ACEN CORPORATION
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas cor. Makati Avenue, Makati City 1226
Telephone Number (+632) 7730-6300

Shelf Registration of Up to Fifty Million Perpetual Preferred Shares with a par value of ₱1.00 per Preferred Share

to be offered within a period of three years

to be listed and traded on the Main Board
The Philippine Stock Exchange, Inc.

The date of this Prospectus is 8 August 2023.

THE SEC HAS NOT APPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE AND SHOULD BE REPORTED IMMEDIATELY TO THE SEC.

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35th Floor, Ayala Triangle Gardens Tower 2
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This Prospectus relates to ACEN CORPORATION's ("**ACEN**" or the "**Issuer**" or the "**Company**") three-year shelf registration (the "**Shelf Registration**") of up to Fifty Million (50,000,000) Preferred Shares with a par value of ₱1.00 per Preferred Share (the "**Preferred Shares**") to be offered in one or more tranches (each, a "**Tranche**"), which may be comprised of one or more series (each, a "**Series**"), at the discretion of the Issuer, under a securities program ("**Preferred Shares Program**") to be registered with the Securities and Exchange Commission ("**SEC**"). A registration statement covering the Preferred Shares Program was filed by the Issuer with the SEC on 29 May 2023.

The Preferred Shares will be offered and sold in various Series and in Tranches (each such Tranche, an "**Offer**") within a period of three (3) years from the effective date of the Registration Statement (the "**Shelf Period**"). On 7 March 2023, the Board of Directors of the Company (the "**Board of Directors**" or the "**Board**") authorized the shelf registration of up to 50,000,000 Preferred Shares to be issued from time to time in one or more Series and/or Tranches during the Shelf Period, and under such terms and conditions for each Series and/or Tranche as determined by the Board of Directors, with authority expressly granted to the Board of Directors to fix the number of shares to be included in each Series and/or Tranche and the relative rights, preferences and limitations of the shares of each such Series and/or tranche. To the extent not set forth in its Articles of Incorporation, the terms of each such Series shall be specified in the resolution adopted by the Board of Directors. A certificate containing such terms and conditions shall be filed with the SEC and made publicly available (the "**Enabling Resolutions**").

The Preferred Shares will comprise the unissued preferred shares to be offered and issued by the Company. The specific terms of the Preferred Shares for each Series and Tranche will be determined by the Company considering the prevailing market conditions and shall be provided in a supplement to be circulated at the time of the offer of the relevant Tranche (the "**Offer Supplement**"). In the event of any inconsistency between the Prospectus and the Offer Supplement, the more specific information provided between the two shall prevail. The Preferred Shares may be issued in one or more Series for each Tranche each offer. The Company will apply for the listing of the Preferred Shares on the Main Board of the Philippine Stock Exchange, Inc. ("**PSE**").

On 7 March 2023, the Board of Directors approved the amendment of the Articles of Incorporation of the Company to create preferred shares via reclassification of 100,000,000 unissued Common Shares into preferred shares (the "**Amended AOI**"). The proposed amendment was approved by the stockholders at their annual meeting on 24 April 2023. Following the SEC approval of the Amended AOI on 9 June 2023, the Company's authorized capital stock is ₱48,400,000,000.00 divided into: (i) 48,300,000,000 Common Shares with a par value of ₱1.00 per Common Share; and (ii) 100,000,000 Preferred Shares with a par value of ₱1.00 per Preferred Share (the "**Preferred Shares**").

The declaration and payment of Dividends on the Preferred Shares on each Dividend Payment Date will be subject to the sole and absolute discretion of the Issuer's Board of Directors to the extent permitted by law and subject to the Dividend Payment Conditions (as defined below). The declaration and payment of dividends (except stock dividends) do not require any further approval from the shareholders.

As and if declared by the Board, dividends on the Preferred Shares shall be at such rate as the Board of Directors may determine for each particular Series and disclosed in the relevant Offer Supplement.

Dividends on the Preferred Shares will be cumulative. If, for any reason, the Board does not declare a dividend on the Preferred Shares for a dividend period, the Issuer will not pay a dividend on the Dividend

Payment Date for that dividend period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Preferred Shares as of record date of such dividends must receive the Dividends due them on such Dividend Payment Date as well as all Dividends accrued and unpaid to the holders of the Preferred Shares as of the same record date prior to such Dividend Payment Date (see "*Overview of the Preferred Shares Program*" on page 42 of this Prospectus).

As and if declared by the Board, the Issuer may redeem the Preferred Shares on the Dividend Rate Re-Setting Date or any Dividend Payment Date after the Dividend Rate Re-Setting Date (as defined in the relevant Offer Supplement) in whole (but not in part), at a redemption price equal to the relevant Offer Price of such Preferred Shares plus any accrued and unpaid dividends after deduction for any tax and customary transfer costs to effect the redemption (the "**Redemption Payment**"). The Redemption Payment shall be made to holders of the Preferred Shares as of the record date set by the Issuer for such redemption.

Subject to compliance with the law, ACEN may purchase the Preferred Shares at any time at any price either through the PSE, by public tender or through negotiated transactions. Any Preferred Shares redeemed or purchased by ACEN shall be recorded as treasury stock of ACEN and may be re-issued in the future at such terms and at such time as ACEN may determine.

All payments in respect of the Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of the Government of the Republic of the Philippines (the "**Government**"), including, but not limited to, stamp, issue, registration, documentary, value-added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, the Issuer will pay additional amounts so that holders of Preferred Shares will receive the full amount of the relevant payment which otherwise would have been due and payable, provided, however, that the Issuer shall not be liable for, and the foregoing payment undertaking of the Company shall not apply to: (a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Preferred Shares prescribed under the National Internal Revenue Code of 1997, as amended (the "**Tax Code**") including any additional tax on such dividends imposed by changes in law, rule, or regulation; (b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Preferred Shares; (c) any expanded value-added tax which may be payable by any holder of the Preferred Shares on any amount to be received from the Issuer under the Offer; (d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of Preferred Shares or any entity which is a non-resident foreign corporation; and (e) any applicable taxes on any subsequent sale or transfer of the Preferred Shares by any holder of the Preferred Shares which shall be for the account of such holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

The Preferred Shares will constitute the direct and unsecured subordinated obligations of the Issuer ranking at least *pari passu* in all respects and ratably without preference or priority among themselves with all other Preferred Shares issued by the Issuer.

The Preferred Shares will be issued in scripless form. Title to the Preferred Shares shall pass by endorsement and delivery to the transferee and registration in the registry of shareholders to be maintained by the Registrar and Depository Agent (as defined herein). Settlement of the Preferred Shares in respect of such transfer or change of title to the Preferred Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE, as applicable (see *"Overview of the Preferred Shares Program"* on page 42 of this Prospectus).

The use of proceeds for each Tranche of the Offer will be set out in the relevant Offer Supplement.

The Preferred Shares will be offered through underwriters that may be engaged by the Company for each Tranche (the "**Underwriters**") and/or selling agents. The Underwriters and/or selling agents for each Tranche will be disclosed in the relevant Offer Supplement.

On 29 May 2023, the Company filed an application with the SEC to register the Preferred Shares Program under the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799). The SEC is expected to issue an order rendering the Registration Statement filed by the Company effective. The Issuer shall apply with the SEC for the issuance of a permit to offer the Preferred Shares prior to the sale of any Preferred Shares to the public. Any offering to the public requires the submission by the Company of the relevant updates and amendments to the Registration Statement and the issuance of the corresponding permit to sell by the SEC. As a listed company, ACEN regularly disseminates such updates and information in its disclosures to the SEC and the PSE.

The Company may, likewise, apply for the listing of any Series of the Preferred Shares on the Main Board of the PSE. However, there is no assurance that such a listing will actually be achieved either before or after the relevant issue date of the Preferred Shares being offered at a particular time or whether such a listing will materially affect the liquidity of the Preferred Shares on the secondary market.

The listing of any Tranche or Series of the Preferred Shares is subject to the approval of the board of directors of the PSE. If approved by the PSE, such approval for listing is permissive only and does not constitute a recommendation or endorsement of the Preferred Shares by the PSE. The PSE assumes no responsibility for the correctness of any statements made or opinions expressed in this Prospectus. The PSE makes no representation as to its completeness and expressly disclaims any liability whatsoever for any loss arising from reliance on the entire or any part of the Prospectus and the relevant Offer Supplement.

Within three years following the effectivity date of the Preferred Shares Program, the Company may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal of Preferred Shares covered by such Preferred Shares Program, in one or more Series and in subsequent Tranches under Rule 8.1.2 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code. The Shelf Registration provides the Company with the ability to take advantage of opportunities in a volatile equity capital market, as these occur. However, there can be no assurance in respect of: (i) whether ACEN would issue such Preferred Shares at all; (ii) the size or timing of any Series or Tranche or the total issuance of such Preferred Shares; or (iii) the specific terms and conditions of any such Series or Tranche. Any decision by ACEN to offer the Preferred Shares will depend on a number of factors at the relevant time, many of which are not within ACEN's control, including but not limited to: prevailing interest rates, the financing requirements of ACEN's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

Each Offer will be conducted exclusively in the Philippines and is pursuant to requirements under Philippine laws, rules and regulations that may be different from those of other countries and jurisdictions. No action has been or will be taken by the Issuer or any person on behalf of the Issuer to permit an offering of the Preferred Shares in any jurisdiction other than the Philippines, where action for that purpose is required. Accordingly, the Preferred Shares may not be offered or sold, directly or indirectly, nor may any offering material relating to the Preferred Shares be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction. Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Preferred Shares is prohibited.

The Company has, and, prior to its use in connection with any particular Tranche, the relevant Underwriters will have exercised due diligence in ascertaining that all material representations contained in this Prospectus and any amendments and supplements are true and correct, and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading. The Company confirms that, as of the date of this Prospectus, the information contained herein relating to the Company and its operations, which are in the context of the Offer material (including all material information required by the applicable laws of the Republic of the Philippines), is true and that there is no material misstatement or omission of facts which would make any statement in this Prospectus misleading in any material respect and that the Company hereby accepts full and sole responsibility for the accuracy of the information contained in this Prospectus with respect to the same. The Company confirms that it has made all reasonable inquiries in respect of the information, data and analysis provided to it by its advisors and consultants or which is otherwise publicly available for inclusion into this Prospectus. The Company, however, has not independently verified any such publicly available information, data or analysis.

Unless otherwise indicated, all information in this Prospectus is as at 31 March 2023. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstance, create any implication that the information contained herein is correct as of any date subsequent to the date hereof or that there has been no change in the affairs of the Company since such date. Market data and certain industry data used throughout this Prospectus were obtained from market research, publicly available information and industry publications. Industry publications generally state that the information contained therein have been obtained from sources believed to be reliable, but that the accuracy and completeness of such information are not guaranteed. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Issuer nor the Underwriters make any representation or warranty, express or implied, as to the accuracy or completeness of such information. The Underwriters assume no liability for any information supplied by the Company in relation to this Prospectus. Each person contemplating an investment in the Preferred Shares should make its own investigation and analysis of the creditworthiness of ACEN and its own determination of the suitability of any such investment. The risk disclosure herein does not purport to disclose all the risks and other significant aspects of investing in the Preferred Shares. A person contemplating an investment in the Preferred Shares should seek professional advice if it is uncertain of, or has not understood any aspect of the securities to invest in or the nature of risks involved in trading of securities, especially those high-risk securities. For a discussion of certain factors to be considered in respect of an investment in the Preferred Shares, see the section entitled "*Risk Factors*" beginning on page 53 of this Prospectus.

The contents of this Prospectus are not investment, legal or tax advice. In making any investment decision regarding the Preferred Shares, prospective investors must rely on their own examination of the Company and the terms of the relevant Offer, including, without limitation, the merits and risks involved, such prospective investor's own determination of the suitability of any such investment with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. Neither the Company nor any of the Underwriters makes any representation to any prospective investor regarding the legality of participating in the Offer under any law or regulation. Each prospective investor should be aware that it may be required to bear the financial risks of any participation in the Offer for an indefinite period of time. Prospective investors should consult their own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Preferred Shares, among others. Investing in the Preferred Shares involves certain risks. For a discussion of certain factors to be considered in respect of an investment in the Preferred Shares, see the section on *"Risk Factors"* beginning on page 53 of this Prospectus.

THE PREFERRED SHARES ARE BEING OFFERED ON THE BASIS OF THIS PROSPECTUS AND THE RELEVANT OFFER SUPPLEMENT ONLY. ANY DECISION TO PURCHASE THE PREFERRED SHARES MUST BE BASED ONLY ON THE INFORMATION CONTAINED HEREIN AND IN THE RELEVANT OFFER SUPPLEMENT.

No dealer, salesman or other person has been authorized by the Company or by the Underwriters to issue any advertisement or to give any information or make any representation in connection with the Company, its Associates, or the relevant Offer other than those contained in this Prospectus and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by the Company or the Underwriters or any of their respective Associates.

ACEN is organized under the laws of the Republic of the Philippines. Its principal office is at the 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas cor. Makati Avenue, Makati City 1226, with telephone number (+632) 7730-6300.

ALL REGISTRATION REQUIREMENTS HAVE BEEN MET AND ALL INFORMATION CONTAINED HEREIN ARE TRUE AND CURRENT.

ACEN CORPORATION
By:

JOHN ERIC T. FRANCIA
President and CEO

REPUBLIC OF THE PHILIPPINES)
CITY OF MAKATI) S.S.

Before me, a notary public for and in the city named above, personally appeared John Eric T. Francia, known to me and to me known to be the same person who presented the foregoing instrument and signed the instrument in my presence, who took an oath before me as to such instrument, and who presented to me his evidence of identity, as follows: [redacted]

Witness my hand and seal this AUG 08 2023 in Makati City.

Doc. No. 477 ;
Page No. 97 ;
Book No. I ;
Series of 2023.

LAWRENCE ANDREW F. QUINA
NOTARY PUBLIC
ROLL NO. 77899
MAKATI CITY, PHILIPPINES

LAWRENCE ANDREW F. QUINA
Notary Public for Makati City
Appointment No. M-376 (2023-2024)
Attorney's Roll No. 77899
PTR No. 9565445; 1-05-2023; Makati City
IBP No. 27213; 1-05-2023;
35th Floor Ayala Triangle Gardens Tower 2
Makati Avenue corner Paseo de Roxas
Makati City

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

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FORWARD-LOOKING STATEMENTS AND PRESENTATION OF FINANCIAL INFORMATION

Forward-Looking Statements

This Prospectus contains certain "forward-looking statements." These forward-looking generally can be identified by use of statements that include words or phrases such as "aims," "believes," "expects," "anticipates," "intends," "plans," "foresees," "seeks," "may," "might," "can," "could," "will," "would," "shall," "should," "is/are likely to," or other words or phrases of similar import. Similarly, statements that describe ACEN's objectives, plans or goals are also forward-looking statements. All such forward-looking statements are subject to certain risks and uncertainties that the forward-looking events and circumstances discussed in this Prospectus might not occur. Actual results could differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations of ACEN include, among others:

- *General economic and business conditions in the Philippines and in other markets ACEN's Associates operate;*
- *Holding company structure;*
- *Intensive capital requirements of ACEN's Associates in the course of business;*
- *Increasing competition in the industries in which ACEN's Associates operate;*
- *Industry risk in the areas in which ACEN's Associates operate;*
- *Changes in laws and regulations that apply to the segments or industries in which ACEN and its Associates operate;*
- *Changes in political conditions in the Philippines and in other markets ACEN's Associates operate;*
- *Changes in foreign exchange control regulations in the Philippines and in other markets ACEN's Associates operate; and*
- *Changes in the value of the Philippine Peso and the currencies in other markets ACEN's Associates operate.*

For a further discussion of such risks, uncertainties and assumptions, see the *"Risk Factors"* section of this Prospectus. Prospective purchasers of the Preferred Shares are urged to consider these factors carefully in evaluating the forward-looking statements. The forward-looking statements included herein are made only as of the date of this Prospectus and ACEN undertakes no obligation to update such forward-looking statements publicly to reflect subsequent events or circumstances.

Presentation of Certain Numerical Information

Amounts presented throughout this Prospectus have been subject to rounding adjustments to facilitate their presentation. Accordingly, numbers shown for the same item of information may vary and may not precisely reflect the absolute figures or the arithmetic aggregate of their components due to rounding adjustments.

Due to the incorporation of the effect of common control business combination in the Company's audited consolidated financial statements as of and for the years ended 31 December 2022, 2021, 2020, and 2019, the Company restated its consolidated balance sheet as of 31 December 2019 presented as comparative in the audited consolidated financial statements as of 31 December 2021. See Note 32 of the Company's audited consolidated financial statements included elsewhere in this Prospectus for more details. The relevant accounts in the audited consolidated financial statements as of 31 December 2018 have not been restated and may not be comparable to the information presented in 2019. See also "*Summary Financial Information*" beginning on page 47 of this Prospectus.

GLOSSARY OF TERMS

The following is a listing of some of the terms and abbreviations used throughout this Prospectus:

ACEIC	-	AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.)
ACEIC International Transaction	-	the issuance of additional 16,685,800,533 Common Shares of ACEN in favor ACEIC in exchange for property consisting of shares owned by ACEIC in its 100% subsidiary ACEN International, which holds various international operating and development companies
ACEIC Philippine Transaction	-	the issuance of 6,185,182,288 Common Shares of ACEN in favor of ACEIC in exchange for property consisting of shares owned by ACEIC in its various onshore operating and development companies
ACEN or the Company or the Issuer or the Parent Company	-	ACEN CORPORATION (formerly, AC Energy Corporation; AC Energy Philippines, Inc.; PHINMA Energy Corporation; TransAsia Oil and Energy Development Corporation; TransAsia Oil and Mineral Development Corporation)
ACS	-	authorized capital stock
Affiliate	-	with respect to ACEN, any corporation directly or indirectly controlled by it, whether by way of ownership of at least twenty percent (20%) of the total issued and outstanding capital stock of such corporation, or the right to elect at least twenty percent (20%) of the number of directors in such corporation, or the right to control the operation and management of such corporation by reason of management contract or authority granted by said corporation to ACEN.
Application to Purchase	-	with respect to the Preferred Shares, the document to be executed by any Person or entity qualified to become a Preferred Shareholder for the Preferred Shares.
ASM	-	Annual Stockholders' Meeting
ASPA	-	Ancillary Services Procurement Agreement, a contract with NGCP to replenish the contingency reserve services whenever a generating unit trips or a single transmission interconnection loss occurs
Arran	-	Arran Investment Pte Ltd, an affiliate of GIC Private Limited
Arran Investment	-	the subscription by Arran to primary shares in ACEN and/or purchase by Arran of secondary shares of ACEN from ACEIC, pursuant to and under the terms of the Investment Agreement dated 30 December 2020 and the Subscription Agreement dated 18 March 2021 and more particularly described in the section "*Recent Issuances of Securities –*

		Arran Investment Pte Ltd Investment," on page 28 of this Prospectus
Associates	-	as defined under PFRS
AUD	-	Australian Dollar
Axia Power	-	Axia Power Holdings Philippines Inc.
Ayala	-	Ayala Corporation
Ayala Group	-	companies where Ayala Corporation has equity interests, currently engaged in the following sectors: real estate, financial services, telecommunications, water, industrial technologies, power, infrastructure, education, and technology ventures
BESS	-	battery energy storage solutions
BIR	-	Bureau of Internal Revenue
Board or Board of Directors	-	the board of directors of the Company
BOI	-	Board of Investments
BSP	-	Bangko Sentral ng Pilipinas, the central bank of the Philippines
Business Day	-	a day, other than a public non-working holiday, Saturday, or Sunday, the BSP's Philippine Payment and Settlement System and the Philippine Clearing House Corporation (or, in the event of the discontinuance of their respective functions, their respective replacements) are open and available for clearing and settlement, and banks are open for business in Metro Manila, Philippines
CAGR	-	compound annual growth rate
Captive Market	-	a market of electricity end-users who may not choose their supplier of electricity
COC	-	certificate of compliance issued by the ERC
COC-FIT	-	certificate of compliance for eligibility for FIT issued by the ERC under the FIT Rules
Common Shares	-	the common shares of the Company with a par value of ₱1.00 per common share
Consolidated Financial Statements	-	audited financial statements of the Parent Company and its subsidiaries
Contestable Market	-	the electricity end-users that have a choice of a supplier of electricity as may be determined by the ERC

Corporation Code	-	Republic Act No. 11232, otherwise known as the Revised Corporation Code of the Philippines
COVID-19	-	novel coronavirus
DENR	-	the Philippine Department of Environment and Natural Resources
Distribution Code	-	the Philippine Distribution Code
DOE	-	the Philippine Department of Energy
EBIT margin	-	Earnings Before Interest and Taxes Margin
ECC	-	an environmental compliance certificate issued by the DENR
Economic Zones or Ecozone	-	special economic zones and selected areas which are highly developed or have the potential to be developed into agro-industrial, industrial, tourist, recreational, commercial, banking, investment, and financial centers
EIA	-	Environmental Impact Assessment
EIS System	-	the Philippine Environmental Impact Statement System, a system requiring relevant government agencies to prepare an Environment Impact Assessment for any project or activity that affects the quality of the environment
Eligible Green Projects	-	the program for Eligible Green Projects which are defined in accordance with the broad categorization of eligibility for green projects set out in ACEN's Green Equity Framework
ESOWN	-	Employee Stock Ownership Plan; the issuance by the Company of shares to qualified officers, employees, and consultants of the Company, its affiliates, and subsidiaries pursuant to a duly approved stock option, stock purchase, stock subscription or similar plans
EPC	-	Engineering, Procurement and Construction Contract
EPIRA	-	Republic Act No. 9136 or the "Electric Power Industry Reform Act (EPIRA) of 2001"
ERC	-	the Philippine Energy Regulatory Commission
First Increase in ACS	-	the increase of the Company's total authorized capital stock to ₱24,400,000,000, consisting of 24,400,000,000 Common Shares with a par value of ₱1.00 per Common Share approved by the SEC on 22 June 2020
First SEC Approval	-	the approval of the SEC of the First Increase in ACS
FIT	-	Feed-in-Tariff

FIT-All	-	FIT Allowance
FIT Rate	-	guaranteed fixed price of RE-derived electricity sourced by electric power industry participants as mandated by the FIT scheme under the RE Law
FIT Rules	-	ERC Resolution No. 16-2010
Follow-on Offering	-	the primary offering of 1,580,000,000 Common Shares and secondary offering of 330,248,617 Common Shares with an oversubscription option of up to 100,000,000 Common Shares in the Company to the public, which was completed on 14 May 2021
GDP	-	Gross Domestic Product
GEAP	-	Green Energy Auction Program of the DOE
Government	-	the Government of the Republic of the Philippines
greenfield power project	-	new projects that are built from ground up, with the proponent undertaking activities from pre-development to commissioning
Grid Code	-	the Philippine Grid Code
grid operator	-	the party responsible for electricity generation dispatch to ensure safety, power quality, stability, reliability and security of the electrical grid. In the Philippines, the national grid operator is NGCP.
Group	-	the group of companies comprised of ACEN, its Associates and joint ventures
GW	-	gigawatt; a unit of electrical power, equal to one million kW
GWh	-	gigawatt-hour; a measure of energy equivalent to the expenditure of one gigawatt for one hour
IEMOP	-	Independent Electricity Market Operator of the Philippines Inc.
IPP	-	independent power producer or an existing power generating entity which is not owned by NPC
IRRs	-	Implementing Rules and Regulations
Issue Date	-	refers to the issue and listing date of a particular Tranche, as disclosed in the relevant Offer Supplement for such Tranche
kW	-	kilowatt, a unit of electrical power equal to 1,000 watts or 1.341 horsepower

kWh	-	kilowatt-hour, a measure of energy equivalent to the expenditure of one kilowatt for one hour
MERALCO	-	Manila Electric Company
MW	-	megawatt, a unit of electrical power, equal to one thousand (1,000) kW
MWac	-	megawatt of alternating current
MWdc	-	megawatt of direct current
MWh	-	megawatt-hour, a measure of energy equivalent to the expenditure of one megawatt for one hour
Net Attributable Capacity	-	the Company's effective economic interest in the relevant power project multiplied by the net capacity of the relevant power project. Net Attributable Capacity in solar plants is determined with reference to MWdc.
NGCP	-	the National Grid Corporation of the Philippines or the corporation awarded the concession to operate the transmission facilities of the TransCo pursuant to Republic Act No. 9136, otherwise known as "Electric Power Industry Reform Act of 2001" and Republic Act No. 9511
NIBHI	-	Negros Island Biomass Holdings, Inc.
NPC	-	the National Power Corporation
NREB	-	the National Renewable Energy Board
Offer	-	the offer and sale of any Tranche under the Preferred Shares Program
Offer Price	-	the offer price to be determined by the Board of Directors at the time of issuance of a particular Tranche as disclosed in the relevant Offer Supplement for such Tranche
Offer Supplement	-	a supplement to this Final Prospectus to be circulated in connection with each Tranche of the Preferred Shares Program
PAMA	-	Power Administration and Management Agreement
PCD	-	Philippine Central Depository, Inc.
PCD Nominee	-	PCD Nominee Corporation, a corporation wholly-owned by the PDTC, which acts as trustee-nominee for all shares lodged in the PCD system. It was formerly known as PCD Nominee Corporation. The beneficial owners of such shares are the participants of PCD which holds the shares on their behalf or in behalf of their clients. PCD is a private institution established in March 1995 to improve operations in securities transactions. PCD seeks to provide a fast, safe

		and highly efficient system for securities settlement. The PCD was organized to implement an automated book-entry system of handling securities transactions in the Philippines.
PDEx	-	Philippine Dealing & Exchange Corp.
PDTC	-	the Philippine Depository & Trust Corp., the central securities depositary of, among others, securities listed and traded on the PSE
PEMC	-	Philippine Electricity Market Corporation
person	-	an individual, firm, partnership, limited liability company, joint venture, association, trust, corporation, government, committee, department, authority, or any body, incorporated or unincorporated, whether having a distinct legal personality or not
Peso or ₱	-	the lawful currency of the Philippines
PEZA	-	the Philippine Economic Zone Authority
PFRS	-	the Philippine Financial Reporting Standards
Philippine National	-	a citizen of the Philippines, or a domestic partnership or association wholly-owned by citizens of the Philippines, or a corporation organized under the laws of the Philippines of which at least 60% of the capital stock outstanding and 60% of the voting stocks is owned and held by citizens of the Philippines, or a corporation organized abroad and registered to do business in the Philippines under the Corporation Code, of which 100% of the capital stock outstanding and entitled to vote is wholly-owned by Filipinos or a trustee of funds for pension or other employee retirement or separation benefits, where the trustee is a Philippine national and at least 60% of the fund will accrue to the benefit of Philippine nationals
Philippines	-	Republic of the Philippines
PHI	-	PHINMA, Inc. (formerly Philippine Investment-Management (PHINMA), Inc.)
PHN	-	PHINMA Corporation
PINAI	-	Philippine Investment Alliance for Infrastructure
PPA	-	power purchase agreement
Preferred Shares	-	the preferred shares of the Company with a par value of ₱1.00 per preferred share
Preferred Shareholder	-	the holders of Preferred Shares
PSA	-	power supply agreement

PSALM	-	the Power Sector Assets and Liabilities Management Corporation
PSE or Exchange	-	The Philippine Stock Exchange, Inc., the corporate body duly organized and existing under Philippine law, licensed to operate as a securities exchange by the SEC
RCOA	-	Retail Competition and Open Access
RE or Renewable Energy	-	energy derived from resources (*e.g.*, sunlight, wind, water, earth's heat, and plant and animal wastes) that are regenerative or, for all practical purposes, cannot be depleted
RE Law	-	Republic Act No. 9513 or the "Renewable Energy Act of 2008"
RE Law IRR	-	Implementing Rules and Regulations of the RE Law
RES	-	Retail Electricity Supplier or the non-regulated business segment of the distribution utility catering to the Contestable Market only within its franchise area, or persons authorized by appropriate entities to supply electricity within their respective Economic Zones
Rights Offer	-	the offering of 2,267,580,434 Common Shares in the Company to eligible shareholders of the Company, which was completed on 29 January 2021
RPS	-	Renewable Portfolio Standards
RPS Rules	-	Rules and Guidelines Governing the Establishment of the RPS
SEC Permit	-	the certificate of permit to offer securities for sale issued by the SEC in connection with the Offer
SC	-	service contract, an agreement entered into by the Government and a company which grants the latter the exclusive right to undertake petroleum exploration, development and production over a certain area, in exchange for a share by the Government on sales proceeds
SEC or Commission	-	the Philippine Securities and Exchange Commission
Second Increase in ACS	-	the further increase of the Company's authorized capital stock to ₱48,400,000,000, consisting of 48,400,000,000 Common Shares with a par value of ₱1.00 per Common Share.
Second SEC Approval	-	the approval of the SEC of the Second Increase in ACS

Securities Regulation Code	-	the Securities Regulation Code of the Philippines (Republic Act No. 8799) and its implementing rules and regulations, as they may be amended from time to time
SGV & Co.	-	SyCip Gorres Velayo & Co.
SLTEC	-	South Luzon Thermal Energy Corporation
SRC	-	the Securities Regulation Code
Tax Code	-	Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended
ThomasLloyd	-	ThomasLloyd CTI Asia Holdings. Pte. Ltd.
Transaction Documents	-	(a) the Underwriting Agreement, (b) the Receiving, Paying Agency, Registry, and Stock Transfer Agreement, (c) the Escrow Agreement, and (d) the Application, as may be relevant for each Tranche
TransCo	-	the National Transmission Corporation
Underwriting Agreement	-	with respect to the Preferred Shares, the relevant Underwriting Agreement to be entered between ACEN and the Underwriters in connection with each Tranche
USD or US$	-	United States Dollar
VAT	-	Value added tax
WESM	-	the Wholesale Electricity Spot Market
WESC	-	Wind Energy Service Contract

GLOSSARY OF ASSOCIATE NAMES

ACEN Australia	-	ACEN Australia Pty Ltd.
AC Subic Solar	-	AC Subic Solar, Inc.
AC La Mesa Solar	-	AC La Mesa Solar, Inc.
AC Laguna Solar	-	AC Laguna Solar, Inc.
ACRI	-	ACEN Renewables International Pte. Ltd
ACTA	-	ACTA Power Corporation
ACE Endevor	-	ACE Endevor, Inc. (formerly, AC Energy Development, Inc.)
ACEN International	-	ACEN International, Inc. (formerly, AC Energy International, Inc.; Presage Corporation)
ACEN Renewables Philippines	-	ACEN Renewables Philippines, Inc. (formerly, Moorland Philippines)
ACESS	-	ACE Shared Services, Inc.
Amihan Renewable	-	Amihan Renewable Energy Corp.
Bataan Solar	-	Bataan Solar Energy Inc.
BCHC	-	Buendia Christiana Holdings Corp.
BPGC	-	Bulacan Power Generating Corp. (formerly, PHINMA Power Generating Corp.)
Buduan Wind	-	Buduan Wind Energy Co., Inc.
BWPC	-	Bayog Wind Power Corp.
Caraballo Mountains	-	Caraballo Mountains UPC Asia Corporation
CIPP	-	CIP II Power Corporation
ENEX	-	ENEX Energy Corp.
Giga Ace 1	-	Giga Ace 1, Inc.
Giga Ace 2	-	Giga Ace 2, Inc.
Giga Ace 3	-	Giga Ace 3, Inc.
Giga Ace 4	-	Giga Ace 4, Inc.
Giga Ace 5	-	Giga Ace 5, Inc.
Giga Ace 6	-	Giga Ace 6, Inc.
Giga Ace 7	-	Giga Ace 7, Inc.

Giga Ace 8	-	Giga Ace 8, Inc.
Giga Ace 9	-	Giga Ace 9, Inc.
Giga Ace 10	-	Giga Ace 10, Inc.
Giga Ace 11	-	Giga Ace 11, Inc.
Giga Ace 12	-	Giga Ace 12, Inc.
Giga Ace 14	-	Giga Ace 14, Inc.
Giga Ace 15	-	Giga Ace 15, Inc.
Gigasol1	-	GigaSol1, Inc.
Gigasol2	-	GigaSol2, Inc.
Gigasol3	-	GigaSol3, Inc.
Gigasol4	-	Gigasol4, Inc.
Gigasol5	-	Gigasol5, Inc.
Gigasol6	-	Gigasol6, Inc.
Gigasol7	-	Gigasol7, Inc.
Gigasol8	-	Gigasol8, Inc.
Gigasol9	-	Gigasol9, Inc.
Gigasol10	-	Gigasol10, Inc.
Gigawind1	-	GigaWind1 Inc.
Gigawind2	-	GigaWind2 Inc.
Gigawind3	-	GigaWind3, Inc.
Gigawind4	-	GigaWind4, Inc.
Gigawind5	-	GigaWind5, Inc.
Gigawind6	-	GigaWind6, Inc.
Gigawind7	-	GigaWind7, Inc.
Greencore3	-	Greencore Power Solutions 3, Inc.
Guimaras Wind	-	Guimaras Wind Corporation (formerly, PHINMA Renewables)
HDP Bulk Water	-	HDP Bulk Water Supply, Inc.
Ilocos Wind	-	Ilocos Wind Energy Holding Co., Inc.

Ingrid Power	-	Ingrid Power Holdings Inc.
Ingrid2	-	Ingrid2 Power, Inc.
Ingrid3	-	Ingrid3 Power, Inc.
Ingrid4	-	Ingrid4 Power, Inc.
Ingrid5	-	Ingrid5 Power, Inc.
Ingrid6	-	Ingrid6 Power, Inc.
IslaSol	-	Negros Island Solar Power Inc.
Itbayat Island	-	Itbayat Island UPC Asia Corporation
Laguna Central	-	Laguna Central Renewables Inc.
Laguna Solar	-	Pangasinan UPC Asia Corporation
Laguna West	-	Laguna West Renewables Inc.
LCC Bulk Water	-	LCC Bulk Water Supply, Inc.
MGI	-	Maibarara Geothermal Inc.
Mindanao Wind	-	UPC Mindanao Wind Power Corp.
MonteSol	-	Monte Solar Energy, Inc.
MSPDC	-	Manapla Sun Power Development Corp.
NLREC	-	North Luzon Renewable Energy Corp.
Northeast Wind	-	Northeast Wind Systems Corporation
NAREDCO	-	Natures Renewable Energy Development Corporation
Northpoint Wind	-	North Point Wind Power Development Corp.
NPDC	-	Northwind Power Development Corp.
OSODC	-	One Subic Oil Distribution Corp.
OSPGC	-	One Subic Power Generating Corp.
Palawan55	-	Palawan55 Exploration and Production Corp.
PhilWind	-	Philippine Wind Holdings Corporation
PWPC	-	Pagudpud Wind Power Corp.
SacaSol	-	San Carlos Solar Energy Inc.
Santa Cruz Solar	-	Santa Cruz Solar Energy Inc.
Sapat Highlands	-	Sapat Highlands Wind Corporation

SCC Bulk Water	-	SCC Bulk Water Supply, Inc.
SJLD	-	San Julio Land Development Corp.
SolarAce1	-	SolarAce1 Energy Corp.
SolarAce2	-	SolarAce2 Energy Corp.
SolarAce3	-	SolarAce3 Energy Corp.
SolarAce4	-	SolarAce4 Energy Corp.
Solienda	-	Solienda Incorporated
SPCLC	-	Solar Philippines Central Luzon Corporation
SSPC	-	Sinocalan Solar Power Corp.
Suyo	-	Suyo UPC Asia Corporation
Viage	-	Viage Corporation
VRC	-	Visayas Renewables Corp.

Titles of sections, subsections and clauses in this Prospectus are used for convenience of reference only and do not limit or affect the interpretation of the sections, subsections and clauses hereof. In case of conflict between the provisions of this Prospectus and the Transaction Documents, the provisions of the Transaction Documents shall prevail.

EXECUTIVE SUMMARY

The following summary does not purport to be complete and is taken from and qualified in its entirety by the more detailed information including the Company's financial statements and notes relating thereto appearing elsewhere in this Prospectus. For a discussion of certain matters that should be considered in evaluating any investment in the Preferred Shares, see the section entitled "Risk Factors" on page 53 of this Prospectus. Terms defined elsewhere in this Prospectus shall have the same meanings when used in this summary.

Prospective investors should read this entire Prospectus and the relevant Offer Supplement fully and carefully, including the Company's financial statements and related notes. In case of any inconsistency between this summary and the detailed information in this Prospectus or the relevant Offer Supplement, the more detailed portions, as the case may be, shall prevail.

The Company

ACEN is a corporation duly organized and existing under Philippine law with SEC Registration No.39274, and listed with the PSE with ticker symbol "ACEN" (formerly "ACEPH" and "PHEN"). It was incorporated on 8 September 1969 and was originally known as "Trans-Asia Oil and Mineral Development Corporation," reflecting its original purpose of engaging in petroleum and mineral exploration and production. In order to diversify its product and revenue portfolio, the Company invested in power generation and supply, which eventually became its main business and revenue source. On 11 April 1996, the Company's name was changed to "Trans-Asia Oil and Energy Development Corporation." On 22 August 2016, the Company aligned its name with its then-parent company, to become known as "PHINMA Energy Corporation," and extended its corporate life for another 50 years.

On 8 February 2019, PHN, PHI, and ACEIC, signed an Investment Agreement under the terms of which PHN and PHI will sell their aggregate of 2,517,064,700 common shares in the Company (then PHINMA Energy Corporation), constituting 51.476% of the total issued and outstanding shares of the Company, to ACEIC. ACEIC also agreed to subscribe to 2,632,000,000 new common shares of the Company, constituting 34.9% of the total issued and outstanding shares of the Company after the said issuance. After securing corporate and regulatory approvals, including the conduct of a mandatory tender offer in accordance with Section 19 of the SRC Rules, the transactions closed on 19 June 2019. On 11 October 2019, the Company changed its name to "AC Energy Philippines, Inc." to recognize its affiliation with its largest stockholder, ACEIC.

On 5 January 2021, the Company was renamed to "AC Energy Corporation" in consideration of the potential regional expansion of the Company following the ACEIC International Transaction.

On 15 December 2021, during a Special Stockholders' Meeting, stockholders representing at least 2/3 of the ACEN's outstanding capital stock, approved the following:

1. Amendment to the Articles of Incorporation ("**Articles**") to change the corporate name from "AC Energy Corporation" to "ACEN CORPORATION";

2. Amendment to the Articles to remove oil exploration, mining and related businesses from the Primary Purpose and Secondary Purposes and to specify retail electricity supply and provision of guarantees as part of the Primary Purpose; and

3. Amendment to the Articles to change the principal office of the Parent Company from "4th Floor, 6750 Office Tower, Ayala Avenue, Makati City 1226, Philippines," to "35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226, Philippines."

These material actions were initially approved by the Board of Directors on 11 November 2021, as endorsed by the Corporate Governance and Nomination Committee.

The changes to the Primary Purpose and Secondary Purposes are intended to remove the activities that place the Company's business under the purview of the Philippine foreign investment negative list, and to expressly specify the Parent Company's authority to provide guarantees in furtherance of its business.

The Company filed with the SEC the amendment to its Articles and By-laws to implement the foregoing on 10 May 2022. On 20 July 2022, the SEC approved the amendments.

On 24 April 2023, during the ASM, stockholders representing at least 2/3 of the ACEN's outstanding capital stock, approved the following:

1. Amendment to the Articles to reclassify 100 million Common Shares with a par value of ₱1.00 to 100 million Preferred Shares with a par value of ₱1.00; and

2. Amendment to the Articles to introduce the following features to the Preferred Shares:

    a. May be issued from time to time in one or more series and/or tranches and under such terms and conditions for each series and/or tranche as determined by the Board of Directors, with authority expressly granted to the Board of Directors, subject to the provisions of Article Seventh, to establish and designate series and/or tranches and to fix the number of shares to be included in each series and/or tranche and the relative rights, preferences and limitations of the shares of each such series and/or tranche. To the extent not set forth in Article Seventh, the terms of each such series shall be specified in the resolution adopted by the Board of Directors pursuant to the authority hereinbefore granted providing for the issuance of such shares. A certificate containing such terms and conditions shall be filed with the Securities and Exchange Commission and made publicly available.

    b. May be offered and issued in PHP or in USD as may be determined by the Board of Directors and subject to regulatory requirements;

    c. Issue value to be determined by the Board of Directors at the time of issuance.

    d. Dividend rate to be determined by the Board of Directors at the time of issuance.

    e. Cumulative in payment of current and unpaid back dividends.

    f. Non-voting (except for matters mandatorily required by law).

    g. Non-participating in (i) any other further cash, property or stock dividends beyond that specifically determined at the time of issuance, and (ii) distribution of corporate assets beyond the issue price specifically determined at the time of issuance.

    h. Non-convertible to common shares.

    i. Preference over holders of common shares in the distribution of corporate assets and in the payment of dividends at the rate specified at the time of issuance.

    j. No preemptive rights to any issue of shares, whether common or preferred shares.

k. Redeemable at the option of the Corporation under such terms that the Board of Directors may approve at the time of issuance.

l. Re-issuable under such terms that the Board of Directors may approve at the time of reissuance.

3. The issuance of up to 25 million Preferred Shares ("First Tranche Preferred Shares), whether in one or various series and on such terms as will be jointly determined by the President and Chief Finance Officer of the Company, including a re-issuance of such First Tranche Preferred Shares following their redemption if provided for under the terms thereof.

These material actions were initially approved by the Board of Directors on 7 March 2023.

The Company filed with the SEC the amendment to its Articles to implement the foregoing on 11 May 2023. On 9 June 2023, the SEC approved the amendments.

Description of Business

The Company's principal product of power generation and supply is the electricity produced and delivered to end-consumers. Power generation involves the conversion of fuel or other forms of energy into electricity.

As of 12 July 2023, ACEN had a total Net Attributable Capacity of 4,393 MW from owned assets, both operating projects and projects under construction. This does not include leased assets. The table below presents the Net Attributable Capacity as of 12 July 2023, broken down by geography and technology.

	Net Attributable Capacity (in MW)		
By Geography	**Operating**	**Under Construction**	**Total**
Philippines	622	989	1,610
International Assets:			
Greater Mekong[1]	730	194	924
Australia	0	1,041	1,041
India	168	336	504
Indonesia	153	2	156
Various[2]	26	131	158
Total International Assets	1,078	1,705	2,783
Total	**1,699**	**2,694**	**4,393**

Note:

1. Greater Mekong includes Vietnam and Lao PDR.

2. Various is comprised of Mainland China, Hong Kong, Malaysia, Singapore, Thailand, Taiwan, and the United States.

	Net Attributable Capacity (in MW)		
By Technology	**Operating**	**Under Construction**	**Total**
Renewable Assets:			
Solar	909	2,149	3,058
Wind	551	520	1,071
Geothermal	105	2	107
Battery	40	0	40
Rooftop Solar	26	23	49

	Net Attributable Capacity (in MW)		
By Technology	**Operating**	**Under Construction**	**Total**
Total Renewable Assets	1,631	2,694	4,325
Thermal Assets:			
Diesel	68	0	68
Coal	0	0	0
Total Thermal Assets	68	0	68
Total	**1,699**	**2,694**	**4,393**

The Company's power supply business comprises buying electricity from and selling electricity to the WESM to produce trading gains. This allows the Company to meet the electricity requirements of contracted customers, not only from its diversified power generation portfolio, but also by making purchases from the WESM. Alternatively, the Company can also supply to the spot market any excess capacity that it has generated.

The Company began its active participation in the WESM when it obtained membership as a Wholesale Aggregator on 20 September 2007. The WESM serves as a platform where electricity generated by power producers is centrally coordinated and traded, like any other commodity in a market of goods. On 19 November 2012, the Company secured its RES license from the ERC under RES License No. SL-2012-11-009 to supply electricity to the Contestable Market. On 18 November 2022, the ERC issued to the Company RES License No. 01-2023-0091RS valid until 19 November 2027. For the three-month period ended 31 March 2023, the revenue sales from power supply contracts reached ₱4.9 billion and contributed the bulk of total energy sold from ₱4.5 billion in the same period in 2022.

In support of the Company's efforts to provide grid reliability and stability through the reserve market, the Company's diesel plants, operated by OSPGC, BPGC, and CIPP, have existing approved non-firm ASPAs with the NGCP. Each of these diesel power plants provide dispatchable reserve services to NGCP, as they are fast start generators that are readily available for dispatch when called by NGCP to replenish the contingency reserve services whenever a generating unit trips or a single transmission interconnection loss occurs.

For the Luzon grid, OSPGC and BPGC have been providing dispatchable reserve services since 2013, while CIPP commenced providing dispatchable reserve services in 2017. Since 2013, revenues from ancillary services provide additional and substantial income to the Company, furthering providing an alternative market for the sale of electricity apart from the usual sale to customers through bilateral contracts, or sale to the WESM.

In oil and gas exploration, the Company continues to create and pursue upstream opportunities covering various risk-reward scenarios, success in which would lead to a significant, sustained contribution to the revenue stream of the Company. The Company's subsidiary, ENEX, is at present a co-contractor, through Palawan55 Exploration & Production Corporation, in one Service Contract with the Philippine government. A Service Contract grants the contractor the exclusive right to explore, develop and produce petroleum resources within the contract area. In the event of commercial production, the Government and the contractor share in the profit. Service Contracts grant the contractor an exploration period of seven years, which may be extended for a limited number of years. If the reserves found are deemed commercial, the Service Contract allows a production period of 25 years, which may be extended.

Throughout the 50 years' operations of the Company, it has earned a good reputation as a prudent operator with strong management and technical teams highly regarded in the energy industry. Its diversified investments have given the Company greater financial resources to support its commitment to energy development.

Under the Ayala Group, the Company continues to seek other business opportunities and investments that will help it optimize and utilize these financial resources. After the acquisition by ACEIC of a majority stake in the Company, the Company integrated its assets and capabilities with ACEIC to form a strong and agile energy platform.

On 14 May 2020, the Company and ACEIC executed the Second Amended and Restated Deed of Assignment effective as at 9 October 2019, whereby ACEIC transferred and conveyed to the Company its rights and interest in 10 corporations as payment for its subscription to the Company's Common Shares ("**ACEIC Philippine Transaction**") as detailed in the table below:

Company	Type of Share	Number of Shares	Par Value per Share (₱)	% of Ownership Transferred	No. of Exchange Shares
AC Energy Development, Inc.	Common A	2,000,000	100.00	7.08	504,543,447
	Founders	3,979,868	0.01	14.08	119,397
	Preferred	20,5800,905	100.00	72.83	822,001,346
Monte Solar Energy, Inc.	Common A	12,000,000	0.06	2.52	42,240,000
	Preferred A	445,310,895	2.50	93.52	467,576,440
Ingrid Power Holdings, Inc.	Common	100,000	100.00	100.00	1,904,000
South Luzon Thermal Energy Corporation	Common	12,540,588	100.00	17.50	1,075,982,622
	Preferred	12,540,588	100.00	17.50	1,075,982,451
Philippine Wind Holdings, Inc.	Common	230,256	100.00	39.69	243,265,464
	Preferred A-1	15,088	15,866.51	2.60	292,757,293
	Preferred A-2	2,631	228,712.35	0.45	733,563,186
ACTA Power Corporation	Common	364,000	100.00	50.00	15,433,450
ACE Renewables Philippines, Inc.	Common	12,057,240	10.00	10.00	265,259,280
	Redeemable Preferred	108,515,160	10.00	90.00	401,506,092
Manapla Sun Power Development Corp.	Common	490,999	1.00	36.37	107,047,820
Viage Corporation	Common	1,250	100.00	100.00	100,000,000
NorthWind Power Development Corporation	Preferred	1,000,000	100.00	19.52	36,000,000
Total					**6,185,182,288**

In exchange for the above shares, ACEIC subscribed to a total of 6,185,182,288 Common Shares issued out of the First Increase in ACS at ₱2.37 per Common Share or a total transfer value of ₱14,658,882,022.56. Upon the issuance of the First SEC Approval on 22 June 2020, ACEIC acquired beneficial ownership of 6,185,182,288 Common Shares pursuant to the ACEIC Philippine Transaction with effective date as at 9 October 2019. On 30 October 2020, the BIR issued a ruling confirming that the ACEIC Philippine Transaction qualifies as a tax-free exchange. On 18 December 2020, the PSE issued a Notice of Approval approving the listing of the said Common Shares, together with the listing of up to 2,267,580,434 Common Shares pursuant to the Rights Offer. The Common Shares issued pursuant to the ACEIC Philippine Transaction were listed with the PSE on 28 January 2021.

On 29 January 2021, the Company completed the Rights Offer of 2,267,580,434 Common Shares. The net proceeds from the Rights Offer, after deducting the expenses related to the Rights Offer, were at ₱5,309,058,150.93, and was used to partially fund the development of power projects in pipeline and for other general corporate requirements.

On 26 April 2021, the Company and ACEIC executed the Deed of Assignment effective as at 26 April 2021, whereby ACEIC transferred and conveyed to the Company its rights and interest in ACEN Energy International as payment for its subscription to the Company's Common Shares ("**ACEIC International Transaction**") as detailed in the table below:

Company	Type of Share	Number of Shares	Par Value per Share (₱)	% of Ownership Transferred	No. of Exchange Shares
AC Energy International, Inc.	Common	1,701,284,345	1.00	100%	13,767,299,756
	Redeemable Preferred	15,030,279,000	1.00	100%	2,918,500,777
Total					**16,685,800,533**

In exchange for the above shares, ACEIC subscribed to a total of 16,685,800,533 Common Shares to be issued out of the Second Increase in ACS at ₱5.15 per Common Share or a total transfer value of ₱85,931,872,744.95. Upon the issuance of the Second SEC Approval on 7 June 2021, ACEIC acquired beneficial ownership of 16,685,800,533 Common Shares pursuant to the ACEIC International Transaction with effective date as at 26 April 2021. On 29 July 2021, the BIR issued the Certificate Authorizing Registration. On 23 September 2021, the PSE issued a Notice of Approval approving the listing of the said Common Shares. The Common Shares issued pursuant to the ACEIC International Transaction were listed with the PSE on 22 October 2021.

On 14 May 2021, the Company completed the Follow-on Offering of 2,010,248,617 Common Shares. The net proceeds from the Follow-on Offering, after deducting the expenses related to the Follow-on Offering, were at ₱10.0 billion, and will be used by the Company to partially fund the development of power projects in the pipeline and inorganic growth opportunities if and when they arise, repayment of loans and reduction of payables, and other general corporate requirements. As at 31 December 2022, the entire ₱10.0 billion of the Follow-on Offering proceeds has been disbursed.

On 22 September 2022, the Company completed the issuance of its maiden ₱-denominated ASEAN Green Bonds at an aggregate principal amount of ₱10 billion, with a fixed interest rate of 6.0526% per annum for a five-year tenor, under its ₱30 billion Debt Securities Program registered with the SEC. The Green Bonds have been rated 'PRS Aaa,' the highest possible from Philippine Rating Services Corp. ("**PhilRatings**") and are listed on the PDEx platform. The proceeds from the bond issuance will be used to finance ACEN's renewable energy projects in the Philippines, particularly the 283 MWdc San Marcelino Solar I farm in Zambales, the 42 MWdc expansion of the 72-MWdc Arayat-Mexico Solar farm in Pampanga, and the construction of the 133 MWdc Cagayan Solar farm in Lal-lo, Cagayan. As at 31 March 2023, about ₱8.2 billion of the ₱-denominated ASEAN Green Bonds proceeds has been disbursed and the balance stands at about ₱1.7 billion.

Recent Issuances of Securities

In the past three years, the Company entered into the following transactions registered or exempt from the registration requirements of the Securities Regulation Code:

Transaction	Date and Securities Sold	Purchasers/ Underwriters	Consideration	Registration/ Exemption
ACEIC Philippine Transaction	21 December 2020 6,185,182,288 Common Shares	ACEIC	Rights and interest in 10 corporations of ACEIC with a value of ₱14,658,882,022.56 (see above for a detailed description of the nature of the transaction and type and amount of consideration received by the Company)	SRC 10.1(i) The Common Shares were issued to ACEIC by way of subscription to the increase in the authorized capital stock of the Corporation. The request for approval of valuation required under Section 62 of the Corporation Code was deemed to include a request for confirmation of exemption (SRC Rule 10.1(4)(C)).

Transaction	Date and Securities Sold	Purchasers/ Underwriters	Consideration	Registration/ Exemption
Rights Offer	29 January 2021 2,267,580,434 Common Shares	Stockholders of record as of 13 January 2021, underwritten by BPI Capital Corporation and China Bank Capital Corporation	Net proceeds from the Rights Offer, after deducting the expenses related to the Rights Offer, were at ₱5,309,058,150.93 in cash. No underwriting discounts or commissions.	SRC 10.1(e) and (l) SEC Confirmation of Exemption Transaction dated 9 December 2021. The Common Shares were issued only to stockholders of the Company. As the Rights Offer was fully subscribed by the stockholders of the Company, no Common Shares were issued pursuant to SRC 10.1(l).
Arran Investment (Primary Shares) (as described below)	18 March 2021 4,000,000,000 Common Shares	Arran	₱11,880,000,000 in cash	SRC 10.1(c) The Common Shares were issued pursuant to an isolated transaction with Arran for subscription to unissued shares in the Company.
ACEIC International Transaction	26 April 2021 16,685,800,533 Common Shares	ACEIC	Rights and interest in ACEN Energy International with a value of ₱85,931,872,744.95 (see above for a detailed description of the nature of the transaction and type and amount of consideration received by the Company)	SRC 10.1(i) The Common Shares were issued to ACEIC by way of subscription to the increase in the authorized capital stock of the Corporation. The request for approval of valuation required under Section 62 of the Corporation Code was deemed to include a request for confirmation of exemption (SRC Rule 10.1(4)(C)).
Follow-on Offering	14 May 2021 2,010,248,617 Common Shares	Public offer underwritten by BPI Capital Corporation, CLSA Limited, and UBS AG Singapore Branch	Net proceeds from the Follow-on Offering, after deducting the expenses related to the Follow-on Offering, were at ₱ 10,002,236,235.47 in cash.	SEC Order of Registration dated 20 April 2021
NW Founders (as described below)	15 November 2021 90,000,000 Common Shares	Niels Jacobsen – 16,767,108 Ferdinand A. Dumlao – 41,375,371 Jose Ildebrando B. Ambrosio – 1,956,209 Laura Baui – 1,956,132	Aggregate amount of ₱1,018,800,000.00 in cash	SRC 10.1(c) The Common Shares were issued pursuant to an isolated transaction with the NW Founders for subscription to unissued shares in the Company.

Transaction	Date and Securities Sold	Purchasers/ Underwriters	Consideration	Registration/ Exemption
		Kresten B. Jacobsen – 13,972,590 Kia Jacobsen – 13,972,590		
UPC Australia Group (as described below)	21 March 2022 930,750,000 Common Shares	UPC Renewables Asia Pacific Holdings Pte Limited – 869,119,204 Anton Johannes Rohner - 61,630,796	Aggregate amount of ₱7,325,940,539.00 in cash	SRC 10.1(c) The Common Shares were issued pursuant to an isolated transaction with the UPC Australia Group for subscription to unissued shares in the Company.
UPC Philippines Group (as described below)	22 March 2022 389,995,833 Common Shares	UPC Philippines Wind Partners Ltd. – 19,059,423 Wind City Inc. – 142,668,634 Estanyol Holdings Ltd. – 153,493,200 Tenggay Holdings Ltd. – 70,525,763 Alan Kerr - 4,248,813	Aggregate amount of ₱3,232,636,457.00 in cash	SRC 10.1(c) The Common Shares were issued pursuant to an isolated transaction with the UPC Philippines Group for subscription to unissued shares in the Company.
ASEAN Green Bonds	22 September 2022 ₱10,000,000,000.00 Bonds	Underwritten by BDO Capital & Investment Corporation, BPI Capital Corporation, RCBC Capital Corporation, and SB Capital & Investment Corporation	Aggregate amount of ₱10,000,000,000.00 in cash	SEC Order of Registration dated 8 September 2022

Except for the Rights Offer, Follow-on Offering and ASEAN Green Bonds, no confirmation of exemption or approval of registration statement from the SEC was secured for these transactions. For the ACEIC Philippine Transaction and the ACEIC International Transaction, the request for approval of valuation required under Section 62 of the Corporation Code was deemed to include a request for confirmation of exemption (SRC Rule 10.1(4)(C)).

Arran Investment Pte Ltd Investment

On 30 December 2020, ACEN, Arran and ACEIC signed an investment agreement pursuant to the 11 November 2020 resolution of the Board of Directors approving the proposal of Arran, an affiliate of GIC Private Limited, to acquire an effective 17.5% ownership stake in ACEN (the "**Arran Investment**"). The 17.5% ownership stake is on a fully diluted basis upon completion of the 2021 Follow-on Offering of 2,010,248,617 Common Sharesand the ACEIC International Transaction have been completed.

The Arran Investment was implemented through a combination of subscription to four billion primary Common Shares (via a private placement) and purchase of secondary Common Shares from ACEIC at a price of ₱2.97 per Common Share, subject to agreed price adjustments. The price for the Arran Investment represents a 25% premium to the Board-approved offer price for the 2021 Rights Offer of 2,267,580,434 Common Shares and is at par with the theoretical ex-rights price using the 30-day Volume Weighted Average Price of ₱3.51 per Common Share as at 10 November 2020.

On 18 March 2021, ACEN and Arran signed a subscription agreement for the allotment and issuance by ACEN of 4 billion Common Shares via private placement, constituting 20.04% of the total outstanding Common Shares as at said date, at the subscription price of ₱2.97 per Common Share ("**Arran Primary Issuance**"). ACEN utilized the proceeds as follows: (1) funding of the development and construction of the Group's renewable energy projects, including the PV Solar Power Plant in Arayat, Pampanga and the Balaoi-Caunayan wind farm project in Ilocos Norte, as well as possible expansions of existing plants and acquisition of other operating plants, of approximately ₱10 billion; (2) repayment of debt drawn to fund development funding requirements; and (3) funding of working capital requirements and for general corporate purposes of approximately up to ₱500 million. Since the Common Shares issued pursuant to the private placement did not exceed 35% of the resulting total subscribed capital stock, it was exempt from pre-emptive rights of existing stockholders pursuant to the second paragraph of Article Seventh of ACEN's Articles of Incorporation. Shareholder approval for the listing of the Common Shares with the PSE was secured in ACEN's ASM held on 19 April 2021.

On 10 December 2021, Arran purchased 2,689,521,681 Common Shares from ACEIC to complete the Arran Investment, following the completion of the ACEIC International Transaction.

