and additional paid-in capital** increased from issuance of 25 million redeemable preferred shares with par value of ₱1.00 at issue price of ₱1,000.00 per share, net of ₱164.82 million share issuance cost.
- The increase 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** decreased substantially due to interest rate swap losses.
- **Remeasurement loss on defined benefit plan** decreased parallel to various actuarial losses and losses 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 of associate and joint venture.
- **Retained earnings** increased from resulting net income earned for the period, offset by dividend declarations.
- **Treasury shares** had no movement during the period.
- **Non-controlling interests** are mainly comprised of redeemable preferred shares (RPS) of ACE Cayman held by AC Energy Finance International Limited and 20% NCI in UPC-ACE Australia. In 2023, the Group acquired the remaining NCI in UPC-ACE Australia. Non-controlling interests' share in net income amounted to ₱150.25 million, which was offset by dividends totaling ₱1,135.24 million.

Key Performance Indicators

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

Key Performance Indicator	Formula	30-Sep-23 (Unaudited)	31-Dec-22 (Audited)	Increase (Decrease)	
				Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**4.48**	3.96	0.52	13%
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**4.17**	3.68	0.49	13%
Solvency Ratios					
Debt/Equity ratio	Total liabilities / Total equity	**0.58**	0.56	0.02	4%
Asset-to-equity ratio	Total assets / Total equity	**1.58**	1.56	0.02	1%
Interest Coverage Ratio	Earnings before interest & tax (EBIT) / Interest expense	**6.97**	6.91	0.06	1%
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**0.10**	0.19	(0.09)	(47%)
Profitability Ratios					
Return on equity*	Net income after tax attributable to equity holders of the Parent Company / Average stockholders' equity	**–**	–	–	–
Return on assets*	Net income after taxes / Average total assets	**–**	–	–	–
Asset Turnover	Revenues / Average total assets	**11.26%**	17.45%	(6.19%)	(35.47)

**computed on annual basis*

Current ratio & Acid test ratio

Current ratio & acid test ratio increased due to higher liquid assets such as cash and cash equivalents at period end partly offset by the increase in current liabilities.

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 period. 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 lower interest expense following lesser loan availments yield to higher interest coverage ratio for the current period.

Net bank debt to equity ratio

Decreased from year-end 2022 due to more cash liquidity to cover for short-term and long-term loans.

Asset turnover

In spite of increase in revenues during the period, asset turnover decreased due higher average total assets of the Group during the period.

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 29 of the unaudited Interim Condensed Consolidated Financial Statements.
- ACEN has material commitments to invest in capital expenditure projects mainly in the following:
  - 160MW Pagudpd Wind
  - 44MW Arayat-Mexico Solar Phase 2
  - 283MW San Marcelino Solar (Phase 1)
  - 133MW Cagayan North Solar (Phase 1)
  - 300MW Palauig 2 Solar
  - 70MW Capa Wind
  - 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").

ANNEX C

ACEN CORPORATION (the “Company")
3rd QUARTER

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 PesoDenominated 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 Pesodenominated 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