Subscription by NW Founders

On 12 November 2021, the Company and the minority shareholders of NPDC ("**NW Founders**") signed a Share Purchase Agreement for the acquisition by the Company of the 32.2% ownership interest of the NW Founders for up to ₱1.093 billion.

On 15 November 2021, the Company signed Subscription Agreements with the following NW Founders for the following number of shares in the Company at a price of ₱11.32 per Common Share:

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

The subscribed shares were issued to the NW Founders on 29 November 2021 and have been duly recorded in the books of the Company.

On 26 May 2022, the PSE issued a Notice of Approval approving the listing of the Common Shares issued to the NW Founders, subject to post-approval requirements and conditions. These Common Shares were listed on 1 July 2022.

Subscription by UPC Australia Group

On 21 March 2022, the Company signed Subscription Agreements with the following entities for the following number of Common Shares in the Company at a price of ₱7.871 per Common Share:

1. UPC Renewables Asia Pacific Holdings Pte Limited – 869,119,204

2. Anton Johannes Rohner - 61,630,796 (collectively, the "**UPC Australia Group**")

The subscribed shares were issued to the above shareholders on 18 April 2022, and have been duly recorded in the books of the Company.

On 26 May 2022, the PSE issued a Notice of Approval approving the listing of the shares issued to the UPC Australia Group, subject to post-approval requirements and conditions. As of 29 June 2022, the Company has complied with all applicable requirements for the listing of these shares on 1 July 2022.

Subscription by UPC Philippines Group

On 22 March 2022, the Company signed Subscription Agreements with the following for shares in the Company at a price of ₱8.2889 per share:

1. UPC Philippines Wind Partners Ltd. – 19,059,423

2. Wind City Inc. – 142,668,634

3. Estanyol Holdings Ltd. – 153,493,200

4. Tenggay Holdings Ltd. – 70,525,763

5. Alan Kerr – 4,248,813 (collectively, the "**UPC Philippines Group**")

The subscribed shares were issued to the above shareholders on 18 April 2022, and have been duly recorded in the books of the Company, as confirmed by the Company's Stock Transfer Agent.

On 26 May 2022, the PSE issued a Notice of Approval approving the listing of the Common Shares issued to the UPC Philippines Group, subject to post-approval requirements and conditions. These Common Shares were listed on 1 July 2022.

Competitive Strengths

The Company has a number of competitive strengths that it can use to enhance and leverage its position in the Philippine energy industry. Having positioned itself in various forms of power generation and having a balanced mix of supply and customer contracts, the Company sees the expansion of its power generation portfolio via its upcoming projects to increase its flexibility in meeting the varying power generation requirements of its customers and stakeholders at the lowest possible cost. ACEIC, as its majority shareholder with a proven track record as the Ayala Group's platform for its investments in the power sector, also facilitates in strengthening the Company's balance sheet and ultimately, delivering the Company's vision of reaching 20 GW in attributable renewables capacity by 2030. As of 31 March 2023, the Company has approximately 4,029 MW of total attributable energy capacity in the Philippines and across the region, of which approximately 98% is renewable.

The Company considers the following to be its principal competitive strengths:

- Portfolio of projects across various geographies, technologies, energy sources and regulatory regimes provides stable cash flows, diversification, and a strong platform for growth;

- Strong pipeline of projects in partnership with recognized and accomplished power industry developers, operators, and investors provides a visible path to growth;
- Well-positioned to capture future demand growth in various forms of power generation in the Philippines and across the Asia Pacific region;
- Well-positioned to benefit from the Philippines and the Asia Pacific increasingly embracing renewable energy sources to address its long-term energy needs;
- Optimal mix of supply and customer contracts;
- Strengthened balance sheet and good visibility of future cash flows;
- Proven track record of delivering growth, rapid execution, performance, and value-creation;
- Supported by its ultimate shareholder, the Ayala Group, fully committed to delivering the Company's vision;
- Led by a reputable and experienced Board and management team;
- Highly motivated organization actively involved in the management of the energy portfolio with capabilities to anticipate and react to developing market themes and trends rapidly; and
- Strategic vision driven by a strong commitment to sustainability and the Ayala Group's Net Zero target by 2050.

See the section entitled "Competitive Strengths" on page 168 of this Prospectus

Listing

The Company has been listed on the PSE since 5 January 1970. As of 31 May 2023, the Company's major stockholders and their respective shareholdings (based on the total outstanding shares) are the following: PCD Nominee Corporation (22.52%, excluding Arran's lodged shares), Arran (16.86%), and ACEIC (59.86%, including the shares in the name of Ayala to be distributed as property dividends to its stockholders as discussed below). As of 31 May 2023, ACEIC has 22,910,721,773 direct shares and 841,613,988 indirect shares in the name of Ayala to be distributed as property dividends to its stockholders.

On 29 April 2022, Ayala Corporation declared a property dividend consisting of ACEN shares acquired from ACEIC to Ayala's Common Shareholders at a ratio of three ACEN shares per one Ayala common share, subject to: (a) completion of the acquisition of ACEN shares by Ayala, and (b) applicable regulatory approvals. The record date was 27 May 2022, with payment date to be determined by Ayala Management after applicable regulatory approvals have been obtained. The property dividend declaration enables ACEN to meet the 20% minimum public ownership requirement for companies included in the Philippine Stock Exchange Index. Post-transaction, ACEIC's ownership level in ACEN will be at 57.79% from 62.48%. On 24 October 2022, the SEC issued the Certificate of Filing the Notice of Property Dividend Declaration. On 29 December 2022, the BIR released the Certificates Authorizing Registration ("**CARs**") to stockholders who have met the BIR requirements, including the submission of their Tax Identification Numbers. As fixed by the Management of Ayala, pursuant to its Board-delegated authority, the payment date for the Property Dividend is 9 January 2023 or, for stockholders who have not been issued a CAR by the BIR for the payment of the Property Dividend, the fifth business day following their submission of a CAR to Ayala.

The Preferred Shares Program

ACEN has filed with the SEC a registration statement covering a three-year Shelf Registration of up to Fifty Million (50,000,000) perpetual, cumulative, non-voting, non-participating, non-convertible, redeemable, and re-issuable, Philippine Peso-denominated preferred shares with a par value of ₱1.00

per preferred share ("**Preferred Shares**") to be offered in one or more Series or Tranches under the Preferred Shares Program. Details about the Offer can be found in the section entitled "*Overview of the Preferred Shares Program*" on page 42 of this Prospectus.

Risks of Investing

Before making an investment decision, prospective investors should carefully consider the risks associated with an investment in the Preferred Shares. These risks include:

- Risks relating to the Company and its businesses:
    - Increased competition in the power industry
    - Heightened competition in the renewable energy sector
    - Inability to adapt to technological changes
    - More stringent public float requirements proposed by the SEC and the PSE
    - Volatility in commodity prices
    - Fluctuations in the capacity factor of renewable resources
    - Inability to maintain relationships and obligations with its existing clients
    - Regulatory price caps in certain electricity spot markets
    - Inability to successfully implement growth and other strategic objectives; impact of acquisitions and investments
    - Significant government regulations relating to its operations
    - Failure to obtain financing on reasonable terms or at all
    - Debt financing and refinancing risk
    - Macroeconomic, social and political developments and conditions of the countries where the Company's portfolio of projects are located
    - COVID-19, future pandemics, epidemics or outbreaks of diseases
    - Cybersecurity threats or other breaches of network or IT security
    - Ability to attract and retain key personnel
    - Government policy commitments to the promotion of renewable energy
    - Inability to adequately influence the operations of its Associates and joint ventures and the failure of its strategic partnerships
    - Risks and delays relating to the development of greenfield power projects
    - Restriction or prohibition on the Company's Associates' or joint ventures' ability to distribute dividends
    - Risks relating to the administration and operation of power generation projects by project companies
    - Climate Change
    - Environmental regulations
    - Risks inherent to power project development operations and the operations of the power projects and occupational hazards
    - Grid curtailment
    - Related party transactions
    - Credit and collection risk
    - Exchange rate and/or interest rate fluctuations
    - Inadequate insurance coverage
    - WESM price fluctuations
    - Dependence on the support of ACEIC in the interim
    - Damage to reputation or brand erosion
    - Risks relating to the Russian invasion of Ukraine
    - Major political and economic developments abroad
    - Labor disputes
    - Land banking risk
    - Risk associated with land titles

- Risks relating to the Philippines:
    - Economic conditions
    - Political instability
    - Credit rating risk
    - Territorial disputes

- Risks relating to the Preferred Shares:
    - Suitability for all investors
    - Dividend payment risk
    - Subordination to the Issuer's other indebtedness
    - Insufficient distributions upon liquidation
    - Limitations of other indebtedness
    - Price volatility
    - No stated maturity date and unilateral right to redemption
    - Limited public market
    - Limited liquidity
    - Effect of non-payment of dividends on trading price
    - Inability to reinvest
    - No voting rights
    - Foreign ownership restrictions
    - Impact of proposes changes to the Tax Code
    - No guarantee that the Preferred Shares will be listed on the PSE

- Risks relating to statements in this Prospectus:
    - Statistical and industry information
    - Information may be derived from unofficial publications
    - Financial information may be inaccurate or of limited use

Please refer to the section on "*Risk Factors*" beginning on page 53 of this Prospectus which, while not intended to be an exhaustive enumeration of all risks, must be considered in connection with the purchase of the Preferred Shares.

Company Information

The registered office of the Company is at 35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas cor. Makati Avenue, Makati City 1226, Philippines. Its telephone number is +(632) 7730-6300 and its corporate website is https://www.acenrenewables.com/. The information on the Company's website is not incorporated by reference into, and does not constitute part of, this Prospectus.

Recent Developments

Board Approvals on 7 August 2023

On 7 August 2023, the Company's Board approved the following matters:

- The Company's Human Rights Policy;
- The declaration of cash dividends of four centavos (₱0.04) per Common Share on the 39,677,394,773 outstanding Common Shares of the Company, to be paid on or before 22 September 2023 to stockholders of record as of 22 August 2023;
- 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;
- ₱1 billion increase in an existing omnibus credit line for working capital and general corporate requirements; and

- The appointment of BPI Wealth (formerly BPI Asset Management and Trust Corp.) as trustee for the ACEN Group's Multi-Employer Retirement Plan.

Board Approval on 25 July 2023

On 25 July 2023, the Company's Board approved the terms and conditions of the of the Company's issuance of up to Twelve Billion Five Hundred Million Pesos (₱12,500,000,000) worth of Twelve Million Five Hundred Thousand (12,500,000) Preferred Shares with an oversubscription option of up to Twelve Billion Five Hundred Million Pesos (₱12,500,000,000) worth of up to Twelve Million Five Hundred Thousand (12,500,000) Preferred Shares with a par value of ₱1.00 per Preferred Share at an offer price of ₱1,000.00 per Preferred Share to be offered in up to two (2) Series, subject to the requirements for registration under the Securities Regulation Code with the SEC and for listing with the PSE.

Executive Committee Approval on 21 July 2023

On 21 July 2023, the Company's Executive Committee approved the funding (via loan or equity) of the following five (5) wholly-owned special purpose vehicles, as follows:

- AC Subic Solar, Inc. – ₱367,000,000.00
- AC Laguna Solar, Inc. – ₱410,000,000.00
- SolarAce4 Energy Corp. – ₱205,000,000.00
- Ingrid2 Power Corp. – ₱134,000,000.00
- GigaWind1 Inc. – ₱324,000,000.00

The funding will be used by the special purpose vehicles for development activities relating to renewable energy projects in the Philippines.

Partnership with Yindjibarndi people for renewable energy development in West Australia

Through a press release dated 18 July 2023, the Company reported its partnership, through its subsdiary, ACEN Investments Australia Pty. Ltd. ("**ACEN Investments Australia**"), with Traditional Owners, the Yindjibarndi people, to develop, own, and operate large-scale renewable energy projects of up to 3 GW capacity in Western Australia's Pilbara region.

ACEN Investments Australia and the Yindjibarndi Aboriginal Corporation cemented the partnership last June through the formation of the Yindjibarndi Energy Corporation ("**YEC**"). The YEC is tasked with advancing major renewable energy projects on Yindjibarndi Ngurra, which is conveniently located near major industrial energy users. ACEN Investments Australia and the Yindjibarndi people will jointly develop wind, solar, and renewable energy storage projects on Yindjibarndi Ngurra, an area of approximately 13,000 km2 within the Yindjibarndi Native Title Determination Areas.

The partnership agreement between ACEN Investments Australia and the Yindjibarndi people includes principles such as Yindjibarndi approval for all proposed project sites on Yindjibarndi Ngurra, Yindjibarndi equity participation of 25% to 50% in all projects, preferred contracting for Yindjibarndi-owned businesses, and training and employment opportunities for Yindjibarndi people.

The initial goal of YEC is to have 750 MW of combined wind, solar, and battery storage under construction within the next few years, representing an investment of more than AUD 1 billion. Subsequent stages will target an additional 2 GW to 3 GW of combined wind, solar, and battery storage.

The renewable energy produced will surpass the current output of West Australia's largest coal-fired power station.

Sale of Shares in ACEHI Netherlands B.V.

On 10 July 2023, the Company's subsidiary, 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**"). ACEHI Netherlands is a Dutch holding company that has a 19.8% ownership interest in the Salak and Darajat geothermal power plants in 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 powerplants in Indonesia. With this sale by ACRI of shares in ACEHI Netherlands, ACEHI Netherlands has become a jointly controlled entity by ACRI and SEOG.

Executive Committee Approvals on 10 July 2023

On 10 July 2023, the Company's Executive Committee approved the following matters:

- The one year extension of maturity of the ₱4.7 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
- 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. Norfund is the Norwegian Investment Fund for developing countries with NOK 26.9 billion (USD 2.5 billion) in total commitments as of 2021. It is owned and funded by the Norwegian Government and is used as a tool for strengthening the private sector in developing countries.

Board Approvals on 5 July 2023

On 5 July 2023, the Company's Board approved the following matters:

- Appointment of Mr. Jonathan P. Back as Chief Finance Officer effective 1 January 2024;
- 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; and
- USD 70 million equity investment into ACEN International, Inc. and/or ACEN Renewables International Pte. Ltd., which are subsidiaries of the Company.

Completion of the First Phase of the Acquisition of Super Energy's Vietnam Solar Platform

On 26 June 2023, ACEN Vietnam Investments Pte. Ltd. ("**ACEV**"), signed the Shareholders' Agreement and other definitive agreements for the closing of the acquisition of Super Energy Corporation Public Company Limited's ("**SUPER**") solar power business in Vietnam. This strategic partnership follows the share purchase agreement signed by SUPER, through Super Energy Group (Hong Kong) Co., Limited, and ACEV, in 2022. ACEV will acquire 49% of the platform, which has 837 MW of solar assets in Vietnam. The acquisition will be completed in four phases, with the first phase adding 141 MW of attributable capacity.

SUPER currently owns and operates 837 MW of solar projects in Vietnam through Solar NT Holdings Pte. Ltd. ("**Solar NT**"), a holding company incorporated in Singapore; ACEV will take up 49% ownership of Solar NT through a phased acquisition. Closing of the first phase of the transaction was completed on 26 June 2023, while the remaining phases are expected to be completed within 2023, with a total consideration estimated at $165 million.

The partnership with SUPER marks the beginning of a long-term collaboration as the partnership will continue to look for new opportunities to grow the platform's portfolio and jointly develop renewable energy projects across ASEAN. ACEN and SUPER share the same belief about a sustainable future, and their combined strengths and extensive experience in renewable energy development will unlock new opportunities to grow the strategic partnership's portfolio, create jobs and accelerate the energy transition. This synergy will also enhance SUPER's growth potential and strengthen the renewable energy business structure, which will support our strategic partnership in many areas, including capital, personnel, technology, and networks for additional investment opportunities in the future.

This total strategic investment will bring ACEN's Vietnam-Lao PDR portfolio to approximately 1,200 MW in attributable renewables capacity, further solidifying its position as a leading renewable energy player in Southeast Asia.

Subscription with SSPC

On 14 June 2023, ACEN signed a subscription agreement with SSPC for the subscription by the Company to 199,984,553 redeemable preferred shares A with a par value of ₱10.00 per share or a total par value of ₱1,999,845,530.00, to be issued out of the increase in authorized capital stock of SSPC. The acquisition will allow ACEN to have a significant ownership in SSPC and is meant to implement the development of the ~60MWp solar power plant in San Manuel, Pangasinan. The completion of this transaction is subject to the approval by the SEC on the increase in authorized capital stock of SSPC.

Subscription with NAREDCO

On 24 May 2023, ACEN signed a subscription agreement with NAREDCO for the subscription by the Company to 44,990 redeemable preferred shares A with a par value of ₱2,820.51 per share for a total par value of ₱126,894,744.90 and 32,720 redeemable preferred shares C with a par value of ₱2,585.55 per share for a total par value of ₱84,599,196.00. The subscription will be used by NAREDCO to fund the development of the 133 MWdc Cagayan North Solar Power Plant Project (Phase 1) in Lal-lo, Cagayan.

Board Approvals on 18 May 2023

On 18 May 2023, the Company's Board approved the following matters:

- Execution and availment of credit facilities with China Banking Corporation of up to ₱5 billion.
- Execution and availment of omnibus credit lines with Mitsubishi UFJ Financial Group (MUFG) of up to USD 50 million and
- Approval in principle of the increase in transmission line investments to support the Company's Zambales solar projects.

Additional Office Spaces in Ayala Triangle Gardens Tower 2

On 11 May 2023, ACEN's Executive Committee approved the budget of ₱220 million for construction and fit-out works for the additional office spaces in Ayala Triangle Gardens Tower 2, Makati City, that the Company leased for use by its growing workforce.

Memorandum of Understanding with Honeywell

On 9 May 2023, ACEN's joint venture, AMI AC Renewables, through its subsidiary, AMI Khanh Hoa, signed a Memorandum of Understanding with Honeywell Process Solutions Asia Pacific to collaborate on a 7.5 MWh BESS pilot project in Khanh Hoa, Vietnam.

Co-funded by a grant from U.S. Mission Vietnam, the pilot project will demonstrate how energy storage can help Vietnam integrate more renewable energy into its power system to meet ambitious climate goals. First announced at the annual U.S.-Vietnam Energy Security Dialogue, the project plans to use a Honeywell energy storage system integrated into a 50 MWp solar farm operated by AMI Khanh Hoa.

AMI AC Renewables is a joint venture between ACEN and AMI Renewables. Since 2017, the company has been developing and operating renewable energy projects in Vietnam, which include the 252 MW wind project in Quang Binh and the 80 MW solar plants in Khanh Hoa and Dak Lak.

Subscription with NAREDCO

On 4 May 2023, ACEN signed a subscription agreement with NAREDCO for the subscription by the Company to 66,470 redeemable preferred shares A with a par value of ₱2,820.51 per share for a total par value of ₱187,479,299.00 and 48,350 redeemable preferred shares C with a par value of ₱2,585.55 per share for a total par value of ₱125,011,342.50. The subscription will be used by NAREDCO to fund the development of the 133 MWdc Cagayan North Solar Power Plant Project (Phase 1) in Lal-lo, Cagayan.

Long Term Energy Service Agreements in New South Wales, Australia

On 1 May 2023, ACEN's wholly-owned subsidiary, ACEN Australia, 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. When fully operational, New England Solar and Stubbo Solar will supply renewable electricity to 435,000 homes, helping to meet the NSW Government's emissions reduction target of 50% by 2030.

Amendment of Articles

On 24 April 2023, during the ASM, stockholders representing at least 2/3 of the ACEN's outstanding capital stock, approved the following:

(1) Amendment to the Articles of Incorporation (the "**Articles**") to reclassify 100 million Common Shares with a par value of ₱1.00 to 100 million Preferred Shares with a par value of ₱1.00; and

(2) Amendment to the Articles to introduce the following features to the Preferred Shares:

   a. May be issued from time to time in one or more series and/or tranches and under such terms and conditions for each series and/or tranche as determined by the Board of Directors, with authority expressly granted to the Board of Directors, subject to the provisions of Article Seventh, to establish and designate series and/or tranches and to fix the number of shares to be included in each series and/or tranche and the relative rights, preferences and limitations of the shares of each such series and/or tranche. To the extent not set forth in Article Seventh, the terms of each such series shall be specified in the resolution adopted by the Board of Directors pursuant to the authority hereinbefore granted providing for the issuance of such shares. A certificate containing such terms and conditions shall be filed with the Securities and Exchange Commission and made publicly available.

b. May be offered and issued in PHP or in USD as may be determined by the Board of Directors and subject to regulatory requirements.

c. Issue value to be determined by the Board of Directors at the time of issuance.

d. Dividend rate to be determined by the Board of Directors at the time of issuance.

e. Cumulative in payment of current and unpaid back dividends.

f. Non-voting (except for matters mandatorily required by law).

g. Non-participating in (i) any other further cash, property or stock dividends beyond that specifically determined at the time of issuance, and (ii) distribution of corporate assets beyond the issue price specifically determined at the time of issuance.

h. Non-convertible to common shares.

i. Preference over holders of common shares in the distribution of corporate assets and in the payment of dividends at the rate specified at the time of issuance.

j. No preemptive rights to any issue of shares, whether common or preferred shares.

k. Redeemable at the option of the Corporation under such terms that the Board of Directors may approve at the time of issuance.

l. Re-issuable under such terms that the Board of Directors may approve at the time of reissuance.

(3) The issuance of up to 25,000,000 Preferred Shares ("**First Tranche Preferred Shares**"), whether in one or various series and on such terms as will be jointly determined by the President and Chief Finance Officer of the Company, including a re-issuance of such First Tranche Preferred Shares following their redemption if provided for under the terms thereof.

These material actions were initially approved by the Board of Directors on 7 March 2023.

The Company filed with the SEC the amendment to its Articles to implement the foregoing on 11 May 2023. On 9 June 2023, the SEC approved the amendments.

See "*Description of the Preferred Shares*" on page 99 of this Prospectus for a description of the features of such shares.

Financing for 600 MW Monsoon Wind in Lao PDR

On 10 April 2023, ACEN, through its subsidiary ACEN Renewables International Pte. Ltd., signed the financing documents for the non-recourse project financing for the Monsoon Wind, the first wind power project in Lao PDR. Monsoon Wind will construct, own, and operate a 600 MW wind power plant and its 500 kV transmission line in the Sekong and Attapeu provinces located in southeastern provinces of the Lao PDR. Monsoon Wind is also the first cross-border wind project in Southeast Asia. Under the

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

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

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

Investment in GlidePath

On 16 March 2023, ACEN, through its joint venture company, UPC Power Solutions LLC, signed a Purchase and Sale Agreement with GlidePath Power Solutions LLC (“**GlidePath**”) for the acquisition of a portfolio of eight operating wind projects located in northern Texas, USA.

Announced in April 2022, ACEN, through its subsidiary ACEN USA LLC, formed a strategic partnership with Pivot Power Management (“**PivotGen**”) and UPC Solar & Wind Investments LLC to pursue opportunities to acquire operating wind projects in the USA, and explore strategies for extending their useful life through preventative maintenance and repowering.

On 1 June 2023, the U.S. Federal Energy Regulatory Commission (“**FERC**”), a government agency in the United States that regulates the interstate transmission of electricity, natural gas, and oil, authorized ACEN’s acquisition, through joint venture company UPC Power Solutions LLC, of a total of 136 MW of wind assets from GlidePath.

With the FERC approval, UPC Power and GlidePath intend to proceed to complete the acquisition pursuant to their Purchase and Sale Agreement.

Partnership with BrightNight

On 10 March 2023, ACEN signed a partnership with BrightNight APAC, B.V., a wholly-owned subsidiary of US-based renewable power company BrightNight, LLC (“**BrightNight**”), to develop, construct, and operate large-scale hybrid wind-solar and round-the-clock renewable power projects in India. ACEN aims to deploy US$ 250 million equity plus related performance guarantees to support BrightNight’s existing portfolio and future growth.

ACEN, through its subsidiaries, ACRI and ACEN International, will support the accelerated buildout of BrightNight’s existing development pipeline of over 1.2 GW of hybrid portfolio in India, including a differentiated 100 MW co-located, wind-solar project in the resource-rich state of Maharashtra. The hybrid projects, with calibrated use of storage technologies, will operate around the clock, and focus on meeting specific load or generation pattern requirements of high-quality utility offtakers and large corporate and industrial customers.

BrightNight is the first global renewable integrated power company designed to provide utility and commercial and industrial customers with clean, dispatchable renewable power solutions. BrightNight works with customers across the U.S. and Asia Pacific to design, develop, and operate safe, reliable, large-scale renewable power projects optimized to better manage the intermittent nature of renewable energy. Its deep customer engagement process, team of proven power experts, and industry-leading solutions enable customers to overcome challenging energy sustainability standards, rapidly changing grid dynamics, and the transition away from fossil fuel generation.

Board Approvals on 7 March 2023

On 7 March 2023, the Company's Board approved the following matters:

- Revisions to the Corporate Governance Manual;
- Revisions to the Sustainability Committee Charter;
- Delegation of certain investment/capital investment decisions to the Executive Committee
- Increase in Philippine revolving development fund;
- Increase in land acquisition budget and expansion of use to include Australia and Indonesia
- Issuance of credit support for the Laos-Vietnam wind project of Company's wholly-owned subsidiary, ACRI;
- Procurement of additional credit facilities of up to ₱32 billion;
- Modifications and entry into a sustainability-linked loan facility with Asian Development Bank and Bank of Philippine Islands, subject to finalization of loan terms;
- Modifications to the foreign exchange management policy;
- Amendment of Articles of Incorporation to create preferred shares via reclassification of 100 million unissued common shares into preferred shares and endorsement thereof to the stockholders for approval at the 2023 ASM;
- Offering/issuance, and/or private placement, and listing of preferred shares, subject to stockholders' and regulatory approvals;
- 2023 key results areas;
- The Company's Net Zero greenhouse gas emissions by 2050 strategy and roadmap, which include assessments on potential emission reduction activities, and the establishment of near-term targets aligned with a science-based 1.5°C pathway across the core business units; and
- Execution of a keep whole agreement with Axia Power in relation to the proposed participation by Ingrid Power (their joint venture company) in a bidding for ancillary services with the NGCP.

Acquisition by ACEN of the effective ownership interest in ACEN Australia

On 1 February 2023, ACRI and UPC Renewables Asia Pacific Holdings Pte Limited ("**UPCAPH**") signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-AC Energy Australia (HK) Limited, which completes the second and final tranche of ACRI's acquisition of ACEN Australia. On 11 March 2022, the Company, through its subsidiary ACRI, UPCAPH, and Mr. Anton Rohner signed a Share Purchase Agreement for ACRI's acquisition of the effective ownership interest of UPCAPH and Mr. Rohner in ACEN Australia. ACRI, UPCAPH, and Mr. Rohner previously signed separate Instruments of Transfer on 21 March 2022 for the transfer to ACRI of UPCAPH's 7,150 ordinary shares in UPC-AC Energy Australia (HK) Limited and Mr. Rohner's 1,000,054 ordinary class B shares in UPC Australia (HK) Limited, thereby completing the first tranche of the acquisition.

Board Approvals on 19 January 2023

On 19 January 2023, the Board approved the following matters:

- Appointment of Mr. Jonathan Back as Chief Strategy Officer effective 18 January 2023;

- Memorandum of Agreement with subsidiary NLREC for the implementation of a conservation estate program;
- The Company's information security policies;
- The Company's foreign exchange management policy;
- Issuance of a standby letter of credit in favor of MGI, of which the Company has a 25% ownership interest;
- Investment for and construction of access road and transmission line for wholly owned subsidiaries Gigasol1 and SolarAce2, respectively, for a solar plant power project to be developed in Botolan, Zambales;
- Updates to delegation of authority for international investments; and
- Terms of funding for renewable energy projects in the US through ACEN's joint venture company, UPC Power Solutions, LLC.

Acquisition of Subscription Rights in SSPC

On 9 January 2023, the Company signed a Deed of Assignment of Subscription Rights with Sungrow Power Renewables Corp. ("**SPRC**") for the acquisition by the Company of SPRC's subscription rights to 400,000 redeemable preferred shares A to be issued out of the increase in authorized capital stock of SSPC.

Corporate Guarantee in Support of Australia Projects

On 6 January 2023, the Company, as Guarantor to its subsidiary ACEN Australia, executed a Syndicated Facility Agreement with ACEN Australia, Bank of China (Hong Kong) Limited ("**BOC HK**"), Bank of China (Hong Kong) Limited – Manila Branch ("**BOC Manila**"), CTBC Bank Co., Ltd, Singapore Branch ("**CTBC SG**"), CTBC Bank (Philippines) Corporation ("**CTBC PH**"), Standard Chartered Bank, Australia Branch ("**SCB**") (collectively the "**Lenders**") and Commonwealth Bank of Australia (as agent) for a AUD 277 Million syndicated green term loan facility. The Lenders and ACEN Australia also entered into an Accession Letter to include BOC HK, BOC Manila, CTBC SG, CTBC PH and SCB as Lenders under the Common Provisions Agreement dated 18 August 2022, as amended through an Amending Deed on 6 January 2023 among the Company, ACEN Australia, DBS Bank Ltd., Australia Branch, MUFG Bank, Ltd., Sydney Branch and Clean Energy Finance Corporation.

OVERVIEW OF THE PREFERRED SHARES PROGRAM

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of the Preferred Shares Program, the applicable terms and conditions contained in the relevant Offer Supplement. In case of conflict between the terms below and those contained in the Offer Supplement corresponding to a particular Tranche, the latter shall prevail.

ACEN is offering the Preferred Shares Program comprised of up to Fifty Million (50,000,000) Preferred Shares to be issued in one or more tranches (each, a "Tranche"), which may be comprised of one or more series (each a "Series"), at the discretion of the Issuer. The following sections outline the description of the Preferred Shares Program followed by specific indicative terms and conditions applicable to a particular Tranche.

The Preferred Shares Program

Issuer:	ACEN CORPORATION
The Program:	Up to Fifty Million (50,000,000) Preferred Shares Program to be issued in one or more Tranches, which may be comprised of one or more Series, at the discretion of the Issuer.
Instrument:	Perpetual, cumulative, non-voting, non-participating, non-convertible, redeemable, re-issuable preferred shares with a par value of ₱1.00
Purpose:	The intended use of proceeds for each Tranche of the Preferred Shares Program being offered shall be set in the relevant Offer Supplement under the "Use of Proceeds" section.
Availability:	The Preferred Shares Program will be continuously available until the expiration of the shelf registration and the permit to offer securities for sale to be issued by the SEC.
Par Value:	The Preferred Shares have a par value of ₱1.00 per Preferred Share.
Denomination:	May be issued in Philippine Pesos or in U.S. Dollars as may be determined by the Board of Directors, and subject to regulatory requirements.
Offer Price:	To be determined by the Board of Directors at the time of issuance.
Registration and Listing:	The Preferred Shares will be registered with the SEC under a shelf registration, subject to compliance with SEC regulations. The Company may apply for the listing of the Preferred Shares on the Main Board of the PSE for such Series and Tranche of the Preferred Shares as may be determined by the Board of Directors and approved by the stockholders.
Dividend Rate:	The dividend rate for each Series of the Offer shall be set out in the relevant Offer Supplement.
Conditions for the Declaration of Dividends:	ACEN has full discretion over the declaration and payment of dividends on the Preferred Shares, to the extent permitted by law. The Board of Directors will not declare and pay dividends on any Dividend Payment Date where (a) payment of the Dividend would cause ACEN to breach any of its financial covenants, or (b) the unrestricted retained earnings available to ACEN for distribution as dividends are not sufficient to enable ACEN to pay the dividends in full on all other classes of ACEN's outstanding shares that are scheduled to be paid on or before any Dividend Payment Date and that have an equal right or priority to dividends as the Offer Shares.

The profits available for distribution are, in general and with some adjustments, equal to ACEN's accumulated realized profits less accumulated realized losses.

Any further Conditions to the Declaration of Dividends contained in the Enabling Resolution will be reflected in the Offer Supplement of the relevant Tranche or Series of the Preferred Shares.

Dividend Payment Dates:

Dividends will be payable on such frequency as determined by the Board of Directors in the relevant Enabling Resolutions at the time of issuance (a "**Dividend Period**"), as and if declared by ACEN in accordance with the terms and conditions of the Preferred Shares. The Dividend Payment Dates for each Tranche or Series of the Preferred Shares will be reflected in the relevant Offer Supplement.

If the Dividend Payment Date is not a Business Day, Dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

Optional Redemption and Purchase:

If provided in the Enabling Resolution, ACEN will have the option, but not the obligation, to redeem all (but not part) of the outstanding Series of Preferred Shares (having given prior notice):

Subject to compliance with the law, ACEN may purchase the Preferred Shares at any time at any price either through the PSE, by public tender or through negotiated transactions.

Any Preferred Shares redeemed or purchased by ACEN shall be recorded as treasury stock of ACEN and may be re-issued in the future at such terms and at such time as ACEN may determine.

Perpetual/No Fixed Maturity

The Preferred Shares are equity securities in the capital stock of ACEN and thus have no fixed maturity or mandatory redemption date. The Preferred Shares are not repayable in cash unless the Board should approve resolutions providing for the optional redemption of the Preferred Shares for the cash redemption amount set out in the terms and conditions of the Preferred Shares, at the sole discretion of the Board. Furthermore, holders of the Preferred Shares have no right to require the Issuer to redeem the Preferred Shares.

If provided in the relevant Enabling Resolution, the Preferred Shares may be redeemed: (i) at the option of the Issuer on the optional redemption date or any dividend payment date thereafter, (ii) at any time in the event that Dividend Payments become subject to additional withholding tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to ACEN, or (iii) at any time if an accounting event occurs that will result in a change in accounting treatment of the Preferred Shares.

Taxation:

All payments in respect of the Preferred Shares are to be made free and clear of any deductions or withholding for or on account of any present or future taxes or duties imposed by or on behalf of Republic of the Philippines, including but not limited to, documentary stamp, issue, registration, value added or any similar tax or other taxes and duties, including interest and penalties. If such taxes or duties are imposed, ACEN will pay additional amounts so that Shareholders will receive the full amount of the relevant payment which otherwise would have been due and payable. Provided, however, that ACEN shall not be liable for:

(a) any withholding tax applicable on dividends earned or on any amounts payable to the holders of the Preferred Shares prescribed under the Tax Code including any additional tax on such dividends imposed by changes in law, rule, or regulation;

(b) any income tax (whether or not subject to withholding); percentage tax (such as stock transaction tax), documentary stamp tax or other applicable taxes on the redemption (or receipt of the redemption price) of the Preferred Shares;

(c) any expanded value-added tax which may be payable by any holder of the Preferred Shares on any amount to be received from the Issuer under the Offer;

(d) any withholding tax, including any additional tax imposed by change in law, rules, or regulation, on any dividend payable to any holder of Preferred Shares or any entity which is a non-resident foreign corporation; and

(e) any applicable taxes on any subsequent sale or transfer of the Preferred Shares by any holder of the Preferred Shares which shall be for the account of such holder (or the buyer in case such buyer shall have agreed to be responsible for the payment of such taxes).

Any documentary stamp tax for the recording of the Preferred Shares in the name of an investor under the Offer shall be paid for by ACEN. After the Issue Date, taxes generally applicable to a subsequent sale of the Preferred Shares by any Preferred Shareholder, including receipt by such Preferred Shareholder of a Redemption Payment, shall be for the account of the said Preferred Shareholder.

Liquidation Right: In the event of a return of capital in respect of ACEN's winding up or otherwise (whether voluntarily or involuntarily) (but not on a redemption or purchase by ACEN of any of its share capital), the Preferred Shareholders at the time outstanding will be entitled to receive, in Philippine Pesos out of ACEN's assets available for distribution to shareholders, together with the holders of any other of ACEN's shares ranking, as regards repayment of capital, *pari passu* with the Preferred Shares and before any distribution of assets is made to holders of any class of ACEN's shares ranking junior to the Preferred Shares as regards repayment of capital, liquidating distributions at the Offer Price plus an amount equal to any dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends for the then-current dividend period to (and including) the date of commencement of ACEN's winding up or the date of any such other return of capital, as the case may be. If, upon any return of capital in ACEN's winding up, the amount payable with respect to the Preferred Shares and any other of ACEN's shares ranking as to any such distribution *pari passu* with the Preferred Shares are not paid in full, the holders of the Preferred Shares and of such other shares will share ratably in any such distribution of ACEN's assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the Preferred Shareholders will have no right or claim to any of ACEN's remaining assets and will not be entitled to any further participation or return of capital in a winding up.

Form, Title and Registration of the Preferred Shares: The Preferred Shares as may be listed with the PSE are recorded in scripless form through the electronic book entry system of the Philippine Depository & Trust Corp. ("**PDTC**") as Registrar for the Offer, and will be lodged with PDTC as Depository Agent on the relevant Issue Date through PSE Trading Participants nominated by the accepted Applicants. For this purpose,

	Applicants shall indicate in the proper space provided for in the Application Form the name of the PSE Trading Participant under whose name their Preferred Shares will be registered. After Issue Date, Preferred Shareholders may request the Registrar, through their nominated PSE Trading Participant, to (a) open a scripless registry account and have their holdings of the Preferred Shares registered under their name (*i.e.*, "name-on-registry account"), or (b) issue stock certificates evidencing their investment in Preferred Shares. Any expense that will be incurred in relation to such registration or issuance shall be for the account of the requesting Preferred Shareholder. Legal title to the Preferred Shares listed with the PSE will be shown in an electronic register of shareholders (the "**Registry of Shareholders**") which shall be maintained by the Registrar. The Registrar shall send a transaction confirmation advice confirming every receipt or transfer of the Preferred Shares that is effected in the Registry of Shareholders (at the cost of the requesting Preferred Shareholder). The Registrar shall send (at the cost of ACEN) at least once every quarter a Statement of Account to all Preferred Shareholders named in the Registry of Shareholders, except certificated Preferred Shareholders and Depository Participants, confirming the number of Preferred Shares held by each Preferred Shareholder on record in the Registry of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant Preferred Shareholder as of a given date thereof. Any request by Preferred Shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Preferred Shareholder.
Status of the Preferred Shares in the Distribution of Assets in the Event of Dissolution	The Preferred Shares will constitute the direct and unsecured subordinated obligations of ACEN ranking at least *pari passu* in all respects and rateably without preference or priority among themselves with all other Preferred Shares to be issued by ACEN. The Company is at liberty from time to time without the consent of Preferred Shareholders to issue additional Preferred Shares or securities either (a) ranking at least *pari passu* in all respects with the Preferred Shares, or (b) upon such terms as to ranking, distributions, conversion, redemption and otherwise as ACEN may determine at the time of the issue. The creation of additional Preferred Shares may require the consent of such holders if an amendment to the Issuer's Articles of Incorporation is necessary for such creation.
Selling and Transfer Restrictions:	Initial placement of the Preferred Shares and subsequent transfers of interests in the Preferred Shares shall be subject to applicable selling restrictions and registration requirements for equity securities as may prevail in the Philippines from time to time.
Title and Transfer:	Legal title to the Preferred Shares shall pass by endorsement and delivery to the transferee and registration in the Registry of Preferred Shareholders to be maintained by the Registrar. Settlement of the Preferred Shares as may be listed with the PSE in respect of such transfer or change of title to the Preferred Shares, including the settlement of documentary stamp taxes, if any, arising from subsequent transfers, shall be similar to the transfer of title and settlement procedures for listed securities in the PSE.
Governing Law:	The Preferred Shares will be issued pursuant to, and the terms and conditions of the Preferred Shares will be governed by, the laws of the Republic of the Philippines.

Eligible Investors:	The Preferred Shares may be owned or subscribed to by any person, partnership, association or corporation regardless of nationality, provided that at any time, at least 60% of the outstanding capital stock of ACEN shall be owned by citizens of the Philippines or by partnerships, associations or corporations at least 60% of all classes of shares are owned and controlled by citizens of the Philippines. In addition, under certain circumstances ACEN may reject an Application or reduce the number of Preferred Shares applied for subscription or purchase. Subscription to the Preferred Shares may be restricted by law or in certain jurisdictions. Foreign investors interested in subscribing to or purchasing the Preferred Shares should inform themselves of the applicable legal requirements under the laws and regulations of the countries of their nationality, residence or domicile, and as to any relevant tax or foreign exchange control laws and regulations affecting them personally. Foreign investors, both corporate and individual, warrant that their purchase of the Preferred Shares will not violate the laws of their jurisdiction and that they are allowed to acquire, purchase and hold the Preferred Shares.
Registration of Foreign Investments:	The BSP requires that investments in shares of stock funded by inward remittance of foreign currency be registered with the BSP if the foreign exchange needed to service capital repatriation or dividend remittance will be sourced from the domestic banking system. The registration with the BSP of all foreign investments in the Preferred Shares shall be the responsibility of the foreign investor.

SUMMARY FINANCIAL INFORMATION

The following tables present a summary consolidated financial information for ACEN and should be read in conjunction with ACEN's audited consolidated financial statements and notes thereto contained in this Prospectus and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary financial information presented below as of and for the years ended 31 December 2022, 2021, 2020, and 2019, and for the three-month period ended 31 March 2023 and 2022 was prepared in accordance with Philippine Financial Reporting Standards. The Company's consolidated financial statements as of 31 December 2022, 2021, 2020, and 2019 were audited by SyCip Gorres Velayo & Co ("SGV & Co"). The Company's interim condensed consolidated financial statements as of 31 March 2023 and for the three-month period ended 31 March 2023 and 2022 were reviewed by SGV & Co.

Due to the incorporation of the effect of common control business combination in the Company's audited consolidated financial statements as of and for the years ended 31 December 2021, 2020, and 2019, the Company restated its consolidated balance sheet as of 31 December 2020 and 31 December 2019 presented as comparative in the audited consolidated financial statements as of 31 December 2021. See Note 32 of the Company's audited consolidated financial statements included elsewhere in this Prospectus for more details.

The selected financial information set out below does not purport to project the results of operations or financial position of the Company for any future period or date. Please note that figures may not sum up due to rounding off; the complete financial statements of the Company can be found starting on page F-1 of this Prospectus.

Consolidated Statements of Financial Position

	For the years ended 31 December				For the three-months ended 31 March
(*in thousands of Pesos)*	**2019** (As restated)	**2020** (As restated)	**2021**	**2022**	**2023**
		Audited			**Unaudited**
ASSETS					
Current Assets					
Cash and cash equivalents	₱39,630,296	₱28,077,171	₱26,445,429	₱34,630,011	₱34,963,879
Accounts and notes receivable	7,417,212	16,611,719	33,309,297	30,503,231	27,162,993
Fuel and spare parts	938,459	1,391,340	1,490,559	806,986	1,030,981
Financial assets at fair value through profit or loss (FVTPL)	–	–	–	42,863	786,534
Financial assets at fair value through other comprehensive income (FVOCI)	–	12,620,756	–	–	–
Current portion of:					
Input value added tax (VAT)	190,816	438,738	1,173,169	2,132,179	2,142,682
Creditable withholding taxes	179,007	649,271	837,472	940,403	1,282,857
Other current assets[1]	312,819	453,424	812,579	966,907	994,311
	48,668,609	60,242,419	64,068,505	70,022,580	68,364,237
Noncurrent assets held for sale	3,546	–	203,464	–	–
Total Current Assets	**48,672,155**	**60,242,419**	**64,271,969**	**70,022,580**	**68,364,237**

Noncurrent Assets
Investments in:

[1] In the 2021, 2020, and 2019 Consolidated Financial Statements, short-term investment is presented separately as "Short-term investment".

(*in thousands of Pesos*)	For the years ended 31 December 2019 (As restated)	2020 (As restated)	2021	2022	For the three-months ended 31 March 2023
Associates and joint ventures	17,072,173	18,795,088	21,358,301	24,766,433	25,400,841
Other financial assets at amortized cost	3,374,290	15,297,105	26,085,959	21,260,907	20,802,848
Financial assets at FVTPL	–	–	406,739	1,260,023	1,307,480
Financial assets at FVOCI	21,796,602	381,168	354,868	366,844	723,712
Property, plant and equipment	25,438,977	31,837,950	36,038,563	58,398,228	65,959,872
Right-of-use assets	951,750	2,343,404	2,135,479	3,726,647	4,386,270
Accounts and notes receivable – net of current portion	2,389,231	6,540,288	13,191,314	16,387,729	12,467,334
Goodwill and other intangible assets	441,077	2,537,094	2,375,980	23,268,743	22,736,364
Net of current portion:					
Input VAT	372,917	1,177,802	524,733	2,336,747	2,874,937
Creditable withholding taxes	861,208	601,840	726,804	752,317	777,700
Deferred income tax assets – net	653,923	416,353	512,366	1,730,194	1,950,214
Other noncurrent assets[2]	2,414,698	1,645,309	3,178,312	8,495,171	5,900,551
Total Noncurrent Assets	**75,766,846**	**81,573,401**	**106,889,418**	**162,749,983**	165,288,123
TOTAL ASSETS	**₱124, 439,001**	**₱141,815,820**	**₱171,161,387**	**₱232,772,563**	**₱233,652,360**

(*in thousands of Pesos*)	For the years ended 31 December 2019 (As restated)	2020 (As restated)	2021	2022	For the three-month period ended 31 March 2023
		Audited			Unaudited
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and other current liabilities	₱4,064,597	₱6,490,190	₱6,280,829	₱13,322,569	₱11,695,335
Short-term loans	3,556	4,635,000	–	2,900,000	2,300,000
Current portion of long-term loans	905,931	707,782	824,488	719,385	1,086,180
Current portion of lease liabilities	128,796	285,001	536,950	258,562	338,016
Income and withholding taxes payable	103,361	345,281	169,920	479,435	333,760
Due to stockholders	16,594	18,272	16,585	16,585	16,585
Total Current Liabilities	5,222,835	12,481,526	7,828,772	17,696,536	15,769,876
Noncurrent Liabilities					
Notes payable	–	–	20,195,054	32,093,314	31,554,877
Long-term loans – net of current portion	22,292,698	21,546,373	20,117,733	28,051,903	36,792,572
Lease liabilities – net of current portion	852,742	1,631,628	2,159,302	4,206,459	4,599,432

[2] In the 2021, 2020, and 2019 Consolidated Financial Statements, investment properlies is presented separately as “Investment properties”.

Pension and other employee benefits	71,034	50,929	80,422	76,997	75,963
Deferred income tax liabilities – net	350,487	130,981	74,422	226,268	310,625
Other noncurrent liabilities	3,289,902	1,695,048	2,736,920	827,643	640,955
Total Noncurrent Liabilities	**26,856,863**	**25,054,959**	**45,363,853**	**65,482,584**	**73,974,424**
Total Liabilities	**32,079,698**	**37,536,485**	**53,192,625**	**83,179,120**	**89,744,300**
Equity					
Capital stock	7,521,775	13,706,957	38,338,527	39,691,895	39,691,895
Additional paid-in capital	83,768	8,692,555	98,043,831	107,492,243	107,492,243
Other equity reserves	41,570,060	28,662,357	(56,604,532)	(56,585,740)	(59,450,345)
Unrealized fair value (loss) gain on equity instruments at FVOCI	(26,546)	143,625	(90,089)	(114,566)	(128,358)
Unrealized fair value gain (loss) on derivative instruments designated as hedges	(14,742)	57,409	6,228	326,676	114,724
Remeasurement gain (loss) on defined benefit plans	9,254	(6,999)	(24,436)	(43,910)	7,817
Accumulated share in other comprehensive gain (loss) of associates and joint ventures	(168,154)	(229,844)	29,723	(5,794)	(8,890)
Cumulative translation adjustments	96,227	(3,453,708)	(359,910)	7,449,690	4,755,179
Retained earnings	3,943,403	6,349,082	8,707,301	19,551,839	21,577,745
Treasury shares	(27,704)	(40,930)	(28,657)	(28,657)	(28,657)
Total equity attributable to equity holders of the Parent Company	52,987,341	53,880,504	88,017,986	117,733,676	114,023,353
Non-controlling interests	39,371,962	50,398,831	29,950,776	31,859,767	29,884,707
Total Equity	92,359,303	104,279,335	117,968,762	149,593,443	143,908,060
TOTAL LIABILITIES AND EQUITY	**₱124,439,001**	**₱141,815,820**	**₱171,161,387**	**₱232,772,563**	**₱233,652,360**

Consolidated Statements of Income

(*in thousands of Pesos*)	2019 (As Restated)	2020 (As Restated)	2021	2022	2022	2023
	Years Ended 31 December				**Three-months Ended 31 March**	
	Audited				**Unaudited**	
REVENUE						
Revenue from sale of electricity	₱16,096,549	₱20,283,303	₱25,878,039	₱34,995,488	₱7,358,378	₱9,023,014
Rental income	3,116	86,622	61,466	68,469	17,053	17,213
Dividend income	15,746	14,034	11,725	3,635	3,635	-
Other revenues	11,298	104,276	130,211	170,959	23,540	95,475
	16,126,709	**20,488,235**	**26,081,441**	**35,238,551**	**7,402,606**	**9,135,702**
COSTS AND EXPENSES						
Costs of sale of electricity	15,302,530	13,420,538	21,469,733	34,183,239	7,868,135	8,119,401
General and administrative expenses	827,980	3,017,665	2,785,549	3,901,817	284,969	1,180,387
	16,130,510	**16,438,203**	**24,255,282**	**38,085,056**	**8,153,104**	**9,299,788**
INTEREST AND OTHER FINANCE CHARGES	(962,840)	(1,988,086)	(1,694,380)	(2,357,531)	(504,313)	(664,414)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES	739,073	1,490,192	1,952,753	937,834	344,473	978,485
OTHER INCOME – NET	947,784	3,551,889	5,723,640	18,201,992	1,219,806	2,074,185
INCOME BEFORE INCOME TAX	720,216	7,104,027	7,808,172	13,935,790	309,468	2,224,170
PROVISION FOR (BENEFIT FROM) INCOME TAX						
Current	161,364	404,053	297,689	415,325	41,722	71,245
Deferred	(220,884)	297,823	(155,552)	(1,077,423)	(484,700)	(289,311)
	(59,520)	701,876	142,137	(662,098)	(442,978)	(218,066)
NET INCOME	**₱779,736**	**₱6,402,151**	**₱7,666,035**	**₱14,597,888**	**₱752,446**	**₱2,442,236**
Net Income Attributable To:						
Equity holders of the Parent Company	₱704,764	₱4,288,102	₱5,250,972	₱13,055,119	₱405,027	₱2,025,906
Non-controlling interests	74,972	2,114,049	2,415,063	1,542,769	347,419	416,330
	₱779,736	**₱6,402,151**	**₱7,666,035**	**₱14,597,888**	**₱752,446**	**₱2,442,236**
Basic/Diluted Earnings Per Share	₱0.11	₱0.40	₱0.18	₱0.33	₱0.01	₱0.05

Consolidated Statements of Cash Flows

	For the years ended 31 December				For the three-months ended 31 March	
(*in thousands of Pesos)*	**2019** (As Restated)	**2020** (As Restated)	**2021**	**2022**	**2022**	**2023**
	Audited				**Unaudited**	
Net cash flows from operating activities	₱477,007	₱3,123,743	₱3,420,573	₱2,295,906	₱3,920,748	₱1,480,448
Net cash flows from investing activities	(18,886,944)	(22,307,936)	(23,068,646)	(24,338,065)	(18,294,774)	(3,055,842)
Net cash flows from financing activities	14,706,984	9,069,740	16,626,695	31,508,053	15,283,920	2,407,198
Net effect of foreign exchange rate changes on cash and cash equivalents	(26,852)	(1,438,672)	1,389,636	(1,281,312)	341,943	(497,936)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,729,805)	(11,553,125)	(1,631,742)	8,184,582	1,251,837	333,868
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	43,360,101	39,630,296	28,077,171	26,445,429	26,445,429	34,630,011
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱39,630,296	₱28,077,171	₱26,445,429	₱34,630,011	₱27,697,266	₱34,963,879

KEY PERFORMANCE INDICATORS*	For the years ended 31 December 2019	2020	2021	2022	For the three-months ended 31 March 2022	2023
Current ratio	9.32	4.83	8.21	3.96	5.70	4.34
Acid test ratio	9.03	3.58	7.64	3.68	5.21	3.99
Debt to equity ratio	0.35	0.36	0.45	0.56	0.46	0.62
Asset to equity ratio	1.35	1.36	1.45	1.56	1.46	1.62
Interest coverage ratio	1.75	4.57	5.61	6.91	1.61	4.35
Net bank debt to equity ratio	-0.18	-0.01	0.12	0.19	0.15	0.26
Return on equity	2.30%	8.03%	7.40%	12.69%	0.43%	-
Return on assets	1.09%	4.81%	4.90%	7.23%	0.42%	-
Asset turnover	22.50%	15.39%	16.67%	17.45%	4.09%	3.92%

Note:

* Refer to the computations under ***Management's Discussion and Analysis of Financial Condition and Results of Operation***

RISK FACTORS

An investment in the Offer involves a number of risks. The price of securities can and does fluctuate, and any individual security is likely to experience upward or downward movements and may even become valueless. There is an inherent risk that losses may be incurred rather than profits made as a result of buying and selling securities. Past performance is not indicative of future performance and results, and there may be a large difference between the buying price and the selling price of the Preferred Shares.

Investors deal in a range of investments, each of which may carry a different level of risk. Investors should carefully consider all the information contained in this Prospectus and the relevant Offer Supplement, including the risk factors described below, before deciding to invest in the Preferred Shares. The occurrence of any of the following events, or other events not currently anticipated, could have a material adverse effect on the Company's business, financial condition and results of operations and cause the market price of the Preferred Shares to decline or may cause investors to lose all or part of their investment in the Preferred Shares.

This risk factor discussion does not purport to disclose all of the risks and other significant aspects of investing in the Preferred Shares. Investors should undertake independent research and study the trading of securities before commencing any trading activity. Investors should seek professional advice if it is uncertain of, or has not understood, any aspect of the Offer or the nature of risks involved in the trading of securities, and specifically those of high-risk securities. Investors may request publicly available information on the Offer and the Company from the SEC.

The risk factors discussed in this section are of equal importance, presented in no particular order, and are only separated into categories for ease of reference.

Risks Relating to the Company and its Businesses

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

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

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

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

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

To be able to adapt with the potential changes, the Company continues to develop a pipeline of projects particularly in securing potential sites, continuously looking into technology that will allow the projects to be economically viable, while being competitive in terms of offer and negotiating with adequate coverage in terms of unexpected changes on the regulations. The Company monitors developments in the industry, competition, and regulatory environment to ensure that it can adapt as necessary to any change.

Heightened competition in the renewable energy sector may adversely affect the Company's business performance.

As mentioned in the section on "*Business—Competition*" on page of this 227 of this Prospectus, the Company views itself as playing within its niche among its peers both in the Philippines and regionally. Locally, ACEN has a significant international portfolio, reaching 61% of total attributable capacity as of 31 March 2023. In addition, among publicly-listed Philippine peers with over 1,500 MW in attributable capacity, only the Company has attained close to 98% of its portfolio in RE. ACEN is expected to reach 100% renewable output by 2025, spinning off all current thermal capacity, as part of the Ayala Group's commitment to achieve Net Zero greenhouse gas emissions by 2050. Net Zero is a global movement to achieve zero net greenhouse gas emissions to limit global warming to 1.5 degrees Celsius by 2050. ACEN is also unique among major Southeast Asian peer generation companies; other publicly listed regional players with capacities over 2,000 MW have less than 50% of their portfolio from RE sources, according to the Company's internal estimates and competitive scanning.

According to the DOE, the Philippine renewable energy sector only accounts for 30% of the country's total net dependable capacity as of 30 November 2022. The DOE target is to achieve 35% RE share of the total generation mix by 2030 and 50% by 2040 according to the Philippines' National Renewable Energy Program 2020-2040. With the recent significant increases in coal prices, currently thermal-dominant power generation companies are now becoming increasingly opening up their platforms to greater RE capacity to balance the potential margin downside risks from even higher thermal input costs.

After ACEN seized the opportunity to become a dominant player in the Philippine RE sector, several of the Company's peers have already announced RE capacity targets of their own. In 2021, Aboitiz Power Corporation (PSE: AP) disclosed their 50:50 target ratio between its RE and thermal portfolios by 2030. To achieve this, AP later announced a projected ₱190 billion in estimated spending targets to fund an additional 3,700 MW of attributable renewable capacity, bringing their projected total RE capacity to

4,600 MW in 2030.[3] In its 2021 Integrated Report, Meralco subsidiary Meralco PowerGen Corporation (MGEN), through MGen Renewable Energy, Inc. (MGreen), aims to invest in utility-scale renewable energy with a target installed capacity of up to 1,500 MW by 2027.[4] In its 2021 Integrated Report and in the GRI-SM ASEAN Sustainability E-Summit, First Gen Corporation (PSE: FGEN) announced the eventual phaseout of its natural gas plants to make a pathway to net zero greenhouse gas emissions by 2050.[5]

Because of the sizeable sector-wide requirement demanded by the Philippine economy, alongside the supply-demand profiles of the other markets ACEN is in, the Company welcomes the entry of large peer energy companies into the renewables space. ACEN believes that fulfilling the country's power demand will be an industry-wide effort that will require power generation companies to expand capacity to prevent unexpected outages and to deliver consistent, reliable service. As a result, while opportunities in the RE space remain broad and underpenetrated, the Company is already one of the dominant players in the Philippine and regional renewables sector.

Inability to adapt to technological changes may negatively impact the Company's competitiveness.

Among the Company's growth strategies is the adoption of new technologies, such as battery energy storage, floating solar, offshore wind, and distributed generation, with a focus on scaling up its renewable energy portfolio. See *"Competitive Strengths – New Technologies: Focus on scaling up renewable energy portfolio, utilizing new technologies*" on page 196 of this Prospectus.

Any inability of the Company to adopt such new technologies may impact its competitiveness, which would, in turn, negatively impact its business, results of operations, and financial condition. Further, the Company's future growth may be adversely affected if it is unable to adapt to such changes.

To be able to adapt to the potential changes, the Company monitors developments in the industry to ensure that it can adapt as necessary to any change. In addition, the Company utilizes the ACEN RE Tech Hub in Mariveles, Bataan, which is being used to study state-of-the-art PV modules, battery energy storage systems, and other emerging technologies that may be incorporated by the Company in its upcoming projects.

The Company will have to meet more stringent public float requirements proposed by the SEC and the PSE.

Effective 16 August 2021, PSE Memorandum Circular 2021-0046, or the Revised Policy on Index Management and Results of the Review of PSE Indices noted the following:

> "Increase in free float level requirement for index membership to 20% from the current 15% to qualify for inclusion in the PSE indices;
>
> "Early inclusion provision for issuances that can comply with specific size and liquidity criteria; and
>
> "Adjustments to the rules for insertions and removals wherein a listed company shall be included in the PSEI if it ranks 25th or higher and shall be excluded from the PSEI if it ranks 36th or lower in terms of full market capitalization."

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[3] AboitizPower Corporation. (8 September 2021). *AboitizPower eyes ₱190-B spend for RE growth*. https://aboitizpower.com/news/news/aboitizpower-eyes-190-b-spend-for-re-growth
[4] Metro Pacific Investments Corp. 2021 Integrated Report. https://www.mpic.com.ph/wp-content/uploads/MPIC_IR21.pdf.
[5] First Gen Corporation. 2021 Integrated Report. https://2021integratedreport.firstgen.com.ph/.

"The new float requirement will be implemented for the December 2022 index review to give listed companies ample time to satisfy this criterion. Meanwhile, the early inclusion provision and the rules for insertions and removals were applied in this June 2021 index review," said the memorandum.

This builds upon a previous memorandum circular of the Philippine SEC, MC No. 13 s.2017 – Rules and Regulations on Minimum Public Ownership ("**MPO**") on Initial Public Offerings, posted 29 November 2017, citing that "any company applying for the registration of its shares for the purpose of conducting an initial public offering," must "at all times, maintain an MPO of at least 20%," subject to "administrative sanctions provided under Section 54 of the Securities Regulation Code."

A previous draft released by the SEC for the comments of capital markets participants, in a Notice dated 31 May 2017,[6] had intended that "Companies with existing registration statements filed with the Commission and whose shares are listed and traded in an exchange shall increase their public float to at least twenty percent (20%) on or before the end of 2020," and "this requirement of minimum public ownership shall form part of the requirement for the registration of securities." No prohibition exists to prevent incumbent and future officials of the SEC to promulgate a similar ruling.

For ACEN, this means that its public float of ACEN's outstanding Common Shares, must reach at least 20% of the aforementioned outstanding shares by the December 2022 index review. Based on the latest Public Ownership Report submitted by ACEN to the PSE on 14 April 2023, 8,869,374,714 shares, accounting for 22.35% were held by the public as of 31 March 2023. On 29 April 2022, Ayala Corporation declared a property dividend consisting of ACEN shares acquired from ACEIC to Ayala's Common Shareholders at a ratio of three ACEN shares per one Ayala common share, subject to: (a) completion of the acquisition of ACEN shares by Ayala, and (b) applicable regulatory approvals. The record date was 27 May 2022, with payment date to be determined by Ayala Management after applicable regulatory approvals have been obtained. The property dividend declaration enables ACEN to meet the 20% minimum public ownership requirement for companies included in the Philippine Stock Exchange Index. Post-transaction, ACEIC's ownership level in ACEN will be at 57.79% from 62.48%. On 24 October 2022, the SEC issued the Certificate of Filing the Notice of Property Dividend Declaration. On 29 December 2022, the BIR released the Certificates Authorizing Registration ("CARs") to stockholders who have met the BIR requirements, including the submission of their Tax Identification Numbers. As fixed by the Management of Ayala, pursuant to its Board-delegated authority, the payment date for the Property Dividend is 9 January 2023 or, for stockholders who have not been issued a CAR by the BIR for the payment of the Property Dividend, the fifth business day following their submission of a CAR to Ayala. As of 31 May 2023, there are 841,613,988 indirect shares in the name of Ayala to be distributed as property dividends to its stockholders.

Should ACEN be unable to maintain the minimum public float requirement to retain its position within the PSE Index, and therefore be removed from the aforementioned index, market valuations of the company's shares and its market capitalization may decrease, possibly affecting the Company's reputation in the capital markets and affecting its ability to secure credit and the price of the Preferred Shares that are the to be issued under the Preferred Shares Program.

Furthermore, in the extreme case, if, as a result of prospective new rules from the SEC, the Company is unable to meet the MPO and is delisted altogether from the PSE, ACEN's access to credit and reputation in the market may be affected. ACEN closely monitors legal developments and endeavors to comply with relevant regulations.

[6] SEC Markets and Securities Regulation Department, "*Request for Comments on the Proposed Rules and Regulations on Minimum Public Ownership of Publicly Listed Companies*" issued 31 May 2017.

Volatility in commodity prices may increase project costs and, in turn, affect the Company's ability to execute projects.

With global inflation projected to fall from an estimated 3.4% in 2022 to 2.9% in 2023, then an increase to 3.1% in 2024 according to the IMF,[7] there has been significant volatility in costs over the last year resulting from multiple factors such as the sudden surge in "new normal" consumer demand, the rise of thermal fuel prices due to the Russian invasion of Ukraine, and the supply chain challenges in the shipping industry, among others.

The price of photovoltaic cell-grade polysilicon, which is used to form the cells that make up solar panels, has seen sharp price surges and plunges in recent years. Prices have gone up 112% to US$32.28 per kilogram as of the week of 25 May 2022 on the Chinese polysilicon market, according to Bloomberg. The China Silicon Industry Association quotes an average price as high as US$40.62 per kg on 22 June 2022. The global demand for solar panels was intensified by China's thrust to convert arid desert lands into solar farms and, for other countries, the volatile rise of coal, oil, and gas resulting from the war in Ukraine. Prices then started having a downward trajectory by the third and fourth quarter of 2022 after the massive capacity expansions by polysilicon manufacturing plants which caused rapid drops of up to 50%[8] within a six-week period sometime in Q4 2022. This rapid price drop was followed by a two-week surge again. As of 04 January 2023, polysilicon market spot prices published by Bloomberg New Energy Finance have fallen by 54% to US$17.51 per kilogram from August 2022's peak price of US$38.32.

Although the costs of projects already under construction are mostly fixed in the relevant EPC contracts, significant commodity cost increases may still result in the contractors renegotiating the EPC cost in the contract. As a result of the rise in the prices of key materials, development costs for the Company's EPC contract negotiations for future projects may rise further. The Company provides for possible cost overruns in its project cost as a contingeny. Further, commodity costs generally affect the global energy sector in general, which may also lead to an increase in the price of electricity that would enable the Company to protect its margins.

Any further increases in costs, or drastic changes / high volatility in prices of commodities vital in the Company's operations which make forecast/planning/execution of projects more challenging, could have a material adverse effect on the Company's business, financial condition, and results of operations.

Fluctuations in the capacity factor of renewable sources can impact the ability of the Company to match power supply with RES customers' demand; hence, in the long-term, for renewable energy to be more reliable, it must be complemented with battery storage, whose costs remain elevated.

The generation of various sources of electricity can be ascertained using either capacity factor for intermittent energy sources such as renewables, or availability for thermal sources. Capacity factor refers to "the ratio of the electrical energy produced by a generating unit for the period of time considered to the electrical energy that could have been produced at continuous full power operation during the same period," while availability refers to the "amount of time that it is able to produce electricity over a certain period, divided by the amount of the time in the period."[9] Capacity factors for renewable sources have remained significantly lower than the availability of baseload coal. The following are the plant availability and capacity factors of ACEN's portfolio, separated by technology, for the years ending 31 December 2020, 2021, and 2022 and the three-month period ended 31 March 2023:

[7] International Monetary Fund, World Economic Outlook Update: (January 2023). Inflation Peaking Amid Low Growth.
[8] Economic Times (ET) Energy World. (3 March 2023). *Unprecedented Polysilicon price volatility threatening solar power capacity, investments.*
[9] WÄRTSILÄ Encyclopedia of Marine and Energy Technology.

Plant Availability (in %)

Technology	1Q 2023	2022	2021	2020
Solar	100	99	98	99
Wind	97	94	96	96
Geothermal	100	93	96	99
Diesel	81	89	96	93
Coal	N.A.*	74**	83	84

Capacity Factor (in %)

Technology	1Q 2023	2022	2021	2020
Solar	17	15	15	17
Wind	39	26	29	27
Geothermal	99	87	95	97
Diesel	4	18	16	3
Coal	N.A.*	70**	77	74

* Due to ACEN's complete divestment of its equity interests in SLTEC in 2022.

** Represents the simple average of SLTEC's plant availability and capacity factor from January to October 2022.

To complement the relatively low-capacity factors of solar and wind, which make up most of ACEN's attributable renewable energy portfolio, the Company maintains a diversified portfolio of technologies, including quick response peaking plants. The Company matches its customer load profile with the generation profile of its portfolio, as much as possible.

Additionally, the Company will begin to utilize BESS to increase the reliability of RE plants. An example of this is the Company's first BESS project, the 40 MW Alaminos Battery Storage in Laguna, which will store power produced by the 120 MW Alaminos Solar farm. In addition, ACEN is in pre-development stages for the 15 MW Khanh Hoa Battery Storage project in Vietnam, a joint venture with AMI Renewables, which is connected to the 80 MW Khanh Hoa and Dak Lak Solar complex, and the 50-MW battery facility connected to the planned 720 MW New England Solar Farm. Lithium-ion batteries, such as the ones used for Alaminos Storage, have decreased in terms of levelized cost of electricity ("**LCOE**"). From a high of around US$800 per MWh, BESS costs have fallen to just US$169 per MWh as of 31 December 2022, or a noteworthy 79% decrease, according to Bloomberg.

The Company may be unable to maintain relationships and obligations with its existing clients.

The Company relies on income from the off-take contracts signed with its existing clients. In the Philippines, these agreements include ones with Meralco, with whom the Company has 310 MW in baseload and mid-merit contracts as of 31 March 2023, as well as 192 MW with contestable customers of ACEN's RES business. As for the international business, ACEN maintains long-term PPAs with major distribution utilities, namely, EVN in Vietnam, Perusahaan Listrik Negara ("**PLN**") in Indonesia, and Gujarat Urja Vikas Nigam Ltd. ("**GUVNL**") and Solar Energy Corporation of India ("**SECI**") in India. In Australia, the Company may sell its capacity to a merchant power market that caters to most consumer segments, from commercial/industrial to individual households. ACEN relies on power generated by its power plants to service these customers. Unexpected outages may result in inability to deliver sufficient power to customers and may pose a reputational risk to the company.

To mitigate these risks, the Company maintains a diversified portfolio of plants of varying technologies, in various locations, and with various load profiles to address the various customers' needs. Preventive maintenance activities are also performed to ensure optimal plant availability and to minimize the risk of unexpected outages. Scheduled maintenance outages are factored into the forecast of available power for supply to customers.

In addition, ACEN's experienced Commercial Operations team maintains close contact with its customers to provide solutions to any energy challenges that may arise. The Company targets customers that match the generation profile of its power portfolio.

In case of outages, the Company also has the option to source replacement power from third party sources, including the spot market.

Some contracts, including those under the Philippine Government's Green Energy Auction Program, require that new power plants are built by a certain time in order to supply the needed capacity. Failure to do so may result in penalties of financial losses and a negative reputational impact to ACEN. To address this risk, the Company ensures that it bids for projects with a reasonable lead time for completion. The Company has a good track record of timely execution of projects. Nonetheless, there is no assurance that all such projects will be completed in a timely manner.

Regulatory price caps in certain electricity spot markets may adversely impact the Company's ability to earn gains on power traded.

A significant portion of the Company's business relies on the sale and trading of power on the spot market, specifically in its two merchant markets, the Philippines (current as of 31 March 2023) and Australia (future). This is unlike in geographies wherein offtakers are characterized by dominant electricity distribution utilities, such as Vietnam (EVN), Indonesia (PLN), and India (state-specific electricity utilities).

In the Philippines, the WESM Tripartite Committee, composed of the DOE, ERC, and PEMC, agreed on an offer price cap of ₱32,000 per MWh (₱32.00 or US$0.58 per KWh) in 2014, which was amended in 2017 with the imposition of a Secondary Price Cap of ₱6,245/MWh (₱6.245 or US$0.11 per KWh) upon breach of a ₱9,000/MWh (₱9.00 or US$0.16 per KWh) rolling average price over a 3-day period aims to protect the public and prevent the repetition of excessive and unreasonable high market prices. On 15 March 2023, the ERC has begun its review of the Secondary Price Cap as it noted that based on initial analysis, the current price cap "distorts"[10] price signals from the WESM, which dampens investors' interests in the power generation sector. At the same time, ERC still deems it necessary to protect the consumers.

In Australia, the Australian Energy Market Operator ("**AEMO**"), in accordance with the country's National Electricity Rules, has set a nationwide AU$300 per MWh (AU$0.30 or US$0.21 per KWh) price cap. According the AEMO, "for National Energy Market ("**NEM**") wholesale electricity prices, the cumulative price threshold is AU$1,359,100 over a 7-day period (2016 trading intervals). This triggers an administered price cap of AU$300/MWh under the National Electricity Rules."[11]

In India, the Indian Energy Exchange[12] started offering from 15 March 2023 a new type of electricity that has a price cap of US$0.61 kWh for power generated from batteries, gas, and imported coal. The price is more than quadruple the price limit on other types of power being traded on other exchanges, which is at 12 rupees (or around US$0.15) per kWh.

In Vietnam, starting 3 February 2023, the price cap on average retail electricity price is 2,444.09 dong (or about US$0.10) per kWh, which is 28.2% higher than the previous price cap.[13]

Price caps may significantly drive down the price at which the Company can sell its power on the WESM and the NEM, should it need to engage in significant trading activities. Although advantageous when in a net buying position, this is disadvantageous in a net seller's position, which should be ideal for a

[10] Adonis, J. (15 March 2023). *WESM price cap review begins.* Philippine Daily Inquirer.
[11] AEMO, Newsroom: *"Price caps administered across multiple states."* accessed on 24 April 2023.
[12] Singh, R. (8 March 2023). *India will raise power price cap to let factories keep humming.* Bloomberg.
[13] Reuters. (6 February 2023). *Vietnam hikes electricity floor price by nearly 14%.*

power generation company. In a market wherein there is significant demand and undersupply, the Company should be able to recoup the costs of power generated and purchased. However, the price caps may disincentivize producers such as the Company to sell power if the caps make the Company unable to recoup its costs.

The Company's renewable energy portfolio ensures that power is produced at minimal variable costs since no fuel costs are incurred for production. This provides sufficient buffer for the Company to operate within the regulatory price caps.

The Company is also protected by its diversified portfolio, which includes fully contracted portfolios in Vietnam, Indonesia, and India, which are tied to feed-in tariff and fixed-tariff contracts with respective state distribution utility offtakers. These are not affected by price caps imposed by law, as these typically apply to spot prices only. The Philippines and Australia are the Company's only merchant markets.

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

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

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

The Company may not be able to identify or make suitable acquisition and investment, value realization and portfolio restructuring opportunities on beneficial terms, or obtain financing necessary to complete and support such acquisitions and investments. Regulation of merger and acquisition activity by relevant authorities or other national regulators may also limit the Company's ability to engage in future acquisitions or mergers. The impact on the Company of any future acquisitions or investments cannot be fully predicted and any of the risks outlined above, should they materialize, could have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The Company nonetheless has shown capability to develop meaningful partnerships, has been agile and fast in decision making and adept in structuring deals with potential partners. While the Company embarks on acquisitions to grow its portfolio, the Company also ensures it has its own portfolio of assets under development to secure its growth strategy.

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

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

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

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

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

As potential regulatory changes are an inherent risk on the industry where the Company is operating, the Company keeps track and remains up to speed on such potential changes, analyzes impact and conducts risk assessment as necessary, and develops means to be able to cover such potential risks.

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

The Company's expansion and growth plans are expected to require significant fundraising. ACEN estimates that to achieve its goal of 20 GW by 2030, it will need to raise large amounts for capital expenditures ("capex"). In 2023 alone, the Company projects capex to reach ₱50 to 70 billion for the year. The Company's continued access to debt and equity financing as a source of funding for new projects, acquisitions, and investments, and for refinancing maturing debt is subject to many factors, including: (i) laws, regulations, and internal bank policies limiting bank exposure to a single borrower or related group of borrowers; (ii) the Company's compliance with existing debt covenants; (iii) the ability of the Company to service new debt; (iv) the macroeconomic fundamentals driving credit ratings of the Philippines and other jurisdictions; and (v) perceptions in the capital markets regarding the Company and the industries and regions in which it operates and other factors, some of which may be outside of its control, including general conditions in the debt and equity capital markets, political instability, an economic downturn, social unrest, changes in the regulatory environments where any power projects are located or the bankruptcy of an unrelated company operating in one or more of the same industries as the Company, any of which could increase borrowing costs or restrict the Company's ability to obtain debt or equity financing. There is no assurance that the Company will be able to arrange financing on acceptable terms, if at all. Any inability of the Company to obtain financing from banks and other financial institutions or from capital markets would adversely affect the Company's ability to execute its expansion and growth strategies.

The Company nonetheless is on track on enhancing its balance sheet: (i) it has low debt and debt servicing levels built on assets with proven track record of generating reliable cash returns; (ii) it invests into projects that are economically viable; and (iii) it anticipates potential impacts to future performance of the projects caused by changes on the regulatory environment that can have impact on the future performance of the projects and strives to be a partner of choice for potential investors to secure financing for its projects. It is well-managed by reputable finance professionals overseen by the Board of Directors, which enhances the credit profile of the Company as a borrower. The Company also maintains regular communication with its relationship banks to ensure continued availability of credit facilities.

The Group may face risks associated with debt financing and refinancing activities.

ACEN, similar to certain Group companies, is party to several loan agreements. Consequently, the Group may be subject to risks normally associated with debt financing, including the risk that it may not be able to meet required payments of principal and interest under such financing. If there is a failure or delay in the payment of any Group company, such Group company could be declared in default resulting in all amounts becoming immediately due and demandable. Pursuant to the terms of certain agreements, a payment default by a Group company could trigger a cross-default on such Group company's other obligations, or those of other Group companies. The Group may also be subject to the risk that it may not be able to refinance its indebtedness or that the terms of such refinancing will not be as favorable as the terms of existing indebtedness. In addition, the Group may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations. Such covenants may restrict the ability to acquire properties or require it to set aside funds for maintenance or the paying back of security deposits.

Further, certain Group companies have constituted securities over their respective properties to cover debt financing. In the event that such Group company is unable to meet interest or principal payments in respect of such indebtedness, the properties or any of them could be foreclosed by or otherwise transferred to the creditor, or the creditor could require a forced sale of such property with a consequent loss of income and asset value to the relevant Group company.

To mitigate this risk, the Company takes a prudent approach to financial management and cost control, closely monitoring the capital and cash positions and maintaining discipline in the capital commitments. As the Company secures financing to further support its investment strategy in the future, it will continue to employ a healthy mix of debt and equity to fund its operations.

In view of additional loan drawdowns towards the end of 2019 in preparation for (a) the funding of new projects of the Company, particularly the 120MWdc solar power plant in Alaminos, Laguna and the installation of the 150MW initial phase of modular engines in the diesel plant in Pililia, Rizal, and (b) the acquisition of additional shares in NLREC, SacaSol and IslaSol, the Company expected that it will not meet certain financial ratios for 2019 in some of its outstanding loan facilities with Philippine banks having an aggregate outstanding principal amount of ₱3.6 billion. To avoid triggering any breach under the terms of the relevant loan facilities, the Company sought and was granted by the lenders a waiver of the financial covenants on debt service coverage ratio and the debt-to-equity ratio of the Company for the 31 December 2019 testing.

For the 31 December 2020 testing, the Company expected that it will again not meet certain financial ratios for 2020 in some of its outstanding loan facilities with Philippine banks having an aggregate outstanding principal amount of ₱1.68 billion. This was on account of additional loan drawdowns throughout 2020, necessitated by the delay in the planned capital infusion from the Rights Offer, to fund, in addition to the projects mentioned above for 2019, the 60MWdc solar power plant in Palauig, Zambales and the installment payment to acquire shares in SLTEC. To avoid triggering any breach under the terms of the relevant loan facilities, the Company sought and was granted by the lenders a waiver of the financial covenants on debt service coverage ratio, debt to equity ratio and current ratio of the Company for the 31 December 2020 testing.

For the 31 December 2021 and 2022 testing, the Company was in full compliance with all the terms and covenants of each of these facilities.

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

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

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

Changes in tax policies, affecting tax exemptions and tax incentives could also adversely affect the Company's results of operations.

Certain Associates of the Company are registered with the BOI and PEZA as new operators with pioneer status and non-pioneer status for greenfield projects and benefit from certain capital tax exemptions and tax incentives, deductions from taxable income subject to certain capital requirements and duty-free importation of capital equipment, spare parts, and accessories.

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

Similar to continuously monitoring potential changes in the regulatory environment, the Company anticipates the impact of potential changes on its projects' tax incentives. Whenever possible, contracts are negotiated to include provisions protecting the Company from any potential increases in tax due owing to the revocation or repeal of the tax incentives currently available to its projects.

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

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

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

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

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

In the last week of November 2021, "Omicron," a new variant of the coronavirus, emerged. Considered as a highly contagious strain of COVID-19, Omicron prompted a return to stricter quarantine measures from 3 January 2022 to 31 January 2022. Due to a reduction in the number of active cases, NCR has been on Alert Level 1 since 1 March 2022 and remained under such alert level until 30 April 2023.

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

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

The project construction in Vietnam was impacted by the recent COVID-19 outbreak in the country, wherein stricter restrictions of travel and movement of both people and equipment are imposed. This led to restricted access of foreign consultants to the site and construction delays. The Vietnamese government did not extend the deadline for wind projects to achieve FIT subsidies on 31 October 2021. As a result, according to Al Jazeera, 62 wind assets owned by several different companies became stranded assets without offtake agreements.[14] For ACEN, only the 60 MW Lac Hoa & Hoa Dong Wind project missed the FIT deadline, which was already provisioned for in the full-year 2022 financials.

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

[14] "After renewables frenzy, Vietnam's solar energy goes to waste," Al Jazeera. https://www.aljazeera.com/economy/2022/5/18/after-renewables-push-vietnam-has-too-much-energy-to-handle

AUD100,000 for small and medium-sized businesses. Australia's federal budget document in May 2021 also revealed that about AUD311 billion has been spent for direct economic and health support in the country since the onset of the pandemic.

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

Prior to any official social restrictions in Indonesia, in support of its economy, Indonesian President Joko Widodo issued the country's first stimulus package worth US$725 million on 25 February 2020, providing fiscal incentives to support the country's tourism, aviation, and property industries as well as allocating US$324 million to low-income households. In March 2020, the government announced two stimulus packages totaling to US$33.1 billion covering tax reliefs, healthcare spending, and social protection. On 31 March 2020, by virtue of Presidential Decree No. 11 of 2020, the President of Indonesia declared COVID-19 a "Public Health Emergency" ("Darurat Kesehatan Masyarakat") and on 13 April 2020 through Presidential Decree No. 12 of 2020, a "National Disaster" ("Bencana Nasional"). The government of Indonesia implemented various protective measures, including large-scale social restrictions ("Pembatasan Sosial Berskala Besar"), imposing temporary travel restrictions on inbound travellers, closing of certain schools and workplaces, the cancellation of hajj pilgrimage which about 200,000 Indonesians were preparing to make, and bans on activities in public places. On 18 May 2020, the government announced another US$43 billion in economic stimulus supporting state-owned enterprises and subsidizing loan repayments. In September 2020, Jakarta again went into large-scale social restrictions as cases in the capital city continued to rise. By October 2020, Indonesia has been placed in varying degrees of lockdowns until the country's President lifted all COVID-19-related restrictions nationwide in December 2022.

In India, a nationwide lockdown was first announced on 24 March 2020 putting the country into a lockdown for 21 days. The lockdown was subsequently extended until 3 May then 17 May then 31 May, with relaxations for regions where the diseases is thought to be contained. On 30 May, restrictions were lifted for some areas, while extensions were implemented only for containment zones with businesses and services resuming in phases ("Unlock 1.0"). Subsequent easings named Unlock 2.0, 3.0, 4.0, 5.0, 6.0, and 7.0 followed thereafter for the months of July to October. In aiding its people and its economy, India first announced a relief package worth US$22.6 billion to assist its poor population during the pandemic. On 12 May 2020, Narendra Modi announced another relief package worth US$266 billion in fiscal and monetary measures to support the economy. On 12 November 2020, the country's finance minister also announced another US$35.7 billion stimulus package which is aimed to incentivize job creation and boost real estate investments. Due to a second wave of infections in the county and the onset of the Delta variant infections, several localized lockdowns were again introduced beginning April of 2021 until the country's authorities slightly reduced COVID-19 related restrictions in February 2023.

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

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

- the severity and duration of the pandemic, including whether there is a "second wave" or "third wave" or other additional periods of increases or spikes in the number of COVID-19 cases in future periods in areas in which the Company operates;

- the duration and degree of governmental, business or other actions in response to the pandemic, including but not limited to quarantine, stay-at-home or other lockdown measures as well as measures taken by the Company's regulators;
- restrictions on operations up to and including complete or partial closure of offices, plants and other facilities;
- restrictions on travel or mobilization, which may result in supply chain disruptions and delays in construction;
- economic measures, fiscal policy changes, or additional measures that have not yet been effected;
- the health of, and effect of the pandemic on, the Company's personnel and the Company's ability to maintain staffing needs to effectively operate its power generation portfolio;
- evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures;
- dampened demand due to lower consumption, shutdown of businesses, and restrictions on operations of various industries;
- impacts — financial, operational or otherwise — on the Company's supply chain, including manufacturers, suppliers and third-party contractors, particularly for ongoing maintenance and construction of certain plants and facilities;
- volatility in the credit and financial markets during and after the pandemic;
- the impact of any litigation or claims from customers, suppliers, regulators or other third parties relating to COVID-19 or the Company's actions in response thereto;
- the pace of recovery when the pandemic subsides; and
- the long-term impact of the pandemic on the Company's businesses.

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

Even during quarantine measures continue, with various levels of restrictions applicable to certain areas, DOE recognized that energy utilization is a basic necessity and is vital to the society. To this end, DOE allowed the movement of energy related goods and the movement of energy related personnel subject to adherence to necessary public health precautions prescribed by the DOH. As such, the Company's operating plants continued to produce power during the COVID-19 pandemic.

Cybersecurity threats or other breaches of network or IT security may have an adverse effect on the Company's business if not identified immediately.

The cybersecurity landscape is rapidly evolving. New technologies and systems being installed in the name of advanced capabilities and processing efficiencies may introduce new risks which could potentially challenge the Company's ability to properly identify, assess and address such risks if not assessed effectively. These risks are heightened by work from home protocols necessitated by the various quarantine measures in response to the COVID-19 pandemic.

These new technologies and systems increase the Company's exposure to various forms of cybersecurity threats, which could result in disruption of business operations, damage to reputation, legal and regulatory fines and customer claims. Cybersecurity threats may include gaining unauthorized access to the Company's systems or inserting computer viruses or malicious software in its systems to misappropriate data and other sensitive information, corrupt the Company's data or disrupt its operations. Unauthorized access may also occur through traditional means such as the theft of laptop computers, data devices and mobile phones and intelligence gathering on employees with access. Further, the Company's employees or other persons may have unauthorized or authorized access to the Company's systems and/or take actions that affect the Company's networks in a manner which is inconsistent with its policies or otherwise adversely affects the Company's ability to adequately process internal information.

As of the date of this Prospectus, the Company has not been the subject of any cybersecurity breaches or threats that have resulted in major losses, business disruption or damage to the Company's reputation. However, any significant cyber-attack or data leakage from either known or unknown threat vectors that could not be mitigated by existing tools and capabilities may result in a material adverse effect on the Company's results of operations, reputation and financial condition. To manage these risks, the Company continuously adopts new technologies, including in the areas of cyber security, and provides periodic cybersecurity training to all its employees.

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

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

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

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

To mitigate such risks, the Company structures the organization in such a way that there is development and advancement opportunities for each individual within the organization, maintains competitive benefits and compensation structure and ensures provision of training to its employees.

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

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

For the Philippines, it adopted a FIT program in 2010 for eligible renewable power projects from wind, solar, hydro, biomass, and hybrid energy sources, among others. In the Philippines, eligible renewable power plants are granted a 20-year entitlement. However, by law, will gradually decrease with the catch-up of solar and wind. In July 2020, the ERC released Resolution No. 06, Series of 2020, adjusting the FIT rates for qualifying RE projects.

Subsequent to the FIT program in the Philippines, the DOE also issued the RPS Rules for On-Grid Areas and Off-Grid Areas in 2017 and 2018, respectively. The RPS is a market-based policy that mandates power distribution utilities, electric cooperatives and retail electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy facilities. The RPS Rules established a minimum annual RPS requirement. This was initially set at 1% to be applied to the net electricity sales of the mandated participant for the previous year, and thereafter adjusted by the DOE as may be necessary. In September 2022, the DOE released Department Circular No. DC2022-09-0030, "Prescribing the Adjusted Annual Percentage Increment to be Imposed on All Mandated Participants of the Renewable Portfolio Standards for On Grid Areas," mandating the minimum annual incremental RE percentage for all Mandated Participants to be increased from 1% to 2.52% in 2023.

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

For Australia, there is no national scheme in place and FIT programs vary by state. FITs for RE are intended for excess electricity generated by small-scale solar PV or wind power systems. For a solar PV system to be eligible, it must be installed on a household or small-businesses or connected to the grid within the NEM.[15] For 2023-2024 starting 1 July 2023 the Essential Services Commission ("**ESC**"), the independent economic regulator established by the State Government of Victoria, Australia[16] will be implementing a flat rate minimum FIT of 4.9 Australian cents per kWh, which will be applied regardless of the time of day or day of the week. This is lower than 5.2 Australian cents per kWh from 1 July 2022 to 30 June 2023, due to lower daytime wholesale electricity prices. To provide more options for consumers, ESC also suggests options for the time-varying FITs that retailers can offer to their solar customers. The ESC has updated those options as described below:

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[15] Government of Australia: Department of Climate Change, Energy, the Environment and Water. *Electricity feed-in tariff.* https://www.energy.gov.au/rebates/electricity-feed-tariff

[16] Essential Services Commission 2023. (27 February 2023). *Minimum Electricity Feed-in Tariffs to Apply From 1 July 2023: Final Decision*. https://www.esc.vic.gov.au/sites/default/files/documents/FDP%20-%20Minimum%20feed-in%20tariffs%20to%20apply%20from%201%20July%202023%20-%2020230227_1.pdf

- Time-varying feed-in tariff option 1: customers are credited between 4.4 cents and 11.3 cents per kWh of electricity exported, depending on the time of the day; and

- Time-varying feed-in tariff option 2: customers are credited between 3.9 cents and 10.6 cents per kWh of electricity exported, depending on the time of the day.

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

Similar to continuously monitoring potential changes in the regulatory environment, the Company anticipates the impact of potential changes on its projects' financial incentives. Whenever possible, contracts are negotiated to include provisions protecting the project companies from any potential increases in tax due owing to the revocation or repeal of the tax incentives currently available to its projects.

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

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

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

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

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

In entering into partnerships, the Company ensures that there are adequate protection clauses on the shareholder agreements to protect the interest of the Company. The criteria for the selection of potential partners also ensure that the Company is only working with those that are aligned with its core values.

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

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

For the Company's projects under development, the estimated time frame and budget for the completion of critical tasks may be materially different from the actual completion date and costs, which may delay the date of commercial operations of the projects or result in cost overruns. For example, due to the impact of COVID-19 and related travel and movement restrictions in Vietnam, construction of certain renewable energy projects in the country, including the Company's projects, has been interrupted. For ACEN, only the 60 MW Lac Hoa & Hoa Dong Wind project missed the FIT deadline, which was already provisioned for in the full-year 2022 financials.

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

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

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

Given its growth target and considering the challenges on development, the Company ensures that it has adequate pipeline of projects to manage potential delays, and has a team specifically focused on development up to bringing a plant into construction and eventually commercial operations in the Philippines and international operations. In addition to green field developments, the Company keeps an open eye on potential mergers and acquisitions as well as partnership with other development companies to be on track with its growth targets.

Any restriction or prohibition on the Company's Associates' or joint ventures' ability to distribute dividends would have a negative effect on its financial condition and results of operations and its own ability to distribute dividends on the Preferred Shares.

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

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

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

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

Overall, the Company monitors potential regulatory impacts on its projects and anticipates means to manage the impact of any regulatory changes. The Company also regularly tracks the performance of its projects to ensure delivery of budgeted results including distribution of the dividends to the Company.

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

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

- breakdown or failure of power generation equipment, transmission lines, pipelines or other equipment or processes, leading to unplanned outages and operational issues;
- flaws in the equipment design or in power plant construction;
- issues with the quality or interruptions in the supply of key inputs, including fuel or water;
- material changes in legal, regulatory or licensing requirements;
- operator error;
- performance below expected levels of output or efficiency;
- actions affecting power generation assets owned or managed by the Company, its Associates, joint ventures or its contractual counterparties;
- pollution or environmental contamination affecting the operation of power generation assets;

- claims or issues in relation to potential environmental, ecological and social effects in relation to the sites of its power development projects;
- force majeure and catastrophic events including fires, explosions, earthquakes, volcanic eruptions, floods and terrorist acts that could cause forced outages, suspension of operations, loss of life, severe damage and plant destruction;
- planned and unplanned power outages due to maintenance, expansion and refurbishment;
- inability to obtain or the cancellation of required regulatory, permits and approvals; and
- opposition from local communities and special interest groups.

There is no assurance that any event similar or dissimilar to those listed above will not occur or will not significantly increase costs or decrease or eliminate revenues derived by the Company and its Associates from their power projects.

As above risks are inherent in the industry where the Company's projects operate, the Company ensures that contracts with suppliers cover portion of the risks, there are proper insurance coverages in case of the occurrence of events hampering the projects' operations and develops an operations team that focuses on monitoring plants' performance and ensures proper repairs and maintenance procedures or capital expenditures are conducted at the right time.

Permits and approvals are regularly monitored by a team to ensure that all are properly renewed and maintained. Regular dialogues are conducted and Corporate Social Responsibility activities are implemented in the community where the projects are located.

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

The Company is currently involved in the administration and management of the output and operation and maintenance of a coal power plant in Batangas with the goal of decommissioning the plant by 2040. The enactment of an international agreement on climate change or other comprehensive legislation focusing on greenhouse gas emissions could have the effect of restricting the use of coal. Other efforts to reduce greenhouse gas emissions and initiatives in various countries to use cleaner alternatives to coal such as natural gas may also affect the use of coal as an energy source. For example, in October 2020, the DOE declared a moratorium on endorsements for greenfield coal power plants as its most recent assessment revealed the need for the country to shift to a more flexible power supply mix.

In addition, technological developments may increase the competitiveness of alternative energy sources, such as renewable energy, which may decrease demand for coal generated power. Other efforts to reduce emissions of greenhouse gases and initiatives in various countries to encourage the use of natural gas or renewable energy may also discourage the use of coal as an energy source. Similarly, recent trends in investment mandates and strategies favoring renewable over conventional energy sources may make it more difficult for the Company to obtain financing or refinance existing financing in respect of its thermal coal projects. The physical effects of climate change, such as changes in rainfall, water shortages, rising sea levels, increased storm intensities and higher temperatures, may also disrupt the Company's operations. As a result of the above, the Company's administration and management of the output and operation and maintenance of the coal plant may be materially and adversely affected before the intended decommissioning date by 2040.

The Company keeps track of potential changes in the climate and regulations that may affect the coal power plant. To prepare for such changes, the Company is collaborating with the owners of the coal power plant for the development of strategies for the early decommissioning of the coal power plant.

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

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

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

The cost and effects of compliance with environmental laws, particularly on violations thereof are specified in the relevant regulations of the DENR. To this effect, the Company exerts its best efforts to comply with regulations as it develops its projects.

See also discussion on "*Legal Proceedings – Power Barge 102 Oil Leakage*" on page 230 of this Prospectus.

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

Due to the nature of the business of power project development and operations, the Company and its project companies engage or may engage in certain inherently hazardous activities, including operations at height, use of heavy machinery and working with flammable and explosive materials. These operations involve many risks and hazards, including the breakdown, failure or substandard performance of equipment, the improper installation or operation of equipment, labor disturbances, natural disasters, environmental hazards and industrial accidents. For example, on 3 July 2020, Power Barge 102, a diesel barge located in Iloilo, Philippines discharged fuel oil in in the coast of Iloilo City resulting in the temporary displacement of over 60 households. Initial findings revealed that the discharge was attributable to the ignition of fuel oil in storage, which ruptured the barge's fuel tank. The leakage was contained with the aid of the Philippine Coast Guard, Petron Corporation, and Global Business Power Corp. and skimming of the remaining floating residue was done with the aid of Shell Philippines. The Company engaged Harbor Star Shipping Services, Inc. to finish the clean-up of both the waters and the coastline. Households within the neighboring area were temporarily relocated in coordination with local government officials while their surroundings underwent clean-up. These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in suspension of the development or operations of any of the power projects or even imposition of civil or criminal penalties, which could in turn cause the Company or any of the project companies to incur substantial costs and damage its reputation and may have a material adverse effect on the Company's business, financial condition and results of operations.

Given above risks, the Company procures proper insurance coverages, complies with various health and security measures, implements a culture of safety in the working environment, conducts proper and timely repairs and maintenance of the plants, and regularly trains employees on safety and security.

See also discussion on "*Legal Proceedings – Power Barge 102 Oil Leakage*" on page 230 of this Prospectus.

Grid curtailments may limit the generation capacity of power projects.

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

To manage such risk, the Company works closely with the grid operator to ensure that there is adequate capacity on the grid covering for the sites and projects it undertakes. Grid capacity availability is a key criterion on assessing the viability of a project in addition to consideration of the transmission development plan of NGCP and other grid operators in its international operations.

The Company enters into transactions with related parties.

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

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

The Company has instituted internal policies with respect to related party transactions and the Company ensures that it is compliant with the policies instituted on transactions involving related parties. Relevant related party transactions are also discussed at the Related Party Committee or Audit and Risk Committees of the companies who oversee such matters. Further, the Company will be complying with BIR Revenue Regulation No. 19-2020 on the disclosure of related party transactions.

For further information on the Company's related party transactions, see "*Related Party Transactions*" on page 377 of this Prospectus.

The Company is exposed to credit and collection risks.

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

Given potential collection risk, the Company conducts review of the capability of its potential wholesale and retail clients as part of the accreditation process. Clients are also requested to put in security deposits equivalent to a certain period of their consumption.

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

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

Currently, the PPA and FIT contracts of the existing offshore assets in Vietnam have foreign currency adjustments and the PPA and FIT contracts of the existing offshore assets in Indonesia have foreign currency and inflation adjustments to mitigate the impact of market fluctuations.

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

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

The Company regularly reviews its insurance coverage and benchmarks it with the industry trends and keeps track of the insurance claims conducted in the past. The Company also continues to explore further means to strengthen its insurance coverages including participating in the Ayala Group's insurance optimization initiative to augment its existing insurance policies, which include optimizing coverages within a bigger pool to achieve scale and generate diversification for new types and approaches to loss mitigation to address plant-specific risks.

The Company may be adversely affected by WESM price fluctuations.

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

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

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

As it has been trading in the spot market since 2006, the Company has gained valuable experience in trading at the WESM. This experience will allow the Company to continue to take advantage of further opportunities in the WESM that will allow it to supplement the power generation business.

The Company's ability to produce and source electricity from various sources allows it to take advantage of trading opportunities in the WESM by purchasing power for its customers and/or selling excess supply if costs are less than the prevailing prices in the WESM.

ACEN has a portfolio of operating projects and projects under construction in Indonesia, Vietnam, India, and Australia. For projects in Indonesia and India, all projects currently have long term off-take contracts with respective distribution utilities in their locations. For Vietnam, operating projects are currently under long-term contracts with FIT, while projects under construction are also intended to qualify for applicable FIT.

The Company is dependent on the support of ACEIC in the interim.

The Company and ACEIC has a Management Contract effective 1 September 2018, with a term of five years, pursuant to which ACEIC provides certain services such as, but not limited to, human resources, corporate affairs, legal, and finance. The Management Contract will not be renewed as ACEN has developed its own in-house management team to render these services.

Damage to reputation or brand erosion arising from internal or external factors may negatively affect the Group's business.

The Group is exposed to various reputational risks, from those which may result directly from the Group's actions or those of its competitors, indirectly from actions of the Group's directors, officers or employees, or consequently through actions of outsourced partners, suppliers or joint venture partners. To manage such risks, the Group endeavors to adhere to sound corporate governance practices in the appointment of its directors and officers, and in hiring of its employees. Further, the Company carefully scrutinizes potential partners and suppliers to ensure that such partners and suppliers are aligned with its core values.

Damage to the Group's reputation and erosion of brand equity may also be triggered by any inability to promptly and adequately address negative sentiments relating to the Group, which may in turn be triggered by various factors such as environmental concerns, among others. Any inability to preserve brand equity and reputation may adversely impact the Group's results of operations and financial condition. While the Group has dedicated investors relations and corporate communications teams, there can be no assurance that the Group will be able to adequately address such negative sentiments. Any inability to preserve brand equity and reputation may adversely impact the Group's results of operations and financial condition.

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

On 21 February 2022, Russian president Vladimir Putin announced that Russia recognizes the independence of two pro-Russian breakaway regions in eastern Ukraine. On 22 February 2022, the Russian Federation Council unanimously authorized the use of military force, and the entry of Russian soldiers into both territories. On 24 February 2022, places across Ukraine, including Kyiv, the national capital, were struck with missiles as the Russian Federation launched its "special military operations" in Ukraine (which soon after escalated to become the "Russian invasion of Ukraine" or the "War"). The Ukrainian Border Guard reported attacks on posts bordering Russia and Belarus. Shortly afterwards, Russian Ground Forces entered Ukraine prompting Ukrainian President Volodymyr Zelenskyy to enact martial law and general mobilization. Armed conflict between Russian and Ukrainian forces swiftly ensued, killing and injuring thousands of military and civilian personnel and destroying public and private infrastructure in targeted Ukrainian cities and frontline areas- all of which continue to take place as of the date of this Prospectus.

As a response to Russia's invasion, Western nations have imposed financial economic sanctions against Moscow which include: ban on transactions with Russia's central bank; banning on new investment and freezing of assets of several Russian political and business leaders; exclusion of some Russian banks from the Society for Worldwide Interbank Financial Telecommunication (or SWIFT) system, a global network for transferring payments; and exit of big multi-national companies – such as McDonald's, PepsiCo, the top four audit firms, H&M, Ikea, top global banks, and Starbucks, to name a few - from Russia's domestic economy. By March 2022, the conflict escalated the global food crisis as

Ukraine's government announces a ban on a number of agricultural exports. This drove up world food prices to reach a record high, with food price index increasing by 14.3%[17] from 2021. Ukraine is the world's leading exporter of sunflower seed oil, a vital input in many food products, and as a consequence of the immediate disruption to the global supply, overall vegetable oil prices have gone up. In addition, Ukraine, along with Russia, supply around 30% of global wheat exports, another staple and vital input in various food products, particularly to Armenia, Mongolia, Laos, Kazakhstan, and Azerbaijan, all of which have been importing 98-100%[18] of their country's wheat supply from Ukraine/Russia.

As Russia is one of the world's biggest producers of oil and gas and a major exporter to Europe, many European countries, being mainly dependent on Russian oil and gas, are facing foreseeable economic consequences should gas and oil trade with Russia get halted either partially or completely. Both Russia and Ukraine are major exporters of raw materials for thermal energy production, namely coal, oil, and gas. In addition, Ukraine is an important transit country for supplies of oil and natural gas from Russia to countries throughout Europe, and prior to the war, also a major exporter of coal.[19] To impose sanctions on Russia as a result of the invasion, the United States has banned the importation of Russian oil and gas, while the United Kingdom has committed to phase out the said petroleum products by the end of 2022. With sanctions and conflict cutting thermal raw material supply in both countries, market expectations of oil and gas production from Russia, as well as coal production from Ukraine, have similarly been reduced. Global market prices of petroleum and coal products in general subsequently began to rise, with Newcastle coal (ICE commodity symbol: NEWC) reaching US$336.00 per metric ton[20] and Brent Crude Oil reaching US$118.05 per barrel[21].

The resulting effect is that the War has contributed to rising oil and gas prices beyond the EU. In the wake of Russia's invasion of Ukraine, global oil prices reached as high as US$120 per barrel in March 2022 from around US$76 in January 2022. On 5 September 2022, European benchmark gas contract jumped by over 30%[22] at the start of trading after Russia announced it would halt gas flows on the Nord Stream I pipeline to Germany. As a response to the sanctions and mitigate its losses, Russia has been redirecting its oil exports away from its traditional European markets to Asian countries including China, India, and Turkey. Since March 2022, Russia has been selling oil at a discount, notably to China and India whose combined oil imports from Russia had overtaken those from EU member states. However, despite attractive prices for the Asian market, payments processing for oil trade is still a challenge since Russian entities have been banned in SWIFT. European countries, meanwhile, have been importing liquefied natural gas–(LNG) - which is widely used for cooking, heating homes, generating electricity, and in many commercial and manufacturing processes - more from the Australia, Qatar, United States, and Algeria, Overall, especially during the first few months of the War, fears of global supply shortages and the sudden changes in inter-country trade arrangements had contributed to the rise in cost of fuel, which in turn has increased global commodity prices.

In the Philippines, since the country remains mostly dependent on thermal energy, spot market prices remain elevated. The rise in global oil prices resulted in an increase in WESM prices, which negatively impacted ACEN in the first quarter of 2022. The Company purchased more power than it produced, due in part to the extended maintenance outage of SLTEC during the same period. While the Company benefitted from elevated WESM prices in the second quarter of 2022, as it sold more power than it purchased from the WESM, and although it aims to balance its supply and demand for power, there is no guarantee that it will be able to maintain a net selling position or that no unanticipated outages will occur which will require it to purchase power. As a result, any further increase in the cost of fuel and in WESM prices may increase the Company's costs, which could negatively impact the results of its

[17] Food and Agriculture Organization (FAO) of the United Nations
[18] Statista, "Share of imports from Russia and Ukraine in total imports of meslin and wheat as of June 2022, by country"
[19] U.S. Energy Information Administration. https://www.eia.gov/international/analysis/country/UKR
[20] As of 18 March 2022, end of trading, for March 2022 contracts.
[21] As of 18 March 2022, end of trading, for front-month contracts.
[22] DW News, "European gas prices soar amid Russia pipeline shutdown"

operation. The Company has also experienced an increase in panel prices which increases total project costs.

In other countries where ACEN has operations in, the effects of the war in the overall economies of each are as follows: (i) Australia, being the top LNG exporter in 2022,[23] has seen strong uptick of almost 20% in LNG exports in September 2022 amid a global energy crisis due to the War. (ii) India emerged as the top customer of crude oil from Russia in 2022. (iii) Indonesia saw prices of its staples rising faster due to more expensive coal, crude oil, and corn and wheat imports. Indonesia imports huge amounts of wheat from Ukraine for its production of noodles, a heavily consumed commodity domestically, and imports fertilizer from Russia. Also, for Indonesia, the government applies price subsidies to fuel, liquid petroleum gas (LPG), and electricity to maintain low prices for the public, but in September 2022, the government cut its subsidies due to pressures in rising international oil prices that squeezed their national budget. The decrease in subsidies prompted about 30%[24] increase in fuel prices which has been a politically sensitive issue in the country. Lastly, (iv) Vietnam faced instances of oil shortage and petrol hoarding that escalated prices. The country also imports fertilizer, iron and steel, coal, and agricultural products from Ukraine and Russia and due to the trade disruptions, the country saw a rise in commodity prices.

As of November 2022, over 1,000 multi-national companies have either closed shops in Russia permanently, stopped importing from or exporting to Russia, or stopped providing or availing of services to or from Russian entities. On 25 February 2023, the Council of the European Union introduced the tenth package of sanctions against Russia which included a prohibition on Russian nationals and entities booking gas storage capacity within the EU member states. As the War continues, the long-term effects on the global economy remain uncertain.

Should the War in Ukraine continue, high power prices may adversely impact ACEN's trading position as a buyer on the WESM. However, with the completion of new projects, the Company has been able to shift to a net selling position, which will enable it to benefit from elevated power prices in the merchant market without the higher costs associated with raw materials for thermal resources.

The prospects of the Company may be influenced by major political and economic developments abroad.

The growth and profitability of the Company may be influenced by major political and economic developments, which may have a negative effect on the operations and financial results of the Company.

On 9 March 2023, stocks of Silicon Valley Bank ("**SVB**"), a bank specializing in providing financing for tech startups and accounted for financing of almost have of US venture-backed technology and health care companies with US$209 billion in total assets as at end-2022, fell by 60%[25] after it announced its plan to raise more than US$2 billion in capital to recover from losses of sale of bonds. On 10 March 2023, U.S. Federal bank ("**Fed**") officials have arrived at the headquarters in Santa Clara, California to close the bank, and later in that day the Federal Deposit Insurance Corporation ("**FDIC**") made a record withdrawal of US$40 billion[26] from the Treasury General Account to seize control of SVB. Factors that drove the collapse of SVB include rising inflation and higher interest rates that eroded the value of long-

[23] Statista, "Countries with largest liquefied natural gas (LNG) export capacity in operation worldwide as of July 2022"
[24] Associated Press, "Indonesia Hikes Fuel Prices by 30%, Cuts Energy Subsidies"
[25] CNBC. (9 March 2023). *Shares of SVB Financial fall 60% as tech-focused bank looks to raise more cash*. https://www.cnbc.com/2023/03/09/svb-financial-falls-more-than-50percent-as-tech-bank-looks-to-raise-more-cash.html
[26] Al Jazeera. (15 March 2023). *Timeline: How US gov't scrambled as Silicon Valley Bank collapsed.* https://www.aljazeera.com/economy/2023/3/15/timeline-how-us-govt-scrambled-as-silicon-valley-bank-collapsed

term bonds and government securities that SVB and other banks have been holding since the pandemic (era of low-interest rates), and the drawdown of funds by startups as venture capital began drying up[27].

On 12 March 2023, Fed regulators shut down Signature Bank, a New-York based bank with US$110.36 billion assets as of end-2022, as its depositors withdrew large amounts of money from fears of contagion following the SVB collapse. The succeeding days saw stocks of regional banks in the U.S. plunge, particularly those of First Republic Bank which dropped by more than 46%[28] on 20 March 2023 following S&P Global's downgrading of its credit rating to junk status, and despite a preventive measure by 11 of the biggest banks in the U.S. which collectively offered a US$30-billion rescue package for First Republic Bank to prevent its collapse.

On 15 March 2023, shares of Credit Suisse, one of the leading financial services companies in the world, tumbled by 24%[29] on the Swiss Exchange after its top shareholder, Saudi National Bank, disclosed that it can no longer provide any more cash to the bank- which faced sell-off following the SVB fall out- due to regulatory restrictions. On 19 March 2023, UBS, Switzerland's largest bank in terms of total assets agreed to take over Credit Suisse for US$3.2 billion, on the conditions that (i) the Swiss National bank, Switzerland's central bank, will lend up to 100 billion Swiss francs (or about US$108.7 billion) to UBS; (ii) US$17 billion-worth of Credit Suisse's bonds be wiped out; and (iii) the regulatory requirement of obtaining UBS shareholders' approval on the deal be eliminated. The merger is expected to be completed by the end of 2023 and as part of the process, Credit Suisse shares will be delisted from the Swiss and New York stock exchanges[30].

The abovementioned events have been and may continuously trigger fears amongst investors, which may adversely affect the global capital markets. While the Philippine banking system is not expected to suffer from any direct impact as a result of these recent events abroad, volatilities and major events in the global capital markets may have a negative impact on the countries where ACEN is operating in or is contemplating to have presence in.

The War in Ukraine has also contributed to the increased volatility in the capital markets. These uncertainties and other future events related to this conflict could continue to adversely impact the political and monetary policies of major economies, which in turn could have a negative impact in the Philippine market. To curb inflationary pressure due in part to the War, the Bangko Sentral ng Pilipinas (BSP) has since been increasing policy rate and during in its monetary policy meetings, it raised the overnight reverse repurchase (RRP) facility, overnight deposit facility (ODF), and overnight lending facility (OLF) rates to 6.25%, 5.75%, and 6.75%, respectively as of date of this Prospectus. According to the BSP, inflation outlook globally and domestically is still skewed to the upside, averaging at 6.1% for 2023 and 3.1% for 2024, due mainly to elevated prices of food, utilities, and transportation. The BSP's global inflation outlook is also leaning strongly toward upside for both 2023 and 2024 due to uncertainties in global food commodity prices, increased prices of key food items facing supply constraints, additional transport fare increases due to elevated oil prices, and possible higher-than-expected wage adjustments in 2023.

Likewise putting a downside risk to the global outlook are the other ongoing geopolitical crises that include, among others, Turkish invasion of Syria and Israeli-Palestinian conflict; fears of escalations of geopolitical conflicts between (i) Greece and Turkey (ii) India and Pakistan and (iii) China and Taiwan; and the ongoing civil protests throughout Chile, Iran, France and Pakistan.

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[27] CNN. (11 March 2023). *How does a bank collapse in 48 hours? A timeline of the SVB fall.* https://edition.cnn.com/2023/03/11/business/svb-bank-collapse-explainer-timeline/index.html

[28] The Guardian. (20 March 2023). *First Republic's shares crash more than 46% after downgraded credit rating.* https://www.theguardian.com/business/2023/mar/20/first-republics-shares-drop-more-than-17-after-downgraded-credit-rating

[29] The New York Times. (20 March 2023). *10 Days That Have Roiled Markets: A Timeline of the Banking Chaos.* https://www.nytimes.com/article/svb-silicon-valley-bank-collapse-timeline.html

[30] Forbes. (27 March 2023). *Credit Suisse Stocks And Shares: All You Need To Know.* https://www.forbes.com/advisor/au/investing/credit-suisse-shares-all-you-need-to-know/

Any disruption of the credit and equity markets may impede or prevent access to the capital markets for additional funding to expand the Company's business and may affect the availability or cost of borrowing. While the Company may seek funding through credit facilities outside of the capital markets, if the Company is unable to obtain such alternative funding, it may have to adjust its business plans and strategies, which may adversely affect its prospects, market value and results of operations.

While the Company does not expect any material impact from the ongoing War in Ukraine nor any of the ongoing, or potential escalations of any, geopolitical or economic conflicts to its current and future businesses, ongoing tensions may continue to affect oil and commodity prices in the near to medium term. Any political or economic developments of a global scale could impact prices in general and disrupt supply chains, which could in turn increase the Company's costs. The Company continuously monitors such developments abroad and will assess any direct and indirect impact that the War, the recent crises involving major banks in the U.S. and Switzerland, or any other major events abroad may have on its current and future businesses.

Labor disputes, including failure to maintain satisfactory labor relations, or changes in employment laws may disrupt the Company's operations and could adversely affect its business.

The Group generally considers its labor relations to be good and harmonious. However, there can be no assurance that it will not experience future disruptions to its operations due to labor disputes or other issues with employees, which could materially and adversely affect its business.

Various labor laws govern the Group's relationship with its employees and affect operating costs. These laws include minimum wage requirements, mandatory health benefits, overtime compensation, and other terms and conditions of employment. These and significant changes in labor regulations, for example, in respect of outsourcing services to independent third-party contractors, could materially affect the Group's business. Engagement of third party service providers carries with it certain inherent risks including potential actions from employees of its third-party service providers who may claim an employee-employer relationship with it and the risk that third party contracting arrangements in place may be found by the Department of Labor and Employment ("**DOLE**") to be "labor-only contracting," which could have a significant impact on its labor costs. In addition, a labor dispute involving a substantial number or all of the Company's employees may harm its reputation, disrupt its operations and reduce its revenues, and resolution of disputes may increase its costs. See "*Regulatory Framework*" on page 294 of this Prospectus.

The Group is also exposed to litigation risk from employees of its various third-party contractors, who may implead it as party to their labor cases and labor disputes against these third-party contractors.

The Group ensures compliance with various laws and rules and regulations promulgated by the DOLE on labor standards and labor relations to mitigate labor-related risks.

Competition for the acquisition of land for new projects and risks relating to the management of its land bank, including fluctuations in demand and prices, may adversely affect the Group's business.

The Group's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Group's future energy projects. There is a high level of scarcity covering property in the Philippines and the Group will require additional properties across the Philippines to continue expanding its businesses. The Group will also need to identify land internationally to develop its international projects. When the Group locates sites for its projects, it may experience difficulty securing parcels of land of suitable size in locations and at prices acceptable to the Company throughout the Philippines and abroad. Furthermore, land acquired by the Group may have pre-existing tenants or obligations that prevent immediate commencement of construction. In the event the Group is unable to acquire suitable land at prices and in locations that are attractive to the Group, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

Notwithstanding these challenges, the Group believes that it has acquired a large enough land bank to enable its projects, and that it has built the necessary expertise in land acquisition in order to further expand the land bank and enable the execution of more projects. The Company's project development experience has given it direct access to land bank opportunities, and familiarity with local government units resulting in the ability to transact more effectively. The Group is also able to secure land for its projects through lease arrangements with private landowners and the government, thereby mitigating risks incidental to direct acquisitions of project sites.

Titles over land owned by the Group may be contested by third parties.

The Philippines has adopted a system of land registration that issues certificates of title evidencing land ownership that are binding on all persons (including the Government). Under this system, any transfer or encumbrance of land must be registered in the system in order to bind third persons. Nevertheless, it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land.

The Group conducts diligence and assesses risks prior to purchasing or leasing land. However, it may nevertheless have to defend itself against third parties who claim to be the rightful owners of land that has been either titled in the name of the persons selling the land to the Group or that has already been titled in the name of a Group company. In the event a greater number of third-party claims are brought against the Group or any such claims involves land that is material to the Group's projects, the Group may be required to devote significant time and incur significant costs in defending the Group against such claims. In addition, if any such claims are successful, the Group may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Group's projects. Any of the foregoing circumstances could have a material adverse effect on the Group's business, financial condition and results of operations, as well as on its business reputation.

Risks Relating to the Philippines

The operations of the Company in the Philippines are subject to any downturn in general economic conditions in the Philippines could have a material adverse impact on the Company.

The Company's results of operations have been influenced, and will continue to be influenced, by the general state of the Philippine economy in view of its significant Net Attributable Capacity being located in the Philippines, and as a result, its income and results of operations depend, to a significant extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso, and the imposition of exchange controls.

In addition, global financial, credit and currency markets have experienced, and may continue to experience, significant dislocations and liquidity disruptions. There is significant uncertainty as to the potential for a continued downturn in the U.S. and the global economy, which would be likely to cause a deterioration of the economic conditions in the Philippines to deteriorate. There can be no assurance that current or future governments will adopt economic policies conducive to sustaining economic growth, and the Company cannot provide assurance of effective mitigation to such systemic risk.

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

The Philippines has from time to time experienced political and military instability. The Philippine constitution provides that in times of national emergency, when the public interest so requires, the Philippine government may take over and direct the operation of any privately-owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests. No assurance can be given that the political environment in the Philippines will stabilize and that the Company can provide effective mitigation to such political instability. Any political instability in the future may result in inconsistent or sudden changes in the economy, regulations and policies that affect the Company, which could have an adverse effect on its business, results of operations and financial condition.

The Philippine general elections for national and local officials took place on 9 May 2022 despite the ongoing COVID-19 pandemic in the country. The newly elected officials were inaugurated on 30 June 2022.

There can be no assurance that the newly elected administration will continue to implement social and economic policies that promote a favorable and stable macroeconomic and business environment. Any major deviation from the previously established policies or a fundamental change of direction, including with respect to Philippine foreign policy, may lead to an increase in political or social uncertainty and instability. Any such instability could materially and adversely affect the Company's business, financial conditions, results of operations and prospects, reduce consumer demand or result in inconsistent or sudden changes in regulations and policies that affect the Company's business operations, which could adversely affect the Company's results of operations and financial condition. While the Company has operations and derives revenue from outside the Philippines, a significant proportion of its operations are located in and revenues sourced from the Philippines. Consequently, the Company cannot provide assurance of effective mitigation to such systemic risk.

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

The Philippines is currently rated investment grade by major international credit rating agencies such as Moody's, S&P, and Fitch and Japan Credit Rating Agency (JCR). The current sovereign ratings of the country are as follows:

Rating Agency	Rating	Last Update / Last Affirmed
Moody's	Baa2; Stable Outlook	9 March 2023
S&P	BBB+; Stable Outlook	18 November 2022
Fitch	BBB; Stable Outlook	22 May 2023
JCR	A-; Stable Outlook	10 March 2023

In recent months these rating agencies have assigned stable or negative outlooks to the Philippines' sovereign rating, and no assurance can be given that these agencies will not in the future downgrade the credit ratings of the Philippines and, therefore, Philippine companies, including the Company. As a systemic risk, the Company cannot provide assurance of effective mitigation. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Philippine government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

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

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

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

There is no guarantee that tensions will not escalate further or that the territorial disputes among the Philippines and its neighboring countries, especially China, will cease. In an event of escalation, the Philippine economy may be disrupted and the Company's business and financial standing may be adversely affected, particularly as to the operations of ENEX's SC 55 block which is located near the West Philippine Sea. While the Company has operations and derives revenue from outside the Philippines, a significant proportion of its operations are located in and revenues sourced from the Philippines. Consequently, the Company cannot provide assurance of effective mitigation to such systemic risk.

Risks Relating to the Preferred Shares

The Preferred Shares may not be a suitable investment for all investors.

Each potential investor in the Preferred Shares must determine the suitability of that investment in light of its own circumstances and risk tolerance. In particular, each potential investor should:

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Preferred Shares, the merits and risks of investing in the Preferred Shares, and the information contained in this Prospectus and the relevant Offer Supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Preferred Shares and the impact the Preferred Shares will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Preferred Shares, including where the currency for principal or dividend payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Preferred Shares and be familiar with the behavior of any relevant financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, foreign exchange rate and other factors that may affect its investment and its ability to bear the applicable risks.

Dividends of Preferred Shares may not be paid.

Dividends on the Preferred Shares may not be paid in full, or at all. Under the terms and conditions governing the Preferred Shares, the Company may pay no dividends or less than full dividends on a Dividend Payment Date. Holders of the Preferred Shares will not receive dividends on a Dividend Payment Date or for any period during which the Issuer does not have retained earnings out of which to pay dividends.

If the profits available to distribute as dividends are, in the Board's opinion, not sufficient to enable the Issuer to pay in full on the same date both dividends on the Preferred Shares and the dividends on other shares that have an equal right to dividends as the Preferred Shares, the Issuer is required first, to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking in priority to that of the Preferred Shares; and second, to pay dividends on the Preferred Shares and any other shares ranking equally with the Preferred Shares as to participation in profits pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Preferred Shares.

The Preferred Shares are subordinated to the Issuer's other indebtedness.

ACEN's obligations in respect of the Preferred Shares are subordinated to all of the Company's indebtedness, and it will not make any payments under the Preferred Shares unless it can satisfy in full all of its other obligations that rank senior to the Preferred Shares.

ACEN's obligations under the Preferred Shares are unsecured and will, in the event of the winding-up of the Company, rank junior in right of payment to all indebtedness of the Company and junior in right of payment to securities of, or claims against, the Company which rank or are expressed to rank senior to the Preferred Shares. Accordingly, ACEN's obligations under the Preferred Shares will not be satisfied unless ACEN can satisfy in full all of its other obligations ranking senior to the Preferred Shares.

There are no terms in the Preferred Shares that limit ACEN's ability to incur additional indebtedness, including indebtedness that ranks senior to or *pari passu* with the Preferred Shares.

The assets of the Company may be insufficient upon liquidation.

Upon any voluntary or involuntary dissolution, liquidation or winding up of ACEN, holders of Preferred Shares will be entitled only to the available assets of the Company remaining after the Company's indebtedness is satisfied. If any such assets are insufficient to pay the full amount due to the holders of the Preferred Shares, then holders of Preferred Shares shall share ratably in any such distribution of assets in proportion to the full distributions to which they would otherwise be respectively entitled.

The Company's ability to pay dividend on the Preferred Shares is limited by terms of ACEN's other indebtedness.

ACEN has and will continue to have a certain amount of outstanding indebtedness. The current terms of ACEN's financing agreements contain provisions that could limit the ability of the Company to declare and pay dividends on the Preferred Shares. For example, if ACEN were in default on its payment obligations to one or more of its lenders, or if it is non-compliant with certain covenants and such non-compliance is uncured for a period of 30 days, the Company may be prohibited from declaring or paying dividends in respect of the Preferred Shares. Also, ACEN may in the future, directly or indirectly through its subsidiaries, enter into other financing agreements which may restrict or prohibit the ability of the Company to make payments on the Preferred Shares. There can be no assurance that existing or future financing arrangements will not adversely affect ACEN's ability to make payments on the Preferred Shares.

The market price of the Preferred Shares may be volatile, which may result in the decline in the value of investments of the investors.

The market price of the Preferred Shares could be affected by several factors, including: (a) general market, political and economic conditions; (b) changes in earnings estimates and recommendations by financial analysts; (c) changes in market valuations of listed stocks in general and other retail stocks in particular; (d) the market value of the Company's assets; (e) changes to Government policy, legislation or regulations; and (f) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of the Preferred Shares.

In part as a result of the global economic downturn, the global equity markets have experienced price and volume volatility that has affected the share prices of many companies. Share prices for many companies have experienced wide fluctuations that have often been unrelated to the operating performance of those companies. Fluctuations such as these may adversely affect the market price of the Preferred Shares.

The Preferred Shares have no fixed maturity date, and the Preferred Shares are not repayable in cash unless the Issuer, at its sole discretion, redeems them for cash.

The Preferred Shares are equity securities in the capital stock of ACEN and thus have no fixed maturity or mandatory redemption date.The Preferred Shares are not repayable in cash unless the Board should approve resolutions providing for the optional redemption of the Preferred Shares for the cash redemption amount set out in the terms and conditions of the Preferred Shares, at the sole discretion of the Board. Furthermore, holders of the Preferred Shares have no right to require the Issuer to redeem the Preferred Shares. If provided in the relevant Enabling Resolution, the Preferred Shares may be redeemed: (i) at the option of the Issuer on the optional redemption date or any dividend payment date thereafter, (ii) at any time in the event that Dividend Payments become subject to additional withholding tax as a result of certain changes in law, rule or regulation, or in the interpretation thereof, and such tax cannot be avoided by use of reasonable measures available to ACEN, or (iii) at any time if an accounting event occurs that will result in a change in accounting treatment of the Shares. Accordingly, if a Preferred Share holder wishes to obtain the cash value of the investment, the holder will have to sell the Preferred Shares in the secondary market.

The public market for the Preferred Shares is limited.

The Philippine securities markets are substantially less liquid and more volatile than major securities markets in other jurisdictions, and are not as highly regulated or supervised as some of these other markets. The Company cannot guarantee that the market for the Preferred Shares will always be active or liquid upon commencement of their trading on the PSE. The nationality restriction on ownership of the Preferred Shares may also restrict the trading and liquidity of the Shares.

The Preferred Shares have limited liquidity.

The Underwriters are not obligated to create a trading market for the Preferred Shares and any such market making will be subject to the limits imposed by applicable law, and may be interrupted or discontinued at any time without notice. Accordingly, the Company cannot predict whether an active or liquid trading market for the Preferred Shares will develop or if such a market develops, if it can be sustained. Consequently, a holder may be required to hold its Preferred Shares for an indefinite period or sell them for an amount less than the Offer Price.

Failure to pay dividends may affect the trading price of the Preferred Shares.

If dividends on the Preferred Shares are not paid in full, or at all, the Preferred Shares may trade at a lower price than they might otherwise have traded if dividends had been paid. The sale of Preferred Shares during such a period by a holder of Preferred Shares may result in such holder receiving lower returns on the investment than a holder who continues to hold the Preferred Shares until dividend payments resume. In addition, because of the dividend limitations, the market price for the Preferred Shares may be more volatile than that of other securities that do not have these limitations.

Investors may be unable to reinvest at a similar return on investment.

On the Optional Redemption Date or any Dividend Payment Date thereafter, or at any time under such terms as the Board of Directors may approve at the time of issuance of the Preferred Shares, ACEN may redeem the Preferred Shares for cash at the redemption price, as described in ''*Description of the Preferred Shares*'' on page 99 of this Prospectus. At the time of redemption, interest rates may be lower than at the time of the issuance of the Preferred Shares and, consequently, the holders of the Preferred Shares may not be able to reinvest the proceeds at a comparable rate of return or purchase securities otherwise comparable to the Preferred Shares.

Preferred Shareholders have no voting rights.

Preferred Shareholders will not be entitled to elect the Directors of the Company. Except as specifically set forth in the Articles and as provided by Philippine law, Preferred Shareholders will have no voting rights (see ''*Description of the Preferred Shares*'' on page 99 of this Prospectus).

Restrictions on foreign ownership of the Preferred Shares by Non-Philippine nationals.

Under Philippine law, no franchise, certificate, or any other form of authorization for the operation of public utility shall be granted except to citizen of the Philippines or to corporations or associations organized under the laws of the Philippines at least 60% of whose capital is owned by such citizens. Accordingly, the Preferred Shares may be owned or subscribed by or transferred to any person, partnership, association or corporation regardless of nationality, provided that at any time at least 60% of the Company's outstanding capital stock and 60% of the voting stock is owned and controlled by citizens of the Philippines. Finally, to the extent that one or more of the Company's subsidiaries are engaged or will engage in partly nationalized activities (such as ownership of private land or engagement in the business of a public utility), at least 60% of the Company's outstanding capital stock must be owned by Philippine nationals forthe Company and such subsidiary or subsidiaries to be considered a Philippine national. ACEN's businesses accordingly subject it to foreign ownership limitations in its issued and outstanding capital stock. As such, ACEN cannot allow the issuance or transfer its shares to persons other than Philippine nationals, and cannot record transfers in its books, if such issuance or transfer would result in the Company ceasing to be a Philippine National for purposes of complying with the applicable nationality requirements. For more information, please refer to the section on "Regulatory Framework" of this Prospectus.

Proposed changes to the Tax Code may change and increase tax on dividends received on the Preferred Shares.

Dividends received from equity investments in securities such as the Preferred Shares are subject to tax at varying rates, depending on the recipient of such dividends. The rates are currently: 0% for domestic corporations and resident foreign corporations; 10% for individuals that are Philippine citizens or Philippine residents; and between 20% to 25% for non-resident foreign corporations, subject to reductions based on an applicable tax treaty. However, certain tax measures are pending in the

Philippine legislature that may change these tax rates and result in reduced income after tax on such dividends.

Certain of these measures that were proposed in Congress that contain changes to the current levels of taxation applicable to passive income, financial intermediaries, and financial transactions have been referred to as the Passive Income and Financial Intermediary Taxation Act ("PIFITA"). One of these changes is a proposed uniform rate of 15% on interest income, dividends, and capital gains on the sale of shares of stock. This would increase the tax on dividends for individuals from the current 10% to 15%. The PIFITA measures are currently part of House Bill No. 4339 that was approved by the Lower House. The current proposals are expected to potentially affect a broad range of tax on passive income and financial instruments.

Current proposals may be superseded or amended in such a manner that may impose different rates, including different means or measures of taxation of financial instruments entirely. No assurance can be given that any tax measures enacted into law will not affect the return to investors holding the Preferred Shares, or when such changes would come into effect. Proposed laws require not only the approval of both Houses of Congress but also the approval of the President, who may veto all or parts of tax measures such as the PIFITA. In the event that any changes in tax regime applicable to the Preferred Shares become effective, such changes that increase the rate of tax on dividend income or impose a different basis of tax for dividend income, may have an adverse effect on the net return on the investments of investors in the Preferred Shares. No assurance can be given on adequate mitigation of such risk.

There can be no guarantee that the Preferred Shares will be listed on the PSE.

Purchasers of the Preferred Shares will be required to pay for such Preferred Shares on the Offer Period. There can be no guarantee that listing will occur on the anticipated listing date or at all. Delays in the admission and the commencement of trading in shares on the PSE have occurred in the past. If the PSE does not admit the Preferred Shares onto the PSE, the market for the Preferred Shares would be illiquid and shareholders will not be able to trade the Preferred Shares on the PSE. This may materially and adversely affect the value of the Preferred Shares. The Underwriters, together with the Issuer, will coordinate closely with the PSE to meet the target listing date. However, if unforeseen events occur, the Underwriters will work to list the Preferred Shares as soon as practicable.

Risks Relating to Statements in this Prospectus

This Prospectus contains certain statistical and industry information.

Certain statistical or industry information in this Prospectus relating to the Philippines and other jurisdictions, the industries and markets in which the Company operates, and other data used in this Prospectus was obtained or derived from internal surveys, market research, governmental data, publicly available information and/or industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable. However, there is no assurance that such information is accurate nor complete. Similarly, internal surveys, industry forecasts and market research have not been independently verified by the Company and may not be accurate, complete, up-to-date, balanced or consistent with other information compiled within or outside the Philippines.

Certain information contained herein is derived from unofficial publications.

Certain information in this Prospectus relating to the Philippines and jurisdictions, the industries in which the Company's businesses compete and the markets in which the Company develops its projects, including statistics relating to market size, are derived from various government and private publications.

The presentation of financial information in this Prospectus may be of limited use to investors and may not accurately show or serve as an adequate basis from which to evaluate the Company's financial position, future prospects, business performance and results of operations.

The presentation of financial information in this Prospectus comprises historical information of the Company as at and for the years ended 31 December 2022, 31 December 2021, 31 December 2020, and 31 December 2019, and as at and for the three-month period ended 31 March 2023.

Following receipt of the SEC approval in respect of the increase in the Company's capital stock necessary to effect the ACEIC Philippine Transaction on 22 June 2020, the Company's historical financial information as at and for the year ended 31 December 2019 was restated to give effect to the ACEIC Philippine Transaction, which was deemed to be effective as of 1 July 2019. Similarly, following receipt of the SEC approval in respect of the second increase in the Company's capital stock necessary to effect the ACEIC International Transaction on 7 June 2021, the Company's historical financial information for the year ended 31 December 2020 was restated to give effect to the ACEIC International Transaction, which was deemed to be effective as of 1 July 2019.

The presentation of separate and/or historical financial results of the Company as at and for the years ended 31 December 2022, 2021, 2020, and 2019, and for the three months ended 31 March 2023, and restated historical financial results of the Company as at and for the years ended 31 December 2020 and 2019 included in this Prospectus may be of limited use to investors given the completion of the ACEIC Philippine Transaction and the ACEIC International Transaction in June 2020 and June 2021, respectively.

There is no assurance that the presentation of the historical condensed consolidated financial information in this Prospectus accurately depicts what the Company's financial results would have been for the relevant periods presented assuming the ACEIC Philippine Transaction and the ACEIC International Transaction had the acquisition of ACEIC's assets been effected prior to such periods, nor is such presentation indicative of future prospects, business performance, results of operations or financial position and should not be relied upon as being so indicative.

Accordingly, the Company's consolidated financial information in this Prospectus may not provide a meaningful basis for evaluating the Company's prospects, business and results of operations. Further, there can be no reliance on the Company's historical results of operations as an indication of future performance.

USE OF PROCEEDS

The use of proceeds for each Tranche of the Offer shall be set out in the relevant Offer Supplement.

Adjustments in the Use of Proceeds

In the event of any material deviation, substantial adjustment or reallocation in the planned use of proceeds from that described in the relevant offer supplement, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation, and promptly make the appropriate disclosures to the SEC and the PSE. The Company will also secure DOE approval should there be any change in the planned use of proceeds that will directly affect the work program disclosed with the DOE. The Company shall regularly disclose to the PSE, through the PSE Electronic Disclosure Generation Technology ("**PSE EDGE**"), any disbursements from the proceeds generated from the Offer. In addition, the Company shall likewise submit via the PSE EDGE the following disclosures to ensure transparency in the use of proceeds:

1. Material disbursements made in connection with the planned use of proceeds described in the relevant Offer Supplement;

2. Quarterly progress report on the application of the proceeds from the Offer on or before the first 15 days of the following quarter, which shall be certified by the Company's Chief Finance Officer or Treasurer and external auditor;

3. Annual summary of the application of proceeds on or before January 31 of the year following the particular offer, which shall be certified by the Company's Chief Finance Officer or Treasurer and external auditor; and

4. Approval by the Company's Board of Directors of any reallocation on the planned use of proceeds, or of any change in the work program. The actual disbursement or implementation of such reallocation will be disclosed by the Company at least 30 days prior to the said actual disbursement or implementation.

The quarterly and annual reports required in items 2 and 3 above shall include a detailed explanation for any material variances between the actual disbursements and the planned use of proceeds in the relevant offer supplement, if any. The detailed explanation will state the approval of the Company's Board of Directors as required in item 4 above.

PLAN OF DISTRIBUTION

The detailed plan of distribution and underwriting arrangement for each Tranche shall be set out in the relevant Offer Supplement.

THE OFFER AND SECURITIES PROGRAM SHELF REGISTRATION

On 29 May 2023, ACEN filed a Registration Statement with the SEC in connection with the Preferred Shares Program.

SHELF REGISTRATION OF SECURITIES NOT COVERED BY THE OFFER

After the close of the Offer and within three years following the effectivity date of the Registration Statement filed for the Preferred Shares Program, ACEN may, at its sole discretion, offer any or all of the remaining balance of the aggregate principal amount of Preferred Shares covered by such registration statement, in one or more Series and in subsequent Tranches under Rule 8.1.2 of the 2015 Implementing Rules and Regulations of the Securities Regulation Code. Such a shelf registration provides ACEN with the ability to conduct such an offering within a comparatively short period of time. ACEN believes that this provides it with the increased ability to take advantage of opportunities in a volatile equity capital market, as these occur. Any subsequent offering under such rule requires the submission by ACEN of the relevant updates and amendments to the registration statement and the issuance of the corresponding SEC Permit by the SEC. As a listed company, ACEN regularly disseminates such updates and information in its disclosures to the SEC and the PSE.

At any time, which may include periods shortly following the completion of the Offer, ACEN may initiate subsequent offers of other Preferred Shares in various Series and Tranches from the balance of the aggregate principal amount of Preferred Shares that will remain unissued from the Preferred Shares Program. Such subsequent offers may be conducted on different terms and tenors involving different issue managers, underwriters or other transaction parties. ACEN regularly considers prevailing market conditions and opportunities in relation to such offers that are permitted within the three year effectivity of the Preferred Shares Program.

However, there can be no assurance in respect of: (i) whether ACEN will issue any such Preferred Shares at all; (ii) the size or timing of any individual issuance or the total issuance of such Preferred Shares; or (iii) the dividend rate or other specific terms and conditions of any such issuance. Any decision by ACEN to offer such Preferred Shares will depend on a number of factors at the relevant time, many of which are not within ACEN's control, including but not limited to: prevailing interest rates, the financing requirements of ACEN's business and prospects, market liquidity and the state of the domestic capital market, and the Philippine, regional and global economies in general.

THE UNDERWRITERS

The Preferred Shares will be offered through Underwriters that may be engaged by the Company for each Tranche and selling agents. The Underwriters for each Tranche will be disclosed in the relevant Offer Supplement.

SALE AND DISTRIBUTION

The distribution and sale of the Preferred Shares shall be undertaken by the Underwriters who shall sell and distribute the Preferred Shares to third party buyers/investors. Nothing herein shall limit the rights of the Underwriters from purchasing the Preferred Shares for their own respective accounts should there be any unsold Preferred Shares after the relevant offer period.

The obligations of each of the Underwriters will be several, and not solidary, and nothing in the Underwriting Agreement shall be deemed to create a partnership or joint venture between and among any of the Underwriters. Unless otherwise expressly provided in the relevant Underwriting Agreement, the failure by an Underwriter to carry out its obligations thereunder shall neither relieve the Underwriters of their obligations under the same Underwriting Agreement, nor shall any Underwriter be responsible for the obligation of another Underwriter.

OFFER PERIOD

The Offer Period for each Tranche shall be set out in the relevant Offer Supplement.

APPLICATION TO PURCHASE

The requirements to purchase the Preferred Shares being offered in a Series or Tranche shall be set out in the Offer Supplement for such Series or Tranche.

MINIMUM PURCHASE

The terms of payment of the Preferred Shares being offered in a Series or Tranche shall be set out in the relevant Offer Supplement for such Series or Tranche.

ALLOTMENT OF THE PREFERRED SHARES

If the Preferred Shares in a Tranche are insufficient to satisfy all Applications to Purchase, the available Preferred Shares shall be allotted at the discretion of the Underwriters, in consultation with the Issuer and subject to the Issuer’s right of rejection.

REFUNDS

If any application is rejected or accepted in part only, the corresponding payment or the appropriate portion thereof shall be returned without interest to such applicant through the Underwriters or the Receiving Agent from whom such application to purchase the Preferred Shares was made.

SELLING RESTRICTIONS

The distribution of this Prospectus or any offering material and the offer, sale or delivery of the Preferred Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Prospectus or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Prospectus may not be used for the purpose of an offer or invitation in any circumstance in which such offer or invitation is not authorized.

No securities, except of a class exempt under Section 9 of the SRC or unless sold in any transaction exempt under Section 10 thereof, shall be sold or distributed by any person within the Philippines, unless such securities shall have been registered with the SEC on Form 12-1 and the registration statement has been declared effective by the SEC.

DIVIDENDS

Overview

Under Philippine law, dividends may be declared out of a corporation's unrestricted retained earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. "Unrestricted Retained Earnings" refer to "the undistributed earnings of a corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends." The amount of unretained earnings available for declaration as dividends may be determined pursuant to regulations issued by the SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose.

The Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without their consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation, such as when there is a need for special reserve for probable contingencies.

Dividend Policy for Preferred Shares

The declaration and payment of dividends on each Dividend Payment Date will be subject to the sole and absolute discretion of the Board to the extent permitted by law.

The rate of dividend or formula for determining the same rate and the dates and frequency of the payment of the dividends ("**Divided Payment Date**," being the last day of each dividend period (a "**Dividend Period**")) shall be indicated in the relevant Enabling Resolutions.

As and if declared by the Board, the dividends on the Preferred Shares will be calculated on a 30/360-day basis and will be paid on the Dividend Payment Date.

If the Dividend Payment Date is not a Business Day, Dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

The Board will not declare and pay dividends on any Dividend Payment Date where (a) payment of the Dividend would cause the Issuer to breach any of its financial covenants or (b) the profits available to the Issuer to distribute as dividends are not sufficient to enable the Issuer to pay in full both the dividends on the Preferred Shares and the dividends on all other classes of the Issuer's shares that are scheduled to be paid on or before the same date as the Dividends on the Preferred Shares and that have an equal right to dividends as the Preferred Shares.

If the profits available to distribute as dividends are, in the Board's opinion, not sufficient to enable the Issuer to pay in full on the same date both dividends on the Preferred Shares and the dividends on other shares that have an equal right to dividends as the Preferred Shares, the Issuer is required first, to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking in priority to that of the Preferred Shares; and second, to pay dividends on the Preferred Shares and any other shares ranking equally with the Preferred Shares as to participation in profits pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Preferred Shares.

The profits available for distribution are, in general and with some adjustments, equal to the Issuer's accumulated, realized profits less accumulated, realized loss. In general, under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends.

Dividends on the Preferred Shares will be cumulative. If for any reason the Issuer's Board does not declare a dividend on the Preferred Shares for a dividend period, the Issuer will not pay a dividend on the Dividend Payment Date for that dividend period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Preferred Shares must receive the Dividends due them on such Dividend Payment Date as well as all Dividends accrued and unpaid to the holders of the Shares prior to such Dividend Payment Date.

Holders of Preferred Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Preferred Shares.

Dividend Policy for Common Shares

The declaration of dividends in the future will depend upon the earnings, cash flow, financial condition of the Company, and other factors.

On 18 August 2020, the Board of Directors in its regular meeting approved, among others, the following: (1) the declaration of cash dividends of ₱0.04 per Common Share on the 13,692,457,210 issued and outstanding Common Shares of the Company, or a total dividend amount of ₱547,698,288.00 to be paid on or before 17 September 2020 to stockholders of record as of 3 September 2020; and (2) the Company's dividend policy to declare and pay dividends on an annual basis using a payout ratio of 25% to 50% of the previous year's core net income, excluding significant non-recurring gains (including value realization proceeds) or losses, to be effective on 1 January 2021 ("**Regular Dividends**"). On 11 November 2020, the Board amended this dividend policy to include the Board's discretion, exercised reasonably, to approve the declaration and payment of special dividends over and above the Regular Dividends.

On 18 March 2021, the Board of Directors in its regular meeting approved, among others, the declaration of cash dividends of six centavos (₱0.06) per Common Share on the 19,960,037,644 issued and outstanding Common Shares of the Company, or a total dividend amount of ₱1,197,602,258.64 to be paid on or before 19 April 2021 to stockholders of record as of 5 April 2021.

On 8 March 2022, the Board of Directors approved the declaration of cash dividends of six centavos (₱0.06) per Common Share on the 38,315,838,177 outstanding Common Shares of the Company, for a total amount of ₱2,298,950,290.62, to be paid on 19 April 2022 to the shareholders on record as of 5 April 2022.

The following table summarizes the dividends previously declared and paid by ACEN for the past five years on its Common Shares:

Date of Declaration	Record Date	Payment Date	Rate in ₱
8 March 2022	5 April 2022	19 April 2022	0.06/Common Share
18 March 2021	5 April 2021	19 April 2021	0.06/Common Share
18 August 2020	3 September 2020	17 September 2020	0.04/ Common Share
28 February 2018	14 March 2018	5 April 2018	0.04/ Common Share
3 March 2017	17 March 2017	31 March 2017	0.04/ Common Share

DETERMINATION OF OFFER PRICE

The determination of the Offer Price for each Series and/or Tranche being offered shall be set out in the relevant Offer Supplement under the "*Determination of the Offer Price*" section thereof.

DILUTION

The Preferred Shares will not have any dilutive effect on the rights of the holders of the Common Shares of the Company as the Preferred Shares are non-voting, non-convertible and non-participating.

DESCRIPTION OF THE PREFERRED SHARES

The following are general information relating to the Company's capital stock and does not purport to be a complete listing of all the features, rights, obligations, or privileges of the Preferred Shares, and is qualified in its entirety by reference to applicable provisions of the Company's amended Articles of Incorporation and amended By-laws, as well as the Stock Transfer, Receiving and Paying Agency Agreement. Some rights, obligations, or privileges may be further limited or restricted by other documents.

GENERAL CORPORATE INFORMATION

Incorporation

The Company is duly organized as a corporation under the laws of the Philippines and was registered with the SEC on 8 September 1969. The Company started as a resource exploration company. Then known as Trans-Asia Oil and Mineral Development Corporation, the Company successfully produced oil in Cadlao, Tara and Matinloc in the 1980s. In 1996, the Company was renamed to Trans-Asia Oil and Energy Development Corporation as it shifted its primary focus to power generation. In 2017, the Company was renamed PHINMA Energy Corporation, and on 11 October 2019, the Company amended its Articles of Incorporation to amend its corporate name to AC Energy Philippines, Inc. to align the Company as the Philippine pipeline of its parent company, ACEIC. On 5 January 2021, the Company was renamed to "AC Energy Corporation" in consideration of the potential regional expansion of the Company following the ACEIC International Transaction. On 20 July 2022, the SEC approved the change of the Company's name to "ACEN CORPORATION."

Primary Purpose

The Company's Amended Articles of Incorporation provide that its primary purpose is to engage in and carry out the business of power generation and distribution, retail electricity supply and provision of guarantees.

Under Philippine law, a corporation may invest its funds in any other corporation or business for any purpose other than the primary purpose for which it was organized when approved by a majority of the Board of Directors and ratified by the shareholders representing at least two-thirds of the outstanding capital stock, at a shareholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its primary purpose, the approval of the shareholders shall not be necessary.

Capitalization

The current Authorized Capital Stock of the corporation is ₱48,400,000,000.00 divided into: (i) 48,300,000,000 Common Shares with a par value of ₱1.00 per Common Share; and (ii) 100,000,000 Preferred Share with a par value of ₱1.00 per Preferred Share. As of 31 March 2023, the Company has 39,677,394,773 Common Shares outstanding and 39,691,894,773 Common Shares issued, considering the 14,500,000 Common Shares held as treasury shares.

On 7 March 2023, the Board of Directors approved the amendment of the Articles of Incorporation of the Company to create preferred shares via reclassification of 100,000,000 unissued common shares into preferred shares (the "**Amended AOI**"). The proposed amendment was approved by the stockholders at the ASM on 24 April 2023. Following the SEC approval of the Amended AOI on 9 June 2023, the Company's authorized capital stock is ₱48,400,000,000.00 divided into: (i) 48,300,000,000 Common Shares with a par value of ₱1.00 per Common Share; and (ii) 100,000,000 Preferred Shares with a par value of ₱1.00 per Preferred Share.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation. Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued by the Company have a par value of ₱1.00 per Common Share.

Subject to the approval by the SEC, a corporation may increase or decrease its authorized capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

On 22 June 2020, the authorized capital stock of the Company was increased by 16,000,000,000 Common Shares. An amendment to Article Seventh of the Company's Articles of Incorporation was submitted for Board approval on 23 July 2019 under Resolution No. B-2019-0723-08 and during the ASM on 17 September 2019 under Resolution No. S-2019-007, and filed with the SEC on 22 November 2019. The said amendment sought to increase the Company's authorized capital stock from Eight Billion Four Hundred Million Pesos (₱8,400,000,000.00) divided into 8,400,000,000 Common Shares with a par value of ₱1.00 per Common Share, to Twenty-four Billion Four Hundred Million Pesos (₱24,400,000,000.00) divided into 24,400,000,000 Common Shares with a par value of ₱1.00 per Common Share ("**First Increase in ACS**"). The SEC approved the First Increase in ACS on 22 June 2020. On 18 March 2020, the Board approved the further increase of the Company's authorized capital stock to ₱48,400,000,000, consisting of 48,400,000,000 Common Shares with a par value of ₱1.00 per Common Share ("**Second Increase in ACS**"). The SEC approved the Second Increase in ACS on 7 June 2021.

On 7 March 2023, the Board of Directors approved the amendment of the Articles of Incorporation of the Company to create preferred shares via reclassification of 100,000,000 unissued Common Shares into Preferred Shares (the "**Amended AOI**"). The amendment was also approved by the stockholders at the ASM on 24 April 2023. Following the approval by the SEC of the Amended AOI on 9 June 2023, the Company's authorized capital stock is ₱48,400,000,000.00 divided into: (i) 48,300,000,000 Common Shares with a par value of ₱1.00 per Common Share; and (ii) 100,000,000 Preferred Shares with a par value of ₱1.00 per Preferred Share.

A corporation is also empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has Unrestricted Retained Earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below), and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

THE PREFERRED SHARES

Shelf Registration and Issuance of the Preferred Shares

On 7 March 2023, the Board of Directors authorized the shelf registration of up to 50,000,000 Preferred Shares with a par value of ₱1.00 per Preferred Share and the sale and offer of up to 25 million Preferred

Shares with a par value of ₱1.00 per Preferred Share, at an offer price to be specified in the Offer Supplement as the first Tranche under such a shelf registration, to be issued during the Shelf Period, under such terms and conditions as the management of the Company may deem advantageous to it and contained in the Enabling Resolutions.

Each Offer will comprise of unissued Preferred Shares to be offered and issued by the Company.

The Company may offer from time to time Preferred Shares, within the Shelf Period to be issued in one or more Series for each Tranche of the Offer.

The Company will file an application for the listing on the PSE for such Series of Preferred Shares as may be determined by the Board of Directors. Once the Preferred Shares are listed on the PSE, ACEN may purchase the Preferred Shares, then tradeable at that time, at any time in the open market or by public tender or by private contract at any price through the trading facilities of the PSE.

Features of the Preferred Shares

The Preferred Shares will have different features per Series that will be determined in the Enabling Resolutions and the relevant Offer Supplement to be issued per Tranche. The number of Preferred Shares to be allocated to each Series and Tranche and the specific terms of each Series and Tranche of the Offer shall be allotted at the discretion of the Underwriters, in consultation with the Issuer and subject to the Issuer's right of rejection. The Company shall issue the Preferred Shares to subscribers only upon full payment by the subscribers of the subscription price for the said shares.

After the Registration Statement of the Company for the Preferred Shares becomes effective, the Company will secure a permit to sell from the SEC for each Tranche of the Offer. The Preferred Shares will be issued in one or more Series for each Tranche.

General Features

The Preferred Shares have a par value of ₱1.00 per Preferred Share. Preferred Shares may be issued from time to time by the Board of Directors which is authorized under the Articles of Incorporation of the Company to adopt resolutions authorizing the issuance of Preferred Shares in one or more Series and/or Tranches for such number of shares and relative rights and preferences as the Board of Directors may deem beneficial to the Corporation. The features and specific terms of the Preferred Shares shall be set out in the Enabling Resolutions and the Offer Supplement of the relevant Tranche, which shall include the following general features:

1. May be issued from time to time in one or more series and/or tranches and under such terms and conditions for each series and/or tranche as determined by the Board of Directors, with authority expressly granted to the Board of Directors, subject to the provisions of Article Seventh of the Articles of Incorporation, to establish and designate Series and/or Tranches and to fix the number of shares to be included in each Series and/or Tranche and the relative rights, preferences and limitations of the shares of each such Series and/or Tranche. To the extent not set forth in Article Seventh, the terms of each such series shall be specified in the resolution adopted by the Board of Directors pursuant to the authority hereinbefore granted providing for the issuance of such Preferred Shares. A certificate containing such terms and conditions shall be filed with the SEC and made publicly available.

2. May be offered and issued in Philippine Pesos or U.S. Dollars, as may be determined by the Board of Directors and subject to regulatory requirements.

3. The issue value to be determined by the Board of Directors at the time of issuance;

4. The dividend rate to be determined by the Board of Directors at the time of issuance;
5. Cumulative in payment of current and unpaid back dividends;
6. Non-voting except in those cases specifically provided by law;
7. Non-participating in (i) any other or further cash, property or stock dividends beyond that specifically determined at the time of issuance, or (ii) distribution of corporate assets beyond the issue price specifically determined at the time of issuance;
8. Non-convertible into Common Shares;
9. Preference over holders of Common Shares in the distribution of corporate assets and in the payment of the dividend at the rate specified at the time of issuance;
10. No preemptive rights to any issue of the Company's shares, whether Common or Preferred Shares;
11. Redeemable at the option of the Company under such terms as the Board of Directors may approve at the time of the issuance of the Preferred Shares; and
12. Reissuable under such terms that the Board of Directors may approve at the time of reissuance.

The holders of the Preferred Shares do not have identical rights and privileges with holders of the existing Common Shares of the Company.

Features Specific or Particular to the Preferred Shares

Following are certain features specific or particular to the Preferred Shares.

In General: No Voting Rights

Under the amended Articles of Incorporation, the holders of the Preferred Shares shall have no voting rights except as specifically provided by law. Thus, holders of the Preferred Shares shall not be eligible, for example, to vote for or elect the Company's Directors or to vote for or against the issuance of a stock dividend.

Holders of Preferred Shares, however, may vote on matters which the Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. These acts, which require the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the Company in a meeting duly called for the purpose, are as follows:

1. Amendment of the Company's Articles of Incorporation (including any increase or decrease in capital stock);
2. Amendment of the Company's By-laws;
3. Sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the Company's assets;
4. Incurring, creating or increasing bonded indebtedness;
5. Increase or decrease of capital stock;

6. Merger or consolidation of the Company with another corporation or corporations;
7. Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized; and
8. Dissolution of the Company.

Dividend Policy in Respect of the Preferred Shares

The declaration and payment of dividends on each Dividend Payment Date will be subject to the sole and absolute discretion of the Board to the extent permitted by law.

The rate of dividend or formula for determining the same rate and dates and the frequency of the payment of the dividends ("**Dividend Payment Date**," being the last day of each dividend period (a "**Dividend Period**")) shall be indicated in the relevant Enabling Resolutions.

As and if declared by the Board, the dividends on the Preferred Shares will be calculated on a 30/360-day basis and will be paid on the Dividend Payment Date.

If the Dividend Payment Date is not a Business Day, Dividends will be paid on the next succeeding Business Day, without adjustment as to the amount of dividends to be paid.

The Board will not declare and pay dividends on any Dividend Payment Date where (a) payment of the Dividend would cause the Issuer to breach any of its financial covenants or (b) the unrestricted retained earnings available to the Issuer to distribute as dividends are not sufficient to enable the Issuer to pay the dividends in full on all other classes of the Issuer's outstanding shares that are scheduled to be paid on or before the same date as the Dividends on the Preferred Shares and that have an equal right or priority to dividends as the Preferred Shares.

If the profits available to distribute as dividends are, in the Board's opinion, not sufficient to enable the Issuer to pay in full on the same date both dividends on the Preferred Shares and the dividends on other shares that have an equal right to dividends as the Preferred Shares, the Issuer is required first, to pay in full, or to set aside an amount equal to, all dividends scheduled to be paid on or before that dividend payment date on any shares with a right to dividends ranking in priority to that of the Preferred Shares; and second, to pay dividends on the Preferred Shares and any other shares ranking equally with the Preferred Shares as to participation in profits pro rata to the amount of the cash dividends scheduled to be paid to them. The amount scheduled to be paid will include the amount of any dividend payable on that date and any arrears on past cumulative dividends on any shares ranking equal in the right to dividends with the Preferred Shares.

The profits available for distribution are, in general and with some adjustments, equal to the Issuer's accumulated, realized profits less accumulated, realized loss. In general, under Philippine law, a corporation can only declare dividends to the extent that it has unrestricted retained earnings. Unrestricted retained earnings represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purposes and which are free for distribution to the shareholders as dividends.

Dividends on the Preferred Shares will be cumulative. If for any reason the Issuer's Board does not declare a dividend on the Shares for a dividend period, the Issuer will not pay a dividend on the Dividend Payment Date for that dividend period. However, on any future Dividend Payment Date on which dividends are declared, holders of the Preferred Shares must receive the Dividends due them on such Dividend Payment Date as well as all Dividends accrued and unpaid to the holders of the Preferred Shares prior to such Dividend Payment Date.

Holders of Preferred Shares shall not be entitled to participate in any other or further dividends beyond the dividends specifically payable on the Preferred Shares.

Redemption of the Preferred Shares

If provided in the Enabling Resolution, as and if declared by the Board, the Issuer may redeem the Preferred Shares on any Dividend Rate Re-Setting Date or on any Dividend Payment Date (the "**Optional Redemption Date**") thereafter in whole (but not in part only), at the Redemption Payment. The Redemption Payment shall be made to holders of the Preferred Shares as of the record date set by ACEN for such redemption. The Issuer has not established, and currently has no plans to establish, a sinking fund for the redemption of the Preferred Shares.

The Issuer may purchase the listed Preferred Shares at any time in the open market or by public tender or by private contract at any price through the PSE. The Preferred Shares so purchased may either be redeemed and cancelled (after the Optional Redemption Date) or kept as treasury shares.

The Issuer shall give prior written notice of its intention to redeem the Preferred Shares, which notice shall be irrevocable and binding upon the Issuer to effect such early redemption of the Preferred Shares at the Optional Redemption Date stated in such notice.

In the event an Optional Redemption Date which the Issuer has chosen as the date to redeem the Preferred Shares falls on a day that is not a Business Day, the redemption shall be made on the next succeeding day that is a Business Day, without adjustment as to the Redemption Payment and the amount of dividends to be paid.

Liquidation Rights in Respect of the Preferred Shares

The Preferred Shares will constitute direct and unsecured subordinated obligations of the Issuer ranking at least *pari passu* in all respects and ratably without preference or priority among themselves with all other preferred shares issued by the Issuer.

In the event of a return of capital in respect of the Issuer's winding up or otherwise (whether voluntarily or involuntarily) (but not on a redemption or purchase by the Issuer of any of its share capital), the holders of the Preferred Shares at the time outstanding will be entitled to receive, in Pesos out of the Issuer's assets available for distribution to shareholders, together with the holders of any other of the Issuer's shares ranking, as regards repayment of capital, *pari passu* with the Preferred Shares and before any distribution of assets is made to holders of any class of the Issuer's shares ranking after the Preferred Shares as regards repayment of capital, liquidating distributions in an amount per Preferred Share to be determined by the Board at the time of issuance of the Preferred Shares. If, upon any return of capital in the Issuer's winding up, the amount payable with respect to the Preferred Shares and any other of the Issuer's shares ranking as to any such distribution *pari passu* with the Preferred Shares are not paid in full, the holders of the Preferred Shares and of such other shares will share ratably in any such distribution of the Issuer's assets in proportion to the full respective preferential amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Preferred Shares will have no right or claim to any of the Issuer's remaining assets and will not be entitled to any further participation or return of capital in a winding up.

Pre-emptive Rights

Pursuant to Article Seventh of the Company's Articles of Incorporation, stockholders have pre-emptive right to purchase or subscribe to additional shares, except if the issue of the said additional shares does not exceed 35% of the resulting total subscribed capital stock and shall be used exclusively for the benefit of the Company. Accordingly, the issuance of the Preferred Shares is not subject to pre-emptive rights as it will not exceed 35% of the resulting total subscribed capital stock of the Company and shall be used exclusively for the benefit of the Company.

Transfer of Shares and Share Register

The listed Preferred Shares will be issued in scripless form.

Legal title to the listed Preferred Shares will be shown in the Register of Shareholders which shall be maintained by the Registrar. The Registrar shall send (at the cost of the Issuer) at least once every quarter a Statement of Account to all Preferred Shareholders named in the Register of Shareholders confirming the number of Preferred Shares held by each Preferred Shareholder on record in the Register of Shareholders. Such Statement of Account shall serve as evidence of ownership of the relevant Preferred Shareholder as of a given date thereof. Any request by Preferred Shareholders for certifications, reports or other documents from the Registrar, except as provided herein, shall be for the account of the requesting Preferred Shareholder.

Initial placement of the Preferred Shares and subsequent transfers of interests in the Preferred Shares shall be subject to normal Philippine selling restrictions for listed securities, if applicable, as may prevail from time to time.

After the Issue Date, Preferred Shareholders may request the Registrar and Depository Agent to issue stock certificates evidencing their investment in the Preferred Shares. Any expense that will be incurred in relation to such issuance shall be for the account of the requesting shareholder.

Philippine law does not require transfers of the Preferred Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax and documentary stamp tax that may be significantly greater than the stock transfer tax applicable to transfers effected on an exchange. See "*Philippine Taxation*" on page 384 of this Prospectus. All transfers of shares on the PSE must be effected through a licensed stock broker in the Philippines.

Not Convertible into Common Shares

The Preferred Shares shall not be convertible into Common Shares.

Other Rights and Incidents Relating to the Preferred Shares

Following are other rights and incidents relating to the Preferred Shares, which may also apply to other classes of ACEN's stock.

Restrictions on Foreign Ownership of ACEN's Shares by Non-Philippine Nationals

Under Philippine law, no more than 40% of the capital of corporations holding certain nationalized resources may be owned by non-Philippine nationals. ACEN's subsidiaries own nationalized resources. Accordingly, the Preferred Shares and ACEN's other shares may be owned or subscribed by or transferred to any person, partnership, association or corporation regardless of nationality, provided that at any time at least 60% of the Company's outstanding capital stock shall be owned by citizens of the Philippines or by partnerships, associations or corporations 60% of all classes of shares is owned and controlled by citizens of the Philippines.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

Appraisal Rights

The Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of its shares in certain circumstances where it has dissented and voted against a proposed corporate action, including:

1. an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to its shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;

2. the extension of the term of corporate existence;

3. the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;

4. a merger or consolidation; and

5. investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting shareholder unless the corporation has Unrestricted Retained Earnings sufficient to support the purchase of the shares of the dissenting shareholders.

As provided under Section 81 of the Corporation Code, the appraisal right may be exercised by the dissenting stockholder who votes against a proposed corporate action by making a written demand on the corporation for the payment of the fair value of shares held within 30 days from the date on which the vote was taken. Failure to make the demand within such period shall be deemed a waiver of the appraisal right.

Right to Inspect Corporate Books and Records

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at its expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making its demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of the corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certificate by an independent certified public accountant.

Right to Stock Certificates

Each shareholder whose shares of stock have been paid in full shall be entitled to a stock certificate for such shares of stock. Shares may also be lodged and maintained under the book entry system of the PDTC.

Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business conducted, and its property controlled by the Board. Pursuant to its Articles of Incorporation, as amended, the general management of the Company shall be vested in a Board of 11 directors who shall be stockholders and who shall serve until the election and qualification of their successors. As a corporation publicly listed in the Exchange, the Company shall conform with the requirement to have three independent directors within the meaning set forth in Section 38 of the SRC. An independent director shall hold no interests or relationships with the Company that may hinder his or her independence from the Company or Management which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and which he or she shall certify in a letter of confirmation to the Corporate Secretary.

The Board of Directors shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital stock of the Company are present, either in person or by proxy. Any vacancy in the Board of Directors shall be filled by a majority vote of the Board of Directors at a regular meeting or at a special meeting called for that purpose, and the director or directors so chosen shall serve for the unexpired term. Holders of Preferred Shares shall not be entitled to vote for the election of the Board of Directors.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. The directors shall act only as a Board and the individual directors shall have no power as such. A majority of the directors shall be necessary at all meetings to constitute a quorum for the transaction of any business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act. Six directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Pursuant to its Articles of Incorporation, the Board of Directors shall have the management of the business of the Company and such powers and authorities as are by the By-laws or by statutes of the Philippines expressly conferred upon it. Without prejudice to the general powers conferred in the By-laws, the Board of Directors shall have the following express powers:

1. From time to time to make and change rules and regulations not inconsistent with the By-laws for the management of the Company's business and affairs;

2. To purchase or otherwise acquire for the Company, rights or privileges which the Company is authorized to acquire at such price and on such terms and conditions and for such consideration as it shall from time to time see fit;

3. To pay for any property or rights acquired by the Company or to discharge obligations of the Company either wholly or partly in money or in stocks, bonds, debentures or other securities of the Company;

4. To borrow money for the Company and for such purpose to create, make and issue mortgages, bonds, deeds of trust and negotiable instruments or securities, secured by mortgage or pledge of property belonging to the Company; provided, that, as hereinafter provided, the proper officers of the Company shall have these powers unless expressly limited by the Board of Directors;

5. To lend or invest money or property of the Company or otherwise to make temporary placement of funds for the best interests of the Company; and

6. To delegate from time to time, any of the powers of the Board in the course of the current business or businesses of the Company to any standing or special committee or to any officer or agent and to appoint any persons to be agents of the Company with such powers (including the power to subdelegate), and upon such terms as may be deemed fit.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The By-laws of the Company provide for annual meetings on any business day in April of each year as may be fixed by the Board of Directors to be held at its principal office or at such place in Makati, Metro Manila and at such hour as specified in the notice. For the year 2023, the ASM was held on 24 April 2023 virtually.

Special Shareholders' Meeting

Pursuant to the Company's By-laws, special meetings of the stockholders shall be held at the same place as the annual meetings, *i.e.*, at its principal office or at such place in Makati, Metro Manila and at such hour as specified in the notice. Such meeting may be called at any time by the Board of Directors or at the request of stockholders, subject to applicable laws, rules and regulations of the SEC. Such request shall state the purpose or purposes of the proposed meeting.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date, and time of the meeting, and the purpose or purposes for which the meeting is called. The Company's By-laws provide that for the annual meeting, the notice shall be sent at least 21 days prior to the date of the meeting, while for special meetings, at least one week before the scheduled date of meeting. The notice must include a statement on the matters to be transacted at the meeting, and no business other than that specified in the notice shall be transacted at such meeting.

Attendance through Electronic Means

When so provided in the By-laws or by majority of the Board of Directors, stockholders who cannot physically attend at stockholders' or members' meetings may participate in such meetings through remote communications or other alternative modes of communication. A stockholder who participates through remote communication or in absentia shall be deemed present for purposes of quorum. Likewise, the right to vote of stockholders may be exercised in person, through a proxy, or when so authorized in the by-laws, through remote communication, or in absentia. The right to vote of stockholders or members may be exercised also through remote communication or in absentia when authorized by a resolution of the majority of the Board of Directors, provided that the resolution shall only be applicable for a particular meeting. For the year 2023, the ASM was held on 24 April 2023 virtually.

Quorum

The owners of a majority of the Common Shares issued and outstanding either in person or by proxy shall, except as otherwise expressly provided by law, such as when holders of Preferred Shares may vote on matters which the Corporation Code considers significant corporate acts (see section on *"Risk Factors – Preferred Shareholders Have No Voting Rights"* on page 88 and *"Description of the Preferred Shares – The Preferred Shares – Features Specific or Particular to the Preferred Shares"* on page 102 of this Prospectus) constitute a quorum for the transaction of business at any meeting of the stockholders. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of shares shall be presented.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholder. The holders of the Preferred Shares shall have no voting rights except as specifically provided by law. Thus, holders of the Preferred Shares shall not be eligible, for example, to vote for or elect the Company's Directors or to vote for or against the issuance of a stock dividend.

Holders of Preferred Shares, however, may vote on matters which the Corporation Code considers significant corporate acts that may be implemented only with the approval of shareholders, including those holding shares denominated as non-voting in the articles of incorporation. These acts, which require the approval of shareholders representing at least two-thirds of the issued and outstanding capital stock of the Company in a meeting duly called for the purpose, are as follows:

1. Amendment of the Company's Articles of Incorporation (including any increase or decrease in capital stock);

2. Amendment of the Company's By-laws;

3. Sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the Company's assets;

4. Incurring, creating or increasing bonded indebtedness;

5. Increase or decrease of capital stock;

6. Merger or consolidation of the Company with another corporation or corporations;

7. Investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the Company was organized; and

8. Dissolution of the Company.

Voting at all meetings of the shareholders shall be by shares of stock and not per capita.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing, signed and duly presented to the Office of the Corporate Secretary at least seven business days before the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Corporation Code, the SRC, the IRRs, and SEC Memorandum Circular No. 5 dated 6 August 1996 issued by the SEC.

Fixing Record Dates

Pursuant to the Company's By-laws, the Board of Directors shall fix a record date for the purpose of determining the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment therefor, or to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange or stock or for the purpose of any lawful action, provided that the stock transfer book shall be closed at least 20 days for regular meetings and at least seven days for special meetings, before the scheduled date of the meeting.

Under existing rules of the Commission, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 or more than 30 days from the date of declaration.

With respect to share dividends, the record date shall not be less than 10 or more than 30 days from the date of shareholder approval; provided, however, that the record date set shall not be less than 10 Trading Days from receipt by the Exchange of the notice of declaration of share dividends. In the event that share dividends are declared in connection with an increase in the authorized capital shares, the corresponding record date shall be fixed by the Commission.

Shares of Stock

Under the Company's By-laws, each shareholder whose shares of stock have been paid in full shall be entitled to a stock certificate for such shares of stock. Shares may also be lodged and maintained under the book entry system of the PDTC.

Under the Rules of the Exchange, only fully-paid shares may be listed with the Exchange.

Transfer of Shares and Share Register

All transfers of shares on the Exchange shall be effected by means of a book-entry system. Under the book entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (*i.e.*, brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "**PCD Nominee**"). A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company. See "*The Philippine Stock Market*" beginning on page 388 of this Prospectus. Under its By-laws, shares of stock shall be transferred by delivery of the certificate indorsed by the owner or its attorney-in-fact or other person legally authorized to make the transfer, but no transfer shall be valid and effective until the transfer is annotated in the books of the Company.

Philippine law does not require transfers of the Common Shares to be effected on the Exchange, but any transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. See "*Philippine Taxation*" beginning on page 384 of this Prospectus. All transfers of shares on the Exchange must be effected through a licensed stockbroker in the Philippines.

There are no existing provisions in the Company's Articles of Incorporation or the By-laws which will delay, defer, or in any manner prevent a change in control of the Company.

Share Certificates

Pursuant to the Company's By-laws, share certificates shall be in such form and design as required by the Articles of Incorporation and as may be determined by the Board of Directors. Every certificate shall be signed by the President or shall bear a facsimile of the President's signature and countersigned by the Secretary, and shall state on its face, its class, its number, the date of issue, the par value, and the number of shares for which it was issued, and the name of the person in whose favor it was issued. In the absence from the Philippines or incapacity of either or both the President and/or Secretary, every certificate shall be signed by their respective substitutes or alternates duly designated by the Board of Directors for the purpose.

Certificates representing the shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's Stock Transfer Agent, which will maintain the share register. Shares may also be lodged and maintained under the book entry system of the PDTC. See "*The Philippine Stock Market*" beginning on page 388 of this Prospectus.

Mandatory Tender Offers

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least (i) 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company in one or more transactions within a period of 12 months, or (ii) 35% of the outstanding voting shares or such outstanding voting shares that are sufficient to gain control of the board in a public company directly from one or more stockholders, or (3) if any acquisition would result in ownership by the acquiring party of over 50% of the total outstanding equity of a public company, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder.

Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by it for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition would result in ownership of over 51% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (i) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser or such percentage that is sufficient to gain control of the board, (ii) purchases from an increase in the authorized capital shares of the target company, (iii) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor, (iv) purchases in connection with privatization undertaken by the government of the Philippines, (v) purchases in connection with corporate rehabilitation under court supervision, (vi) purchases through an open market at the prevailing market price, or (vii) purchases resulting from a merger or consolidation.

Fundamental Matters

The Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding voting capital stock of the corporation in a meeting duly called for the purpose:

1. amendment of the articles of incorporation;
2. removal of directors;
3. sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
4. investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
5. declaration or issuance of share dividends;
6. delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws, merger or consolidation;
7. dissolution;
8. an increase or decrease in capital shares;
9. ratification of a contract of a directors or officer with the corporation;
10. extension or shortening of the corporate term;
11. creation or increase of bonded indebtedness; and
12. management contracts with related parties.

The approval of shareholders holding a majority of the outstanding capital stock of a Philippine corporation, including non-voting preferred shares, is required for: the amendment of the articles of incorporation and by-laws; sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation; merger or consolidation with another corporation or corporations; investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized; dissolution; an increase or decrease in capital shares; and creation or increase of bonded indebtedness.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Commission. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Commission. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

Additional Information

The Company files periodic reports and other information to the SEC and the PSE. These reports and other information may be inspected and copied at the public reference facilities maintained by the SEC and PSE or obtained at the PSE website at www.pse.com.ph. Information on this website or any other websites are not incorporated by reference into this Prospectus and does not constitute a part of this Prospectus.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial results should be read in conjunction with the Company's unadited interim consolidated statements of financial position as at 31 March 2023 and for the three month period ended 31 March 2023 and 2022 and for the period ended 31 December 2022, 2021, 2020, and 2019, and the notes thereto contained in the section entitled "Financial Information" and elsewhere in this Prospectus.

Due to the incorporation of the effect of common control business combination in the Company's audited consolidated financial statements as of and for the years ended 31 December 2022, 2021, 2020, and 2019, the Company restated its consolidated balance sheet as of 31 December 2020 and 2019 presented as comparative in the audited consolidated financial statements as of 31 December 2021. See Note 32 of the Company's audited consolidated financial statements included elsewhere in this Prospectus for more details.

This discussion contains forward-looking statements and reflects the current views of the Company with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section entitled "Risk Factors" beginning on page 53 and elsewhere in this Prospectus.

For the Period Ended 31 March 2023 vs 2022

PLAN OF OPERATION

Financial Performance

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

2023

Corporate Highlights:

- On 1 February 2023, ACRI and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-ACE Australia, which completes the second and final tranche of ACRI's acquisition of ACEN Australia. The acquisition transformed the previously UPC Renewables Australia Pty. Ltd. joint venture into ACEN Australia, 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 Solutions LLC, signed a Purchase and Sale Agreement with GlidePath Power Solutions LLC for the acquisition of a portfolio of eight operating wind projects totaling 136 MW in northern Texas, USA. 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.

- 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:

- ACEN currently has ~4,200 MW of attributable capacity of operational and projects under construction in the Philippines and across the region, of which ~4,100 MW, or 98%, is renewable. This puts the Group in a strong position to reach its 20 GW RE target by 2030.

- Total attributable renewables output showed double-digit growth, rising 20% to 1,058 GWh in the first quarter. Renewables generation from Philippine operations increased by a significant 31% to 310 GWh with the absence of the prior year's curtailment in the Visayas, driven by new operating solar capacity and a stronger wind regime in the north. On the other hand, greater wind resources in Vietnam drove the 15% increase in international output to 748 GWh, with contributions from the partial commissioning of New England Solar Phase 1 in Australia and improved geothermal availability in Indonesia.

Financial Highlights:

- The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to ₱2,025.91 million for the first quarter of 2023 compared to ₱405.03 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 first quarter ended 31 March 2023 and 2022.

Revenues

	Jan – Mar		Increase (Decrease)		% of Total Revenues Jan – Mar	
In thousand Pesos	**2023**	**2022**	**Amount**	**%**	**2023**	**2022**
Revenue from sale of electricity	9,023,014	7,358,378	1,664,636	23%	99%	99%
Rental income	17,213	17,053	160	1%	0%	0%
Dividend Income	–	3,635	(3,635)	(100%)	0%	0%
Other revenue	95,475	23,540	71,935	306%	1%	0%
Total Revenues	**₱9,135,702**	**₱7,402,606**	**₱1,733,096**	**23%**	**100%**	**100%**

- **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 includes the impact of the curtailment in the Visayas plants and payment of customer buy-out fee.

- **Rental income** increased mainly coming from BCHC.

- **Dividend Income** in Q1 2022 came from UPC Sidrap, which is recognized as financial asset at FVOCI.

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

Costs and Expenses

In thousand Pesos	Jan - Mar 2023	2022	Increase (Decrease) Amount	%	% of Total Revenues Jan – Mar 2023	2022
Cost of sale of electricity	8,119,401	7,868,135	251,266	3%	89%	106%
General and administrative	1,180,387	284,969	895,418	314%	13%	4%
Total Costs and Expenses	**₱9,299,788**	**₱8,153,104**	**₱1,146,684**	**14%**	**102%**	**110%**

- **Cost of sale of electricity** slightly increased by 3% 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.

Other Income and Expenses

In thousand Pesos	Jan – Mar 2023	2022	Increase (Decrease) Amount	%	% of Total Revenues Jan – Mar 2023	2022
Interest and other finance charges	(664,414)	(504,313)	(160,101)	32%	(7%)	(7%)
Equity in net income of associates and joint ventures	978,485	344,473	634,012	184%	11%	5%
Other income – net	2,074,185	1,219,806	854,379	70%	23%	16%
Total Other Income and Expenses	**₱2,388,256**	**₱1,059,966**	**₱1,328,290**	**125%**	**26%**	**14%**

- **Interest and other finance charges** went up from last year due to new borrowings in the second half of 2022 as well as 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 investments in redeemable preferred shares, debt replacements, and development loans which increased by ₱498.35 million. This also includes gain from partial settlement of development loan, net fair value gains on investment in FVTPL, partly offset foreign exchange losses for the period (₱254.36 million).

Provision for (benefit from) income tax

In thousand Pesos	Jan – Mar 2023	2022	Increase (Decrease) Amount	%	% of Total Revenues Jan – Mar 2023	2022
Current	71,245	41,722	29,523	71%	1%	1%
Deferred income tax	(289,311)	(484,700)	195,389	(40)%	(3%)	(7%)
Total Provision for (benefit from) income tax	**₱(218,066)**	**₱(442,978)**	**₱224,912**	**(51)%**	**(2%)**	**(6%)**

- The increase in **provision for income tax - current** due to higher taxable income for the period.

- **Deferred income tax benefit** decreased mainly driven by lowerdeferred tax assets on NOLCO that will be applied against future taxable income.

Material changes in Consolidated Statements of Financial Position accounts

In thousand pesos	31 March 2023	31 December 2022	Increase (Decrease) Amount	%	% of Total Assets 31 March 2023	31 December 2022
Current Assets						
Cash and cash equivalents	**₱34,963,879**	₱34,630,011	₱333,868	1%	15%	15%
Accounts and notes receivable	**27,162,993**	30,503,231	(3,340,238)	(11)%	12%	13%
Fuel and spare parts	**1,030,981**	806,986	223,995	28%	0%	0%
Financial assets at fair value through profit or loss (FVTPL)	**786,534**	42,863	743,671	1,735%	0%	0%
Current portion of:						
Input value added tax (VAT)	**2,142,682**	2,132,179	10,503	1%	1%	1%
Creditable withholding taxes	**1,282,857**	940,403	342,454	36%	1%	0%
Other current assets	**994,311**	966,907	27,404	3%	0%	0%
Total Current Assets	**₱68,364,237**	**₱70,022,580**	**₱(1,658,343)**	**(2)%**	**29%**	**30%**
Noncurrent Assets						
Investments in:						
Associates and joint ventures	**25,400,841**	24,766,433	634,408	3%	11%	11%
Other financial assets at amortized cost	**20,802,848**	21,260,907	(458,059)	(2)%	9%	9%
Financial assets at FVTPL	**1,307,480**	1,260,023	47,457	4%	1%	1%
Financial assets at fair value through other comprehensive income (FVOCI)	**723,712**	366,844	356,868	97%	0%	0%
Plant, property and equipment	**65,959,872**	58,398,228	7,561,644	13%	28%	25%
Right-of-use assets	**4,386,270**	3,726,647	659,623	18%	2%	2%
Accounts and notes receivable - net of current portion	**12,467,334**	16,387,729	(3,920,395)	(24)%	5%	7%
Goodwill and other intangible assets	**22,736,364**	23,268,743	(532,379)	(2)%	10%	10%
Net of current portion:						
Input VAT	**2,874,937**	2,336,747	538,190	23%	1%	1%
Creditable withholding tax	**777,700**	752,317	25,383	3%	0%	0%
Deferred income tax assets – net	**1,950,214**	1,730,194	220,020	13%	1%	1%
Other noncurrent assets	**5,900,551**	8,495,171	(2,594,620)	(31)%	3%	4%
Total Noncurrent Assets	**₱165,288,123**	**₱162,749,983**	**₱2,538,140**	**2%**	**71%**	**70%**

- 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.

- Decrease in **Accounts and notes receivable** is mainly due to increase in collections in trade receivables and loan repayments.

- **Fuel and spare parts** went up as a result of purchases in bunker fuels.

- **Financial assets at fair value through profit or loss (FVTPL)** jumped as ACEN received listed equity shares in the Philippines as partial payment of development loan in the first quarter. 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.

- Increase in **current portion of input VAT** mainly driven by input tax from purchases of various materials needed for construction and maintenance of various plants and services procured.

- **Creditable withholding tax** went up with increased revenues and minimal utilization of tax credits.

- **Other current assets** increased primarily due to prepaid taxes for permits and licenses to be amortized over the year.

- **Investments in associates and joint ventures** increased mainly due to investments in BrightNight, Monsoon, and UPC Power Solutions LLC with a total subscription of ₱367.58 million. Accumulated equity in net earnings increased by ₱978.49 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 was reduced by dividends received from Phiwind/NLREC (₱369.53 million) and CTA losses (₱366.35 million) with the appreciation of Philippine peso vs U.S. dollar during the period.

- **Investments in other financial assets at amortized cost** include redeemable preferred shares and convertible loans. During the period, new investment was made in Impact Wind Investment amounting to ₱315.60 million. This is offset by the translation loss of U.S. dollar-denominated investments (Philippine peso appreciated) and recognition of impairment in Vietnam Wind.

- **Current and Noncurrent financial assets at FVTPL** pertains to Compulsorily Convertible Debentures (CCDs) from Masaya Solar. Masaya Solar is currently constructing the 420 MW solar farm in the Central Indian state of Madhya Pradesh. The increase is mainly from listed shares received from the partial settlement of development loans.

- **Noncurrent financial assets at FVOCI** are largely the investment in UPC Sidrap and also include golf club shares and listed equity instruments. The increase is attributable to a reclassification of redeemable preferred shares of UPC-AC Energy Solar Limited.

- **Plant, property and equipment's** increase is from construction of Balaoi, San Marcelino, Cagayan, and New England Solar Farm 1. The Group also capitalized borrowing cost to these renewable projects under construction.

- **Right-of-use asset's** increase is due to new lease contracts in 2023, mainly ACEN Australia.

- **Receivables – net of current portion** decreased primarily due to a Greencore debt replacement being reclassified to current following maturity date.

- **Goodwill & other intangible assets** decreased due following translation loss 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	**31 March 2023**	**31 December 2022**	**Increase (Decrease)**		**% of Total Assets**	
			Amount	**%**	**31 March 2023**	**31 December 2022**
Current Liabilities						
Accounts payable and other current liabilities	**₱11,695,335**	₱13,322,569	(₱1,627,234)	(12)%	5%	6%
Short-term loans	**2,300,000**	2,900,000	(600,000)	(21)%	1%	1%
Current portion of:						
Long-term loans	**1,086,180**	719,385	366,795	51%	0%	0%
Lease liabilities	**338,016**	258,562	79,454	31%	0%	0%
Income and withholding taxes payable	**333,760**	479,435	(145,675)	(30)%	0%	0%
Due to stockholders	**16,585**	16,585	–	–	0%	0%
Total Current Liabilities	**₱15,769,876**	**₱17,696,536**	**₱(1,926,660)**	**(11)%**	**7%**	**8%**
Noncurrent Liabilities						
Notes payable	**31,554,877**	32,093,314	(538,437)	(2)%	14%	14%
Long-term loans – net of current portion	**36,792,572**	28,051,903	8,740,669	31%	16%	12%
Lease liabilities – net of current portion	**4,599,432**	4,206,459	392,973	9%	2%	2%
Pension and other employee benefits	**75,963**	76,997	(1,034)	(1)%	0%	0%
Deferred tax income liabilities – net	**310,625**	226,268	84,357	37%	0%	0%
Other noncurrent liabilities	**640,955**	827,643	(186,688)	(23)%	0%	0%
Total Noncurrent Liabilities	**₱73,974,424**	**₱65,482,584**	**₱8,491,840**	**13%**	**32%**	**28%**
Equity						
Capital Stock	**39,691,895**	39,691,895	–	–	17%	17%
Additional paid-in capital	**107,492,243**	107,492,243	–	–	46%	46%
Other equity reserves	**(59,450,345)**	(56,585,740)	(2,864,605)	5%	(25%)	(24%)
Unrealized fair value loss on equity instruments at FVOCI	**(128,358)**	(114,566)	(13,792)	12%	0%	0%
Unrealized fair value gain on derivative instruments designated as hedges – net of tax	**114,724**	326,676	(211,952)	(65)%	0%	0%
Remeasurement gain (loss) on defined benefit plans – net of tax	**7,817**	(43,910)	51,727	(118)%	0%	0%
Accumulated share in other comprehensive loss of associates and joint ventures	**(8,890)**	(5,794)	(3,096)	53%	0%	0%
Cumulative translation adjustments	**4,755,179**	7,449,690	(2,694,511)	(36)%	2%	3%
Retained earnings	**21,577,745**	19,551,839	2,025,906	10%	9%	8%
Treasury shares	**(28,657)**	(28,657)	–	–	0%	0%
Non-controlling interests	**29,884,707**	31,859,767	(1,975,060)	(6)%	13%	14%
Total Equity	**₱143,908,060**	**₱149,593,443**	**₱(5,685,383)**	**(4)%**	**62%**	**64%**

- **Accounts payable and other current liabilities** decrease following settlement of various obligations (trade payables and accrued expenses).

- **Short-term loans** are outstanding loans from local banks (₱2.3 billion).

- **Current portion of long-term loans** increased with the currently maturing amortization.

- **Current portion of lease liability** increased with the currently maturing amortization.

- 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 ASEAN Green Bonds by ACEN and the 400.0 million U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Green 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 of 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 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.

- The movement in **Other Equity Reserves** pertains to the acquisition of non-controlling interest in UPC-ACE Australia (acquisition of additional stake in a controlled entity).

- The increase in **unrealized FV loss on equity instruments at FVOCI** came from mark-to-market loss for UPC Sidrap for the current period.

- **Unrealized fair value gain on derivative instruments designated as hedges** increased substantially due to equity hedge.

- **Remeasurement loss on defined benefit plan** decreased parallel to various actuarial gain and gain on return on plan assets.

- The decrease in **accumulated share in other comprehensive loss of associates and joint ventures** came from share in remeasurement loss from defined benefit obligation of associate and joint venture.

- **Cumulative translation adjustment** reflects the appreciation of Philippine peso vs. U.S. dollar from 31 December 2022 to 31 March 2023 over the Group's international business denominated in USD. The Group's international business is in a net asset position.

- **Retained earnings** increased from resulting net income earned for the period.

- **Treasury shares** has no movement during the period.

- **Non-controlling interests** are mainly comprised of redeemable preferred shares 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 ₱416.33 million, which was offset by dividends totaling ₱379.91 million.

Key Performance Indicators

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

Key Performance Indicators				
In thousand Pesos	**31-Mar-23**	**31-Dec-22**	**Increase (Decrease)**	
	Unaudited	**Audited**	**Amount**	**%**
Liquidity Ratios				
Current assets	68,364,237	70,022,580		
Divided by: Current liabilities	15,769,876	17,696,536		
Current Ratio	**4.34**	3.96	0.38	10%
Cash & cash equivalents	34,963,879	34,630,011		
Plus: Short-term investments	0	528		
Plus: Receivables	27,162,993	30,503,231		
Plus: FVTPL	786,534	42,863		
Cash & cash equivalents + Short-term investments + Receivables + FVTPL	62,913,406	65,176,633		
Divided by: Current liabilities	15,769,876	17,696,536		
Acid test ratio	**3.99**	3.68	0.31	8%
Solvency Ratios				
Total liabilities	89,744,300	83,179,120		
Divided by: Total equity	143,908,060	149,593,443		
Debt/Equity ratio	**0.62**	0.56	0.07	12%
Total assets	233,652,360	232,772,563		
Divided by: Total equity	143,908,060	149,593,443		
Asset-to-equity ratio	**1.62**	1.56	0.07	4%
Income (loss) before income tax	2,224,170	13,935,790		
Plus: Interest and other finance charges	-664,414	-2,357,531		
Earnings before interest & tax (EBIT)	2,888,584	16,293,321		
Divided by: Interest expense	664,414	2,357,531		
Interest Coverage Ratio	**4.35**	6.91	(2.56)	(37)%
Short-term loans	2,300,000	2,900,000		
Plus: Long-term loans	69,433,629	60,864,602		
Less: Cash & cash equivalents	34,963,879	34,630,011		
Short-term loans + long-term loans - Cash & Cash Equivalents	36,769,750	29,134,591		
Total Equity	143,908,060	149,593,443		

Net bank Debt to Equity ratio	**0.26**	0.19	0.06	31%
Profitability Ratios				
Net income after tax attributable to equity holders of the Parent Company				
Divided by: Average equity attributable to equity holders of Parent Company				
Return on equity*	-	-	-	-
Net income after taxes				
Divided by: Average total assets				
Return on assets*	-	-	-	-
Revenues	9,135,702	35,238,551		
Divided by: Average total assets	233,212,462	201,966,975		
Asset Turnover	**3.92%**	17.45%	(0.14)	(78)%

*computed on annual basis

Current ratio & Acid test ratio

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

Debt/Equity) ratio & Asset-to-equity ratio

- D/E ratio slightly increased with additional short-term and long-term loan availments, which were cushioned by the increase in 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

- Lower net income before interest and taxes coupled with higher interest expense following additional loan availments yield to lower interest coverage ratio for the current period.

Net bank debt to equity ratio

- Increased from year-end 2022 due to additional availments of 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 Pagudpud 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. ACEN does not anticipate any cash flow or liquidity problems. ACEN is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring ACEN to make payments.

- Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation – The Company does not anticipate any events that will trigger direct or contingent financial obligation that is material to the Company.

- 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").

For the Years Ended 31 December 2022 vs 2021

PLAN OF OPERATION

Financial Performance

The following discussion and analysis of financial position and results of operations of ACEN and its subsidiaries should be read in conjunction with the audited consolidated financial statements as at 31 December 2022 and 2021, and for the years ended 31 December 2022, 2021, and 2020. The audited consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards.

<u>2022</u>

Corporate Highlights:

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

- In September, ACEN issued its maiden ₱-denominated ASEAN Green Bonds at an aggregate principal amount of ₱10.0 billion, with a fixed interest rate coupon of 6.0526% for a five-year tenor, or due in 2027, under its ₱30 billion Debt Securities Program registered with the SEC. With strong participation from leading institutional investors, the bonds were 8.6x oversubscribed. The Green Bonds have been rated 'PRS Aaa,' the highest possible from PhilRatings and are listed on the PDEx platform.

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

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

  - In March 2022, ACE Endevor formed a joint venture company with CleanTech Global Renewables to develop, own and operate a 133 MW solar farm and transmission line in Lal-lo, Cagayan, Philippines.

  - In April 2022, ACEN and ib vogt, a German-based developer of tracking solar farms, agreed to set up a platform to fund the construction and operation of large-scale solar power projects throughout Asia, subject to regulatory approvals. The joint venture targets a minimum operational capacity of 1,000 MW over the coming years, and will focus on late-stage, shovel-ready projects in Indonesia, Vietnam, Malaysia, Laos, Bangladesh, and other countries in the region.

  - In April 2022, ACEN announced Board approval of plans to enter the United States renewable energy market through a newly formed strategic partnership with UPC Solar & Wind Investments LLC (UPC) and Pivot Power Management (PPM), to pursue opportunities to acquire operating wind projects in the US and explore strategies for extending their useful life through preventative maintenance and repowering. The transaction is subject to usual and customary conditions precedent to closing.

  - In May 2022, ACEN announced that it agreed to work together with the Puri Usaha Group in a platform for the joint development of groundbreaking renewable energy projects in Indonesia, focusing on large-scale solar power plants, battery energy storage system and green hydrogen projects, subject to applicable regulatory approvals and execution of definitive documentation. The proposed joint venture entity is Suryagen Capital Pte. Ltd. The Suryagen platform covers the Batam, Bintan and Karimun (BBK) islands as well as East Nusa Tenggara province where the majority of the projects that the Puri Usaha Group have been developing are located, with the aim to begin the construction of its first project by 2023.

Operating Highlights:

- As of 31 December 2022, ACEN had 3,961 MW of attributable capacity of projects in operation and under construction in the Philippines and across the region, of which 3,893 MW, or 98%, is renewable. ACEN's attributable portfolio has since increased to 4,393 MW by 12 July 2023, of which, or a similar 98%, is made up of renewable energy.

- This puts the Group in a strong position to reach its 20 GW in attributable renewables capacity by 2030.

  - On 26 May 2022, ACEN announced start of construction for the 42 MW Arayat Mexico Solar Expansion in partnership with Citicore Power Inc. This brings the total capacity of the Arayat Solar plant to 114 MW.

  - On 23 June 2022, notice to proceed was issued for the construction of the 133 MW Cagayan North Solar plant with CleanTech.

- On 28 July 2022, ACEN announced the start of construction for the 70 MW Capa Wind Project in Caparispisan, Ilocos Norte, an expansion of the currently operating 81 MW NLREC Project.

- On 29 August 2022, ACEN announced that the 72 MW Arayat-Mexico Solar Farm has become fully operational, with an additional 44 MW second phase in full swing.

- ACEN announced the start of construction for the 300 MW Palauig 2 Solar project in Palauig, Zambales.

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

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

Financial Highlights:

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

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

			Increase (Decrease)		**% of Total Revenues**	
In thousand Pesos	**2022**	**2021**	Amount	%	**2022**	**2021**
Revenue from sale of electricity	**34,995,488**	25,878,039	9,117,449	35%	99%	99%
Rental income	**68,469**	61,466	7,003	11%	0%	0%
Dividend income	**3,635**	11,725	(8,090)	(69)%	0%	0%
Other revenue	**170,959**	130,211	40,748	31%	0%	0%
Total Revenues	**₱35,238,551**	**₱26,081,441**	**₱9,157,110**	**35%**	**100%**	**100%**

- **Revenue from sale of electricity** registered 35% growth from that of 2021 mainly driven by revenue contribution from 600 MWdc Palauig Solar Farm and 120 MWdc Alaminos Solar Farm that started operations in April 2021 and June 2021, respectively; revenues generated by merchant plants at higher WESM prices in 2022 vs. 2021; and higher dispatch and dependable capacity from diesel plants. The growth is partly offset by SLTEC outages, RES customer contract buy-out fee; curtailment of Visayas plants especially during the first quarter of 2022; and lower wind resource and plant availability from wind plants in second to third quarter of 2022.

- **Rental income** increased mainly coming from BCHC.

- **Dividend Income** came from UPC Sidrap, which is recognized as financial asset at FVOCI.

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

In thousand Pesos	2022	2021	Increase (Decrease) Amount	%	% of Total Revenues 2022	2021
Costs of sale of electricity	**34,183,239**	21,469,733	12,713,506	59%	97%	82%
General and administrative expenses	**3,901,817**	2,785,549	1,116,268	40%	11%	11%
Total Costs and Expenses	**₱38,085,056**	**₱24,255,282**	**₱13,829,774**	**57%**	**108%**	**93%**

- **Costs of sale of electricity** increased largely on higher costs of purchased power due to elevated spot market prices during a major preventive maintenance outage of the SLTEC thermal plant in the first quarter of 2022. Other operating costs also increased such as fuel cost with increasing oil prices as well as repairs following SLTEC outages in the first and third quarters. The Group registered lower gross profit margin for the year ended 31 December 2022 of ₱812.25 million vs. ₱4,408.31 million gross profit contribution from the same period in 2021 with lower supply amidst increasing WESM prices. The account also includes ₱605.00 million buy-out fees and impact of ACEN and BPGC's impairment of PEMC Multilateral Agreement receivables charged to costs of sale of electricity amounting to ₱571.71 million and ₱551.80 million, respectively.

- **General and administrative expenses** increased caused by ACRI impairment convertible loans for Vietnam Wind Energy Ltd amounting to ₱1,284.41 million ($23.04 million), partly offset by higher capitalized development management expenses in 2022 vs. 2021.

In thousand Pesos	2022	2021	Increase (Decrease) Amount	%	% of Total Revenues 2022	2021
Interest and other finance charges	**(2,357,531)**	(1,694,380)	(663,151)	39%	(7)%	(6)%
Equity in net income of associates and joint ventures	**937,834**	1,952,753	(1,014,919)	(52)%	3%	7%
Other income - net	**18,201,992**	5,723,640	12,478,352	218%	52%	22%
Total Other Income and Expenses	**₱16,782,295**	**₱5,982,013**	**₱10,800,282**	**181%**	**48%**	**23%**

- **Interest and other finance charges** went up from the year ended 31 December 2021 due to additional availments of long-term and short-term loans during the year.

- **Equity in net income of associates and joint ventures** decreased mainly driven by ₱366.24 million from PhilWind/NLREC; ₱104.30 million from NIBH which was disposed effective 30 June 2021; partly cushioned by increase of ₱219.23 million from Greencore3 share in earnings.

- **Other income** is mainly comprised of interest and other financial income from investments in redeemable preferred shares of associates and joint ventures, and from development loans and advances to associates and joint ventures, which registered an increase vs. 2021 by ₱12,478.35 million with higher interest income mainly coming from international loan receivables and investments in convertible loans and redeemable preferred shares. Other income in 2022 also includes ACRI gain on remeasurement of previously held interest (₱10,921.03 million/ $189.67 million), gain on disposal of shares in The Blue Circle (US$12.77 million; ₱734.67 million), partly offset by loss on deconsolidation of SLTEC (₱121.11 million) and revaluation loss from ACRI investments in Masaya Solar CCDs FVTPL (₱124.51 million).

			Increase (Decrease)		% of Total Revenues	
In thousand Pesos	**2022**	**2021**	**Amount**	**%**	**2022**	**2021**
Current	415,325	297,689	117,636	40%	1%	1%
Deferred income tax	(1,077,423)	(155,552)	(921,871)	593%	(3%)	(1%)
Total Provision for (benefit from) income tax	**₱(662,098)**	**₱142,137**	**₱804,235**	**(566)%**	**(2)%**	**1%**

- The decrease in **provision for income tax – current** is due to lower taxable income for the year.

- **Deferred income tax benefit** increased mainly driven by ACEN and SLTEC set-up of deferred tax asset (DTA) on NOLCO.

			Increase (Decrease)		% of Total Assets	
In thousand Pesos	**2022**	**2021**	**Amount**	**%**	**2022**	**2021**
Current Assets						
Cash and cash equivalents	₱34,630,011	₱26,445,429	₱8,184,582	31%	15%	15%
Accounts and notes receivable	30,503,231	33,309,297	(2,806,066	(8)%	13%	19%
Fuel and spare parts	806,986	1,490,559	(683,573	(46)%	0%	1%
Financial assets at fair value through profit or loss (FVTPL)	42,863	–	42,863	–	0%	0%
Current portion of:					0%	0%
Input value added tax (VAT)	2,132,179	1,173,169	959,010	82%	1%	1%
Creditable withholding taxes	940,403	837,472	102,931	12%	0%	0%
Other current assets[31]	966,907	812,579	154,328	19%	0%	0%
Noncurrent assets held for sale	–	203,464	(203,464	(100)%	0%	0%
Total Current Assets	**₱70,022,580**	**₱64,271,969**	**₱5,750,611**	**9%**	**30%**	**38%**
Noncurrent Assets						
Investments in:						
Associates and joint ventures	24,766,433	21,358,301	3,408,132	16%	11%	12%
Other financial assets at amortized cost	21,260,907	26,085,959	(4,825,052	(18)%	9%	15%
Financial assets at FVTPL	1,260,023	406,739	853,284	210%	1%	0%
Financial assets at fair value through other	366,844	354,868	11,976	3%	0%	0%

31 In the 2021 Consolidated Financial Statements, short-term investment is presented separately as “Short-term investment”.

In thousand Pesos	2022	2021	Increase (Decrease) Amount	%	% of Total Assets 2022	2021
comprehensive income (FVOCI)						
Property, plant and equipment	58,398,228	36,038,563	22,359,665	62%	25%	21%
Right-of-use assets	3,726,647	2,135,479	1,591,168	75%	2%	1%
Accounts and notes receivable – net of current portion	16,387,729	13,191,314	3,196,415	24%	7%	8%
Goodwill and other intangible assets	23,268,743	2,375,980	20,892,763	879%	10%	1%
Net of current portion:						
Input VAT	2,336,747	524,733	1,812,014	345%	1%	0%
Creditable withholding tax	752,317	726,804	25,513	4%	0%	0%
Deferred income tax assets – net	1,730,194	512,366	1,217,828	238%	1%	0%
Other noncurrent assets[32]	8,495,171	3,178,312	5,316,859	167%	4%	2%
Total Noncurrent Assets	**₱162,749,983**	**₱106,889,418**	**₱55,860,565**	**52%**	**70%**	**62%**

- Increase in **Cash and cash equivalents** were attributable to ₱10,558.58 million issuances of shares to UPC and its entities and ₱56,271.53 million additional loans borrowed which includes the ₱10,000.00 million maiden Peso Green Bond issuance by the Group. This was partly offset by the Group's acquisition and additional investment in various associates and joint ventures totaling to ₱7,609.76 million (*i.e.*, NLREC, UPC entities, NEFIN Limited, and Batangas Clean Energy, Inc.),and ₱27,746.07 million short and long-term loan repayments and consideration paid for acquisition of control over UPC-ACE Australia, a joint venture of ACEN and UPC Renewables Australia, amounting to ₱4,556.82 million (US$87.70 million).

- Decrease in **Accounts and notes receivable** is mainly due to receivable and loan settlements to related parties. This is partially neutralized by increase in receivables following revenue growth from new operating capacity and power supply deals.

- **Fuel and spare parts** went down as a result of SLTEC's deconsolidation. SLTEC's inventory amounted to ₱857.66 million upon deconsolidation.

- Increase in **current portion of input VAT** mainly driven by input tax from purchases of various materials needed for construction and maintenance of various plants and services procured.

- **Creditable withholding tax** went up parallel to increased revenue, driven by new operating capacity and power supply deals.

- **Other current assets** increased primarily due to ACRI's derivative assets of ₱555.87 million, partly offset by SLTEC's deconsolidation of ₱317.74 million of short-term investments and advances to contractors.

- **Assets held for sale** decreased from last year following the disposal of Power Barges 101 and 102.

- **Investments in associates and joint ventures** increased mainly due to additional investments in PhilWind/NLREC (₱2,285.39 million). There are also new joint venture investments reported during the year such as Batangas Clean Energy, Inc., NEFIN Limited, and UPC Australia (HK) Limited with a total combined subscription of ₱1,130.64 million. The increase in additional investments in UPC Australia of (₱4,085.10 million) resulted in a business

32 In the 2021 Consolidated Financial Statements, investment properties is presented separately as "Investment Properties".

combination thus reducing accumulated equity in net earnings by (₱5,012.36 million). Accumulated equity in net earnings also decreased for the year 2022 largely coming from UPC-ACE Australia (₱495.05 million), PhilWind/NLREC (₱366.24 million) and dividend payout coming from Salak-Darajat (US$26.52 million; ₱1,479.29 million), PhilWind/NLREC (₱572.78 million), but offset by share in net income from Greencore (₱219.23 million), Salak-Darajat (₱201.16 million).

- **Investments in other financial assets** at amortized cost include investments in redeemable preferred shares of, and convertible loans extended to, associates and joint ventures. The account decreased due to impact of business combination with UPC-ACE Australia. The decrease is offset by additional subscriptions into redeemable preferred shares of various international projects around ₱3,571.74 million, as well as ₱2,807.21 million extended loan facilities to related parties for various international projects.

- **Current and noncurrent financial assets at FVTPL** pertains to Compulsorily Convertible Debentures (CCDs) from Masaya Solar. Masaya Solar is currently constructing the 420 MWp solar farm in the Central Indian state of Madhya Pradesh.

- **Noncurrent financial assets at FVOCI** are largely the investment in UPC Sidrap and also include golf club shares and listed equity instruments.

- **Property, plant and equipment** increased mainly due to business combination amounting to ₱14,712.73 million.

- **Right-of-use assets** increased due to new lease contracts in 2022.

- **Receivables – net of current portion** increased primarily due to non-current portion of loans and interest receivable of the Group for construction and development funding.

- **Goodwill & other intangible assets'** increase mainly attributable to goodwill from acquisition of UPC Australia (₱21,544.49 million / US$371.65 million, gross of CTA) and acquisition over various UPC PH development entities and NAREDCO (₱14,712.73 million).

- Majority of the balance of **Deferred tax asset** came from recognition on accrued expenses, NOLCO, MCIT and lease liabilities.

- **Input VAT non-current** increased due to large purchases of Santa Cruz Solar (₱854.20 million), BWPC (₱579.63 million) and NAREDCO (₱322.15 million) for their ongoing projects.

- **Other non-current assets** include various advances to contractors for the ongoing project developments and investment properties. Increase is mainly attributable to capitalization of developmental costs and increase in advances by the Group to its contractors.

			Increase (Decrease)		% of Total Assets	
In thousand Pesos	**2022**	**2021**	**Amount**	**%**	**2022**	**2021**
Current Liabilities						
Accounts payable and other current liabilities	**13,322,569**	6,280,829	7,041,740	112%	6%	4%
Short-term loans	**2,900,000**	–	2,900,000	100%	1%	0%
Current portion of:					0%	0%
Long-term loans	**719,385**	824,488	(105,103)	(13)%	0%	0%
Lease liabilities	**258,562**	536,950	(278,388)	(52)%	0%	0%

In thousand Pesos	2022	2021	Increase (Decrease) Amount	%	% of Total Assets 2022	2021
Income and withholding taxes payable	**479,435**	169,920	309,515	182%	0%	0%
Due to stockholders	**16,585**	16,585	–	–	0%	0%
Total Current Liabilities	**₱17,696,536**	**₱7,828,772**	**₱9,867,764**	**126%**	**8%**	**5%**
Noncurrent Liabilities						
Notes payable	**32,093,314**	20,195,054	11,898,260	59%	14%	12%
Long-term loans – net of current portion	**28,051,903**	20,117,733	7,934,170	39%	12%	12%
Lease liabilities – net of current portion	**4,206,459**	2,159,302	2,047,157	95%	2%	1%
Pension and other employee benefits	**76,997**	80,422	(3,425)	(4)%	0%	0%
Deferred tax income liabilities – net	**226,268**	74,422	151,846	204%	0%	0%
Other noncurrent liabilities	**827,643**	2,736,920	(1,909,277)	(70)%	0%	2%
Total Noncurrent Liabilities	**₱65,482,584**	**₱45,363,853**	**₱20,118,731**	**44%**	**28%**	**27%**
Equity						
Capital Stock	**39,691,895**	38,338,527	1,353,368	4%	17%	22%
Additional paid-in capital	**107,492,243**	98,043,831	9,448,412	10%	46%	57%
Other equity reserves	**(56,585,740)**	(56,604,532)	18,792	–	-24%	-33%
Unrealized fair value loss on equity instruments at FVOCI	**(114,566)**	(90,089)	(24,477)	27%	0%	0%
Unrealized fair value gain on derivative instruments designated as hedges – net of tax	**326,676**	6,228	320,448	5,145%	0%	0%
Remeasurement loss on defined benefit plans – net of tax	**(43,910)**	(24,436)	(19,474)	80%	0%	0%
Accumulated share in other comprehensive (loss) gain of associates and joint ventures	**(5,794)**	29,723	(35,517)	(119)%	0%	0%
Cumulative translation adjustments	**7,449,690**	(359,910)	7,809,600	(2,170)%	3%	0%
Retained earnings	**19,551,839**	8,707,301	10,844,538	125%	8%	5%
Treasury shares	**(28,657)**	(28,657)	–	–	0%	0%

			Increase (Decrease)		% of Total Assets	
In thousand Pesos	**2022**	**2021**	**Amount**	**%**	**2022**	**2021**
Non-controlling interests	**31,859,767**	29,950,776	1,908,991	6%	14%	17%
Total Equity	**₱149,593,443**	**₱117,968,762**	**₱31,624,681**	**27%**	**64%**	**69%**

- **Accounts payable and other current liabilities** increased mainly on output tax (current and deferred), trade payables and accrued expenses. This also includes the ₱1,123.51 million in Multilateral Agreement with PEMC reclassified from noncurrent liability.

- **Short-term loans** are outstanding loans with RCBC (₱2,900.00 million).

- **Current portion of long-term loans** decreased by repayments during the year.

- **Current portion of lease liability** decreased due to lease payments during the year.

- Increase in **income and withholding taxes payable** was mainly due to income tax provision for the year and increase in expanded withholding tax payable.

- **Notes payable** increased through the issuance of ₱10,000.00 million 5-year ₱-denominated Green Bonds, ACEN's first tranche offered out of the shelf registration of debt securities of ₱30,000.00 million to be offered within a period of three years.

- **Long-term loans – net of current portion** increased due to the new loan availed by ACEN (₱9,695.00 million) and assumed loans through business acquisition of UPC-ACE Australia totaling (₱5,676.97 million). The increase is gradually offset by the principal payments (₱7,387.05 million) on these loans and other existing loans.

- **Lease Liabilities – net of current portion** increased mainly due to assumed lease through business combination of UPC-ACE Australia of ₱1,485.76 million, other increase is due to interest accretion recognized during the year.

- **Pension and other employment benefits** decreased due to lower retirement expense for the year.

- Majority of the balance of **deferred income tax liabilities** came from recognition on unrealized foreign exchange gains and right-of-use assets of the Group for the year ended.

- **Other non-current liabilities** include contract liabilities and asset retirement obligations related to solar operations. The decrease was due to ₱1,123.51 million trade payables in relation to a Multilateral Agreement signed by the Group, PEMC and other WESM participants reclassified to current liability.

- **Capital stock and additional paid in capital** increased by ₱10,558.57 million Common Shares at ₱7.87 and ₱8.29 per Common Share from share issuance to UPC international and Philippine development entities, respectively.

- The movement in **other equity reserves** pertain to excess of consideration from acquisitions of non-controlling interest in BWPC amounted ₱110.40 million offset by ₱121.83 million impact of acquisition on control over UPC-ACE Australia.

- The increase in **unrealized FV loss on equity instruments at FVOCI** came from mark-to-market loss for UPC Sidrap for the current year.

- **Unrealized fair value gain on derivative instruments** designated as hedges increased substantially due to ACRI's equity hedge of ₱359.77 million which is slightly offset by other hedge instruments with BWPC's forex hedge.

- **Remeasurement loss on defined benefit plan** increased parallel to various actuarial loss and loss on return on plan assets.

- The increase in **accumulated share in other comprehensive loss of associates and joint ventures** came reversal of OCI gains attributable to UPC-ACE Australia upon the Group's acquisition of control, and partly offset by remeasurement gains from derivative instruments and defined benefit obligation of associate and joint ventures.

- The turnaround in **cumulative translation adjustments** largely came from international entities with U.S. dollar functional currency and at net U.S. dollar asset position as the U.S. dollar appreciated significantly year-on-year.

- **Retained earnings'** net increase resulting from ₱13,055.12 million income offset by ₱2,298.95 million dividends during the year.

- **Treasury shares** has no movement during the year 2022.

- **Non-controlling interests** are mainly comprised of redeemable preferred shares of ACEN Cayman held by AC Energy Finance International Limited. Non-controlling interests' share in net income amounted to ₱1,542.77 million, which was offset by dividends totaling ₱1,504.25 million. The NCI over UAC Energy Holdings Pty Ltd was restructured under circumstances of the Group's acquisition of control in UPC-ACE Australia. The Group also acquired the non-controlling interest in BWPC and SolarAce4 with carrying amounts of negative ₱16.87 million and ₱1.73 million respectively.

Key Performance Indicators

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

Key Performance Indicators				
In thousand Pesos	**31-Dec-22**	**31-Dec-21**	**Increase (Decrease)**	
	Audited	**Audited**	**Amount**	**%**
Liquidity Ratios				
Current assets	70,022,580	64,271,969		
Divided by: Current liabilities	17,696,536	7,828,772		
Current Ratio	3.96	8.21	(4.25)	(52)%
Cash & cash equivalents	34,630,011	26,445,429		
Plus: Short-term investments	528	68,310		
Plus: Receivables	30,503,231	33,309,297		
Cash & cash equivalents + Short-term investments + Receivables	65,133,770	59,823,036		
Divided by: Current liabilities	17,696,536	7,828,772		
Acid test ratio	3.68	7.64	(3.96)	(52)%

Solvency Ratios				
Total liabilities	83,179,120	53,192,625		
Divided by: Total equity	149,593,443	117,968,762		
Debt/Equity ratio	0.56	0.45	0.11	23%
Total assets	232,772,563	171,161,387		
Divided by: Total equity	149,593,443	117,968,762		
Asset-to-equity ratio	1.56	1.45	0.11	7%
Income (loss) before income tax	13,935,790	7,808,172		
Plus: Interest and other finance charges	-2,357,531	-1,694,380		
Earnings before interest & tax (EBIT)	16,293,321	9,502,552		
Divided by: Interest expense	2,357,531	1,694,380		
Interest Coverage Ratio	6.91	5.61	1.30	23%
Short-term loans (including notes payable)	2,900,000	-		
Plus: Long-term loans	60,864,602	41,137,275		
Less: Cash & cash equivalents	34,630,011	26,445,429		
Short-term loans + long-term loans - Cash & Cash Equivalents	29,134,591	14,691,846		
Total Equity	149,593,443	117,968,762		
Net bank Debt to Equity ratio	0.19	0.12	0.07	56%
Profitability Ratios				
Net income after tax attributable to equity holders of the Parent Company	13,055,119	5,250,972		
Divided by: Average equity attributable to equity holders of Parent Company	102,875,831	70,949,245		
Return on equity	12.69%	7.40%	0.05	71%
Net income after taxes	14,597,888	7,666,035		
Divided by: Average total assets	201,966,975	156,488,604		
Return on assets	7.23%	4.90%	0.02	48%
Revenues	35,238,551	26,081,441		
Divided by: Average total assets	201,966,975	156,488,604		
Asset Turnover	17.45%	16.67%	0.01	5%

Current ratio & Acid test ratio

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

Debt/Equity ratio & Asset-to-equity ratio

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

Interest coverage ratio

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

Net bank debt to equity ratio

- Increased from year-end 2021 due to additional availments of short-term and long-term loans.

Return on equity and assets

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

Asset turnover

- Asset turnover increased due to higher net revenues and in spite of increase in average total assets of the Group during 2022.

Material events and uncertainties

- There were no events that triggered direct or contingent financial obligation that was material to the Group. There were no contingent assets or contingent liabilities since the last annual financial reporting.

- There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Parent Company with unconsolidated entities or other persons created during the financial reporting year.

- There were no material events that had occurred subsequent to the financial reporting close except for the events after the reporting year disclosed in Note 34 of the Audited Consolidated Financial Statements.

- ACEN has material commitments to invest in capital expenditure projects mainly in the following:

    - 288 MWdc solar project in Buguey and Lal-lo, Cagayan and the proposed 275 MWdc expansion of Gigasol3's Palauig solar project in Zambales

    - 120 MWdc solar power project in Alaminos, Laguna through SolarAce1

    - 150 MW diesel plant in Pililla, Rizal through Ingrid Power, a joint venture of ACEN, ACE Endevor and Axia Power

- 60 MWdc solar power project in Palauig, Zambales through Gigasol3

- 72 MWdc solar power project in Arayat and Mexico, Pampanga through Greencore 3, a joint venture of ACEN, ACE Endevor and Citicore Power, Inc.

- 500 MWdc solar power project in San Marcelino, Zambales through Santa Cruz Solar;

- 2x20 MW Alaminos Battery Energy Storage System Project through GigaAce4

- 160 MW wind farm in Balaoi, Pagudpud, Ilocos Norte through BWPC, in partnership with UPC Renewables

- Investment into 4MW renewable energy laboratory in Bataan through Bataan Solar

- 521 MWdc NESF and adjacent 50 MW battery energy storage system located near Uralla in New South Wales through UPC-ACE Australia

- Various Vietnam wind farms:

  - 252 MW wind farm in Quang Binh through AMI Renewables Energy Joint Stock Company

  - 88 MW wind farm in Ninh Thuan through BIM Energy Joint Stock Co.

  - 40 MW second phase of the Mui Ne Wind Farm in Binh Thuan through the partnership with the Blue Circle

  - 60 MW Lac Hoa & Hoa Dong wind farm in Soc Trang through a joint venture with UPC

- Funding of up to US$100 million for new technology investments in the Philippines. Refer to Notes to Consolidated Financial Statements for the details.

- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations –

  - The results of operations of ACEN and its subsidiaries depend to a significant extent, on the performance of the Philippine economy.

  - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and community quarantines resulted in lower demand for electricity have driven market prices of electricity downward.

  - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Group's financial results.

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way –

- The Group is developing a line-up of renewable energy projects as part of its growth aspiration. The capital expenditures shall be funded by a combination of equity and debt. Several capital raising activities were also set for 2022.

- ACEN does not anticipate any cash flow or liquidity problems. ACEN is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring ACEN to make payments.

- Any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation – The Company does not anticipate any events that will trigger direct or contingent financial obligation that is material to the Company.

- 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").

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

2022 (Amounts in millions, except otherwise stated)

Philippine Wind Holdings Corp.(PhilWind)

	2022	**2021**
Classification	Joint venture	Joint venture
Functional currency	PHP₱	PHP₱
Dividends received	₱542.32	₱1,062.16
Summarized Statements of Financial Position:		
Current assets (including cash and cash equivalents amounting to ₱2,619.09 million in 2022 and ₱492.54 million in 2021)	₱3,963.06	₱1,856.92
Noncurrent assets	7,641.90	7,252.95
Total assets	11,604.96	9,109.87
Current liabilities (including financial liabilities amounting to ₱332.47 million in 2022 and ₱333.30 million in 2021)	811.46	596.32
Noncurrent liabilities (including financial liabilities amounting to ₱7,030.38 million in 2022 and ₱4,782.59 million in 2021)	7,176.19	4,930.89
Equity	₱3,617.31	₱3,582.66
Share in equity	₱2,515.12	₱2,501.05
Notional goodwill	3,264.62	3,264.62
Carrying value of investments in functional currency	₱5,779.74	₱5,765.68
Carrying value of investments in Philippine Peso	₱5,779.74	₱5,765.68
CTA	–	–
Carrying value of investments in reporting currency	₱5,779.74	₱5,765.68
Summarized Statements of Comprehensive Income:		
Revenues (including interest income amounting to ₱31.21 million in 2022 and ₱26.33 million in 2021)	₱2,170.93	₱2,892.55
Cost and expenses		

	2022	2021
Cost of power operations	377.64	346.96
Depreciation and amortization expense	358.32	372.47
Interest expense	273.26	287.43
Income tax expense	122.58	49.99
Other expenses	51.86	70.37
Net income	987.28	1,765.33
Other comprehensive income	–	648.77
Total comprehensive income at functional currency	₱987.28	₱2,414.10
Group's share in total comprehensive income (loss) at functional currency	₱556.39	₱974.01
Total comprehensive income in Philippine Peso	₱987.28	₱2,414.10
Group's share in total comprehensive income in Philippine Peso	₱556.39	₱974.01

North Luzon Renewable Energy Corp. (NLR)

	2022
Classification	Joint venture
Functional currency	PHP₱
Dividends received	₱30.46
Summarized Statements of Financial Position:	
Current assets (including cash and cash equivalents amounting to ₱562.69 million)	₱1,524.13
Noncurrent assets	9,946.35
Total assets	11,470.48
Current liabilities (including financial liabilities amounting to ₱332.47 million)	796.62
Noncurrent liabilities (including financial liabilities amounting to ₱7,030.38 million)	7,178.25
Equity	₱3,495.61
Share in equity	₱1,122.12
Notional goodwill	1,184.20
Carrying value of investments in functional currency	₱2,306.32
Carrying value of investments in Philippine Peso	₱2,306.32
CTA	–
Carrying value of investments in reporting currency	₱2,306.32
Summarized Statements of Comprehensive Income:	
Revenues (including interest income amounting to ₱22.60 million)	₱2,244.76
Cost and expenses	
Cost of power operations	368.49
Depreciation and amortization expense	367.47
Interest expense	272.51
Income tax expense	121.03
Other expenses	138.65
Net income	976.61
Other comprehensive income	–
Total comprehensive income at functional currency	₱976.61
Group's share in total comprehensive income (loss) at functional currency	₱51.39
Total comprehensive income in Philippine Peso	₱976.61
Group's share in total comprehensive income in Philippine Peso	₱51.39

Ingrid Power Holdings, Inc.(Ingrid)

	2022	2021
Classification	Joint venture	Joint venture
Functional currency	PHP₱	PHP₱
Dividends received	₱–	₱–
Summarized Statements of Financial Position:		
Current assets (including cash and cash equivalents amounting to ₱208.60 million in 2022 and ₱230.21 million in 2021)	₱2,569.11	₱1,057.81
Noncurrent assets	1,177.90	1,293.16
Total assets	3,747.01	2,350.97
Current liabilities (including financial liabilities amounting to ₱805.74 million in 2022 and ₱17.69 million in 2021)	1,940.47	458.89
Noncurrent liabilities (including financial liabilities amounting to ₱42.19 million in 2022 and 2021)	42.42	42.19
Equity	₱1,764.12	₱1,849.89
Share in equity	₱882.92	₱924.95
Notional goodwill	285.71	285.71
Carrying value of investments in functional currency	₱1,168.63	₱1,210.66
Carrying value of investments in Philippine Peso	₱1,168.63	₱1,210.66
CTA	–	–
Carrying value of investments in reporting currency	₱1,168.63	₱1,210.66
Summarized Statements of Comprehensive Income:		
Revenue (including interest income amounting to ₱0.19 million in 2022 and ₱0.06 million in 2021)	₱3,328.40	₱451.14
Cost and expenses		
Cost of power operations	3,164.05	399.91
Depreciation and amortization expense	141.35	36.03
Interest expense	17.93	0.57
Income tax expense	29.82	1.76
Other expenses	59.24	45.78
Net loss)	(83.99)	(32.91)
Other comprehensive income	–	–
Total comprehensive loss at functional currency	(₱83.99)	(₱32.91)
Group's share in total comprehensive income (loss) at functional currency	(₱42.03)	(₱16.46)
Total comprehensive loss in Philippine Peso	(₱83.99)	(₱32.91)
Group's share in total comprehensive loss in Philippine Peso	(₱42.03)	(₱16.46)

BIM Renewable Energy Joint Stock Company (BIMRE)

	2022	2021
Classification	Joint venture	Joint venture
Functional currency	VND (in billions)	VND (in billions)
Dividends received	₫66.98	₫33.48
Summarized Statements of Financial Position:		
Current assets (including cash and cash equivalents amounting to ₫105.65 billion in 2022 and ₫172.26 billion in 2021)	₫805.58	₫722.00
Noncurrent assets	5,418.33	5,703.73
Total assets	₫6,223.91	₫6,425.73
Current liabilities (including financial liabilities amounting to ₫412.89 billion in 2022 and ₫1,277.42 billion in 2021)	451.22	1,329.41
Noncurrent liabilities (including financial liabilities amounting to ₫4,001.19 billion in 2022 and ₫3,394.59 billion in 2021)	4,611.65	3,994.03
Equity	₫1,161.04	₫1,102.29
Share in equity	₫348.31	₫330.69
Notional goodwill	363.00	363.00
Carrying value of investments in functional currency	₫711.31	₫693.69
Carrying value of investments in Philippine Peso	₱0.73	₱1.51
CTA	1.07	0.09
Carrying value of investments in reporting currency	₱1.80	₱1.60
Summarized Statements of Comprehensive Income:		
Revenue (including interest income amounting to ₫18.78 billion in 2022 and ₫19.62 billion in 2021)	₫1,243.98	₫1,258.61
Cost and expenses		
Cost of power operations	97.15	83.96
Depreciation and amortization expense	282.98	282.9
Interest expense	331.09	345.94
Income tax expense	18.38	17.65
Other expenses	232.51	66.91
Net income	281.87	461.25
Other comprehensive income	–	–
Total comprehensive income at functional currency	₫281.87	₫461.25
Group's share in total comprehensive income at functional currency	₫83.95	₫138.37
Total comprehensive income in Philippine Peso	₱0.65	₱1.06
Group's share in total comprehensive income in Philippine Peso	₱0.19	₱0.32

Star Energy Geothermal (Salak-Darajat)

	2022	2021
Classification	Associate	Associate
Functional currency	US$	US$
Dividends received	$26.53	$6.93
Summarized Statements of Financial Position:		
Current assets (including cash and cash equivalents amounting to $94.09 million in 2022 and $117.85 million in 2021)	$324.56	$360.53
Noncurrent assets	2,495.76	2,501.69
Total assets	2,820.32	$2,862.22
Current liabilities (including financial liabilities amounting to $39.46 million in 2022 and $26.54 million in 2021)	93.59	88.22
Noncurrent liabilities (including financial liabilities amounting to $1,034.21 million in 2022 and $1,072.29 million in 2021)	1,693.44	1,724.76
Equity	$1,033.29	$1,049.24
Share in equity	$204.59	$207.75
Notional goodwill	2.04	2.04
Carrying value of investments in functional currency	$206.63	$209.79
Carrying value of investments in Philippine Peso	₱11,383.82	₱10,046.10
CTA	166.78	605.93
Carrying value of investments in reporting currency	₱11,550.60	₱10,652.03
Summarized Statements of Comprehensive Income:		
Revenue (including interest income amounting to $1.93 million in 2022 and nil in 2021)	$373.70	$349.70
Cost and expenses		
Depreciation and amortization expense	42.36	35.11
Interest expense	50.00	50.43
Income tax expense	98.64	85.98
Other expenses	63.87	63.09
Net income	118.83	115.09
Other comprehensive income	0.29	(5.54)
Total comprehensive income at functional currency	$119.12	$109.54
Group's share in total comprehensive income (loss) at functional currency	$23.91	$21.69
Total comprehensive income in Philippine Peso	₱6,641.61	₱5,504.25
Group's share in total comprehensive income in Philippine Peso	₱1,306.48	₱1,052.08

Maibarara Geothermal, Inc. (MGI)

	2022
Classification	Associate
Functional currency	PHP₱
Dividends received	₱–
Summarized Statements of Financial Position:	
Current assets (including cash and cash equivalents amounting to ₱290.73 million)	₱956.19
Noncurrent assets	4,730.37
Total assets	5,686.56
Current liabilities (including financial liabilities amounting to ₱396.09 million)	766.58
Noncurrent liabilities (including financial liabilities amounting to ₱1,592.79 million)	1,609.66
Equity	₱3,310.32
Share in equity	₱823.36
Notional goodwill	–
Carrying value of investments in functional currency	₱823.36
Carrying value of investments in Philippine Peso	₱823.36
CTA	–
Carrying value of investments in reporting currency	₱823.36
Summarized Statements of Comprehensive Income:	
Revenues (including interest income amounting to ₱12.75 million)	₱972.92
Cost and expenses	
Cost of power operations	351.38
Depreciation and amortization expense	270.71
Interest expense	149.99
Income tax expense	15.40
Other expenses	39.01
Net income	146.43
Other comprehensive income	–
Total comprehensive income at functional currency	₱146.43
Group's share in total comprehensive income at functional currency	₱38.32
Total comprehensive income in Philippine Peso	₱146.43
Group's share in total comprehensive income in Philippine Peso	₱38.32

UPC-AC Energy Australia HK Ltd. (UPC-ACE Australia)

	2021
Classification	Joint venture
Functional currency	US$
Dividends received	$–
Summarized Statements of Financial Position:	
Current assets (including cash and cash equivalents amounting to $0.07 million)	$2.60
Noncurrent assets	207.27
Total assets	$209.87
Current liabilities	11.17
Noncurrent financial liabilities	178.20
Equity	$20.50
Share in equity	$10.25
Notional goodwill	7.54
Carrying value of investments in functional currency	$17.79
Carrying value of investments in Philippine Peso	₱847.86
CTA	55.47
Carrying value of investments in reporting currency	₱903.33
Summarized Statements of Comprehensive Income:	
Revenues	$-
Cost and expenses (including interest expense amounting to $12.15 million)	15.70
Net loss	(15.70)
Other comprehensive loss	(1.82)
Total comprehensive loss at functional currency	($17.52)
Group's share in total comprehensive loss at functional currency	($8.76)
Total comprehensive loss in Philippine Peso	(₱880.36)
Group's share in total comprehensive loss in Philippine Peso	(₱439.64)

AMI AC Renewables Corporation (AAR)

	2021
Classification	Joint venture
Functional currency	VND (in billions)
Dividends received	₫–
Summarized Statements of Financial Position:	
Current assets (including cash and cash equivalents amounting to ₫200.54 billion)	₫979.21
Noncurrent assets	9,056.26
Total assets	₫10,035.47
Current liabilities	471.15
Noncurrent liabilities (including financial liabilities amounting to ₫9,473.99 billion)	9,473.99
Equity	₫ 90.33
Share in equity	(₫14.39)
Notional goodwill	73.91
Carrying value of investments in functional currency	₫59.52
Carrying value of investments in Philippine Peso	₱0.26
CTA	0.01
Carrying value of investments in reporting currency	₱0.28
Summarized Statements of Comprehensive Income:	
Revenues	₫525.07
Cost and expenses	
Depreciation and amortization expense	128.28
Income tax expense	0.64
Other expenses	425.73
Net loss	(29.58)
Other comprehensive income	–
Total comprehensive loss at functional currency	(₫29.58)
Group's share in total comprehensive loss at functional currency	(₫14.79)
Total comprehensive loss in Philippine Peso	(₱0.07)
Group's share in total comprehensive loss in Philippine Peso	(₱0.02)

For the Years Ended 31 December 2021 vs 2020

PLAN OF OPERATION

Financial Performance

The following discussion and analysis of financial position and results of operations of ACEN and its subsidiaries should be read in conjunction with the audited consolidated financial statements as at 31 December 2021, and the restated consolidated financial statements as at 31 December 2020 and 2019. The audited consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards.

<u>2021</u>

Corporate Highlights:

- In January 2021, ACEN sold, by way of stock rights offering (SRO), 2,094,898,876 Common Shares and 172,681,558 Common Shares in first round and second round allocations, respectively, which were subsequently listed with the PSE on 29 January 2021.

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

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

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

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

- In September 2021, ACEN, through its wholly-owned subsidiary, ACEN Finance Limited (the Issuer), successfully issued its U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Preferred Shares (the "FFL Preferred Shares Non-call 2022") at an aggregate principal amount of US$400.0 million, with a fixed coupon of 4.0% for life, with no step-up and no reset, priced at par.

- The FFL Preferred Shares Non-call 2022 are issued under its US$1.5-billion medium-term note program, are guaranteed by ACEN, and are listed on Singapore Exchange Securities Trading (SGX-ST).

- Pricing for the bonds was at 4.0%, which was 45 basis points tighter than the initial price guidance. The final order book volume exceeded US$2.0 billion (more than five times oversubscribed), attracting a wide range of high-quality investors.

- The SEC confirmed that the FFL Preferred Shares Non-call 2022 comply with the requirements under the ASEAN Preferred Shares Circular and qualify as an ASEAN Green Bond. The net proceeds from the FFL Preferred Shares Non-call 2022 was used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with the Company's Green Bond Framework (GBF). These include solar energy projects, onshore and offshore wind energy projects, and geothermal energy projects with direct emissions of less than 100g CO2/kWh. The GBF sets out well-defined guidelines for the use of proceeds for RE projects, with comprehensive monitoring and reporting commitments.

- Including the Parent Company's ₱5.4 billion (US$111.2 million) stock rights offering (SRO), ₱10.3 billion (US$212.2 million) follow-on offering (FOO), and ₱11.9 billion (US$244.2 million) primary share investment by GIC affiliate Arran Investment Pte. Ltd. (Arran), and US400 million

FFL Preferred Shares Non-call 2022, ACEN raised a total of US$967.8 million in fresh capital in 2021 alone, which it can use to fund its expansion of attributable renewable energy capacity.

Operating Highlights:

- ACEN ended the year with 3,028 MW of attributable capacity in operation and under construction, up from just 1,889 MW in the same period in 2020.
    - 50% of the portfolio is located in the Philippines, with the other 33.5% spread across the region: Indonesia, Vietnam, Australia and India.
    - 64% of the capacity is operating, while the remaining 36% is still under construction.
    - 83% of the portfolio is powered by renewable energy.
- In the Philippines, the 120 MW Alaminos and 63 MW Palauig solar farms have both started operating in the second quarter, while the 150 MW Ingrid peaking plant was completed and started operations in October of this year. ACEN is currently completing the 114 MW Arayat solar plant, the 160 MW Pagudpud wind farm, the 40 MWh Alaminos battery energy storage project, and the 4 MW Bataan RE Tech Hub.
- Despite the pandemic, the Group has commenced with its first two solar projects in India, the 140 MWdc Sitara Solar and 70 MWdc Paryapt Solar projects, which have generating power since started in May 2021 and October 2021. The 88 MW Ninh Thuan wind farm in Vietnam also completed and started operation in October of this year. The 252 MW Quang Binh wind farm in Vietnam has reached commercial operation in November 2021. The Group started construction of its first project in Australia, the 521 MWdc New England Solar Farm, earlier this year.
- The Group currently has 2,073 MW of attributable renewable energy capacity, in line with its vision of becoming the largest listed renewables platform in Southeast Asia.

Financial Highlights:

- The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to ₱5,250.97 million for the year ended 31 December 2021, up from ₱4,288.10 million restated net income in the same period in 2020.

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

- Net income growth was mainly driven by the growth in operating capacity from acquisitions made in 2020 as well as recently completed renewable energy projects. Attributable generation grew 21.3% to 4,632.9 GWh for year ending 31 December 2021, up from 3,818.3 GWh in the same period in 2020.

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

The tables below summarize the impact of operations on the Group's consolidated revenues, costs and expenses for the years ended 31 December 2021 and 2020.

Revenues

In thousand Pesos	2021	2020 (As restated)	Increase (Decrease) Amount	%	% of Total Revenues 2021	2020
Revenue from sale of electricity	25,878,039	20,283,303	5,594,736	28%	99%	99%
Rental income	61,466	86,622	(25,156)	(29)%	0%	0%
Dividend income	11,725	14,034	(2,309)	(16)%	0%	0%
Other revenue	130,211	104,276	25,935	25%	0%	1%
Total Revenues	**26,081,441**	**20,488,235**	**5,593,206**	**27%**	**100%**	**100%**

- **Revenue from sale of electricity** increased mainly due to demand recovery, exceeding Group's pre-pandemic level, vis-à-vis the mobility restrictions in the previous year, significant increase in retail contracts, and growth in operating capacity following the acquisition of additional stakes in the IslaSol and SacaSol solar farms last year. Gigasol3 and SolarAce1 have started commercial operations of the 60 MWdc Palauig Solar Farm and 120 MWdc Alaminos Solar Farm in April and June 2021, respectively, which also contributed to the increase, despite typhoon damages in Visayas region transmission and distribution systems towards end of year.

- **Rental income** decreased due to the consolidation of IslaSol and SacaSol, which have various lease agreements within the Group that have been eliminated following acquisition of majority interest in both companies last March 2020.

- **Dividend Income** came from UPC Sidrap, which is recognized as financial asset at FVOCI.

- **Other revenue** consists of management fees earned by ACEN from its joint ventures, as well as bulk water sales. Management fees drove the increase due to commencement of fees on the international projects starting Q2 2021.

Costs and Expenses

In thousand Pesos	2021	2020 (As restated)	Increase (Decrease) Amount	%	% of Total Revenues 2021	2020
Costs of sale of electricity	21,469,733	13,420,538	8,049,195	60%	82%	66%
General and administrative expenses	2,785,549	3,017,665	(232,116)	(8)%	11%	15%
Total Costs and Expenses	**24,255,282**	**16,438,203**	**7,817,079**	**48%**	**93%**	**80%**

- **Costs of sale of electricity** increased largely because of the higher cost of purchased power and increased utilization of the diesel plants for power generation given high WESM prices during the SLTEC outage in the second quarter of the year and preventive maintenance activities in the latter half of the year. Power for station use, bunker fuel and start-up costs also increased due these outages and preventive maintenance activities.

- **General and administrative expenses** include additional ₱219.53 million provision for impairment in Bataan Solar, which was partially offset by lower salaries, management and professional fees during the year following the capitalization of project development costs. Prior year included one-off transactions such as ₱105.48 million incidental expenses and ₱186.51 million impairment of investment in NIBHI.

Other Income and Expenses

In thousand Pesos	2021	2020 (As restated)	Increase (Decrease) Amount	%	% of Total Revenues 2021	2020
Interest and other finance charges	(1,694,380)	(1,988,086)	293,706	(15)%	(6%)	(10%)
Equity in net income of associates and joint ventures	1,952,753	1,490,192	462,561	31%	7%	7%
Other income - net	5,723,640	3,551,889	2,171,751	61%	22%	17%
Total Other Income and Expenses	**5,982,013**	**3,053,995**	**2,928,018**	**96%**	**23%**	**15%**

- **Interest and other finance charges** dropped year-on-year with lower interest on loans and the repayment of short-term loans during the first half of 2021 following ACEN's equity capital raising activities. The account included accrual of the interest on FFL Preferred Shares Non-call 2022 covering the last quarter of the year.

- **Equity in net income of associates and joint ventures** increased mainly from income contributions from Salak-Darajat and NLREC with better wind regime in current year and increase in ownership interest from same period last year. The Group's joint venture with BIM Group, Ninh Thuan wind farm, and with AMI Renewables, Quang Binh wind farm, both in Vietnam and have Feed-in Tariffs (FIT), since started commercial operation have contributed equity increase during the year. The increase was partially offset by equity decrease due to predevelopment costs from commencement of construction of the New England Solar Farm in Australia.

- **Other income** mainly comprised of interest and other financial income from investments in redeemable preferred shares in associates and joint ventures, and from development loans and advances to associates and joint ventures. Other Income for the current period also includes ₱254 million guarantee fee income, ₱72 million PPE impairment reversals, ₱22 million gain on deconsolidation of Ingrid Power and ₱42 million realized gain from foreign currency forward contracts. In addition, the Group recognized recoveries from investment in NIBHI amounting to ₱38 million impairment reversal upon the Group's divestment to biomass. Prior year included one-off transaction such as ₱867 million gain on disposal of investments in Infigen accounted as FVTPL.

Provision for (benefit from) income tax

In thousand Pesos	2021	2020 (As restated)	Increase (Decrease) Amount	%	% of Total Revenues 2021	2020
Current	297,689	404,053	(106,364)	(26)%	1%	2%
Deferred income tax	(155,552)	297,823	(453,375)	(152)%	(1%)	1%
Total Provision for (benefit from) income tax	**142,137**	**701,876**	**(559,739)**	**(80)%**	**1%**	**3%**

- The decrease in **provision for income tax - current** was due to the lowering of the income tax rate from 30% to 25% due to the CREATE Act.

- **Provision for deferred income tax** in 2021 includes recognition of deferred tax of the Group's NOLCO in current period taxable income.

Material changes in Consolidated Statements of Financial Position accounts

In thousand pesos	2021	2020	Increase (Decrease)		% of Total Assets	
		(As restated)	Amount	%	2021	2020
Current Assets						
Cash and cash equivalents	26,445,429	28,077,171	(1,631,742)	(6)%	15%	20%
Accounts and notes receivable	33,309,297	16,611,719	16,697,578	101%	19%	12%
Fuel and spare parts	1,490,559	1,391,340	99,219	7%	1%	1%
Financial assets at fair value through other comprehensive income (FVOCI)	–	12,620,756	(12,620,756)	(100)%	0%	9%
Current portion of:					0%	0%
Input value added tax (VAT)	1,173,169	438,738	734,431	167%	1%	0%
Creditable withholding taxes	837,472	649,271	188,201	29%	0%	0%
Other current assets[33]	812,579	453,424	359,155	79%	0%	0%
Assets held for sale	203,464	–	203,464	100%	0%	0%
Total Current Assets	**64,271,969**	**60,242,419**	**4,029,550**	**7%**	**38%**	**42%**
Noncurrent Assets						
Investments in:						
Associates and joint ventures	21,358,301	18,795,088	2,563,213	14%	12%	13%
Other financial assets at amortized cost	26,085,959	15,297,105	10,788,854	71%	15%	11%
Financial assets at fair value through profit or loss (FVTPL)	406,739	–	406,739	100%	0%	0%
Financial assets at FVOCI	354,868	381,168	(26,300)	(7)%	0%	0%
Property, plant and equipment	36,038,563	31,837,950	4,200,613	13%	21%	22%
Right-of-use asset	2,135,479	2,343,404	(207,925)	(9)%	1%	2%
Accounts and notes receivable – net of current portion	13,191,314	6,540,288	6,651,026	102%	8%	5%
Goodwill and other intangible assets	2,375,980	2,537,094	(161,114)	(6)%	1%	2%
Net of current portion:					0%	0%
Input VAT	524,733	1,177,802	(653,069)	(55)%	0%	1%
Creditable withholding taxes	726,804	601,840	124,964	21%	0%	0%
Deferred income tax assets – net	512,366	416,353	96,013	23%	0%	0%
Other noncurrent assets[34]	3,178,312	1,645,309	1,533,003	93%	2%	1%
Total Noncurrent Assets	**106,889,418**	**81,573,401**	**25,316,017**	**31%**	**62%**	**58%**

- Decrease in **cash and cash equivalents** were mainly attributable to investments in new projects, capitalized expenditures and ongoing constructions in project companies, net repayment of short-term and long-term loans, and payment of cash dividends. The decrease was net of gross proceeds from SRO, FOO and Arran's private placement amounting to ₱10.27 billion, ₱5.37 billion and ₱11.88 billion, respectively. This is to fund the Group's various development and operating projects, as well as potential acquisitions. Refer to the Consolidated Statements of Cash Flows for the detailed movement.

[33] In the 2021 and 2020 Consolidated Financial Statements, short-term investment is presented separately as "Short-term investment".
[34] In the 2021 and 2020 Consolidated Financial Statements, investment properlies is presented separately as "Investment properties".

- Short-term investments include cash placements to cover for expected loan principal and interest repayments upon maturity.

    - Increase in **accounts and notes receivable** was largely coming from trade with the increase in revenues from sale of electricity. The increase was also due to additional drawdowns of loans and other advances extended by ACRI for the funding of various projects.

    - **Fuel & spare parts** went up as a result of SLTEC's purchases of spare parts and other direct materials in preparation for maintenance works, coupled with the Group's purchases of fuel which have not yet been consumed as at 31 December 2021.

    - Current **financial assets at FVOCI** were reduced with the full redemption of (ACRI's) investment in AYCFL redeemable preferred 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 (current and net of current)** went up due to improvement in collection of ACEN's receivable from retail customers and unutilized CWT.

    - **Other current assets** increased primarily due to ACEN's foreign exchange forward contracts maturing within 12-month period, SLTEC's advances to contractors and Group's prepaid taxes.

    - **Assets held for sale** include Power Barges (PB) 101, 102 and 103 valued at its fair value less cost to sell amount. The account also includes building improvements, machineries, tools, and equipment of ACEN and Bataan Solar that are available for immediate sale.

    - **Investments in associates and joint ventures** increased mainly due to the reclassification of Ingrid Power from subsidiary to joint venture (₱1.2 billion) following the effectivity of the Shareholder Agreement with APHPC on March 2021. There are also new joint venture investments reported during the period such as Greencore3, SPCLC and NAREDCO, and additional investment in UPC-ACE Australia. Accumulated equity in net earnings increased for the period largely coming from PhilWind (₱974 million) and Salak-Darajat (₱1.1 billion) but reduced by ₱1.7 billion total dividend payout and NIBHI divestment.

    - **Investments in other financial assets at amortized cost** include investments in redeemable preferred shares of, and convertible loans extended to associates and joint ventures. These increased with additional subscriptions into redeemable preferred shares of various international projects, as well as additional loan facilities extended.

    - **Noncurrent financial assets at FVTPL** includes Compulsorily Convertible Debentures (CCDs) from Masaya Solar. Masaya Solar is currently constructing the 420 MWp solar farm in the Central Indian state of Madhya Pradesh.

    - **Noncurrent financial assets at FVOCI** are largely the investment in UPC Sidrap and also include golf club shares and listed equity instruments.

    - **Plant, property and equipment's** increased mainly due to completion of Gigasol3's solar power plant in Palauig, Zambales, and Solarace1's solar power plant in Alaminos, Laguna, capitalization of ₱1.19 billion for Balaoi wind farm project in Ilocos through BWPC and ₱963 million for the Alaminos Battery Energy Storage System Project through Giga Ace 4. The Group also had ₱135.8 million capitalized borrowing costs from project companies during the year. The increase was partially offset by ₱591 million coming from Ingrid Power's deconsolidation.

- **Right-of-use asset's** decrease came from deconsolidation of Ingrid Power. During the year, ACEN entered into an office lease agreement with ALI, offset by amortizations.

- **Investment properties** includes BPGC's land amounting to ₱13.09 million. Decrease is due to reclassification to Property, plant and equipment of a land owned by BCHC amounting to ₱283.86 million which are leased out to other subsidiaries of the Group.

- **Accounts and notes receivable – net of current portion** increased primarily due to loans receivable from Greencore3 amounting to ₱2.3 billion.

- **Goodwill & other intangible assets** decreased coming from amortizations for the period.

- Majority of the balance of **deferred tax asset** came from recognition on accrued expenses, NOLCO, MCIT and lease liabilities. Deferred tax asset of the Group went down mainly due to the application of the Group's NOLCO in current period taxable income.

  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 adjustment amounted to US$468.49 million (₱23,727.21 million).

- **Input VAT non-current** decreased due to reclassification of input vat to current as well as deconsolidation of Ingrid Power with ₱266 million input VAT from importations.

- **Other non-current assets** include various advances to contractors for the ongoing project developments.

In thousand pesos	**2021**	**2020 (As restated)**	**Increase (Decrease) Amount**	**%**	**% of Total Assets 2021**	**2020**
Current Liabilities						
Accounts payable and other current liabilities	6,280,829	6,490,190	(209,361)	(3)%	4%	5%
Short-term loans	–	4,635,000	(4,635,000)	(100)%	0%	3%
Current portion of long-term loans	824,488	707,782	116,706	16%	0%	0%
Current portion of lease liabilities	536,950	285,001	251,949	88%	0%	0%
Income and withholding taxes payable	169,920	345,281	(175,361)	(51)%	0%	0%
Due to stockholders	16,585	18,272	(1,687)	(9)%	0%	0%
Total Current Liabilities	**7,828,772**	**12,481,526**	**(4,652,754)**	**(37)%**	**5%**	**9%**
Noncurrent Liabilities						
Notes payable	20,195,054	–	20,195,054	100%	12%	0%
Long-term loans - net of current portion	20,117,733	21,546,373	(1,428,640)	(7)%	12%	15%
Lease liabilities - net of current portion	2,159,302	1,631,628	527,674	32%	1%	1%
Pension and other employment benefits	80,422	50,929	29,493	58%	0%	0%

In thousand pesos	2021	2020	Increase (Decrease)		% of Total Assets	
Deferred tax income liabilities - net	74,422	130,981	(56,559)	(43)%	0%	0%
Other noncurrent liabilities	2,736,920	1,695,048	1,041,872	61%	2%	1%
Total Noncurrent Liabilities	**45,363,853**	**25,054,959**	**20,308,894**	**81%**	**27%**	**18%**
Equity						
Capital Stock	38,338,527	13,706,957	24,631,570	180%	22%	10%
Additional paid-in capital	98,043,831	8,692,555	89,351,276	1,028 %	57%	6%
Other equity reserves	(56,604,532)	28,662,357	(85,266,889)	(297) %	-33%	20%
Unrealized fair value (loss) gain on equity instruments at FVOCI	(90,089)	143,625	(233,714)	(163) %	0%	0%
Unrealized fair value gain on derivative instruments designated as hedges	6,228	57,409	(51,181)	(89)%	0%	0%
Remeasurement loss on defined benefit plan	(24,436)	(6,999)	(17,437)	249%	0%	0%
Accumulated share in other comprehensive gain (loss) of associates and joint ventures	29,723	(229,844)	259,567	(113) %	0%	0%
Cumulative translation adjustments	(359,910)	(3,453,708)	3,093,798	(90)%	0%	-2%
Retained earnings	8,707,301	6,349,082	2,358,219	37%	5%	4%
Treasury shares	(28,657)	(40,930)	12,273	(30)%	0%	0%
Non-controlling interests	29,950,776	50,398,831	(20,448,055)	(41)%	17%	36%
Total Equity	**117,968,762**	**104,279,335**	**13,689,427**	**13%**	**69%**	**74%**

- **Accounts payable and other current liabilities** decreased following the full settlement of ₱2.04 billion payables to APHPC this September for the acquisition of 20% interest in SLTEC through the assignment of ACEIC to ACEN in 2019. The decrease was partially offset by increase in trade payables.

- **Short-term loans** decreased on repayments of bank loans to BDO (₱2.00 billion), CBC ₱1.34 billion) and SECB (₱800 million). Availments during the period amounting to ₱2.00 billion and ₱1.00 billion from RCBC and BDO, respectively, were paid in full during the year.

- **Current portion of long-term loans** increased due to reclassifications of currently maturing principal within 12-month period, offset by repayments during the year.

- **Current portion of lease liability** increased due to new office lease agreement with Ayala Land, Inc.

- Decrease in **income and withholding taxes payable** was mainly due to settlement of income tax payable of ACRI.

- **Due to stockholders** decreased in 2021 following the settlement of 2020 outstanding dividend payable to minority shareholders of subsidiary MSPDC.

- **Notes payable** pertains to the US$400.0 million U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Preferred Shares (the FFL Preferred Shares Non-call 2022) issued and listed in SGX-ST.

- **Long-term loans - net of current portion** decreased due to the principal repayments by ACEN (₱964 million), GWC (₱130 million), NPDC (₱140 million) and BWPC (₱178 million). The decrease was offset by the new loans availed by ACEN and BWPC amounting to ₱805 million and ₱34 million, respectively, to fund various development and operating projects. SLTEC also paid principal amortization payment (₱275 million) and cash sweep prepayment (₱500 million).

- **Lease Liabilities-net of current portion** increased mainly due to new office lease agreements with ALI.

- **Pension and other employment benefits** increased due to accrual of retirement expense for the year.

- Majority of the balance of **deferred income tax liabilities** came from recognition on unrealized foreign exchange gains and right-of-use assets of the Group as at period ended.

- **Other non-current liabilities** include ₱1.12 billion trade payables in relation to a Multilateral Agreement signed by the Group, PEMC and other WESM participants. These also include contract liabilities and asset retirement obligations related to solar operations.

- **Capital stock and additional paid in capital** increased by 2.27 billion shares at ₱2.37 per share from SRO, 4 billion shares at ₱2.97 per share from the private placement with Arran and1.58 billion shares at ₱6.50 per share from FOO. Proceeds from the SRO were used to fund ongoing Solar Power Projects of Solarace1, Gigasol3 and Greencore3 as well as other projects such as investment into a renewable energy laboratory, and funding for up to U.S.$100 million for new technology investments in the Philippines. ACEN plans to utilize the proceeds of the Private Placement as follows:

  - Funding of the development and construction of the Group's renewable energy projects, including its Arayat solar project in Pampanga and Bayog wind project in Ilocos Norte, as well as possible expansions of existing plants and acquisition of other operating plants, of approximately ₱10 billion, estimated to be used in the 1st half of 2021 at the earliest;

  - Repayment of debt drawn earlier to fund development funding requirements; and

  - Funding of working capital requirements and for general corporate purposes of approximately up to ₱500 million, estimated to be used in the first quarter of 2021 at the earliest.

  Proceeds from the FOO will be used to partially fund the development of renewable power projects in the pipeline and inorganic growth opportunities in and when they arise, repayment of loans and reduction of payables, and other general corporate requirements. There were also 8.19 million shares granted through the employee stock ownership plan of the Group.

- The movement in **other equity reserves** pertain to the impact of the share swap transaction with ACEIC to acquire the latter's ownership interest in various international business and assets in exchange for ACEN's issuance of additional primary shares via a tax-free exchange, which rendered prior period restatement to account for the retroactive impact. This business combination of entities under common control had a ₱53.28 billion excess impact over subscription price from the acquisition. Excess of consideration from acquisitions of non-controlling interest in MSPDC and NPDC amounted ₱261.73 million and ₱723.97 million, respectively.

- The decrease in **unrealized FV loss on equity instruments at FVOCI** came from mark-to-market loss for UPC Sidrap for the current period and reversal of unrealized fair value gain upon redemption of AYCFL shares.

- **Unrealized fair value gain on derivative instruments designated as hedges** decreased due to winding down of ACEN's coal swap transactions which were all sold in third quarter of2021. The account also includes BWPC's mark-to-market gains from foreign exchange forward contracts.

- **Remeasurement loss on defined benefit plan** decreased parallel to various actuarial loss and loss on return on plan assets.

- The increase in **accumulated share in other comprehensive loss of associates and joint ventures** came from share in remeasurement loss from defined benefit obligation of associate and joint venture.

- The significant reduction in negative **cumulative translation adjustments** balance vs. 2020 is due to the appreciation of the U.S. dollar against Philippine peso for international entities with net dollar assets position.

- **Retained earnings** increased from resulting net income earned for the period offset by ₱1.20 billion dividends declared last 19 March 2021 and paid last 19 April 2021.

- **Treasury shares** decreased during the period through the offer of secondary shares during the FOO.

- **Non-controlling interests** are mainly comprised of redeemable preferred shares of ACEC held by ACEFIL. Non-controlling interests' share in net income amounted to ₱2.42 billion, which was offset by dividends totaling ₱2.23 billion. There were also capital redemptions amounting to ₱47.50 million in NPDC, ₱830.98 million ($16.31 million) in UAC Energy Holdings Pty Ltd and ₱19.51 billion ($400.00 million) in ACEC. The Group also acquired the non-controlling interest in MSPDC and NPDC with carrying amount of ₱18.77 million and ₱294.8 million, respectively.

Key Performance Indicators

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

Key Performance Indicators				
	31-Dec-21	**31-Dec-20**	**Increase (Decrease)**	
In thousand Pesos	**Audited**	**As restated**	**Amount**	**%**
Liquidity Ratios				
Current assets	64,271,969	60,242,419		
Divided by: Current liabilities	7,828,772	12,481,526		
Current Ratio	8.21	4.83	3.38	70%
Cash & cash equivalents	26,445,429	28,077,171		
Plus: Short-term investments	68,310	-0		
Plus: Receivables	33,309,297	16,611,719		
Cash & cash equivalents + Short-term investments + Receivables	59,823,036	44,688,890		
Divided by: Current liabilities	7,828,772	12,481,526		
Acid test ratio	7.64	3.58	4.06	113%
Solvency Ratios				
Total liabilities	53,192,625	37,536,485		
Divided by: Total equity	117,968,762	104,279,335		

Debt/Equity ratio	0.45	0.36	0.09	25%
Total assets	171,161,387	141,815,820		
Divided by: Total equity	117,968,762	104,279,335		
Asset-to-equity ratio	1.45	1.36	0.09	7%
Income (loss) before income tax	7,808,172	7,104,027		
Plus: Interest and other finance charges	1,694,380	1,988,086		
Earnings before interest & tax (EBIT)	9,502,552	9,092,113		
Divided by: Interest expense	1,694,380	1,988,086		
Interest Coverage Ratio	5.61	4.57	1.04	23%
Short-term loans	-	4,635,000		
Plus: Long-term loans (including notes payable)	41,137,275	22,254,155		
Less: Cash & cash equivalents	26,445,429	28,077,171		
Short-term loans + long-term loans - Cash & Cash Equivalents	14,691,846	-1,188,016		
Total Equity	117,968,762	104,279,335		
Net bank Debt to Equity ratio	0.12	(0.01)	0.13	(1,193)%
Profitability Ratios				
Net income after tax attributable to equity holders of the Parent Company	5,250,972	4,288,102		
Divided by: Average equity attributable to equity holders of Parent Company	70,949,245	53,433,923		
Return on equity	7.40%	8.03%	(0.62%)	(8)%
Net income after taxes	7,666,035	6,402,151		
Divided by: Average total assets	156,488,604	133,127,411		
Return on assets	4.90%	4.81%	0.09%	2%
Revenues	26,081,441	20,488,235		
Divided by: Average total assets	156,488,604	133,127,411		
Asset Turnover	16.67%	15.39%	1.28%	8%

Current ratio & Acid test ratio

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

Debt/Equity ratio & Asset-to-equity ratio

- Significant increase in D/E ratio was driven by additional liabilities with the issuance of bonds despite the increase in equity accounts. Asset-to-equity ratio also increased as the increase in total assets outpaced the increase in total equity.

Interest coverage ratio

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

Net bank debt to equity ratio

- The increase in total debt and increase in cash and cash equivalents combined with lower capital accounts and retained earnings at year-end resulted to a lift in the ratio.

Return on equity and assets

- Return on equity partially decreased despite higher net income year-on-year, while return on assets registered an increase due to higher generation capacities combined with the increase in the Group's total assets, as compared in the same period last year.

Asset turnover

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

Material events and uncertainties

- There were no events that triggered direct or contingent financial obligation that was material to the Group. There were no contingent assets or contingent liabilities since the last annual balance sheet date.

- There were no material off-balance sheet transactions, arrangements, obligations, and other relationships of the Parent Company with unconsolidated entities or other persons created during the reporting period.

- There were no material events that had occurred subsequent to the balance sheet date except for the events after the reporting period disclosed in Note 39 of the Audited Consolidated Financial Statements.

- ACEN has material commitments to invest in capital expenditure projects mainly in the following:

    - 288 MW solar project in Buguey and Lal-lo, Cagayan and the proposed 275 MW expansion of Gigasol Palauig solar project in Zambales

    - 120 MWdc solar power project in Alaminos, Laguna through Solarace1

    - 150 MW diesel plant in Pililla, Rizal through Ingrid Power, a joint venture of ACEN, ACE Endevor and APHPC

    - 60 MWdc solar power project in Palauig, Zambales through Gigasol3

    - 50 MWac (72MWdc) solar power project in Arayat and Mexico, Pampanga through Greencore 3, a joint venture of ACEN, ACE Endevor and Citicore

    - 500 MW solar power project in San Marcelino, Zambales through Santa Cruz Solar

    - 2x20 MW Alaminos Battery Energy Storage System Project through Giga Ace 4

    - 160 MW wind farm in Balaoi, Pagudpud, Ilocos Norte through BWPC, in partnership with UPC Renewables

- Investment into 4 MW renewable energy laboratory in Bataan through Bataan Solar
- 521 MWdc New England Solar Farm (NESF) and adjacent 50MW battery energy storage system located near Uralla in New South Wales through UPC-ACE Australia, a joint venture of ACEN and UPC Renewables Australia
- Various Vietnam wind farms:
  - 252 MW wind farm in Quang Binh through AMI Renewables Energy Joint Stock Company
  - 88 MW wind farm in Ninh Thuan through BIM Energy Joint Stock Co.
  - 40 MW second phase of the Mui Ne Wind Farm in Binh Thuan through the partnership with the Blue Circle
  - 60 MW Lac Hoa & Hoa Dong wind farm in Soc Trang through a joint venture with UPC

- Funding of up to US$100 million for new technology investments in the Philippines. Refer to Notes to Consolidated Financial Statements for the details.

- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations –
  - The results of operations of ACEN and its subsidiaries depend to a significant extent, on the performance of the Philippine economy.
  - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and community quarantines resulted in lower demand for electricity and have driven market prices of electricity downward.
  - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Group's financial results.

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way –
  - The Group is developing a line-up of renewable energy projects as part of its growth aspiration. The capital expenditures shall be funded by a combination of equity and debt. Several capital raising activities were executed in 2021: the 2.27 billion shares sold through SRO, the subscription by Arran to 4 billion primary shares pursuant to a private placement, and the issuance of 1.58 billion primary shares for FOO.

- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or results of operations.

- There were no operations subject to seasonality and 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").

For the Years Ended 31 December 2020 vs 2019, as restated

The Company posted restated consolidated net income attributable to equity holders of the Parent Company amounting to ₱4,288.10 million for the year ended 31 December 2020 compared to ₱704.76 million restated net income attributable to the parent in the same period last year.

The tables below summarize the consolidated results of operations of ACEN's revenues, costs and expenses for the years ended 31 December 2020 and 2019.

Revenues

In thousand Pesos	2020	2019 (As restated)	Increase (Decrease) Amount	%	% of Total Revenues 2020	2019
Revenue from sale of electricity	20,283,303	16,096,549	4,186,754	26%	99%	100%
Rental income	86,622	3,116	83,506	2,680%	0%	0%
Dividend income	14,034	15,746	(1,712)	(11)%	0%	0%
Other revenue	104,276	11,298	92,978	823%	1%	0%
Total Revenues	**20,488,235**	**16,126,709**	**4,361,526**	**27%**	**100%**	**100%**

- The increase in **revenue from sale of electricity** was primarily due to higher energy sales from the Parent Company's power supply business as a result of the new contracts. The Group also recognized additional revenues from the consolidation of newly acquired entities and FIT adjustments.

- **Dividend Income** came from UPC Sidrap, which is recognized as financial asset at FVOCI.

- **Rental income** increased due to the contribution from entities acquired as a result of the asset swap with AC Energy and Infrastructure Corporation (ACEIC).

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

Costs and Expenses

In thousand Pesos	2020	2019 (As restated)	Increase (Decrease) Amount	%	% of Total Revenues 2020	2019
Costs of sale of electricity	13,420,538	15,302,530	(1,881,992)	(12)%	66%	95%
General and administrative	3,017,665	827,980	2,189,685	264%	15%	5%
Total Costs and Expenses	**16,438,203**	**16,130,510**	**307,693**	**2%**	**80%**	**100%**

- Despite increase in energy sales, **costs of sale of electricity** for the twelve-month period ending 31 December 2020 declined mainly due to lower WESM prices especially during the first half of the year compared to same period last year.

- **General and administrative expenses** increased due to personnel integration-related expenses, management fees paid to ACEIC, documentary stamp taxes on share issuances, advances and borrowings and provision for oil spill expenses before insurance recovery.

Other Income and Expenses

In thousand Pesos	2020	2019 (As restated)	Increase (Decrease)		% of Total Revenues	
			Amount	%	2020	2019
Interest and other finance charges	(1,988,086)	(962,840)	(1,025,246)	106%	-10%	-6%
Equity in net income of associates and joint ventures	1,490,192	739,073	751,119	102%	7%	5%
Other income - net	3,551,889	947,784	2,604,105	275%	17%	6%
Total Other Income and Expenses	**3,053,995**	**724,017**	**2,329,978**	**322%**	**15%**	**4%**

- **Interest and other finance charges** is higher due to availment of new long-term and short-term loans from November 2019 to December 2020. This was also driven by higher interest accretion on lease liabilities with additional lease contracts consolidated in the group following the asset swap with ACEIC, as well as new contracts in 2019.

- Higher **equity in net income of associates and JV** was posted in 2020 compared to same period last year mainly attributed to income contribution from PhilWind with the transfer of indirect interest from ACEIC through asset swap together with acquisition of PINAI's interest in February 2020.

- **Other income** in 2020 is higher than 2019 attributed to foreign exchange gain and advisory service fee pursuant to ACEN's Service Agreement with a third party rendered during first quarter of 2020.

Provision for (benefit from) income tax

In thousand Pesos	2020	2019 (As restated)	Increase (Decrease)		% of Total Revenues	
			Amount	%	2020	2019
Current	404,053	161,364	242,689	150%	2%	1%
Deferred	297,823	(220,884)	518,707	(235)%	1%	(1%)
Total Provision for (benefit from) income tax	**701,876**	**(59,520)**	**761,396**	**(1,279)%**	**3%**	**0%**

- The increase in **provision for income tax - current** was due to higher consolidated taxable income for the period ended 31 December 2020 mainly driven by revenue growth coupled with drop in cost of sales.

- **Provision for deferred income tax** in 2020 was higher due to the reversal of deferred tax assets on NOLCO.

Material changes in Consolidated Statements of Financial Position accounts

In thousand pesos	2020 (As restated)	2019 (As restated)	Increase (Decrease)		% of Total Assets	
			Amount	%	2020	2019
Current Assets						
Cash and cash equivalents	28,077,171	39,630,296	(11,553,125)	(29)%	20%	32%
Accounts and notes receivable	16,611,719	7,417,212	9,194,507	124%	12%	6%
Fuel and spare parts	1,391,340	938,459	452,881	48%	1%	1%
Financial assets at fair value through other comprehensive income (FVOCI)	12,620,756	–	12,620,756	100%	9%	0%
Current portion of:						

In thousand pesos	2020 (As restated)	2019 (As restated)	Increase (Decrease)		% of Total Assets	
			Amount	%	2020	2019
Input value added tax (VAT)	438,738	190,816	247,922	130%	0%	0%
Creditable withholding taxes	649,271	179,007	470,264	263%	0%	0%
Other current assets[35]	453,424	312,819	140,605	45%	0%	0%
Assets held for sale	–	3,546	(3,546)	(100)%	0%	0%
Total Current Assets	**60,242,419**	**48,672,155**	**11,570,264**	**24%**	**42%**	**39%**
Noncurrent Assets						
Investments in:						
Associates and joint ventures	18,795,088	17,072,173	1,722,915	10%	13%	14%
Other financial assets at amortized cost	15,297,105	3,374,290	11,922,815	353%	11%	3%
Financial assets at FVOCI	381,168	21,796,602	(21,415,434)	(98)%	0%	18%
Property, plant and equipment	31,837,950	25,438,977	6,398,973	25%	22%	20%
Right-of-use asset	2,343,404	951,750	1,391,654	146%	2%	1%
Accounts and notes receivable – net of current portion	6,540,288	2,389,231	4,151,057	174%	5%	2%
Goodwill and other intangible assets	2,537,094	441,077	2,096,017	475%	2%	0%
Net of current portion:						
Input VAT	1,177,802	372,917	804,885	216%	1%	0%
Creditable withholding taxes	601,840	861,208	(259,368)	(30)%	0%	1%
Deferred income tax assets – net	416,353	653,923	(237,570)	(36)%	0%	1%
Other noncurrent assets[36]	1,645,309	2,414,698	(769,389)	(32)%	1%	2%
Total Noncurrent Assets	**81,573,401**	**75,766,846**	**5,806,555**	**8%**	**58%**	**61%**

- Decrease in **cash and cash equivalents** was due to various expenditures for development projects and new investments including strategic acquisitions. Refer to the Consolidated Statements of Cash Flows for the detailed movement.

- Decrease in **short term investments** was due to redemption of time deposit of ACEN.

- Increase in **accounts and notes receivable** mainly attributed to the approval of price adjustment for power supply agreements and accrual of additional revenues from FIT system adjustments.

- **Fuel & spare parts** went up as a result of SLTEC's purchases of spare parts and other direct materials for maintenance works, coupled with ACEN's purchases of bunker fuel, together with settlement of fuel commodity swaps which are unconsumed as of year-end.

- **Financial assets at FVOCI** pertains to redeemable preferred shares in AYCFL, an unconsolidated affiliate of the Group, expected to be redeemed in 2021.

- Increase **in current portion of input VAT** is mainly driven by input tax from purchases of various materials needed for construction and maintenance of various plants and services procured by the Group.

[35] In the 2020 and 2019 Consolidated Financial Statements, short-term investment is presented separately as "Short-term investment".
[36] In the 2020 and 2019 Consolidated Financial Statements, investment properlies is presented separately as "Investment properties".

- **Creditable withholding tax** went up due to improvements in collection of ACEN's receivable from retail customers and unutilized CWT.

- **Other current assets** increased primarily due to SLTEC's prepayments of taxes and insurance as well as advances to contractors. Acquisition of IslaSol and SacaSol also contributed to the increase of the group's other current assets.

- **Assets held for sale** was reclassified back to property, plant and equipment as the Group changed its intention of selling to using the assets of OSODC for future projects.

- **Investments in associates and joint ventures** increased mainly due to additional investments of ₱2.57 billion in PhilWind and ₱280.41 million in BIM Renewables JSC. Accumulated equity in net earnings increased for the period largely coming from PhilWind (₱826 million) and Salak-Darajat (₱667 million) but reduced by ₱2.0 billion dividends and ₱186 million impairment of investments in NIBHI.

- **Investments in other financial assets** at amortized cost include investments in redeemable preferred shares of, and convertible loans extended to, associates and joint ventures. These increased with additional subscriptions into redeemable preferred shares of various international projects, as well as additional loan facilities extended.

- **Financial assets at FVOCI** decreased upon obtaining control of IslaSol and SacaSol with the Group's step acquisition in March 2020 and subscription to redeemable class B preferred shares of UPC Sidrap HK.

- **Plant, property and equipment** increased due to significant capital expenditures of the Group for its line-up of projects: ₱3.32 billion for the solar farm project in Alaminos, Laguna, ₱1.66 billion for the solar farm project in Palauig, Zambales and ₱464.75 million for the 150 MW diesel-fired power facility in Pililia, Rizal were some of the major contributors. The account also increased with the consolidation of IslaSol's and SacaSol's fixed assets.

- The increase in **accounts and notes receivable – net of current** is mainly attributed to the approval of price adjustment for power supply agreements and accrual of additional revenues from FIT system adjustments.

- **Right-of-use asset's** significant increase came from consolidation of IslaSol's and SacaSol's leased properties. Increase was also attributable to new lease agreements from Ingrid Power and BCHC amounting to ₱261.73 million and ₱50.32 million, respectively.

- **Investment properties** increased due to reclassification from Property, plant and equipment of a land owned by BCHC amounting to ₱283.86 million.

- **Goodwill and other intangible assets** increased mainly as a result of recognition of SacaSol's identifiable FIT contract as intangible asset amounting to ₱2.19 billion, as well as goodwill on acquisition of IslaSol amounting to ₱12.45 million.

- **Input VAT non-current** increased due to reclassification of input vat in non-operating subsidiaries to non-current.

- Majority of the balance of **deferred tax asset** came from recognition on NOLCO and lease liabilities. Despite the increase from acquisition of IslaSol and SacaSol, deferred tax asset of the Group went down mainly due to the application of the Group's NOLCO in current year taxable income.

- **Other non-current assets** decreased primarily due to non-current portion of receivable from FIT system adjustments as well as various advances to contractors for the ongoing project developments.

In thousand pesos	**2020 (As restated)**	**2019 (As restated)**	**Increase (Decrease) Amount**	**%**	**% of Total Assets 2020**	**2019**
Current Liabilities						
Accounts payable and other current liabilities	6,490,190	4,064,597	2,425,593	60%	5%	3%
Short-term loans	4,635,000	3,556	4,631,444	130,243%	3%	0%
Current portion of long-term loans	707,782	905,931	(198,149)	(22)%	0%	1%
Current portion of lease liabilities	285,001	128,796	156,205	121%	0%	0%
Income and withholding taxes payable	345,281	103,361	241,920	234%	0%	0%
Due to stockholders	18,272	16,594	1,678	10%	0%	0%
Total Current Liabilities	**12,481,526**	**5,222,835**	**7,258,691**	**139%**	**9%**	**4%**
Noncurrent Liabilities						
Long-term loans - net of current portion	21,546,373	22,292,698	(746,325)	(3)%	15%	18%
Lease liabilities - net of current portion	1,631,628	852,742	778,886	91%	1%	1%
Pension and other employment benefits	50,929	71,034	(20,105)	(28)%	0%	0%
Deferred tax income liabilities - net	130,981	350,487	(219,506)	(63)%	0%	0%
Other noncurrent liabilities	1,695,048	3,289,902	(1,594,854)	(48)%	1%	3%
Total Noncurrent Liabilities	**25,054,959**	**26,856,863**	**(1,801,904)**	**(7)%**	**18%**	**22%**
Equity						
Capital Stock	13,706,957	7,521,775	6,185,182	82%	10%	6%
Additional paid-in capital	8,692,555	83,768	8,608,787	10,277%	6%	0%
Other equity reserves	28,662,357	41,570,060	(12,907,703)	(31)%	20%	33%
Unrealized fair value gain (loss) on equity instruments at FVOCI	143,625	(26,546)	170,171	(641)%	0%	0%
Unrealized fair value gain (loss) on derivative instruments designated as hedges	57,409	(14,742)	72,151	(489)%	0%	0%
Remeasurement loss (gain) on defined benefit plan	(6,999)	9,254	(16,253)	(176)%	0%	0%
Accumulated share in other comprehensive loss of associates and joint ventures	(229,844)	(168,154)	(61,690)	37%	0%	0%
Cumulative translation adjustments	(3,453,708)	96,227	(3,549,935)	(3,689)%	(2%)	0%
Retained earnings	6,349,082	3,943,403	2,405,679	61%	4%	3%
Treasury shares	(40,930)	(27,704)	(13,226)	48%	0%	0%
Non-controlling interests	50,398,831	39,371,962	11,026,869	28%	36%	32%
Total Equity	**104,279,335**	**92,359,303**	**11,920,032**	**13%**	**74%**	**74%**

- **Accounts payable and other current liabilities** went up mainly driven by the increase in payable to contractors, which include both manpower cost related to plant preventive maintenance and purchases of property, plant and equipment and spare parts, utilities, and insurance payables. Output vat also significantly increased with higher sales volume. Consolidation of IslaSol and SacaSol also contributed to the increase in the account.

- **Short-term loans** went up mainly from outstanding short-term loans from outstanding balance of ₱4.6 billion from various banks such as BDO, SBC, RCBC and CBC as at year-end. Short-term loan from TLCTI Asia assumed from acquisition of IslaSol was paid in full during the year.

- **Current portion of long-term loans** decreased due to the principal payments and pretermination of loans made during the year, mainly by ACEN.

- **Current portion of lease liabilities** increased due to acquisition of IslaSol and SacaSol.

- Increase in **income and withholding taxes payable** was mainly due to accrual of income tax expense of several subsidiaries and higher tax withheld from purchases.

- **Due to stockholders** increased from the unpaid dividend to minority shareholders of MSPDC.

- **Long-term loans – net of current portion** decreased due to the principal payments and pretermination of loans mainly by ACEN. The decrease was partly offset by the new loans availed by NPDC and ACEN amounting to ₱2.30 billion and ₱1.50 billion, respectively, to fund new investments.

- **Lease Liabilities – net of current portion** increased as a result of acquisition of IslaSol and SacaSol, as well as new lease agreements.

- 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 year end.

  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.

- **Pension and other employment benefits** decreased due to benefits paid amounting to ₱7.42 million paid from ACEN retirement fund and ₱11.96 million paid from NPDC's operating funds, partially offset by ₱11.13 million ACEN actuarial loss from change in financial assumptions.

- **Other non-current liabilities'** significant decrease came from the reclassification of the currently maturing non-trade payable for the purchase of additional 20% interest in SLTEC through the assignment of ACEIC to ACEN of the share purchase agreement executed by ACEIC and APHPC amounting to ₱1.89 billion. The amount is payable in September 2021.

- **Capital stock and additional paid in capital** increased from the issuance of common stock for the share swap agreement with ACEIC Common shares equivalent to 6,185,182,288 at ₱2.37 per share were issued in exchange for ACEIC's interest in various domestic entities.

- The decrease in **other equity reserve** also resulted from the share swap transaction with ACEIC.

- The decrease in **unrealized FV loss on equity instruments at FVOCI** was due to adjustments upon completion of the step acquisition of IslaSol and SacaSol in March 2020.

- **Unrealized fair value loss on derivative instruments designated under hedge accounting** decreased in proportion to hypothetical value of the coal swap prices of the derivative contracts as at year end.

- The increase in **accumulated comprehensive loss of associates and joint ventures** was a result of the adjustment made in MGI comprehensive income and came from share in remeasurement gain from defined benefit obligation of associate and joint venture.

- The turnaround in **cumulative translation adjustments** is mainly due to the significant depreciation of the U.S. dollar against Philippine peso for international entities with net dollar assets position.

- **Remeasurement gain on defined benefit plan** decreased as a result of various actuarial losses including a ₱11.13 million ACEN actuarial loss from change in financial assumptions.

- **Retained earnings** increased as a result of the net income earned for the year.

- **Treasury shares** increased due to 14.50 million shares repurchased amounting to ₱28.66 million during the year partially offset by the reissuance of 16.70 million ACEN shares held by BPGC amounting to ₱15.43 million.

- **Non-controlling interests** are mainly comprised of redeemable preferred shares of ACEC held by ACEFIL. Non-controlling interests' share in net income amounted to ₱2.1 billion, which was offset by dividends totaling ₱1.96 billion. Increase is also due to the 40% investment of TLCTI Asia in IslaSol.

Key Performance Indicators

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

Key Performance Indicators				
	31-Dec-20	**31-Dec-19**	**Increase (Decrease)**	
In thousand Pesos	**As restated**	**As restated**	**Amount**	**%**
Liquidity Ratios				
Current assets	60,242,419	48,672,155		
Divided by: Current liabilities	12,481,526	5,222,835		
Current Ratio	4.83	9.32	(4.49)	(48)%
Cash & cash equivalents	28,077,171	39,630,296		
Plus: Short-term investments	-0	100,000		
Plus: Receivables	16,611,719	7,417,212		
Cash & cash equivalents + Short-term investments + Receivables	44,688,890	47,147,508		
Divided by: Current liabilities	12,481,526	5,222,835		
Acid test ratio	3.58	9.03	(5.45)	(60)%
Solvency Ratios				
Total liabilities	37,536,485	32,079,698		
Divided by: Total equity	104,279,335	92,359,303		
Debt/Equity ratio	0.36	0.35	0.01	4%
Total assets	141,815,820	124,439,001		
Divided by: Total equity	104,279,335	92,359,303		
Asset-to-equity ratio	1.36	1.35	0.01	1%
Income (loss) before income tax	7,104,027	720,216		
Plus: Interest and other finance charges	1,988,086	962,840		
Earnings before interest & tax (EBIT)	9,092,113	1,683,056		
Divided by: Interest expense	1,988,086	962,840		
Interest Coverage Ratio	4.57	1.75	2.83	162%
Short-term loans	4,635,000	3,556		
Plus: Long-term loans	22,254,155	23,198,629		
Less: Cash & cash equivalents	28,077,171	39,630,296		

Short-term loans + long-term loans - Cash & Cash Equivalents	-1,188,016	-16,428,111		
Divided by: Total Equity	104,279,335	92,359,303		
Net bank Debt to Equity ratio	(0.01)	(0.18)	0.17	(94)%
Profitability Ratios				
Net income after tax attributable to equity holders of the Parent Company	4,288,102	704,764		
Divided by: Average equity attributable to equity holders of Parent Company	53,433,923	30,656,670		
Return on equity	8.03%	2.30%	5.73%	249%
Net income after taxes	6,402,151	779,736		
Divided by: Average total assets	133,127,411	71,681,848		
Return on assets	4.81%	1.09%	3.72%	342%
Revenues	20,488,235	16,126,709		
Divided by: Average total assets	133,127,411	71,681,848		
Asset Turnover	15.39%	22.50%	(7.11%)	(32)%

Current ratio & Acid test ratio

- Current ratio & acid test ratio dropped due to the increase in current liabilities primarily from short-term loans and accounts payable and other current liabilities.

Interest coverage ratio

- The increase in interest coverage ratio was brought about by higher restated net income before interest and tax for the year ended 31 December 2020 as compared in the same period last year.

Net bank debt to equity ratio

- Net debt equity ratio increased due to additional loans in 2020.

Return on equity and assets

- Return on equity and assets went up this year as the Group registered a significantly higher net income of ₱4.29 billion for the year ending 31 December 2020 due to increase in energy sales and lower WESM prices, compared to ₱704.76 million restated net income reported in the same period last year.

Asset turnover

- Asset turnover decreased primarily due to significant capital expenditures of the Group during the year.

Material events and uncertainties

- There were no events that triggered direct or contingent financial obligation that was material to the Group. There were no contingent assets or contingent liabilities since the last annual balance sheet date.

- There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Parent Company with unconsolidated entities or other persons created during the reporting period.

- There were no material events that had occurred subsequent to the balance sheet date except for the events after the reporting period disclosed in Note 39 of the Audited Consolidated Financial Statements.

- ACEN has material commitments to invest in capital expenditure projects mainly in the following:

    - 120 MWdc solar power project in Alaminos, Laguna through SolarAce1;

    - 63 MWdc solar power project in Palauig, Zambales through Gigasol3;

    - 75 MWdc solar power project in Mexico, Pampanga through Greencore 3;

    - 75 MWdc solar power project in Palauig, Zambales through GigaAce8;

    - Investment in 160 MW Balaoi wind project;

    - Investment into a renewable energy laboratory; and

    - Funding of up to US$100 million for new technology investments in the Philippines.

    - Refer to Notes to Consolidated Financial Statements for the details.

- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations

- The results of operations of the Company and its subsidiaries depend, to a significant extent, on the performance of the Philippine economy.

- The current highly competitive environment, operation of priority-dispatch variable renewable energy, and community quarantines resulted in lower demand for electricity and have driven market prices of electricity downward.

- Movements in the WESM prices could have a significant favorable or unfavorable impact on the Company's financial results.

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way - The Group is developing a line-up of renewable energy projects as part of its growth aspiration. The capital expenditures shall be funded by a combination of equity and debt. Several capital raising activities were also set for 2021, including the recently concluded SRO which raised ₱5.37 billion, the previously announced subscription by GIC to 4 billion primary shares (subject to certain conditions precedent), and the planned FOO (subject to regulatory approvals).

- 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").

BUSINESS

The Company

ACEN CORPORATION is a corporation duly organized and existing under Philippine law with SEC Registration No. 39274, and listed with the PSE with ticker symbol "ACEN" (formerly "ACEPH" and "PHEN"). It was incorporated on 8 September 1969, and was originally known as "Trans-Asia Oil and Mineral Development Corporation," reflecting its original purpose of engaging in petroleum and mineral exploration and production. In order to diversify its product and revenue portfolio, the Company invested in power generation and supply, which eventually became its main business and revenue source. On 11 April 1996, the Company's name was changed to "Trans-Asia Oil and Energy Development Corporation." On 22 August 2016, the Company aligned its name with its then parent company to become known as "PHINMA Energy Corporation," and extended its corporate life for another 50 years. On 17 September 2019, the stockholders of the Company voted to rename the Company to "AC Energy Philippines, Inc." to recognize its affiliation with its largest stockholder, ACEIC, which the SEC approved on 11 October 2019. On 19 April 2020, the stockholders voted to rename the Company to "AC Energy Corporation" to recognize the offshore expansion of the Company through the ACEIC International Transaction, which the SEC approved on 5 January 2021. On 15 December 2021, the stockholders voted to rename the Company to "ACEN CORPORATION," which the SEC approved on 20 July 2022.

ACEN is engaged in the business of providing integrated power solutions, power generation and electricity supply, renewable energy, and resource exploration and development. As a power generator and electricity supplier, the Company manages a diversified portfolio of renewable and conventional power generation projects. ACEN expanded its portfolio from one primarily focused on the Philippines, to include power generation projects in Australia, Indonesia, Vietnam, and India. The Company is a pioneer in electricity supply and trading in the WESM. As a RES, the Company can participate in the RCOA and serve the needs of contestable customers and electric cooperatives through its customized power solutions. As an energy resource developer, the Company is engaged in resource exploration and development of renewable energy focusing on wind and solar energy in the pursuit of clean and sustainable power projects.

As of 12 July 2023, ACEN had a total Net Attributable Capacity of 4,393 MW from owned assets, both operating and under construction, 98% of which are from renewable sources.

Objectives and Purposes

The Company has been organized and engaged primarily in the business of, and/or investing in, electric power generation and distribution, retail electricity supply, and providing guarantees or similar security arrangements.

Competitive Strengths

The Company believes that it has a number of competitive strengths that it can use to enhance and leverage its position in the energy industry.

Portfolio of projects across geographies, technologies, energy sources, and regulatory regimes provides stable cash flows, diversification and a strong platform for growth.

While the Company started as one of the early exploration companies in the country as the legacy Trans-Asia Oil and Mineral Development Corporation, the Company invested in power generation and supply, which eventually became its main business and revenue source. Following its investment in power generation and supply, the Company grew a portfolio of both renewable and conventional power generation projects.

ACEN owns the most geographically diversified power portfolio among its publicly listed peers in the Philippine energy sector, with a Net Attributable Capacity from owned assets of 4,393 MW as of 12 July 2023, 63% of which is located outside the country. Aside from the Philippines, the portfolio is spread across other key markets in the Asia Pacific: Australia, Vietnam, India, and Indonesia, in addition to rooftop solar projects spread across Mainland China, Hong Kong, Malaysia, Singapore, Taiwan, Thailand, and the United States.

Furthermore, ACEN has one of the highest percentages of renewables in its portfolio among listed energy companies in the Asia-Pacific, with close to 98% of its attributable capacity from RE technologies. In addition, all of the Company's plants outside the Philippines are 100% powered by renewable sources.

The table below presents the Net Attributable Capacity as of 12 July 2023, broken down by geography and technology.

	Net Attributable Capacity (in MW)		
By Geography	**Operating**	**Under Construction**	**Total**
Philippines	622	989	1,610
International Assets:			
Greater Mekong[1]	730	194	924
Australia	0	1,041	1,041
India	168	336	504
Indonesia	153	2	156
Various[2]	26	131	158
Total International Assets	1,078	1,705	2,783
Total	**1,699**	**2,694**	**4,393**

Notes:

1. Greater Mekong includes Vietnam and Lao PDR.
2. Various is comprised of, Mainland China, Hong Kong, Malaysia, Singapore, Taiwan, Thailand, and the United States.

	Net Attributable Capacity (in MW)		
By Technology	**Operating**	**Under Construction**	**Total**
Renewable Assets:			
Solar	909	2,149	3,058
Wind	551	520	1,071
Geothermal	105	2	107
Battery	40	0	40
Rooftop Solar	26	23	49
Total Renewable Assets	1,631	2,694	4,325
Thermal Assets:			
Diesel	68	0	68
Coal	0	0	0
Total Thermal Assets	68	0	68
Total	**1,699**	**2,694**	**4,393**

The Company is one of the pioneers in the wholesale and retail electricity market in 2006. As of 31 March 2023, the Company holds around 192 MW of retail/contestable and 310 MW of wholesale customer contracts in the Philippines. In addition, the Company has FIT and long-term contracts for its operating assets in Indonesia, Vietnam, and India.

The table below presents the Company's revenues broken down by geography:

Revenues	**2020**		**2021**		**2022**	
In thousand Pesos	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	% of Total
Philippines	20,438,911	100%	25,959,821	100%	35,143,239	100%
International	48,846	0%	58,410	0%	32,221	0%
Parent and Others	480	0%	63,210	0%	63,091	0%
Total Revenues	**20,488,237**	**100%**	**26,081,441**	**100%**	**35,238,551**	**100%**

The table below presents the Company's net income broken down by geography:

Net Income	**2020**		**2021**		**2022**	
In thousand Pesos	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Philippines	3,873,742	61%	3,092,060	40%	705,749	5%
International	3,225,060	50%	4,862,640	63%	15,062,389	103%
Parent and Others	(696,651)	-11%	(288,666)	-4%	(1,170,250)	-8%
Total Net Income	**6,402,151**	**100%**	**7,666,034**	**100%**	**14,597,888**	**100%**

The Company believes that with the portfolio approach to its investments, the Company has a blend of seasoned and new operating projects that provide stable cash flows underpinned by attractive, long-term contractual arrangements and a diverse business model (a combination of bilateral contracts, spot sales and FIT contracts), fuel types, and technologies, geographies, and regulatory regimes that the Company is able to leverage for continued renewable capacity expansion and growth, in the Philippines and internationally.

The Company's core focus in renewable energy is aligned with the Philippines' adoption of renewable energy sources to address the country's long-term energy needs.

The growth trajectory of the Philippine power sector is underpinned by the country's robust economic fundamentals and attractive demographic qualities. Prior to the COVID-19 pandemic, Philippine GDP had been growing at a 7% compound annual growth rate ("**CAGR**") from 2009 to 2020. However, in 2020, as the economy felt the impact of the COVID-19 pandemic, the country's GDP shrank by 9.6%. In 2021 and 2022, the Philippines posted a GDP growth of 5.7% and 7.6%, respectively. The World Bank's latest Philippines Economic Update report, released in December 2022, forecast an average growth of 5.7% from 2023-2025. Fitch Solutions, an affiliate of the Fitch Group forecasts power consumption to grow at an annual average of 4.6% from 2020 to 2029, despite the effects of the COVID-19 pandemic. In order to meet increasing demand, growth in installed capacity is essential and has compelled the Philippine government to encourage the expansion in renewable energy capacity. The National Renewable Energy Program has set a target of reaching 15,304 MW of installed renewable capacity by 2030 (vs. approximately 3,500 MW in 2017). Other key regulatory developments also include the moratorium on endorsements for greenfield coal power plants as declared by the DOE in October 2020.

In addition, renewable initiatives are currently in place or being drafted to support this renewable target. This includes the 20-year FIT for solar, wind, biomass and hydro energy which were introduced in 2013 and the RPS, the regulations for which were issued by the DOE in 2017 and 2018. The RPS mandate electric power industry participants to source or produce a specified portion of their electricity requirements from eligible RE resources in order to encourage the development of indigenous and environmentally-friendly energy sources.

Under the RPS Rules, the mandated participants include:

- Distribution Utilities ("DUs") for captive customers;
- RES for contestable customers;
- ERC authorized Generating Companies ("Generating Companies"), to the extent of the demand of their actual supply to their directly-connected customers; and
- Other entities, as may be recommended by the NREB and approved by the DOE.

The RPS Rules established the minimum annual RPS requirement. This pertains to the RE share of electricity coming from RE resources in the energy mix based on an aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE.

The RPS Rules also established the minimum annual incremental RE percentage. This is initially set at 1% to be applied to the net electricity sales of the mandated participant for the previous year, and thereafter adjusted by the DOE as may be necessary.

For the purpose of compliance with the RPS Rules for On-Grid Areas, the eligible RE facilities utilizing the following technologies and resources shall be:

- Biomass;
- Waste-to-energy technology;
- Wind energy;
- Solar energy;
- Run-of-river hydroelectric power systems;
- Impounding hydroelectric power systems;
- Ocean energy;
- Hybrid systems as defined in the RE Act with respect to the RE component;
- Geothermal energy; and
- Other RE technologies that may be later identified by the DOE;

provided that, for the RE facilities utilizing these technologies to be eligible under RPS compliance and Renewable Energy Certificates ("**RECs**") attribution, they shall have been in commercial operations after the effectivity of the RE Act in 2008.

The RPS Rules enabled the creation of an RE Market where mandated participants comply with the minimum annual RPS requirement through the allocation, generation, purchase, or acquisition, generation from net metering arrangements, of RECs. One certificate represents one MWh of generation produced from a registered eligible RE facility.

With 4,393 MW of Net Attributable Capacity in owned assets as of 12 July 2023, and a target of growing this to 20 GW by 2030, the Company is well-positioned to address the country's need for clean power sources, and benefit from the RPS mandated by the DOE.

The Company’s ownership of RE facilities is not perpetual and is subject to permits, licenses, useful life of assets, corporate life of the SPVs holding the assets, and other factors. At the end of an RE asset’s useful life, the Company has the option to repower the plant and reinvest new capital. The current FIT contracts of the Group’s RE projects in the Philippines have an approximately 20-year tenor.

Beyond the Philippines, there has also been an accelerated transition to renewable energy and complementary technologies, such as energy storage. The Company is well-positioned to serve the region’s renewable energy requirements with its pipeline of projects not just in the Philippines but also across the Asia Pacific region.

Strong pipeline of projects in partnership with recognized and accomplished power industry developers, operators, and investors provides a visible path to growth.

ACEN continues to scale up its renewable energy platforms and existing partnerships with a strong 18 GW pipeline of projects in the Philippines and across the region, in various stages of development. This pipeline will support ACEN’s 20 GW target by 2030.

ACEN expects the geographic mix of its portfolio in 2030 to follow the below long-term outlook, which is subject to calibration based on market opportunities and conditions:

	2030 Outlook Attributable Renewable Capacity in GW
Philippines	8.0
Australia	5.0
Greater Mekong	2.0
India	2.0
Indonesia and other markets	3.0
Total	**20.0**

ACEN believes that the Philippines will remain its core market, accounting for 8.0 GW, the highest share of the 20 GW target. The tight power supply situation in the country and growing demand presents significant opportunities to expand renewables capacity. Australia is expected to continue being ACEN’s second largest market, with 5.0 GW, amidst the closure of an estimated 5.7 GW of coal plants shutting down in New South Wales, where the company’s RE projects are currently based, in addition to world-class solar and wind resources and the country’s intent to become a green hydrogen supply chain hub. ACEN also aims to continue its presence in the Greater Mekong Region, especially in Vietnam and Lao PDR, where the company participated in ASEAN’s first cross-border wind project, the 600 MW Monsoon Wind farm. In India, where project costs remain very competitive, ACEN believes it can continue to take advantage of the country’s vast landscape and growing RE demand. ACEN targets to expand in Indonesia and other markets as well, ACEN targets to reach 3 GW, through innovative projects such as the Suryagen cross-maritime border solar project, and, in the United States, the entry into PivotGen’s portfolio of eight wind farms in Texas to be refurbished.

Renewable Energy Pipeline

ACEN has a robust 18-GW pipeline of projects in the Philippines and offshore projects through ACRI, all in various stages of development, including those in exploratory stages that have yet to receive Board approval. This represents the total gross capacity of these projects. ACEN’s attributable capacity will be determined once the economic interests in these projects are finalized. The pipeline includes projects that the Company is pursuing together with its partners in the Philippines and offshore, in line with its track record of pursuing regional expansion through strategic partnerships.

In addition, the Company utilizes organic project development capabilities to develop greenfield projects through the ACE Endevor platform. ACE Endevor was incorporated and registered with the SEC on 10

November 2014 to engage in all aspects of exploration, assessment, development and utilization of renewable and other energy resources and storage of electricity. ACEIC acquired 100% of the ownership interests in ACE Endevor in March 2017 with the intent to make ACE Endevor its Philippine project development, management, and operations platform. ACE Endevor has since been infused into ACEN as part of the ACEIC Philippine Transaction. Greenfield developments in the Philippines are currently pursued under the ACE Endevor platform.

The Company continuously works to develop new energy projects, in various renewable energy technologies, across different geographies, toward its goal of reaching 20 GW of renewable energy capacity by 2030.

The Company's target pipeline reflects its current strategy and may change as proposed projects are reviewed or contracts are entered into, and subject to various factors, including market conditions, the general state of the economy and investment environment where the projects will be located and the ability to obtain financing, among others. See *"Risk Factors—Risks Relating to the Company and its Businesses— The Company may not successfully implement its growth and other strategic objectives and the impact of acquisitions and investments could be less favorable than anticipated; —Risks and delays relating to the development of greenfield power projects could have a material adverse effect on the Company's operations and financial performance."* on page 71 of this Prospectus.

In addition, the Company believes that its ability to work with various partners is a key strength in its growth platform. The Company also believes that these partners are some of the most established developers and operators of renewable assets. In addition to pursuing attractive investment opportunities together with the sector's most established names, the Company believes that its commitment to its objectives, visible track record of success in achieving growth and ability to forge partnerships in various market segments have made it a partner of choice.

The Company's various partnerships provide it with the ability to source high quality projects efficiently and with local market expertise. Collectively, the Company's current partnerships provide visibility to over 1,100 MW of expected gross capacity that are targeting financial close between the second half of 2021 to 2022 across various technologies in the Philippines and abroad, helping drive the Company towards its goal of achieving 20 GW of Net Attributable Capacity in renewables by 2030.

Key among the Company's partners in the Philippines are the following:

- UPC Renewables, a U.S.-based renewable energy developer with over 20 years of global experience in the construction and operations of wind and solar energy projects. UPC Renewables has developed over 3,500 MW of wind and solar projects, has a presence across 12 countries and has built 70 projects with approximately US$5.0 billion of project debt and equity deployed. ACEIC began its partnership with UPC Renewables in 81 MW wind farm in Barangay Caparispisan, Pagudpud, Ilocos Norte, now owned and operated by NLREC.

- Mitsubishi Corporation ("Mitsubishi"), is a global conglomerate operating in the energy, commodities, infrastructure, automotive, and consumer goods industries. Mitsubishi was part of the 81 MW wind farm of NLREC partnership through its subsidiary, Diamond Generating Asia Limited. Ayala Corporation and Mitsubishi Corporation have been partners since 1974.

- Marubeni Corporation ("Marubeni") is one of Japan's largest trading houses and among the most active Japanese groups in the Philippines. Marubeni initially acquired an interest in SLTEC through its subsidiary Axia Power, which has been purchased by the Company. Axia Power has signed a shareholders' agreement for the development, construction and operation of the 150 MW Ingrid Quick Response Thermal Plant in Pililia, Rizal.

- Citicore Renewable Energy Corporation ("CREC") is a wholly-owned subsidiary of Citicore Power Inc., in turn a wholly-owned subsidiary of Citicore Holdings Investment Inc. Among its affiliate companies are Megawide Construction Corporation, primarily engaged in construction, and MySpace Properties, Inc., a property holding company. CREC has partnered with the Company for the development, construction and operation of the 114 MWdc in Arayat -Mexico Solar Farm in Pampanga.

- PetroEnergy Resources Corporation ("PERC") is a publicly-listed Philippine energy company under the reputable conglomerate of Yuchengco Group of Companies (YGC). PERC was founded in 1994 to undertake upstream oil exploration and development. Since then, it has diversified into renewable energy and power generation. PetroGreen Energy Corporation (PGEC), a subsidiary of PERC, holds 65% interest in the 32 MW Maibarara Geothermal Power Project (MGPP) in Batangas.

- CleanTech Global Renewables ("CleanTech") is an independent power producer and renewable electricity developer in the Philippines in the business of developing, acquiring, constructing, owning, and operating clean and renewable energy projects. ACEN, ACE Endevor and CleanTech, through CleanTech Renewable Energy 4 Corporation, have formed a joint venture company, NAREDCO, to develop, own and operate a 133-MW solar farm and transmission line project located in Lal-lo, Cagayan. The companies signed a shareholders' agreement for the strategic partnership, with ACEN and Endevor to have a combined 60% ownership stake in NAREDCO, and CleanTech owning the remaining 40%. NAREDCO also intends to proceed with the construction the solar farm and transmission line, which has a potential expansion of up to 200 MW. The solar farm will be constructed on a 115-hectare flat land known for its high solar irradiance in Barangays Magapit and Sta. Maria, which will connect to the 69kV NGCP Lal-lo (Magapit) substation via a 3-km transmission line. Once completed, the 133-MW solar farm will produce 188 GWh of renewable energy annually, enough to power 75,000 households while avoiding approximately 112,405 MT of CO_2 emissions annually. About 1,000 job opportunities and community partnerships could be created during the solar farm's construction stage.

Key among the Company's international partners are the following:

- UPC Renewables, a U.S.-based renewable energy developer with over 20 years of global experience in the construction and operations of wind and solar energy projects. Aside from ACEN's partnership with UPC Renewables in the Philippines, UPC Renewables is also a partner for projects in the 75 MW Sidrap Wind Project in Indonesia and the 60 MW Lac Hoa and Hoa Dong Wind in Vietnam.

    - Prior to the 100% acquisition of ACEN Australia, formerly known as UPC-AC Renewables Australia, ACEN, through AC Renewables International, also entered into a joint venture with UPC Renewables for its main platform for utility scale projects in Australia through UPC-AC Renewables Australia. UPC-AC Energy is currently proceeding with the construction of a 521 MWdc New England Solar Phase 1 and also owns a pipeline of projects of around 8,000 MW in various stages of development, including the 415.6 MWdc New England Solar Phase 2 and up to 1,000 MW in wind farms in Robbins Island and Jim's Plain in Australia. UPC-AC Energy Renewables Australia also signed a share purchase agreement for the acquisition of a 51% interest in the 2x125 MW Baroota Pumped Hydro and the 300 MW Bridle Solar in Australia.

    - In October 2021, ACEN announced the acquisition, through its subsidiary AC Renewables International Pte Ltd, of the ownership interest of its joint venture partner UPC Renewables Asia Pacific Holdings Pte Limited and Mr. Anton Rohner in UPC-AC Renewables Australia, their joint venture holding company for Australia energy and power projects and investments, for up to US$243.3 million (subject to adjustments), subject to agreed conditions precedent and required partner, financing, and regulatory approvals, including as applicable, from the Foreign Investment Review Board of Australia, and subject further to execution of definitive documentation.

  - UPC-AC Energy Solar is another joint venture company with UPC Renewables, through AC Renewables International. UPC-AC Energy Solar is a development platform for a pipeline of over 1GW in power projects, with an initial focus on India, South Korea, Taiwan and other countries in the Asia Pacific. Following the completion of the joint venture's first two solar projects in India, it is currently working on developing the 300 MWdc Masaya Solar plant in Madhya Pradesh.

- BIM Group, one of Vietnam's leading business groups with interests in real estate, food, and commercial services. The BIM Group is ACEN's partner for the 405 MWdc Ninh Thuan Solar and the 88 MW Ninh Thuan Wind in Vietnam.

- AMI Group, a leading business group in Vietnam active in solar and wind projects. The AMI Group is ACEN's partner for the 80 MWdc Dak Lak and Khanh Hoa Solar and the 252 MW Quang Binh Wind in Vietnam.

- The Blue Circle, an international platform based in Singapore engaged in the development, construction, and operation of its pipeline of around 1,500 MW of wind projects across Southeast Asia, including around 700 MW in Vietnam. The Blue Circle is ACEN's partner for the 80 MW Phase 1 and 2 of the Mui Ne Wind in Vietnam.

- Star Energy and The Electricity Generating Company ("EGCO"), are both leading power producers in Thailand. Star Energy and EGCO are ACEN's partners for its 648 MW Salak & Darajat Geothermal Plants in Indonesia.

- Impact Electrons Siam ("IES") was founded in 2011 to revolutionize the renewable energy industry. To date, IES has implemented over 800 MW of renewable energy across the Asia-Pacific region. We have successfully developed two solar power plant projects in Japan, both of which are in stable operations. The first project was in Osakikamijima Island, Hiroshima and the second was in Mukawa Town, Hokkaido. Currently, we are in the midst of developing the Monsoon Wind Farm Project, a 600 MW wind farm in the Sekong and Attapeu provinces in Laos.

- NEFIN Holding Limited ("**NEFIN**") is a leading solar photovoltaic developer and investor in carbon neutrality solutions. On 4 August 2021, ACEN obtained Board Approval to enter into a joint venture through its wholly-owned subsidiary ACRI, with NEFIN. Under the joint venture are solar rooftop projects across Mainland China, Hong Kong, Malaysia, Singapore, Thailand, and Taiwan.

- Super Energy Corporation ("**SUPER**") was established in Thailand in 1994. In 2005, Super Energy Corporation was listed on the Stock Exchange of Thailand (SET), and focused on supply of renewable energy-derived power, including solar power, wind power and waste-to-energy.

  In 2017, Super Energy Corporation expanded its investment in Vietnam's green energy industry, namely, wind power and solar power, with the aim of dominating the domestic renewable energy market and becoming the leading manufacturer in ASEAN, while pursuing sustainable development, and guaranteeing a clean and green environment.

SUPER has developed nine solar power projects and four wind power projects, covering the South and Central Highlands, so far, contributing to an increase in the percentage of renewable energy-derived power in overall power industry of Vietnam.

The Company has also engaged with the Yoma Group for the potential joint exploration and development of around 200 MW in renewable energy projects within Myanmar, including participation in large utility-scale renewable projects for the development of micro power plants and mini-grids. Due to the current situation in the country, however, the Group has taken a more conservative approach to possible expansions in Myanmar. The Group takes a long-term view on its investment in Myanmar and continues to monitor the situation closely.

The following is ACEN's partner with projects under development in the Philippines:

- Solar Philippines Power Project Holdings, Inc. ("SP") is one of the largest independent power developers in the Philippines. The Company has signed a deed of absolute sale for the purchase of shares owned by SP in SPCLC and has subscribed to shares of the SPCLC to implement the joint venture between ACEN and SP for the development of solar power projects in the Philippines.

The following are ACEN's partners with international projects under development:

- ib vogt GmbH ("**ib vogt**") is a renewable energy solutions provider that has specialized in solar project development since 2002, and is one of the pioneers in tracking solar technologies. Headquartered in Berlin, Germany, ib vogt has established 27 offices across Europe, North America, Asia -Pacific and Africa as part of its presence in over 40 countries. ACEN signed a joint venture agreement with ib vogt for large-scale Asia-Pacific solar projects, focusing on late-stage, shovel-ready projects in Indonesia, Vietnam, Malaysia, Laos, and Bangladesh. The venture's capital expenditure is expected to reach up to US$ 200 Mn in equity, in addition to debt 1,000 MW minimum in RE capacity, with potential for further expansion. Majority of the joint venture's projects will be from ib vogt's >5,000 MW Asia development pipeline,. The partnership can also acquire late-stage projects from local and regional developers. This initiative also serves to complement ib vogt's global strategy of developing a diversified portfolio of high quality independent power producer assets.

- Pivot Power Management LLC ("**PivotGen**") is a U.S.-based provider of renewable energy development and financing solutions with strong track record of successful outcomes for platform partners in wind energy. In April 2022, ACEN announced the board approval of the company's plans to enter the United States renewable energy market through a newly formed strategic partnership with UPC Solar & Wind Investments LLC and Pivot Power to pursue opportunities to acquire operating wind projects in the US and explore strategies for extending their useful life through preventative maintenance and repowering. The partnership will target the acquisition of operating wind projects across various geographies in the US. It will seek to upgrade and replace key components on target projects with the goal of extending project life and optimizing power generation. The transaction is subject to usual and customary conditions precedent to closing.

- PT Puri Usaha Kencana ("**Puri Usaha**") is an Indonesian conglomerate instrumental in the formation of a consortium for an ambitious cross-border initiative to import RE from Indonesia for the Singaporean market. ACEN and the Puri Usaha Group have agreed to work together in a platform for the joint development of groundbreaking renewable energy projects in Indonesia focusing on large-scale solar power plants, battery energy storage system, and green hydrogen projects, subject to applicable regulatory approvals and execution of definitive documentation. The proposed joint venture entity is Suryagen Capital Pte. Ltd. ("**Suryagen**"). The Suryagen platform covers the Batam, Bintan, and Karimun (BBK) islands as well as East Nusa Tenggara province, where the majority of the projects that the Puri Usaha Group have been developing are located.

The Company believes that its various partnerships provide it with the ability to source high quality projects efficiently and with local market expertise, help drive the Company towards becoming the largest listed renewables platform in Southeast Asia and achieving its goal of 20 GW of Net Attributable Capacity in renewables by 2030.

The Company is well-positioned to capture future demand growth in various forms of power generation in the Philippines and the Asia-Pacific Region.

Demand for electricity in the Philippines is expected to continue its growth. Based on the Power Development Plan 2020-2040 published by the DOE, to meet the projected electricity demand requirement by 2040, the power system capacity addition that the Philippines will require is 92,284 MW, with new renewable energy projects accounting for 73,183 MW. The breakdown of new renewable energy projects are as follows: 44,863 MW solar, 16,315 MW hydro, 11,255 MW wind, 480 MW geothermal, and 270 MW biomass. For 2021-2027, the DOE estimates that there are only approximately 7,628 MW of committed power generation projects and an additional 2,110 MW battery energy storage systems are expected to be operational. For 2021 to 2032, an additional 35,086 MW total indicative power generation projects are expected to be operational. There is a significant unserved demand that the Company can tap with its diversified portfolio of projects in operation and in the pipeline.

In Southeast Asia, power demand continues to increase with economic recovery post-pandemic. Areas such as Vietnam have been beneficiaries of increased industrial activity as a result of the slowdown in China. In addition, there is a global thrust towards transition to cleaner energy sources, with announcements of energy transition plans in Indonesia, renewable energy auctions in India, and firm coal retirement plans in Australia. The Company is well-positioned to take advantage of this increasing demand for clean power, with a strong presence across the Asia Pacific region.

The expansion of the Company's power generation portfolio via its upcoming projects will continue to increase its flexibility in meeting the varying power requirements of its customers across various markets .

The Company's assets and operations are strategically located in a rapidly growing region that is increasingly embracing renewable energy to address its long-term energy needs.

Through the ACEIC International Transaction, the Company gained access to highly attractive markets in the Asia Pacific region in which to pursue growth, particularly in the renewable energy space. The Company's current projects and development platforms are in Indonesia, Vietnam, Australia, and India.

Similar to the Philippines, Indonesia's nominal GDP growth has been driving activity in the country before the pandemic, with GDP growing at 7.4% CAGR from 2008 to 2019 (US$1,119 billion in 2019), according to the World Bank. In 2020, Indonesia's GDP fell by only 2.1% reflecting less stringent containment measures and lower dependence on highly impacted sectors like tourism. Indonesia's GDP posted a growth rate of 5.31% and 3.7% in 2022 and 2021, respectively. The World Bank expects the Indonesian economy to accelerate at 5.3% in 2023, assuming pent-up demand, improved consumer confidence, and improved terms of trade. From 2008 to 2019, power generation grew by 6.4% CAGR to 295,448 GWh based on information from the International Energy Agency, underpinned by strong economic growth and the government's electrification efforts. Renewable power is expected to play a significant role in further supply expansion as the government targets new and renewable energy sources to account for at least 48% of total installed capacity by 2030 based on the 2021-2030 Rencana Umum Penyediaan Tenaga Listrik or General Plan for Electric Supply issued by the Ministry of Energy and Mineral Resources of Indonesia. To support this growth, several renewable initiatives have been introduced or are under review, such as favorable tariff for solar and wind, income tax and importation incentives.

Vietnam offers one of the most attractive renewable energy markets in the region due to its large population and rapid nominal GDP growth of 9% CAGR from 2008 to 2019 (US$262 billion in 2019), according to the World Bank. As one of the countries that best managed the pandemic, Vietnam posted a GDP growth of 2.9% in 2020 showing remarkable resilience, then grew 8.02% in 2022, backed by strong domestic retail sales and exports. However, the country's GDP growth is expected to slow to 6.3% in 2023 to reflect domestic and external headwinds. From 2015 to 2019, total system sales grew by 9.9% CAGR driven by strong economic growth and the country's rapidly expanding manufacturing sector, based on information from the Ministry of Industry and Trade of Vietnam. According to Revised National Development Master Plan for 2021-2030 (PDP 8), the Vietnam government is targeting to more than double its installed capacity from 54 GW at the start of 2020 to 138 GW in 2030 and 234 GW in 2040 (base-load scenario). Further, the government is targeting to increase the share of electricity produced from solar and wind energy projects as well as gas-fired power plants. The three sources combined is planned to make up 47% of the system in 2030, and 57% in 2040. PDP 8 is also seen cancelling or delaying nearly half of the remaining pipeline of coal-fired capacity in bid to focus towards focusing on more sustainable energy sources. As of April 2023, the new power development plan for 2021-2030 with a vision for 2045 is still under development and has yet to be finalized.

Australia continues to be one of the world's most stable economies due to its consistent output and activity. In 2019, the World Bank reports the country's GDP to reach US$1.4 trillion, representing a CAGR of 3% from 2008 to 2019. GDP performance continued to be driven by a low unemployment rate, and constant infrastructure investments. While in 2020 Australia's GDP fell by 0.3% as reported by World Bank, after suffering its first recession in nearly 30 years, the rebound in the second half of the year also set records. During the same period from 2008 to 2019, Australia's population increased by a CAGR of 2% to reach 25.3 million people. In line with the economic statistics, Australia's power generation capacity has increased by a CAGR of 1.3% from 2008-09 to 2019-20 to reach 49,832 MW in financial year 2019-20 (according to AER, financial year ends 30 June), and will reach 51,633 MW in fiscal year 2020-21. Being a mature and developed market, Australia offers stability with growth driven by the national directive to shift towards renewable energy sources and the increasing cost competitiveness of renewable technology. Australia has an established renewable market underpinned by the Renewable Energy Act 2000. With the support of positive regulatory framework and the country's strong renewable projects pipeline, Australia's non-hydroelectric renewable market capacity is expected to grow 7.2% annually during 2018 to 2027 especially with the decommissioning of coal-fired power plants that begun in 2012.

From 2012 to 2017, there were twelve coal-fired power plant closures across Queensland, New South Wales, Victoria, and South Australia with a total capacity of 5,589 MW. Further, according to the Australian Energy Market Operator's ("**AEMO**") Integrated System Plan ("**ISP**") for 2020, it is expected that 14 GW of coal-fired generation will reach the end of its technical life and retire by 2040. In addition, the Government of Australia has set a Renewable Energy Target ("**RET**") that aims to achieve a minimum of 20% of energy generated from renewable sources by 2020. The RET is made up of two schemes: (1) The Large-scale Renewable Energy Target and (2) The Small-scale Renewable Energy Scheme. The first scheme incentivizes investments into, and the expansion of renewable energy power stations as high-energy users are required to source part of their electricity demand from renewable sources while the second scheme creates financial incentives for individuals and small businesses to install eligible small-scale renewable energy sources. The Large-scale Renewable Energy Target was set at 33TWh renewable electricity generation by 2020. The annual target will remain at 33,000TWh until the scheme ends in 2030. The Clean Energy Finance Corporation ("**CEFC**") was established by the Australian Government under the Clean Energy Finance Corporation Act 2012, CEFC co-finances and invests, directly and indirectly in renewable energy and energy efficiency projects. After two years of large-scale investment in renewable energy of aggregate 15,700 MW of new capacity, predominantly in wind and solar projects, the Clean Energy Council reported in September 2019 that it has achieved its 20% renewable energy composition goal and the actual target achieved in 2020 was 27.7% (according to Clean Energy Council).

India continues to remain a growing renewable energy market as shown by its highly anticipated and competitive auctions. As one of the largest economies in the world, India's continues to grow annually as its GDP registered 8.3% CAGR from 2008 to 2019, declined 8.6% in 2020 and ended 2020 at US$2,623 billion. Power consumption has kept pace with its economic growth, registering a 7% CAGR from FY2008-09 to FY2018-19, and a decline of 6% in 2020 due to the COVID-19 pandemic. The demand for power is mostly supplied by thermal sources, as coal continues to account at least 62% of its installed generation capacity. In 2014, the government of India set a target for achieving 175 GW of renewable energy in India, with major focus on solar energy (100 GW by 2022) and wind energy (60 GW by 2022).

In addition to the markets set out above, the Company continues to evaluate and assess opportunities in other markets in Asia Pacific that meet the Company's strategic framework and financial criteria. The Company continues to explore additional opportunities in other attractive locations including South Korea and Taiwan.

The Company has an optimal mix of supply and customer contracts.

With ACEN's diversified mix of supply and customer contracts across varied international markets, the Company is able to seize opportunities from different kinds of offtakers. In the Philippines, ACEN is able to manage its exposure to the WESM through a balance with contracted RES customers and a long-term PPA with MERALCO. Upon the opening of its solar farm, ACEN Australia is expected to do the same, balancing spot market trading opportunities with prospective contracts. On the other hand, single-offtaker markets such as Vietnam, Indonesia, and Australia provide the Company with stable, reliable sources of income, through long-term offtake agreements with the likes of EVN in Vietnam, PLN in Indonesia, and state electricity companies in India. In Vietnam, ACEN enjoys FIT subsidies for most of its portfolio there.

The Company has around ~192 MW of retail/contestable customer contracts and 310 MW of wholesale customer contracts in the Philippines as of 31 March 2023. The recent Supreme Court ruling, upholding the requirement of Power Supply Agreements submitted by MERALCO and other distribution utilities with the ERC after 30 June 2015 to undergo a competitive selection process, provided an opportunity for the Company to enter into wholesale supply contracts with the distribution utility. The Company won the bid to supply MERALCO with a 200 MW baseload demand from 26 December 2019 to 26 December 2029. Subsequently, the Company won the bid to supply 110 MW in mid-merit power to MERALCO from 26 December 2019 to 26 December 2024. The Company received a copy of the provisional ERC approvals for the contracts on 31 January 2020 and the final approvals on 13 May 2020 for the baseload and on 1 June 2020 for the mid-merit. The Company's larger supply portfolio will help supply this demand, coupled with the new projects in the pipeline.

In addition to this, 250 MW of solar and wind projects in the Company's renewable energy portfolio have FIT under 20-year contracts with the Philippine government as of the date of this Prospectus. In Indonesia, all of the Company's wind and geothermal operating assets with a total of 723 MW in gross capacity are fully contracted with PLN under long-term contracts. In Vietnam, the Company's operating solar and wind assets totaling 905 MW have FIT.

For the quarter ended 31 March 2023, 54% of the Company's revenues are derived from a combination of long-term bilateral contracts, and short-term retail electricity contracts, while the balance refers to revenues from FIT, ASPA, and sales to the spot market from 50% in the same period in 2022.

Strengthened balance sheet and good visibility on future cash flows.

The Company has a strong and stable financial position that enables it to pursue its strategy of expanding its portfolio through acquisitions and organic projects. In March 2021, GIC Private Limited, through its affiliate Arran Investment Pte Ltd, completed the first tranche of its target 17.5% stake purchase in the Company. This ₱11.9 billion transaction strengthened the Company's capital position, allowing it to fund more of its developmental and operational projects. Later that year, in December, GIC completed the second tranche of its acquisition of ACEN shares, this time, through a secondary sale of 2.69 billion shares from ACEIC.

Including the Company's ₱5.4 billion (US$111.2 million) stock rights offering (SRO), ₱10.3 billion (US$212.2 million) follow-on offering (FOO), ₱11.9 billion (US$244.2 million) primary share investment by GIC affiliate Arran Investment Pte. Ltd. (Arran), and US400 million FFL Preferred Shares Non-call 2022, ACEN raised a total of US$967.8 million in fresh capital in 2021 alone, which it can use to fund its expansion of attributable renewable energy capacity.

With the transfer of the international assets from ACEIC, the Company's balance sheet strengthened further, thus providing the Company more flexibility in the financing of its projects.

In assessing any proposed investment or project, the Company sets certain criteria that needs to be met among which are the fundamental soundness of the proposed investment or project and its business case, the sound reputation and capability of the partners, and the long-term sustainability of the investment or project. When debt is required to fund new investments, the company ensures that cash inflows are adequate to cover loan repayment requirements as well as meet relevant loan covenants.

The Company's good credit standing and strong relationship with its various banking partners provides the Company with the capability to mobilize and deploy financial resources as needed. The Company also has good access to the capital markets as evidenced by the recent issuance of its maiden ₱-denominated ASEAN Green Bonds with an aggregate principal amount of ₱10 billion, and a fixed interest rate of 6.0526% per annum for a five-year tenor, under its ₱30 billion Debt Securities Program registered with the SEC.

ACEN has been able to establish a proven track record of delivering growth, rapid execution, performance, and realizing value.

ACEN brings with it the proven track record of delivering growth, efficient execution, fulfilling commitments, and realizing value from its asset investments.

The following table sets forth ACEN's corporate milestones as of the date of this Prospectus:

Year	Milestones
2019	• On 8 February 2019, PHN, PHI, and ACEIC, signed an Investment Agreement under the terms of which PHN and PHI will sell their aggregate of 2,517,064,700 Common Shares in the Company (then PHINMA Energy Corporation), constituting 51.476% of the total issued and outstanding shares of the Company, to ACEIC. ACEIC also

	agreed to subscribe to 2,632,000,000 new Common Shares of the Company, constituting 34.9% of the total issued and outstanding shares of the Company after the said issuance. After securing corporate and regulatory approvals, including the conduct of a mandatory tender offer in accordance with Section 19 of the SRC Rules, the transactions closed on 19 June 2019. • ACEN enters into two power supply agreements with MERALCO for (1) a baseload supply of 200 MW from 26 December 2019 until 25 December 2029, and (2) a mid-merit supply of 110 MW from 26 December 2019 until 25 December 2024, after being declared a winning bidder in separate competitive selection process bidding by MERALCO. • ACEIC assigns its right to purchase the 20% ownership stake of Axia Power Holdings Philippines Corporation (“**Axia Power**”), a subsidiary of Marubeni Corporation, in SLTEC in favor of ACEN. • ACEN, enters into a share purchase agreement with Macquarie Infrastructure Holdings (Philippines) Pte. Limited, Langoer Investments Holding B.V., and the Government Service Insurance System (collectively, the Philippine Investment Alliance for Infrastructure or “**PINAI**”) for the acquisition of PINAI’s 31% effective preferred equity ownership and 15% effective common equity ownership in NLREC.
2020	• ACEN completes its acquisition of PINAI’s ownership in NLREC. • ACEN completes its acquisition of PINAI’s entire ownership inSacaSol and IslaSol, respectively • ACEN and its subsidiary, ACE Endevor enter into a shareholders’ agreement with Axia Power for the development, construction, and operation of Ingrid Power’s 150 MW diesel power plant project in Pililla, Rizal. • The Board of Directors of ACEN approves the consolidation of ACEIC’s international business and assets into ACEN *via* a tax-free exchange, whereby ACEIC will transfer 100% of its shares of stock in ACEN International (ACEIC’s 100%-owned subsidiary, now holding ACEN’s international business and investments), consisting of 1,650,166,347 common shares and 15,035,347,600 redeemable shares, to ACEN in exchange for the issuance to ACEIC of additional Common Shares (the “**ACEIC International Transaction**”). The additional Common Shares was issued out of the increase of ACEN’s authorized capital stock to ₱48,400,000,000.00 consisting of 48,400,000,000 Common Shares with a par value of ₱1.00 per Common Share. • ACEN, ACEIC, and Arran Investment Pte Ltd (“**Arran**”), an affiliate of GIC Private Limited, signed an investment agreement for Arran’s acquisition of an effective 17.5% ownership stake in ACEN (the “**Arran Investment**”).
2021	• ACEN enters into (1) a Deed of Absolute Sale of Shares with Solar Philippines Power Project Holdings, Inc. (“SP”) for the Company’s acquisition of SP’s 244,000 common shares in Solar Philippines Central Luzon Corporation (“SPCLC”), and (2) a Subscription Agreement with SPCLC for ACEN’s subscription to 375,000 common

shares to be issued out of the unissued ACS of SPCLC. The acquisition and subscription will allow ACEN to have a significant ownership in SPCLC and is meant to implement the joint venture between ACEN and SP for the development and operation of solar power projects in the Philippines.

- ACEN completes a rights offer of 2,267,580,434 Common Shares, raising ₱5,374,165,628.58 to partially fund at least six renewable energy projects.

- Arran agreed to acquire a 17.5% interest in ACEN, subject to satisfaction of certain conditions. On 18 March 2021, pursuant to the Investment Agreement that ACEN signed with Arran, Arran subscribed to 4 billion Common Shares of ACEN at a price of ₱2.97 per share through a private placement, for an aggregate value or consideration of ₱11.88 billion. The subscription price was offered by Arran pursuant to its binding offer on 10 November 2020, and which offer was approved by the Board of ACEN during its meeting on 11 November 2020.

- ACEN signs a shareholders' agreement with Citicore Solar Energy Corporation and Greencore Power Solutions 3, Inc. for the development, construction, and operation of a PV solar power plant in Arayat and Mexico, Pampanga with an installed nominal capacity of 72 MWdc for Phase 1.

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

- The SEC approves ACEN's increase in authorized capital stock from 24.4 billion shares to 48.4 billion shares in June 2021, thus enabling the implementation of the assets-for-share swap between ACEN and ACEIC for the latter's international assets.

- In May 2021, ACEN completes its FOO with an offer of 2.01 billion Common Shares priced at ₱6.50 per share, consisting of 1.58 billion Common Shares sold pursuant to the primary offer, 330.24 million Common Shares sold by ACEIC and BPGC pursuant to a secondary offer, and an over-subscription of 100 million secondary Common Shares sold by ACEIC.

- In September 2021, ACEN, through its wholly-owned subsidiary, ACEN Finance Limited, successfully issues its U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Preferred Shares (the FFL Preferred Shares Non-call 2022) at an aggregate principal amount of US$400.0 million, with a fixed coupon of 4.0% for life, with no step-up and no reset, priced at par.

  The FFL Preferred Shares Non-call 2022 are issued under its US$1.5-billion medium-term note program, are guaranteed by ACEN, and are listed on Singapore Exchange Securities Trading (SGX-ST).

	Pricing for the bonds was at 4.0%, which was 45 basis points tighter than the initial price guidance. The final order book volume exceeded US$2.0 billion (more than 5 times oversubscribed), attracting a wide range of high-quality investors. • At the Special Stockholders' Meeting held on 15 December 2021, stockholders approved the issuance of ACEN primary shares to the owners, affiliates, and/or partners of UPC Renewables Asia Pacific Holdings Pte Ltd ("UPCAPH"), UPC Philippines Wind Investment Co. BV ("UPC Philippines") and the minority investors in NorthWind Power Development Corporation ("NW Founders"). In separate transactions, ACEN (directly or indirectly through its subsidiaries) entered into agreements to acquire the ownership interests of UPCAPH, UPC Philippines and the NW Founders in various operating and development companies (in Australia for UPCAPH, and in the Philippines for UPC Philippines and the NW Founders). These transactions have already been completed (first stage for the transaction with UPCAPH) and increased ACEN's attributable capacity by ~154 MW and pipeline by ~4,200 MW in net dependable capacity.
2022	• In February 2022, ACEN, through its wholly-owned subsidiary, ACEN Vietnam Investments Pte. Ltd. ("**ACEV**") and Super Energy Corporation Public Company Limited ("**SUPER**"), through its subsidiary, Super Energy Group (Hong Kong) Co., Limited ("**Super HK**"), signed an agreement to form a strategic partnership to develop, own and operate renewable energy projects across ASEAN. ACEV signed a share purchase agreement (with conditions precedent) to acquire a 49% interest of Solar NT, owned by Super HK. SUPER is a premier Thai renewable energy developer and investor. The transaction will be via the acquisition of secondary shares, for a total consideration of US$165 million. Post-restructuring, Solar NT will own and operate nine solar power plants across Vietnam with a total capacity of approximately 837 megawatts. The transaction is the beginning of a strategic partnership between ACEN and SUPER which will continue to expand their renewable footprints in Vietnam as well as exploring other Southeast Asian markets. • In March 2022, ACEN, its subsidiary ACE Endevor, Inc. and CleanTech Renewable Energy 4 Corporation ("**CleanTech**") have formed a joint venture company, NAREDCO, to develop, own and operate a 133 MWdc solar farm and transmission line project located in Lal-lo, Cagayan. The companies signed a shareholders' agreement for the strategic partnership, with ACEN and ACE Endevor to have a combined 60% ownership stake in NAREDCO, and CleanTech owning the remaining 40%. NAREDCO will proceed with the construction the solar farm and transmission line, which has a potential expansion of up to 200 MWdc. The solar farm will be constructed on a 115-hectare flat land known for its high solar irradiance in Barangays Magapit and Sta. Maria, which will connect to the 69kV NGCP Lal-lo (Magapit) substation via a 3-km transmission line. • In April 2022, ib vogt and ACEN agreed to set up a platform to fund the construction and operation of large-scale solar power plants throughout Asia, subject to applicable regulatory approvals. The joint venture partners will focus on late-stage, shovel-ready projects in Indonesia, Vietnam, Malaysia, Laos, Bangladesh, and other countries in the region. The majority of projects will stem from ib vogt's Asia development pipeline of more than 5,000 MW with initial projects planned to go into construction during 2022. The platform will also be

open to acquire late-stage projects from local and regional developers. The venture targets a minimum operational capacity of 1,000 MW over the coming years with the potential for further extension. Under the terms of the deal, ACEN expects to invest up to US$ 200 million equity investment in addition to debt funding to accelerate the deployment of renewable energy in Asia.

- In April 2022, ACEN successfully signed an Amended and Restated Omnibus Loan and Security Agreement for its wholly-owned subsidiary, SLTEC, with BPI and RCBC as lenders. The loan facility of up to ₱13.7 billion is intended to (a) refinance SLTEC's outstanding ₱9.8 billion loan facility (b) fund the partial redemption of capital in SLTEC held by ACEN, subject to regulatory approvals; and (c) finance other transaction-related expenses. ACEN, in turn, shall use the proceeds of the equity redemption to reinvest in renewable energy projects. Together with the Ayala Group, ACEN announced its commitment to net-zero greenhouse gas emissions by 2050 in November last year. This goal is supported by key milestones that will bring ACEN generation output to 100% renewable energy by 2025. Through this mechanism, ACEN's coal-fired power plant with a capacity of 244 MW in Calaca, Batangas shall be decommissioned by 2040, 15 years ahead of the end of its technical life. This transaction shall serve as a pioneer energy transition financing in the country. The concept adopts the principles of the "Energy Transition Mechanism" (ETM) being piloted by the Asian Development Bank (ADB) in South and Southeast Asia. ETM aims to use public, private, and philanthropic financing to provide low-cost capital to coal-fired power plants to accelerate their retirement and help jumpstart reliable and affordable clean energy. ADB announced an ETM partnership involving the Philippines and Indonesia at COP26 in Glasgow last year. ETM is also consistent with the Philippine Department of Finance's goal to retire coal-fired power plants and transition to clean energy.

- In April 2022, ACEN announced the board approval of the Company's plans to enter the United States renewable energy market through a newly-formed strategic partnership with UPC Solar & Wind Investments LLC and Pivot Power Management to pursue opportunities to acquire operating wind projects in the United States of America and explore strategies for extending their useful life through preventative maintenance and repowering. The partnership will target the acquisition of operating wind projects across various geographies in the U.S. and will seek to upgrade and replace key components on target projects with the goal of extending project life and optimizing power generation.

- In May 2022, ACEN and the Puri Usaha Group have agreed to work together in a platform for the joint development of groundbreaking renewable energy projects in Indonesia focusing on large-scale solar power plants, battery energy storage system and green hydrogen projects, subject to applicable regulatory approvals and execution of definitive documentation. The proposed joint venture entity is Suryagen Capital Pte. Ltd. ("**Suryagen**"). The Suryagen platform covers the Batam, Bintan, and Karimun islands, as well as East Nusa Tenggara province where the majority of the projects that the Puri Usaha Group have been developing are located, with the aim to begin the construction of its first project by 2023. The Puri Usaha Group was instrumental in the formation of a consortium to participate in the recently announced ambitious cross border initiative to import renewable energy from Indonesia for the Singaporean market, which is currently being run by the Energy Market Authority of Singapore.

	The historic project which aims to build renewable power in Indonesia and export the power to Singapore via a subsea cable will be the first project the Suryagen platform intends to develop. • In July 2022, ACEN announced the approval of the sale of the Company's common shares in SLTEC to EPHI, consistent with the Company's announced efforts on the early retirement of the SLTEC coal power plant in Calaca, Batangas by 2040 (15 years ahead of its technical life) under an Energy Transition Mechanism. • In August 2022, ACEN announced the approval of the corporate vision and strategy targeting 20 GW of attributable renewables capacity by 2030. In September 2022, ACEN successfully issues and lists its maiden ₱-denominated ASEAN Green Bonds with an aggregate principal amount of ₱10 billion, and a fixed interest rate of 6.0526% per annum for a five-year tenor, under its ₱30 billion Debt Securities Program registered with the SEC. The Green Bonds were 8.6 times oversubscribed as a result of robust demand for the issuance, with strong participation from leading institutional investors. The Green Bonds are listed on the PDEx platform. The Green Bonds comply with ASEAN Green Bond Standards, which require proceeds to be used exclusively for the funding of eligible green projects. The Green Bonds have been rated 'PRS Aaa' by the Philippine Rating Services Corporation, the highest possible rating. • In November 2022, ACEN completed the world's first market-based Energy Transition Mechanism (ETM) transaction which will enable the early retirement of its remaining coal plant. This entailed the full divestment of ACEN's equity stake in the 246 MW SLTEC coal plant, bringing the Company closer to its commitment of 100% renewables generation by 2025. The entire ₱7.2 billion of proceeds received by ACEN will be reinvested in its renewable energy projects. As part of the ETM structure, the facility is scheduled to be retired and transitioned to a cleaner technology by 2040, essentially cutting in half its intended operating life as a coal plant of 50 years. This will help avoid or reduce up to 50 million metric tons of carbon dioxide emissions.
2023	• In January 2023, ACEN announced that its subsidiary, ACEN Australia, signed a syndicated green term loan facility with major international banks worth a total of AU$277 million, the platform's largest green term loan facility to date. The loan will provide capital financing for ACEN's renewable energy portfolio in Australia, which will be a significant contributor to the company's strategic aspiration to grow its renewables capacity to 20 GW by 2030. Comprising the syndicate are Bank of China ("**BOC**") in Manila and Hong Kong, CTBC Bank in Manila and Singapore, and Standard Chartered Bank in Australia. The funds will be allocated to finance the development and construction of ACEN's project pipeline in Australia encompassing solar, wind, battery storage, pumped hydro power and energy storage. The New England Solar farm, the first of these projects, is expected to be in operation by the middle of 2023. The syndicated green term loan facility is part of ACEN's AU$600 million target to be used in capitalizing Australia's unparalleled renewables potential, and is a follow through to several transactions completed last year. In August

2022, ACEN Australia executed a AU$100 million green long-term revolver with DBS Bank Australia. The following month, two transactions were completed: the AU$140 million green long-term facility signed with MUFG Sydney Branch, and the AU$75 million green debt facility signed with the Australian government's Clean Energy Finance Corporation ("**CEFC**"). ACEN Australia's corporate term loan facilities are guaranteed by ACEN.

- In February 2023, ACEN, through its subsidiary, ACEN Renewables International (ACRI), completed its previously announced acquisition of the Australia development platform. Australia is ACEN's biggest market outside of the Philippines to date, with over 1,000 MW of renewable energy projects under construction. ACRI and UPC Renewables Asia Pacific Holdings (UPCAPH) signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-AC Energy Australia (HK) Limited, which completes the second and final tranche of ACRI's acquisition of ACEN Australia. The acquisition transforms the UPC\AC Renewables Australia joint venture into ACEN Australia, the company's first wholly owned development and operating platform outside of the Philippines. 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.

- In March 2023, Ayala Group's listed energy platform, ACEN, announced today that it has signed a partnership with US-based renewable power company, BrightNight APAC B.V. ("**BrightNight**"), to develop, construct and operate large-scale hybrid wind-solar and round-the-clock renewable power projects in India. ACEN aims to deploy US$250 million equity plus related performance guarantees to support BrightNight's existing portfolio and future growth. ACEN, through its subsidiaries, ACEN Renewables International and ACEN International, will support the accelerated buildout of BrightNight's existing development pipeline of over 1.2 GW of hybrid portfolio in India, including a differentiated 100 MW co-located, wind-solar project in the resource-rich state of Maharashtra. The hybrid projects, with calibrated use of storage technologies, will operate around the clock, and focus on meeting specific load or generation pattern requirements of high-quality utility offtakers and large Corporates and Industrials customers. BrightNight brings its advanced India portfolio, experienced local team, and differentiated capabilities to develop and optimize large scale, multi-technology hybrid renewable power plants. ACEN's investment will provide for the accelerated buildout of BrightNight's existing development pipeline of over 1.2 GW hybrid and round-the-clock projects in India.

- In March 2023, ACEN, through its joint-venture company, UPC Power Solutions LLC, signed a Purchase and Sale Agreement with GlidePath Power Solutions LLC ("**GlidePath**") for the acquisition of a portfolio of eight operating wind projects located in northern Texas, USA. The latest milestone marks ACEN's anticipated entry to the fast-growing US renewables market as it expands its geographic footprint beyond the Asia Pacific region. Announced in April 2022, ACEN, through its subsidiary ACEN USA LLC, formed a strategic partnership with Pivot Power Management ("**PivotGen**") and UPC Solar & Wind Investments LLC to pursue opportunities to acquire operating wind projects in the US, and explore strategies for extending their useful life through preventative maintenance and repowering. The partners share the same vision of building a sustainable energy future with the aim to maximize economic impact while providing environmental benefits for all stakeholders.

- In April 2023, ACEN became the first energy company in Southeast Asia, based on research of Carbon Disclosure Project ("**CDP**") responses, Science-Based Targets initiative (SBTi) website, and annual reports, to announce its Net Zero roadmap that includes near-term scope 1, 2, and 3 greenhouse gas (GHG) emissions reduction targets, aligned with a 1.5°C pathway for the power sector. ACEN's long-term targets support the company's net zero ambition and are consistent with the target emissions intensity of the power sector according to best practice emissions reduction modelling for deep decarbonization of the sector by 2040. ACEN's roadmap outlines targets across four key focus areas of ACEN's operations and portfolio, including generating assets, retail activity, and joint ventures. ACEN and the Ayala Group collaborated with global climate solutions provider South Pole in the calculation of a detailed GHG footprint and the development of a robust Net Zero pathway to achieve near-term emission reduction targets in 2030, achieve long-term emission reduction targets in 2040, and neutralize residual emissions by 2050 and meet Net Zero ambition. ACEN recognizes that to reach the Net Zero outcome for the power sector, it will need to rely on both emissions reduction and neutralization of residual emissions. As part of its transition plan, ACEN aims to deliver reduction-led decarbonization by 2040, with an interim target for 2030, and a Net Zero status (including neutralization) by 2050. This 2050 goal is in line with the broader Ayala group net zero target, while ACEN will continue to explore opportunities to further accelerate these targets in future.

- Also in April, 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 PDR.

  Monsoon Wind will construct, own, and operate a 600 MW wind power plant and its 500 kV transmission line in the Sekong and Attapeu provinces located in southeastern provinces of the Lao PDR. Monsoon Wind is also the first cross-border wind project in Southeast Asia.

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

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

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

- In May, ACEN Australia secured 20-year 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.

  When fully operational, New England Solar and Stubbo Solar will supply renewable electricity to 435,000 homes, helping to meet the NSW Government's emissions reduction target of 50% by 2030.

  LTESAs allow for greater investment certainty for businesses like ACEN.

  The LTESAs help encourage investment in the renewables and storage capacity necessary to accelerate the transition to clean, reliable and more importantly, affordable power for Australians. LTESAs also offer the rights to access a minimum price for generation projects over a 20-year timeframe, which protects investors from the risk of unexpectedly low wholesale electricity prices. In return for the long-term commercial value provided by LTESAs, ACEN Australia has made significant financial commitments to support community initiatives, regional manufacturing, regional employment, and Indigenous participation.

In November 2020, ACEN was internationally recognized and added into the MSCI Philippines Small Cap Index. The MSCI (Morgan Stanley Capital International) Index is based on the MSCI Global Investable Indexes (GIMI) Methodology—a comprehensive and consistent approach to index construction that allows for meaningful global views and cross regional comparisons across all market capitalization size, sector and style segments and combinations.

In August 2021, ACEN was officially announced as a component of the Philippine Stock Exchange Index 30, joining other core Ayala Group businesses. The PSEi is considered the country's premier indicator of business activity, representing major blue-chip companies across various key industries.

In November 2021, ACEN made its debut on the MSCI Philippines main index, one of the MSCI Global Standard Indices. With its entry, the Company joined the ranks of major conglomerates and other energy industry players, as well as other core Ayala Group businesses.

Further to its achievements, to date, ACEIC and ACEN have also achieved several awards among which are:

- "Best Corporate Issuer in Southeast Asia" by *The Asset* Triple A Country Awards 2022
- "Best Issuer for Sustainable Finance in the Philippines" by *The Asset* Triple A Country Awards 2022
- "Best Local Currency Green Bond in SEA: ₱10-Bn ASEAN Green Bond" by *The Asset* Triple A Country Awards 2022
- "Most Innovative Deal: ACEN SLTEC ETM" by *The Asset* Triple A Country Awards 2022

- “Best Green Bond of the Year for ACEN’s ₱10-Bn Maiden ASEAN Green bonds (Sept 2022) issuance” by *Alpha Southeast Asia* Best Deal & Solution Awards

- “One of the Top Corporates in Governance in ASEAN” by ASEAN Capital Markets Forum and Institute of Corporate Directors Triple Arrow Award

- Investment and Impact Project of the Year for Climate: ACEN SLTEC ETM by *Environmental Finance* IMPACT Awards

- “Best Issuer for Sustainable Finance – ACEN” by *The Asset* Country Awards 2021

- “Best Green Bond - ACEN - US$400 Million Fixed-for-Life Green Notes” by *The Asset* Country Awards 2021

- “Best M&A Deal - ₱20 Billion Acquisition of 17.5% Stake in ACEN” by *The Asset* Country Awards 2021

- “Best Issuer for Sustainable Finance” by *The Asset* Triple A Sustainable Capital Markets Country Awards 2020

- “Best Green Bond” by *The Asset* Triple A Sustainable Capital Markets Country Awards 2020

- “Best Green Bond - US$400 Million Fixed-for-Life Perpetual Preferred Shares” by *The Asset* Triple A Country Awards 2020

- “Green Project of the Year - US$410 Million Maiden Preferred Shares” by *The Asset* Triple A Infrastructure Awards 2020

- “Best Corporate Bond Asia Pacific - US$400M fixed for life green perpetual bonds” by *The Banker* – Deals of the Year 2020

- “Best Issuer for Sustainable Finance (Corporate)” by The Asset Triple A Country Awards 2019

- “Best M&A Deal - AC Energy divestment of 60% economic stake in AA Thermal to Aboitiz Power Corporation” by *The Asset* Triple A Country Awards 2019

- “Best New Green Bond Issuer – Philippines” by International Finance Awards 2019

- “Best Green Bond (Corporate) – US$410M Multi Tenor CBI Certified Bond” by *The Asset* Triple A Country Awards 2019

- “Best CEO” (2019) by *The Asset* ESG Corporate Awards

- “Best Corporate Governance in Asia and Australasia” (2019) by *The Ethical Boardroom*

- Silver in “Asia’s Best Sustainable Development Goal Reporting” (2019) by the Asia Sustainability Reporting Awards

- Named one of the “World’s Best Employers 2019” by *Forbes*

- “Renewable Energy Deal of the Year - BIM/AC Renewables Ninh Thuan solar project” by *The Asset* Triple A Infrastructure Awards 2019

- “Top Performing Companies” (2018) by Institute of Corporate Directors

- "Top 50 ASEAN PLCs" (2018) by ASEAN Corporate Governance
- Ranked 3rd "Best CEO" (2018) awarded by the *Institutional Investor*
- "Asia's Best Integrated Report" (2018) by Asia Sustainability Reporting Awards
- Ranked 1st (2016) and 2nd (2017) "Best Managed Companies" by Finance Asia
- Ranked 3rd, "Best CEO" (2017) by Finance Asia
- "Fastest Growing Energy Platform – Philippines" (2017) by *International Finance Magazine*
- "Smart Project Award" by *Project Finance International Asia* - Best Practice Citations 2017

The Company is supported by its ultimate shareholder, the Ayala Group, fully committed to delivering the Company's vision.

Ayala, through ACEIC as a shareholder, is fully committed to seeing the Company's vision of reaching 20 GW of renewable capacity by 2030.

Founded in 1834, Ayala is among Southeast Asia's most respected business groups, and is one of the largest and most diversified conglomerates in the Philippines in terms of revenues and assets and is listed on the PSE. Led by the Zobel de Ayala family, Ayala has a market capitalization of ₱430.304 billion with total assets of ₱1.479 billion as of 31 December 2022. Under the Ayala Group is a portfolio of market leading businesses in the country with their respective market capitalization as of 31 March 2023 as follows:

- Ayala Land, Inc. (PSE: ALI) (market capitalization of ₱397.768 billion): Largest property developer in the Philippines with more than 12 thousand hectares of land bank and a solid track record in developing large-scale, integrated, mixed-use, and sustainable estates;
- Bank of the Philippine Islands (PSE: BPI) (market capitalization of ₱464.453 billion): Founded in 1851, it is the oldest bank in Southeast Asia, the second-largest non-government bank in the country by total loans, and the third-largest bank in the country by total assets; and
- Globe Telecom, Inc. (PSE: GLO) (market capitalization of ₱268.529 billion): Largest telecommunications provider in the country by subscriber base.
- ACEN (PSE: ACEN) (market capitalization of ₱242.826 billion): One of the fastest growing energy companies in the region, aspiring to be the largest listed renewables platform in Southeast Asia.

In addition, the Ayala Group has set for itself nation-building as a core commitment and has a portfolio of rapidly growing verticals devoted to each of infrastructure, healthcare, education, industrials and strategic ventures.

Ayala's most recent recognitions, particularly in the area of sustainability and governance, are a testament to the alignment between the Ayala Group and ACEIC with regard to leadership, sustainability, and advocacy for the environment:

- Constituent of the FTSE4Good Index Series (2021) by FTSE Russell

- “Triple Arrow” recognition by the ASEAN Corporate Governance Scorecard (ACGS) Awards held by the Philippine Securities and Exchange Commission and the Institute of Corporate Directors

- “Award of Merit,” Response & Recovery Management and Communication Category, Gold Quill Awards (2021) by the International Association of Business Communicators (IABC)

- “Asia's Best Integrated Report - Silver” (2020) by Asia Sustainability Reporting Awards (ASRA)

- Ranked 1st (2016, 2020) and 2nd (2017) “Best Managed Companies” by Finance Asia

- Ranked 1st (2020) “Best in Corporate Governance” by Finance Asia

- “Best in Corporate Governance in Asia and Australia” (2020) recognition by the Ethical Boardroom

- Ranked 3rd, “Best CEO” (2017) by Finance Asia

- Ranked 1st (2016) and 2nd (2017) “Most Committed to Corporate Governance” by Finance Asia

- “United Nations SDG Pioneer” (2017) recognition for Chairman and CEO Jaime Augusto Zobel de Ayala

- Ranked 18th, “Global 2000: World’s Best Employers” (2017) by Forbes Magazine

- “Best at Corporate Social Responsibility” (2016) by Finance Asia

- Among Top 3 CSR Advocates in Asia, by Asia Corporate Excellence and Sustainability Awards (2016)

Since ACEIC’s founding, it has enjoyed the full support of Ayala and has had access to the Ayala Group’s experience in governance, network, management and financial resources. Among ACEIC’s board members are the Ayala’s Chairman, President and CEO with several of ACEIC’s key management having been officers at Ayala. From 2011, Ayala has invested in ACEIC approximately US$ 1 billion to support its expansion. Going forward, Ayala remains committed to furthering its support for ACEIC and the Company, and the Company’s objectives to become a recognized leader in the renewable energy space in the region.

Led by a reputable and experienced board and management team with strong shareholder support.

The Company has a strong management team with the right combination of management experience, project management expertise, international exposure, and entrepreneurship.

The Company is led by John Eric T. Francia, President and CEO who joined ACEIC in 2011 from Ayala with a four-person team. Previously a management consultant at the Monitor Group based in Cambridge, Massachusetts in the U.S., he joined the Ayala Group in 2009 as Ayala’s Head of Corporate Strategy before eventually leading the infrastructure and power businesses concurrently. Mr. Francia’s vision has driven the very rapid growth that ACEIC has achieved in the last ten years. He leads over 700 employees and applies his international experience derived from management consulting, strategy and building infrastructure and utilities businesses in emerging markets. Supporting Mr. Francia is a highly experienced management team: Maria Corazon G. Dizon, Chief Finance Officer, a seasoned finance and business development professional from the Ayala Group; Jose Maria P. Zabaleta, Chief

Development Officer, founder and CEO of VRC, who has developed hundreds of MWs of renewables; Patrice R. Clausse, Chief Operating Officer/Head of the International Group, a founding member of the Company's management since 2011; Jonathan P. Back, Chief Strategy Officer, a lawyer and banker with significant experience in equity capital markets, corporate finance, and infrastructure, power, and telecom projects; and John Philip S. Orbeta, Chief Human Resources Officer, Chief Administrative Officer, and Chief Risk Officer, a seasoned human and corporate resources executive. The management team is supported by a highly engaged employee force developed and accumulated by the Company since its founding.

As of the date of this Prospectus, the Company has 11 directors in its Board, including four independent directors, which provides oversight over the Company and its operations. All of the members of the Board are highly qualified and have extensive corporate experience in their credentials. See "*Management—Board of Directors*" on page 359 of this Prospectus.

In addition to this, the Company recently established an important relationship with Arran Investment Pte Ltd, an affiliate of GIC Private Limited with GIC aiming to acquire 17.5% of the Company after a series of transactions. The Company believes that the support, international network and expertise brought by GIC will further enable the Company to strengthen its position in the renewable energy space.

Highly motivated organization delivering rapid execution and performance.

The pooling of the Company's resources with ACEIC's team in 2019 has resulted in a dynamic team of professionals that can move quickly to take advantage of market trends and opportunities. This has allowed the Company to be actively involved in project inception, development, execution and operations.

The Company strengthens its capabilities by developing home-grown resources through training and project assignments, attracting high potential talents in the market, actively participating in employee engagement activities, linking rewards to performance and practicing sound compensation policies which are at par with the market. The integration with ACEIC's development team has enabled the strengthening of organic project development capability in the organization.

As of 30 June 2023, ACEN had 853 employees in total,[37] 91% of whom are locals, and 40% of the total are female. The Company is home to a diverse leadership team, with 45% of seats on the Board of Directors and 22% of leadership positions held by women. Two out of 11 (18%) Board seats are held by independent directors, all of whom are female. At the latest Employee Engagement Survey held by the Company's human resources division, ACEN recorded an 96% employee engagement score, a key metric that measures the motivation of employees.

The Company's strategic vision is driven by a strong commitment to sustainability and the Ayala Group's Net Zero target by 2050.

On 18 October 2022, the Company disclosed that its Board of Directors approved the following:

1. The Company's commitment to achieve Net Zero by 2050. Net Zero is a global movement to achieve zero net greenhouse gas emissions to limit global warming to 1.5 degrees C by 2050;

2. Transitioning the Company's generation portfolio to 100% renewable energy by 2025;

3. The authority of Management to work towards the early retirement of South Luzon Thermal Energy Corporation ("SLTEC") by 2040 (15 years ahead of its technical life) through the use of

[37] Excludes project-based and SLTEC employees. ACEN completed its divestment of its equity interests in SLTEC in 2022.

Energy Transition Mechanism ("ETM"). The ETM is an innovative funding mechanism that leverages low cost and long-term funding geared towards early coal retirement and reinvestment of proceeds to enable renewable energy; and

4. The Company's commitment to spin-off all its thermal assets by 2025.

Together with the Ayala Group, ACEN has committed to achieve Net Zero greenhouse gas emissions by 2050, as announced by the Company's Chairman, Fernando Zobel de Ayala during the Ayala Group's Integrated Corporate Governance, Risk Management, and Sustainability Summit held on 21 October 2021.

> "As Ayala's concrete contribution to the well-being of future generations of Filipinos, we are announcing our commitment to achieve net zero greenhouse gas emissions by 2050. We are aligning ourselves with the global movement for climate action as our way to help secure our country's future from the threats brought by climate change. We believe that we have the capabilities and collective will to make this happen," said then ACEN Chairman Fernando Zobel de Ayala.

ACEN and the Ayala group partnered with South Pole, a leading project developer and global climate solutions provider that works with private organizations and governments worldwide. This partnership enables the group to have an accurate view of emissions across its core business units and a tangible roadmap for reducing them in line with its net zero by 2050 ambition.

ACEN is the first energy company in Southeast Asia[38] to announce its Net Zero roadmap that includes near-term scope 1, 2 and 3 greenhouse gas (GHG) emissions reductions targets, aligned with a 1.5°C pathway for the power sector. ACEN aims to reach Net Zero emissions across its own operations and electricity sales, supported by four GHG reduction targets across the near-and long-term.

ACEN's GHG emission reduction targets

Emissions Scope	**Near term targets**	**Long term targets**
Target 1: Own generation scope 1	**Reducing scope 1 emissions** per MWh from own electricity generation by **73.6%** by 2030	**Reducing scope 1 emissions** per MWh from own electricity generation by **94.5%** by 2030
Target 2: Other scope 1 and 2	**Reducing scope 1 emissions** not related to electricity generation and all **scope 2 emissions** by **42%** by 2030	**Reducing scope 1 emissions** not related to electricity generation and all **scope 2 emissions** by **90%** by 2040
Target 3: Own generation scope 1 and retail scope 3	**Reducing scope 1 and scope 3 emissions** per MWh from own generation and retail electricity by **73.8%** by 2030	**Reducing scope 1 and scope 3 emissions** per MWh from own generation and retail electricity by **99%** by 2040
Target 4: Other scope 3	**Reducing scope 3 emissions** per MWh of all own and joint operations by 51.6% by 2030	**Reducing scope 3 emissions** per MWh of all own and joint operations by **97%** by 2040

[38] Based on research of CDP responses, SBTi website and annual reports

Target 1 covers scope 1 emissions from ACEN's own generation activities. ACEN is planning to divest from its remaining thermal assets by 2025 which will significantly reduce emissions from own electricity generation.

Target 2 covers scope 1 emissions from sources other than own electricity generation, such as from fleet vehicles and scope 2 emissions from electricity consumption. Initiatives to meet this target include the procurement of Energy Attribute Certificates (EACs) complemented by installation of solar technologies across sites to reduce grid consumption.

Target 3 covers scope 1 and scope 3 emissions from own generation and retail electricity activities.

Target 4 covers the remaining scope 3 emissions, including purchased goods and services, fuel-and energy related emissions not already covered, upstream transportation and distribution, waste, employee commuting, upstream leased assets and energy and fuel emissions from joint ventures. The long-term target also includes emissions from capital goods and business travel.

The company's decarbonization strategy to achieve targets 3 and 4 is well aligned with ACEN's 20 GW by 2030 goal.

ACEN will review its targets and restate these as necessary as its portfolio evolves.

ACEN has been working with many different initiatives such as the Council for Inclusive Capitalism Just Energy Transition in collaboration with the Boston Consulting Group, global energy and energy-intensive companies such as Anglo American, BP, Eni, Reliance, Repsol, and SSE, as well as academic, investor, civil, and social representatives CalPERS, Grantham Research Institute, Inclusive Capital Partners, International Trade Union Confederation, State Street, and the UN Special Envoy for Climate Action and Finance. ACEN is also a signatory to the Taskforce on Climate-related Financial Disclosures ("TCFD") and is currently implementing TCFD's 11 recommended disclosures.

To enhance its strong commitment to corporate governance, ACEN management set up a Board-level Sustainability Committee. The company has successfully rolled out its Environmental and Sustainability Policy since 2020, integrating sustainability in the decision-making on strategy, capital allocation, business development, product development, and operations.

Prior to this, the Group had already aligned itself with the best-in-class sustainability frameworks, including the United Nations Framework Convention on Climate Change and the Paris Agreement on reducing global carbon emissions to limit global temperature increase to well below two degrees Celsius. Consistent with the Ayala Group's commitment to the UN Sustainable Development Goals, the Company is additionally focused on protecting the wider environment and creating value for the communities it serves. As such, the Group launched its maiden Green Bond in early 2019, and along with it, the development of its E&S Policy and management system.

This E&S Policy statement serves to guide the Group's priority environmental and social goals through 2030:

1. Achieving a Low Carbon Portfolio by 2030

    - ACEN will take measures to prevent, minimize, and control its direct greenhouse gas (GHG) emissions and will transition to a low carbon portfolio by 2030. This will be made possible by scaling up renewable energy investments, leveraging new technologies such as energy storage, and limiting thermal energy production.

    - By 2025: Renewables will reach 5,000 MW of capacity and account for at least 50% of energy output

- Thermal capacity will be capped or limited to no more than 50% of output, estimated to be the equivalent of no more than 2,000 MW of thermal installed capacity

- By 2030: Portfolio will be predominantly renewables and coal assets are expected to be divested

- Divestment from existing coal generation assets shall be implemented, with the aim of achieving full divestment from coal generation assets by 2030, subject to review and finalization by 2025

- New investments may be made in gas-fired generation, as the Company deems it as a transition fuel and low carbon alternative to complement renewables

2. Aspiring for excellence in environmental management

    - ACEN is committed to protecting and conserving biodiversity, maintaining ecosystem services, and adequately managing living natural resources throughout the lifecycle of its power plants.

3. Fulfilling its commitment to the community

    - ACEN is committed to protecting communities, including indigenous populations and vulnerable populations, that are affected by its operations.

ACEIC, through AC Energy Finance International Limited, has issued a total of US$1.17 billion under certified Green Bond frameworks compliant with international standards from 2019 to 2020. As of 31 March 2023, US$770 million of these bonds are outstanding.

In January 2019, ACEIC successfully completed its maiden issuance with two series of senior Climate Bond Initiative certified Green Bonds as follows: (i) US$300 million senior Green Bonds with a 5-year tenor and a coupon of 4.75% p.a. due 2024, with International Finance Corporation as one of the investors, (the "2024 Green Bonds") and (ii) US$110 million senior Green Bonds with a coupon of 5.25% due 2029, with the Asian Development Bank as one of the investors (the "2029 Green Bonds"). In December 2019, ACEIC also successfully issued an ASEAN Green Bond certified US$400 million perpetual Green Bonds with a coupon of 5.65% fixed-for-life and an option to call in 2022 ("FFL Green Bonds Non-call 2022"). This was the first U.S. dollar-denominated fixed-for-life Green Bonds certified under the ASEAN Green Bonds Standards globally.

In July 2020, ACEIC issued US$60 million of the 2024 Green Bonds under a tap of its existing medium term note programme. In November 2020, ACEIC partially refinanced the FFL Green Bonds Non-call 2022 with the issuance of ASEAN Green Bond-certified US$300 million perpetual Green Bonds, with a coupon of 5.10% fixed for life and an option to call in 2025.

Business Strategies

The Company's goal is to reach 20 GW of Net Attributable Capacity in renewables by 2030 and plans to implement the following strategies:

Geographic Expansion: Continue to grow in the Philippines and expand global footprint

The Company considers the Philippines its core market and expects to keep the country as a major contributor for its 20 GW target by 2030. ACEN also seeks to capitalize on its presence in the Southeast Asian market to further reach its target by expanding into new countries.

A key imperative for ACEN is to identify and focus on high growth, scalable markets within the Asia Pacific region and beyond. With the completion of the ACEIC International Transaction, ACEN's key markets outside the Philippines are Australia, Vietnam, India, and Indonesia. With the Company's investment in rooftop solar, this also now includes mainland China, Hong Kong SAR, Malaysia, Taiwan, and Thailand. In addition, in line with the thrust toward geographic expansion, ACEN signed partnerships with key players for joint venture projects in the United States. In view of the continuously improving renewable energy tailwinds available in other economies, the Company will continue to opportunistically seek out new attractive markets with viable long-term renewable energy potential.

The Company is achieving this through continuing the realization of pipeline projects, which now amounts to ~18 GW across several key markets. More details can be found on the section "*Competitive Strengths—Strong pipeline of projects in partnership with recognized and accomplished power industry developers, operators and investors provides a visible path to growth—Renewable Energy Pipeline*" on page 172 of this Prospectus.

New Technologies: Focus on scaling up renewable energy portfolio, utilizing new technologies

In October 2021, as part of the Ayala Group's commitment to Net Zero greenhouse gas emissions by 2050 or earlier, ACEN announced its intention to transition its generation portfolio to 100% renewables by 2025 through the spin-off or divestment of all thermal capacity by that year. In this regard, the Company is focusing on expanding its renewable energy assets. In line with the company's E&S policy, no further investments will be made in coal. While most industry players rely on large thermal projects to achieve scale, the Company aims to do this through sizable renewable energy projects in scalable areas and markets.

To achieve its capacity target, the Company focuses on large-scale renewable energy projects in the Philippines and abroad to take advantage of the country's sound macroeconomic fundamentals and robust power sector growth. Focusing on large projects allows output from ACEN's plants to travel on high-voltage lines with greater bandwidth, thereby avoiding significant curtailment especially during peak seasons. With this in mind, the Company intends to continue its expansion in identified high growth markets such as Australia, Vietnam, India, and Indonesia.

ACEN plans to prioritize large scale projects to maximize economies of scale and market presence to create more leverage in negotiating off-take agreements with prospective wholesale and retail clients. Large scale renewable energy developments maximize operating and management expenses and capital expenditures for shared facilities such as substations and transmission lines, among others. These projects are also more likely to be approved by grid operators to access high voltage transmission lines thus minimizing risk of grid curtailment. Moreover, large scale renewable energy developments allow ACEN to negotiate and sign with larger wholesale clients and retail clients mitigating potential market risk of power projects.

Strategic Partnerships: Leverage strategic partnerships to complement internal capabilities

The Company continues to improve on its in-house expertise by developing home-grown resources through training and project assignments, and attracting high potential talents in the local and international markets. Together with this in-house expertise, ACEN continues to pursue strategic partnerships with developers who are familiar with the Philippines, have technical expertise, and have complementary skills and strengths with ACEN.

With the completion of the ACEIC International Transaction, ACEN have gained access to international partnerships allowing the Company to further expand enter markets and projects that would not have been available to the Company had it pursued project development on its own. These strategic partnerships with developers and with strong local players also provide a deeper understanding of nuances of each international market's local practices, laws, and regulations and accelerates process of project development.

Invest in strategic energy assets for sustainable growth.

Beyond growing the size of the portfolio, the Company recognizes that balancing the portfolio and investing in strategic assets is key to strengthening and growing the business. A balanced portfolio that is matched to market demands and customer requirements and well positioned to maximize future growth are critical.

From the original 396 MW Net Attributable Capacity held by the Company as of June 2019, the completion of the ACEIC Philippine Transaction, the ACEIC International Transaction, and subsequent power generation projects and partnerships has enabled the Company to increase its Net Attributable Capacity to 4,393 MW in operation and under construction as of 12 July 2023. The Philippine projects under construction and development which were part of the transfer also provide huge potential for growth for the Company.

In 2019, the Board approved 270 MW of greenfield solar and peaking projects in Luzon, and signed agreements to purchase additional equity interests in NLREC, SacaSol, and IslaSol to increase Net Attributable Capacity by 147 MW.

Further in 2020, the Board also approved the infusion of ACEIC's international portfolio comprised of operating and projects under construction in Indonesia, Vietnam, Australia, and India through the ACEIC International Transaction. It also provides access to an international pipeline of assets in the Asia Pacific Region.

From its current portfolio of Philippine and international projects, the Company established a goal of reaching 20 GW of Net Attributable Capacity in renewables by 2030, in line with the Group's commitment to sustainable investment and vision to be a leader in renewable energy and become the largest listed renewables platform in Southeast Asia. This target may be pursued through organic growth under its energy development platforms ACE Endevor and ACRI, through partnerships and through acquisitions.

Strengthen team and enhance organizational capabilities.

To deliver on the Company's 20 GW vision by 2030, it has built an over 800-person[39] strong team with significant experience in development and operations. Strengthening and developing this team will be critical to the achievement of the Company's targets.

The development organization under ACE Endevor, the Company's energy development platform, is tasked with developing new greenfield projects as well as looking at expansion opportunities in existing plants. For the operations teams on the other hand, the key priority is the improvement of plant availability and efficiency, to make sure that the Company's existing plants are optimized to meet customer demand. The Company's management has experience starting from a project's inception and development to its ultimate execution and operations. The Company's continued active role in the management and operations ensures tracking of the project's performance and results.

Further strengthen the balance sheet.

ACEN aspires to continuously strengthen its balance sheet to put it in a better position to capture growth opportunities and compete effectively in the highly competitive Philippine power industry.

[39] Excludes project-based and SLTEC employees. ACEN completed its divestment of its equity interests in SLTEC in 2022.

The Company has recently increased its authorized capital stock and strengthened its capital base through the ACEIC Philippine Transaction with a total transfer value of ₱14.7 billion, the Rights Offer which provided ₱5.4 billion (US$111.2 million) in gross proceeds, the Follow-On Offering which provided ₱10.3 billion (US$212.2 million) in gross proceeds from primary shares, the private placement to GIC affiliate Arran Investment valued at ₱11.9 billion, and the ACEIC International Transaction valued at ₱85.9 billion. These series of equity infusions have increased its capital base giving it a bigger debt capacity and expanding its sources of funding to support its goal of 20 GW of Net Attributable Capacity in renewables by 2030. The Company also adheres to prudent standards with regards to financing and risk management.

ACEIC's good credit history and strong relationship with its bank partners and its parent also benefits the Company with the financing support to mobilize and deploy financial resources as needed in its development and acquisition activities. ACEIC is also recognized as a reputable issuer of green bonds, through AC Energy Finance International Limited, which has issued a total of US$1.17 billion under certified Green Bond frameworks compliant with international standards from 2019 to 2020. As of 31 March 2023, US$770 million of these bonds are outstanding.

In January 2019, ACEIC successfully completed its maiden issuance with two series of senior Climate Bond Initiative certified Green Bonds as follows: (i) US$300 million senior Green Bonds with a 5-year tenor and a coupon of 4.75% p.a. due 2024, with International Finance Corporation as one of the investors, (the "2024 Green Bonds") and (ii) US$110 million senior Green Bonds with a coupon of 5.25% due 2029, with the Asian Development Bank as one of the investors (the "2029 Green Bonds"). In December 2019, ACEIC also successfully issued an ASEAN Green Bond certified US$400 million perpetual Green Bonds with a coupon of 5.65% fixed-for-life and an option to call in 2022 ("FFL Green Bonds Non-call 2022"). This was the first U.S. dollar-denominated fixed-for-life Green Bonds certified under the ASEAN Green Bonds Standards globally.

In July 2020, ACEIC issued US$60 million of the 2024 Green Bonds under a tap of its existing medium term note program. In November 2020, ACEIC partially refinanced the FFL Green Bonds Non-call 2022 with the issuance of an ASEAN Green Bond certified US$300 million perpetual Green Bonds with a coupon of 5.10% fixed-for-life and an option to call in 2025.

Description of Properties

ACEN owns the following fixed assets as of 31 March 2023:

In thousands

Properties	Location	Amount (in ₱'000s)
Land and land improvements	Bacnotan, La Union/ Norzagaray, Bulacan/ San Lorenzo, Guimaras/ Manapla/ Bangui, Ilocos Norte/ Palauig, Zambales/ Botolan, Zambales/ Negros Occidental/	**₱1,733,879**
Buildings and improvements	Makati City/ Guimaras/ Norzagaray, Bulacan/ Subic/ San Carlos, Negros Occidental	**1,042,057**
Machinery and equipment	Guimaras/ Norzagaray, Bulacan/ Bacnotan, La Union/ San Carlos, Negros Occidental/ Ilocos Norte/ Lanao Del Norte/ Olongapo City/ Iloilo/ Bais City, Negros Oriental/ Alaminos, Laguna/ Palauig, Zambales/ Mariveles, Bataan	**26,749,513**
Transportation equipment	Makati City/ Guimaras/ Norzagaray, Bulacan/ Subic/ Bacnotan, La Union/ Pililia, Rizal/ San Carlos, Negros Occidental	**202,544**

Tools and other miscellaneous assets	Makati City/ Guimaras/ Bacnotan, La Union/ San Carlos, Negros Occidental	**1,970,232**
Office furniture, equipment and others	Makati City/ Guimaras/ Bacnotan, La Union/ Norzagaray, Bulacan/ San Carlos, Negros Occidental	**245,300**
Construction in progress	Alaminos, Laguna/ San Marcelino Zambales/ Pagudpud, Ilocos Norte/ Lal-lo Cagayan/ Uralla, New South Wales	**47,372,044**
Total		**79,315,569**
Less: Accumulated depreciation, amortization and impairment		**13,355,697**
Net		**₱65,959,872**

In the 12 months following 31 December 2022, the Company intends to acquire or complete the acquisition of certain land for its various projects under development, for an estimated amount of ₱1 billion. The acquisition will be made by entering into sale agreements with the relevant landowners, to be funded by equity.

For the three-month period ended 31 March 2023, the Group invested significant capital expenditures through property, plant, and equipment related to the following projects amounting to ₱6.2 billion:

Project	Capacity (MW)	Location	% Completion
Pagudpud Wind	160	Ilocos Norte, Philippines	93%
Arayat-Mexico Solar (Phase 2)	44	Pampanga, Philippines	90%
San Marcelino Solar (Phase 1)	283	Zambales, Philippines	84%
Cagayan North Solar (Phase 1)	133	Lal-lo Cagayan, Philippines	76%
Palauig 2 Solar	300	Zambales, Philippines	12%
Capa Wind	70	Caparispisan, Pagudpud, Ilocos Norte, Philippines	4%
Pangasinan Solar	60	Sinocalan, San Manuel, Pangasinan, Philippines	6%
New England Solar Farm	521	Urulla, New South Wales, Australia	88%
Stubbo Solar	520	Central Western Tablelands, New South Wales, Australia	11%

In 2022, the Group invested significant capital expenditures through property, plant, and equipment related to the following projects amounting to ₱18.9 billion:

Project	Capacity (MW)	Location
Pagudpud Wind	160	Ilocos Norte, Philippines
Arayat-Mexico Solar (Phase 2)	44	Pampanga, Philippines
San Marcelino Solar (Phase 1)	283	Zambales, Philippines
Cagayan North Solar (Phase 1)	133	Lal-lo Cagayan, Philippines
Palauig 2 Solar	300	Zambales, Philippines
Capa Wind	70	Caparispisan, Pagudpud, Ilocos Norte, Philippines
Pangasinan Solar	60	Sinocalan, San Manuel, Pangasinan, Philippines
New England Solar Farm	521	Urulla, New South Wales, Australia
Stubbo Solar	520	Central Western Tablelands, New South Wales, Australia

The capital expenditure of the Group is comprised of its investments in property, plant, and equipment, equity instruments (common and redeemable preferred shares), and debt replacements for renewable projects.

In 2022, the Group invested capital expenditures amounting to ₱50.6 billion, which is equivalent to 144% of the Company's consolidated revenue in 2022. In 2021, the Group invested capital expenditures amounting to ₱33.1 billion, which is equivalent to 127% of the Company's consolidated revenue in 2021. In 2020, the Group invested capital expenditures amounting to ₱14.3 billion, which is equivalent to 70% of the Company's consolidated revenue in 2020.

Land and land improvements include lots in Norzagaray, Bulacan, and Bacnotan, La Union where the power plants are located. For GWC, most parcels of land acquired in 2019 approximate to 605,800 sqm. but some lots were entered as finance lease. Also included in land and land improvements are the 63.8 has. land in Barangay Sta. Teresa, Municipality of Manapla, Negros Occidental owned by MSPDC, the 25.3 has. located in Barangay Baruyen, Bangui and Laoag City owned by NPDC, and the 64.217 has of land in Barangay Salaza, Palauig, Zambales.

GWC, with a carrying value of ₱3.45 billion and included under the "Machinery and equipment" account, is mortgaged as security for its long-term loan amounting to ₱1.07 billion as at 31 March 2023.

In 2020, ACEN purchased 100% of PINAI fund's ownership interest through acquisition in Negros Island Solar Power, Inc. and San Carlos Solar Energy, Inc. SacaSol and IslaSol own and operate the 45 MW and 80 MW solar farms in San Carlos, Negros Occidental, respectively. The Group further acquired ownership to an approximate area of 673,422 sqm in San Carlos, Negros Occidental from the acquisition but these lots are subject of lease agreements.

In 2021, investment properties amounting to ₱438.38 million were reclassified to property, plant and equipment as the properties were being used by the ACEN's subsidiaries, "Santa Cruz Solar, Giga Ace 9, and SolarAce2 in the ongoing construction of power plant facilities.

In 2021 and 2022, BCHC purchased a 1.92-hectare land located in Botolan, Zambales and a 1.79-hectare land located in Binugao, Toril, Davao City.

Buildings and improvements are located in the respective power plants and its office.

The Company's subsidiary, OSPGC, has a lease agreement with SBMA for a parcel of land and electric generating plant and facilities. OSPGC has determined that the risks and rewards related to the foregoing properties are retained with the lessor (*e.g.*, no bargain purchase option and transfer of ownership at the end of the lease term).

The Company has contractual commitments and obligations for the rehabilitation of the power plant owned and operated by OSPGC amounting to ₱550.00 million as at 31 December 2019, which was subsequently completed in March 2020.

The Company's subsidiary, GWC, has entered into various lease agreements with individual land owners where the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased assets, which indicates that the risks and rewards relates to the asset are retained with the land owners. These leases are classified as operating leases and have terms of 20 to 25 years. GWC entered into various easements and right of way agreements with various landowners to support the erection of transmission lines to be used to connect its 54 MW power plant in Guimaras. These agreements convey to GWC the right to use the item control over the utility of the asset. Also, GWC has entered into various lease agreements with individual landowners where the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased asset, among others. Such lease terms indicate that the various landowners do not transfer to the Company substantially all the risks and rewards incidental to the ownership of the parcels of land. GWC, with a carrying value of ₱3.45 billion and included under the “Machinery and equipment” account, is mortgaged as security for its long-term loan amounting to ₱1.07 billion as at 31 March 2023.

The Group also entered into finance leases of land in Barangay Suclaran and Cabano in San Lorenzo, Guimaras and Barangay Zaldivar and Sawang in Buenavista, Guimaras to facilitate the construction of the power plant. The carrying amount of land held under finance leases, included under “Land and land improvements” amounting to ₱116.81 million were reclassified to right-of-use assets as at 1 January 2019 upon adoption of PFRS 16.

SacaSol has two lease agreements with San Julio Realty, Inc. for the lease of 67.42 hectares of land located in Barangay Punao, San Carlos City, Negros Occidental as site for the construction and operations of the Phases 1A, 1B, 1C, and 1D solar power plant projects. Upon execution of the agreement, SacaSol shall hold the land area delineated for Phases 1A, 1C, and 1D for a period of 25 years. The area delineated for Phase 1B shall be held for the remaining term of the agreement upon the receipt of notice by the company. SacaSol had both leases modified with SJRI. The modification amends the timing of payment and the basis of the annual escalation rate, which is now every 1^{0t}h day of January, and is based on the average of the available and published inflation rates of the CPI for the immediately preceding 12-month period, respectively. The lease modifications did not result in a separate lease.

As part of IslaSol’s acquisition of certain solar power plant projects from SacaSol, the lease agreement between SacaSol and Roberto J. Cuenca, Sr., the lessor, was assigned to IslaSol on 14 September 2015. The lease of 24.4258 hectares of land located at La Carlota City, Negros Occidental was executed on 5 June 2014 as site for the construction and operations of Phases 2A and 2B solar power plant projects of IslaSol. Upon execution of the agreement, IslaSol shall hold the land area delineated for a period of 25 years.

IslaSol has existing lease agreement with MSPDC, the lessor, for the lease of approximately 638,193 sqm. of land located in Barangay Sta. Teresa, Municipality of Manapla, Negros Occidental. The term of the lease shall be for a period of 25 years upon written notice served upon the lessor by IslaSol not earlier than one year but not later than three months before the expiration of the original period of lease. Lease extension shall be in writing executed by both parties three months before the expiration of the original period of lease. IslaSol has the sole option to extend the term of the lease.

MonteSol has existing lease agreement with Montenegro Brothers Agricultural Corporation for 21.45 hectares of land located in Barrio Alanginlanan, Bais, Negros Oriental as site for the construction and operation of its solar power facility. The term of the lease shall be for a period of 25 years, with a monthly rental payment of ₱7.00 per square meter, exclusive of VAT, and subject to annual adjustment based on actual inflation rate covering subject period as published by the National Economic Development Authority or an equivalent agency. The period of lease may be extended, under the same terms and conditions, at the sole discretion of MonteSol for up to another 25 years.

SolarAce1 has an existing lease agreement with Ayala Land, Inc., Crimson Field Enterprises Inc., and Red Creek Properties Inc., for 106.59 hectares of land located in Barangay San Andres, Alaminos, Laguna as site for the construction and operation of its solar power facility. The term of the lease shall be for a period of 21 years, with a monthly rental payment of ₱15.45 per square meter, exclusive of VAT. The rental fee shall be subject to annual adjustment of whichever is higher between 3% per annum and the rate of increase of real property tax where the property is located. The period of lease may be extended, under the same terms and conditions, at the sole discretion of Solarace1 for up to another 21 years.

By virtue of a Land Lease Agreement between AP Renewables, Inc. ("**APRI**") and Power Sector Assets and Liabilities Management Corporation ("**PSALM**") dated 20 August 2020, APRI obtained leasehold rights over an area located at Barangay Bitin, Bay, Laguna. PSALM issued on 28 October 2020, its consent for APRI to enter into a sublease agreement with SolarAce1 for 15,468.72 square meters. The term of the lease is 15 years from the date of receipt of the written consent of PSALM or until the expiration or termination of the Land Lease Agreement, whichever is earlier. The rental fee of ₱9.05 million is payable in five equal installments payable on or before the effective date, or the same date of receipt of the written consent of PSALM, and each of the following anniversary dates.

In August 2017, NPDC's Metro Manila Administrative Office transferred to Makati. A new contract of lease was signed on 18 September 2017 with 6750 Ayala Avenue Joint Venture ("**AAJV**") for a period of 5 years by NLREC, an affiliate of NPDC. An Agreement on the Assignment of Lease was signed between NLREC and NPDC on 20 November 2017. NLREC assigned half of the lease premises of 123.8 sq. meters to NPDC, with a monthly rental of ₱0.12 million subject to 5% annual escalation rate. In January 2020, NPDC assigned the contract of lease with AAJV to ACEN.

On 23 July 2020, a Sublease Agreement was signed between Ingrid Power and ACEIC to sublease from Tabangao Realty Inc. ("**TRI**") an approximately 41,781.86 square meters of land located in Brgy. Malaya, Pililla, Rizal as a site to develop, operate, and maintain a 150 MW modular diesel engine power plant, primarily intended for the provision of ancillary services to the NGCP. The term of the sublease shall be for a period of six years, with a monthly rental payment of ₱5.00 per square meter, exclusive of VAT, subject to 3% annual escalation rate. The period of lease may be extended, under the same terms and conditions to another 5 years.

On 22 April 2020, BCHC entered into a lease agreement with ACD Incorporated Inc. for 13.95 hectares of land located in Batangas II, Mariveles, Bataan as a site for the construction and operation of the power generating facilities and its allied purposes. The term of the sublease shall be for a period of 25 years, with a monthly rental payment of ₱2.00 per square meter, exclusive of VAT. The period of lease may be extended, under the same terms and conditions at the sole discretion of BCHC for up to another 25 years. On 2 September 2020, the property was subleased by BCHC to BSEI to develop, operate and maintain a 5 MW RE Laboratory facility. The term of the sublease shall be for a period of 7 years, with a monthly rental payment of ₱2.10 per square meter, exclusive of VAT. The period of lease may be extended, under the same terms and conditions at the sole discretion of Bataan Solar for up to another 25 years. On 20 November 2020, an Agreement on the Deed of Assignment of Lease was signed between BCHC and ACEIC. ACEIC agreed to assign its rights and obligations for the land leased with TRI entered on 23 March 2018 for approximately 177,774 square meters situated in Brgy. Malaya, Pililla, Rizal.

In 2022, ALI as lessor and ACEIC as lessee signed a Deed of Assignment with ACES related to the Contract of Lease dated 1 July 2017, for the lease of office unit with a gross leasable area approximately 1,416.15 square meters located at the 4th Floor 6750 Ayala Avenue Office Tower and a total of 18 appurtenant parking slots, and a separate Stockroom Agreement dated 23 October 2018, for the lease of stockroom with a gross leasable area of approximately 12.76 square meters located on the same floor. Effective 1 February 2022, ACEIC assigned to ACES all its rights and interests under the contract. ACES took over the lease subject to the same terms and conditions contained in the contract. The contract ended on 30 June 2022. On 26 August 2022, the Company entered into a renewal of contract of lease of the office units, parking slots, and stockroom with the term of lease of five years starting from 1 July 2022 to 30 June 2027.

ACEN also entered into an agreement with ALI for the lease of office units on the 34th, 35th, and 36th floors of Ayala Triangle Gardens Tower Two Building and 69 appurtenant parking slots, starting 18 January 2021 for a period of 10 years. The lease agreement provides for a 5% annual escalation rate for the rental payments.

A summary of the foregoing lease agreements is attached hereto as Annex A.

As a power generator and electricity supplier in the Philippines, ACEN's portfolio of renewable and conventional power generation projects includes the following, as at 31 March 2023 as part of its "Machinery and equipment":

- 54 MW wind farm project in Guimaras owned by GWC;
- 80 MWdc solar power plant in San Carlos, Negros Occidental owned by IslaSol;
- 45 MWdc solar power plant in San Carlos, Negros Occidental owned by SacaSol;
- 52 MW wind farm project in Bangui, Ilocos Norte owned by NPDC;
- 81 MW wind farm project in Caparispisan, Ilocos Norte owned by NLREC;
- 18 MWdc solar power plant in Negros Occidental owned by MonteSol;
- 32 MW geothermal plant in Maibarara, Sto. Tomas, Batangas, owned by MGI;
- 108 MW diesel power plant in Olongapo City, Pampanga owned by OSPGC;
- 48 MW diesel power plant in Bulacan owned by BPGC;
- 21 MW diesel power plant in La Union owned by CIPP;
- 150 MW diesel power plant in Pililla, Rizal owned by Ingrid Power ;
- 120 MW solar power plant in Alaminos, Laguna, owned by SolarAce1;
- 63 MW solar power plant in Palauig, Zambales, owned by Gigasol3;
- 40 MW battery energy storage system in Alaminos Laguna, owned by Giga Ace 4; and
- 4 MW solar power plant in Mariveles, Bataan, owned by Bataan Solar.

This also includes cost of construction, plant and equipment and other direct costs.

Transportation equipment, mining equipment, office furniture and equipment are used by officers and personnel based in Makati, Guimaras, Bacnotan, La Union, Norzagaray, Bulacan, Subic, Barrio Obrero, Iloilo, Lapu-Lapu City, Calaca, Batangas, Pililia, Rizal, Palauig, Zambales, and San Carlos, Negros Occidental.

"Building and improvements" primarily includes plant buildings and structures of NPDC, IslaSol, SacaSol, and GWC. This also includes leasehold improvements in Ayala Triangle Gardens Tower Two under ACEN.

"Construction in Progress" primarily includes the 283 MW San Marcelino Solar in San Marcelino, Zambales, 160 MW Pagudpud Wind in Pagudpud, Ilocos Norte, 133 MW Cagayan North Solar in Lal-lo Cagayan, 300 MW Palauig 2 Solar in Palauig, Zambales, 60 MW Pangasinan Solar in San Manuel, Pangasinan, 521 MW New England Solar Farm in Urulla, New South Wales, Australia, and 520 MW Stubbo Solar in Central Western Tablelands, New South Wales, Australia.

For the next 12 months, the Company will acquire machinery and equipment, furniture and fixtures, office equipment and transportation equipment which will utilize the Company's funds or bank loans. The total cost of the expenditures is not yet available.

Executive Summary

ACEN posted ₱9.1 billion and ₱35.2 billion in revenues from electricity sales, rental income, dividend, income, and other income for the three months ended 31 March 2023 and the twelve months ended 31 December 2022, respectively, a 23% and 35% increase from ₱7.4 billion and ₱26.08 billion in the same periods of the previous years. On the other hand, costs of sale of electricity increased by 3% from ₱7.87 billion for the three months ended 31 March 2022 to ₱8.1 billion for the three months ended 31 March 2023, and by 59% from ₱21.47 billion for the twelve months ended 31 December 2021 to ₱34.18 billion for the twelve months ended 31 December 2022. Costs of sale of electricity increased largely on higher costs of purchased power due to elevated spot market prices during a major preventive maintenance outage of the SLTEC thermal plant in the first quarter of 2022. Cost of sale of electricity slightly increased with higher cost of purchased power but largely offset with lower cost of generation with the deconsolidation of SLTEC in November 2022.

In March 2018, ACEN affiliate MGI began commercial operations of the 12 MW Line 2 expansion of its geothermal power plant located in Sto. Tomas Batangas. In 2019, the Maibarara geothermal plant produced a net output of 226 GWh of renewable energy, a substantial increase over 162 GWh in the previous year, and ended the year with total expanded capacity of 32 MW from both Lines 1 and 2.

In July 2018, ENEX and its partners notified the DOE of their withdrawal from SC 51 over offshore and onshore blocks in Eastern Visayas, deeming it impossible to complete exploration efforts within the remaining term of the contract. Moreover, the Company thought it prudent to also withdraw from SC 69 which covers an offshore area in Central Visayas due to vigorous opposition of local stakeholders to exploration activities. The Company accordingly recognized a loss on the write off in 2018 of its share in accumulated exploration costs for both service contracts. However, the Company, through its subsidiary Palawan55, commenced advanced geophysical studies under SC 55 as it remains optimistic of petroleum prospectivity of the area where subcommercial gas was discovered in 2015.

In February 2019, PHN disclosed the signing of an agreement on the sale of approximately 51.48% of outstanding shares in the Company held collectively by PHN and PHI to ACEIC. ACEIC was ACEN's partner in the SLTEC coal plant venture. ACEIC, which is fully committed to the energy sector, is in the best position to grow the Company and views ACEN as a strategic fit into its own business.

On 24 June 2019, aside from ACEIC acquiring the 51.48% combined stake of PHI and PHN in ACEN, ACEIC also acquired an additional 156,476 Common Shares under the mandatory tender offer which ended on 19 June 2019 and subscribed to 2.632 billion Common Shares. Upon closing of the transactions with PHI and PHN on 19 June 2019, ACEIC owned 66.34% of the outstanding Common Shares of the Company. As the parent company of ACEN, ACEIC has general management authority with corresponding responsibility over all operations and personnel of ACEN. The management of the Company includes planning, directing, and supervising all the operations, sales, marketing, distribution, finance and other business activities of the Company as provided in the management contract effective until 1 September 2023.

At the ASM held on 17 September 2019, as the Company marked its 50th year in the business and following the acquisition of ACEIC's ownership in the Company, the Company's management was formally transferred from the PHINMA group to the Ayala Group, in particular to ACEIC.

On 12 November 2019, the Company and ACEIC executed an Amended and Restated Deed of Assignment effective as at 9 October 2019 for the issuance of 6,185,182,288 Common Shares in exchange for various onshore operating and development companies owned by ACEIC. The ACEIC Philippine Transaction was approved by the Board of Directors on 9 October 2019 and was subject to the approval of (a) the PSE as to the listing of the shares issued by the Company in exchange for the assets of ACEIC, and (b) the BIR as to the qualification of the transaction as a tax-free exchange. The Amended and Restated Deed of Assignment was further amended and restated on 14 May 2020 and the subscription by ACEIC and increase in authorized capital stock of the Company were approved by the SEC on 22 June 2020. On 18 December 2020, the PSE issued a Notice of Approval approving the listing of the said Common Shares, together with the listing of up to 2,267,580,434 Common Shares pursuant to the Offer, subject to the fulfillment of the conditions in the Notice of Approval.

Coming from ₱593.2 million net loss in 2018 the Company was able to post a consolidated net income amounting to ₱779.74 million in 2019. The improvement in the finances of the Company in 2019 can be attributed principally to improved offtake contracts and increased operating capacity from the ACEIC Philippine Transaction.

On 29 January 2021, ACEN successfully concluded the Rights Offer with the listing of 2.2 billion Common Shares at the PSE, raising ₱5,374,165,628.58 to partially fund at least six renewable energy projects. The Company issued the Common Shares at an offer price of ₱2.37 per Common Share at a ratio of 1 Rights Share for every 1.11 Common Share held as of 13 January 2021 to eligible minority stockholders.

On 26 April 2021, the Company and ACEIC executed the Deed of Assignment effective as at 26 April 2021 for the issuance of 16,685,800,533 Common Shares of ACEN in exchange for rights and interest of ACEIC in ACEN International, which holds various international operating and development companies. The ACEIC International Transaction was approved by the Board of Directors on 18 March 2021 and by the stockholders representing at least two-thirds of the outstanding capital stock of the Company on 19 April 2021.

On 26 April 2021, ACEIC transferred 100% of its shares of stock in ACEN International (ACEIC's 100%-owned subsidiary holding ACEIC's international business and investments) to the Company in exchange for the issuance to ACEIC of additional Common Shares (the "ACEIC International Transaction"). The Company also submitted to the SEC its initial filing for the Second Increase in ACS together with the request for confirmation of valuation of the exchange.

The Company secured the BIR Certificate Authorizing Registration dated 29 July 2021 on 30 July 2021, for the ACEIC International Transaction and issued 16,685,800,533 Common Shares to ACEIC on 11 June 2021. In turn, the shares of stock in ACEN International from ACEIC has been registered in the name of ACEN on 29 July 2021. As conditions subsequent, on 16 August 2021, the Company submitted its request for confirmation to the SEC that all the conditions in its letter approval dated 7 June 2021 have been complied and on 16 July 2021, the Company submitted its request for approval to the PSE for the additional listing of the 16,685,800,533 Common Shares. With the completion of the ACEIC International Transaction, ACEN expanded its portfolio to include power generation projects in Australia, Indonesia, Vietnam, and India. With the completion of the Company's investment and acquisition activities and the ACEIC International Transaction, the Company has a portfolio of Philippine and international assets with a Net Attributable Capacity of 3,942 MW from its operating projects and projects under construction as at 16 August 2022.

In May 2021, ACEN completed its FOO with an offer of 2.01 billion Common Shares priced at ₱6.50 per share, consisting of 1.58 billion Common Shares sold pursuant to the primary offer, 330.24 million Common Shares sold by ACEIC and BPGC pursuant to a secondary offer, and an over-subscription of 100 million secondary Common Shares sold by ACEIC.

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

In September 2021, ACEN, through its wholly-owned subsidiary, ACEN Finance Limited successfully issued its U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Green Bonds at an aggregate principal amount of US$400.0 million, with a fixed coupon of 4.0% for life, with no step-up and no reset, priced at par. The Green Bonds are issued under its US$1.5-billion medium-term note program, are guaranteed by ACEN, and are listed on Singapore Exchange Securities Trading (SGX-ST).

Including the Parent Company's ₱5.4 billion (US$111.2 million) stock rights offering (SRO), ₱10.3 billion (US$212.2 million) follow-on offering (FOO), and ₱11.9 billion (US$244.2 million) primary share investment by GIC affiliate Arran Investment Pte. Ltd. (Arran), ACEN has raised a total of US$967.8 million in fresh capital in 2021.

Portfolio of Assets

ACEN holds investments in and operates its portfolio of power projects through its subsidiaries, associates and joint ventures. The following tables set forth selected data on the Company's power generation portfolio in operation and under construction as of 12 July 2023.

OPERATING ASSETS

Renewable Energy

Plant	Location	Technology	Country / Region	Net Dependable Capacity (MW)	Approx. Economic Interest[1]	Attributable Capacity (MW)[2]	Start of Operations (yr) or Target COD (yr)
Alaminos Solar	Alaminos, Laguna	Solar	Philippines	**120**	100%	120	2021
Palauig 1 Solar	Palauig, Zambales	Solar	Philippines	**63**	100%	63	2021
Islasol	La Carlota & Manapla, Negros Occidental	Solar	Philippines	**80**	60%	48	2016
Sacasol	San Carlos, Negros Occidental	Solar	Philippines	**45**	100%	45	Phase AB: 2014 Phase CD: 2015
Arayat-Mexico Solar (Greencore) Phase 1	Arayat & Mexico, Pampanga	Solar	Philippines	**72**	50%	36	2022
Montesol	Bais, Negros Oriental	Solar	Philippines	**18**	100%	18	2016
ACEN Tech Hub (Bataan RE Laboratory)	Mariveles, Bataan	Solar	Philippines	**4**	100%	4	2022
North Luzon Renewables	Pagudpud, Ilocos Norte	Wind	Philippines	**81**	81%	66	2014
Guimaras Wind	San Lorenzo, Guimaras	Wind	Philippines	**54**	100%	54	2014
Northwind Power	Bangui, Ilocos Norte	Wind	Philippines	**52**	100%	52	Phase 1: 2005 Phase 2: 2008 Phase 3: 2014
Alaminos Battery Storage	Alaminos, Laguna	Battery	Philippines	**40**	100%	40	2023
Maibarara Geothermal	Santo Tomas, Batangas	Geothermal	Philippines	**32**	25%	8	Unit 1: 2014 Unit 2: 2018
Sitara Solar	Rajasthan	Solar	India	**140**	80%	112	2021
Paryapt Solar	Gujarat	Solar	India	**70**	80%	56	2021
Salak & Darajat Geothermal[4]	West Java	Geothermal	Indonesia	**663**	15%	99	Salak - 1997 Darajat - 1994
Sidrap Wind	Sidrap, South Sulawesi	Wind	Indonesia	**75**	75%	56	2018
Ninh Thuan Solar (BIM)	Ninh Thuan	Solar	Vietnam	**330**	50%	165	2019
Ninh Thuan Solar Expansion (18Nx) (BIM Solar)	Ninh Thuan	Solar	Vietnam	**75**	50%	38	2021
Khanh Hoa Solar (AMI Solar)	Khanh Hoa	Solar	Vietnam	**50**	80%	40	2019
Dak Lak Solar (AMI Solar)	Dak Lak	Solar	Vietnam	**30**	80%	24	2019
Quang Binh Wind (AMI Wind)	Quang Binh	Wind	Vietnam	**252**	80%	202	2021
Mui Ne Wind Phase 1 (Dai Phong)	Binh Thuan	Wind	Vietnam	**40**	80%	32	2020
Mui Ne Wind Phase 2 (Hong Phong 1)	Binh Thuan	Wind	Vietnam	**40**	80%	32	2021
Ninh Thuan Wind (BIM Wind)	Ninh Thuan	Wind	Vietnam	**88**	65%	57	2021
SUPER (Solar NT) First Phase Closing[7]	Binh Thuan, Ninh Thuan, An Giang, Phu Yen	Solar	Vietnam	**287**	49%	141	2019-2020

Plant	Location	Technology	Country / Region	Net Dependable Capacity (MW)	Approx. Economic Interest[1]	Attributable Capacity (MW)[2]	Start of Operations (yr) or Target COD (yr)
NEFIN	Various[5]	Rooftop Solar	Various[5]	**50**	Various[6]	26	Various

OPERATING ASSETS
Thermal

Plant	Location	Technology	Country / Region	Net Dependable Capacity (MW)	Approx. Economic Interest	Attributable Capacity (MW)	Start of Operations (yr) or Target COD (yr)
BPGC[3]	Norzagaray, Bulacan	Diesel	Philippines	**48**	100%	48	1998
CIP II[3]	Bacnotan, La Union	Diesel	Philippines	**20**	100%	20	1999

ASSETS UNDER CONSTRUCTION
100% Renewable Energy

Plant	Location	Technology	Country / Region	Net Dependable Capacity (MW)	Approx. Economic Interest	Attributable Capacity (MW)	Start of Operations (yr) or Target COD (yr)
Palauig 2 Solar	Palauig, Zambales	Solar	Philippines	**300**	100%	300	2025
San Mar Solar	San Marcelino, Zambales	Solar	Philippines	**284**	100%	284	2023
Cagayan North Solar (CleanTech/NAREDCO)	Lal-lo, Cagayan	Solar	Philippines	**133**	80%	106	2023
Pangasinan Solar (Sinocalan)	San Manuel, Pangasinan	Solar	Philippines	**60**	100%	60	2024
Arayat-Mexico Solar (Greencore) Phase 2	Arayat & Mexico, Pampanga	Solar	Philippines	**44**	50%	22	2023
Pagudpud Wind (Bayog/Balaoi)	Balaoi & Caunayan, Pagudpud, Ilocos Norte	Wind	Philippines	**160**	100%	160	2025 GEAP deadline
Capa Wind (Amihan)	Caparispisan, Pagudpud, Ilocos Norte	Wind	Philippines	**70**	81%	57	2025 GEAP deadline
New England Solar Farm (NESF) Phase 1	Uralla, New South Wales	Solar	Australia	**521**	100%	521	2023
Stubbo Solar	Central Western Tablelands, NSW	Solar	Australia	**520**	100%	520	2025
Masaya Solar	Khandwa, Madhya Pradesh	Solar	India	**420**	80%	336	2023
Monsoon Wind	Sekong & Attapeu	Wind	Laos	**600**	24%	146	2025
Lac Hoa & Hoa Dong (UPC Soc Trang)	Soc Trang	Wind	Vietnam	**60**	80%	48	TBD
Stockyard Wind	Panhandle, Texas	Wind	United States	**136**	80%	109	2024
NEFIN	Various[5]	Rooftop Solar	Various[5]	**28**	Various[6]	23	

Notes:
(1) "Effective economic interest" refers to the Company's economic interest directly and/or indirectly held in the project.
(2) "Net Attributable Capacity" refers to the product of the Company's effective economic interest in the relevant power project multiplied by net capacity of the relevant power project.
(3) Provides ancillary services to NGCP.
(4) Includes Binary plant expansion, construction of which commenced in 2021.
(5) "Various" is comprised of Mainland China, Hong Kong, Malaysia, Singapore, Thailand, and Taiwan.
(6) Percentages of ownership vary by rooftop solar project.
(7) Phases 2,3, and 4 of the Solar NT acquisition are subject to completion of conditions precedent targeted to close within the year.

As of 12 July 2023, the Company's portfolio of projects under its RE platform had a total Net Attributable Capacity of approximately 4,325 MW in owned RE assets, both in operation and under construction. ACEN's RE platform is divided into 3,147 MW of solar energy, rooftop solar, and battery energy storage, 1,071 MW of wind power, and 107 MW of geothermal resources.

The table below presents the Net Attributable Capacity as of 12 July 2023, broken down by geography and technology.

	Net Attributable Capacity (MW)		
By Geography	Operating	Under Construction	Total
Philippines	622	989	1,610
International Assets:			
Greater Mekong[1]	730	194	924
Australia	0	1,041	1,041
India	168	336	504
Indonesia	153	2	156
Various[2]	26	131	158
Total International Assets	1,078	1,705	2,783
Total	**1,699**	**2,694**	**4,393**

Notes:

1. Greater Mekong includes Vietnam and Lao PDR.
2. Various is comprised of Mainland China, Hong Kong, Malaysia, Singapore, Thailand, Taiwan, and the United States.

	Net Attributable Capacity (MW)		
By Technology	Operating	Under Construction	Total
Renewable Assets:			
Solar	909	2,149	3,058
Wind	551	520	1,071
Geothermal	105	2	107
Battery	40	0	40
Rooftop Solar	26	23	49
Total Renewable Assets	1,631	2,694	4,325
Thermal Assets:			
Diesel	68	0	68
Coal	0	0	0
Total Thermal Assets	68	0	68
Total	**1,699**	**2,694**	**4,393**

Renewable Energy Projects in Operation in the Philippines

Guimaras Wind

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

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

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

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

Maibarara Geothermal

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

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

MonteSol

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

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

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

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

Northwind Power

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

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

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

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

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

North Luzon Renewables

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

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

IslaSol

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

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

SacaSol

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

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

Palauig 1 Solar

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

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

Alaminos Solar

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

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

Arayat-Mexico Solar Farm

On 26 April 2021, ACEN issued a notice to proceed for its 72 MWdc Arayat Solar project located in Arayat and Mexico, Pampanga. The project is under Greencore, a joint venture between ACEN and CSCE, and is targeted to be completed by 2022. CSCE (through its affiliates) is expected to provide the engineering, procurement and construction services for the Arayat-Mexico Solar project as well as project development and plant operations and maintenance. The project was expanded to 116MW through a 44-MW second phase, which is under construction as of 31 March 2023

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

Alaminos Battery Energy Storage System Project

In October 2020, the Company commenced construction of the 2x20 MW Alaminos Battery Energy Storage System Project, ACEN's first foray into battery storage and the first solar-storage hybrid project in the Philippines. It is located in the Municipality of Alaminos, Laguna, within the ACEN Sustainability Hub and will be connected to the 120-MWdc Alaminos Solar farm. The total capacity of the BESS will be 40 MW, while it will be able to store 60 MWh of output from the said solar facility. The facility will supply ACEN's RES business and it is targeted to supply ancillary services to the Luzon grid.

ACEN Tech Hub Renewable Energy Research Center

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

Background. It is the holder of Solar Energy Service Contract No. 2017-06-410, pursuant to which it has the exclusive right to explore, develop, and utilize solar energy resources within a certain area in the Municipality of Mariveles in the Province of Bataan. The company began the construction of the Bataan RE Tech Hub in September 2020. The adoption of emerging technologies plays a prominent role in ACEN's renewables expansion. At the ACEN Tech Hub, engineers test state-of-the-art PV modules and other emerging technologies that may be incorporated by the Company in its upcoming projects.

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

Renewable Energy Projects in Operation in Vietnam

Khanh Hoa and Dak Lak Solar Farm

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

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

The projects have a 20-year PPA with EVN with a FIT rate of US$0.0935/kWh.

Ninh Thuan Solar Plants

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

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

Mui Ne Wind Farm (Phase 1)

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

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

Mui Ne Wind Farm (Phase 2)

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

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

Ninh Thuan Wind Farm

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

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

Quang Binh Wind Farm

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

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

SUPER (Solar NT) First Phase Closing

Background. On 31 January 2022, ACEN announced that, through its wholly-owned subsidiary, AC Energy Vietnam Investments Pte. Ltd. ("ACEV"), the Company and Super Energy Corporation Public Company Limited ("SUPER"), through its subsidiary, Super Energy Group (Hong Kong) Co., Limited ("Super HK"), signed an agreement to form a strategic partnership to develop, own and operate renewable energy projects across ASEAN. ACEV signed a share purchase agreement (with conditions precedent) to acquire a 49% interest of Solar NT, owned by Super HK. SUPER is a premier Thai renewable energy developer and investor.

On 26 June 2023, ACEN, through its subsidiary, ACEN Vietnam Investments Pte. Ltd., signed the Shareholders' Agreement and other definitive agreements for the closing of the acquisition of SUPER's solar power business in Vietnam. This strategic partnership follows the share purchase agreement signed by the two companies in 2022. Prior to the acquisition, SUPER owned and operated 837 MW of solar projects in Vietnam through Solar NT. ACEN is expected to take up 49% ownership of Solar NT through a phased acquisition. The closing of the first phase of the transaction has just been completed, while the remaining phases are expected to be completed within the year, with a total consideration estimated at $165 million.

The first phase of the Solar NT acquisition includes 287 MW of solar farms across Binh Thuan, Ninh Thuan, An Giang, and Phu Yen provinces in Vietnam.

Power Offtaker / Energy Sales. All of the plants in the Solar NT platform are currently operating under the feed-in tariff program of the Vietnam government. As such, Vietnam Electricity (EVN), the country's state-owned power company, is the sole offtaker of the projects' entire output. The solar farms are under a feed-in tariff of 9.35 U.S. cents per kWh over a 20-year period.

Renewable Energy Projects in Operation in Indonesia

Sidrap Wind Project

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

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

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

Salak-Darajat Geothermal Projects

Background. The assets include the Salak and Darajat geothermal fields in West Java, Indonesia with a combined capacity of 648 MW of steam and power. The project has a combination of long term steam and power supply agreements with PLN.

A new addition to the geothermal plant complex, the 15-MW Salak Binary facility, which gained notice to proceed and began construction in September 2021, is expected to increase the complex's operating dependable capacity to 663 MW.

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

Renewable Energy Projects in Operation in India

Sitara Solar

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

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

Paryapt Solar

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

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

Renewable Energy Projects in Operation and Under Construction in Various Countries

NEFIN

Background. In August 2021, ACEN, through its wholly-owned subsidiary, ACRI, announced that it had obtained board approval subject to definitive documentation to enter into a joint venture with NEFIN Holding Limited ("NEFIN"), a leading solar photovoltaic developer and investor in carbon neutrality solutions to develop, construct, and operate rooftop solar projects across Asia. Through this joint venture, ACEN has interests in 26 MW of operating rooftop assets and 23 MW of assets under construction across Mainland China, Hong Kong, Malaysia, Singapore, Taiwan, and Thailand as of 31 March 2023. The establishment of the JV was finalized in the first quarter of 2022.

Power Offtaker / Energy Sales. As of 31 March 2023, all of the operating rooftop solar projects have power supply agreements directly with credit worthy commercial and industrial counterparties.

NEFIN provides several bespoke commercial/industrial customer-level scale rooftop solar projects. Operating and under construction portfolio figures are provided on a quarterly basis.

Renewable Energy Projects Under Construction in the Philippines

Pagudpud Wind

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

On 18 May 2021, the Company commenced construction of the 160 MW GigaWind Pagudpud wind farm in Pagudpud, Ilocos Norte province, which is set to be the biggest wind farm in the Philippines to date. The ₱11.8 billion facility will be the Company's third wind development in Ilocos Norte. Grid connection is expected to be completed in 2023. Pagudpud Wind is projected to produce enough power for 123,875 homes and avoid 344,600 MT CO2 annually.

Pagudpud Wind secured a long-term offtake agreement through the GEAP of the DOE auctioned in June 2022.

San Mar Solar

San Mar Solar, a 283-MWdc solar farm located in San Marcelino, Zambales, capable of producing over 421 GWh of renewable energy per year, enough to power a projected 108,090 homes annually, and eliminating 287,796 tonnes of CO_2 emissions annually. Once it fully operates, San Mar Solar is poised to be the Philippines' largest utility-scale solar farm. The project is expected to be completed by 2023.

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

On 26 April 2022, the Company's Board of Directors approved the investment in the development, mobilization, design, and construction of Phase 2 of San Mar Solar.

Cagayan North Solar

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

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

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

Capa Wind

Capa Wind is the project of Amihan Renewable, a wholly-owned subsidiary of NLREC, which is a joint venture between ACEN and Diamond Generating Asia Limited. The wind farm is located in Caparispisan, Pagudpud, Ilocos Norte. The estimated project cost is ₱6 billion, with grid connection targeted by 2024.

On 29 July 2022, Amihan Renewable, signed an agreement with Siemens Gamesa Renewable Energy Technology for the supply and installation of 14 units of wind turbines for the construction of the wind project. Once completed, the wind project can produce over 220 GWh of renewable energy per year, enough to power a projected 60,000 homes annually, and eliminate over 130,000 tonnes of CO2 emissions annually. The 70 MW wind project will help deliver the Company's supply commitments secured under the first round of the GEAP held in June 2022, with the wind project providing the lowest winning bid for wind renewable energy supply at a flat rate of ₱3.8583/kilowatt-hour for 20 years.

Pangasinan Solar

On 26 January 2023, ACEN began the construction of the 60 MW Pangasinan Solar farm, the Company's first development in Pangasinan, and second solar farm to commence major construction works this year. The ₱2.8 billion project, located in San Manuel, Pangasinan, near the Sinocalan River, is expected to utilize ground-mounted solar photovoltaic panels, and will be directly connected to the grid through a 2-km transmission line to the NGCP 69kV San Manuel Substation.

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

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

Palauig 2 Solar

In January 2023, ACEN announced the start of construction of the 300 MW Palauig 2 Solar farm located in Zambales, which has one of the country's highest irradiance zones and solar energy potential. In close proximity to ACEN's operating 63 MW Palauig 1 Solar project, the cost of the new development, including the construction of the 1,200 MW transmission line, is estimated at ₱16 billion. Module manufacturer Seraphim will supply 540 MWp high-efficiency solar panels.

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

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

Renewable Energy Projects Under Construction in Vietnam

Lac Hoa Wind & Hoa Dong Wind Farm

The Company and UPC are under a joint venture in the construction of two wind projects, the Lac Hoa and Hoa Dong Wind Farms, in the Soc Trang province of southern Vietnam, with an aggregate capacity of 60 MW. The projects will utilize wind turbines from Vestas delivered in different power ratings with site-specific towers for both projects. To maximize energy yields on both sites, the turbines will feature a record hub height of 162m. The project commenced construction in June 2020 and is targeted for completion in 2021 to qualify for the wind FIT rate of US$0.085/kWh under a PPA with EVN.

Project construction was impacted by the recent Vietnam COVID-19 lockdowns, wherein stricter restrictions of travel and movement of both people and equipment were imposed. The finalization of the offtake agreement for the Lac Hoa & Hoa Dong Wind Farm is still pending.

Renewable Energy Projects under Construction in Australia

New England Solar Farm

In 2021, UPC-AC Renewables Australia, issued notice to proceed on the Group's first project in Australia: the first phase of the New England Solar Farm ("NESF") located in Uralla in New South Wales. NESF Phase 1 is expected to have a capacity of 521 MWdc upon completion. With the second phase, the solar farm will ultimately reach a total net dependable capacity of 720 MWdc. In May 2022, the Company's Australian arm, ACEN Australia, announced the successful commencement of its 50-MW per one-hour (400-MWh) battery storage project that will be connected to and source power from the NESF. The future BESS facility is supported by a AU$12.5-million New South Wales State Government grant.

NESF Phase 1, as well as the adjacent battery energy storage system, achieved financial close in February 2021. The NESF solar and battery complex is expected to be completed in 2023.

Stubbo Solar

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

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

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

Renewable Energy Projects under Construction in India

Masaya Solar

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

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

Masaya Solar has secured a INR 1,250-Crores 20-year loan from the State Bank of India to partially fund the project, with the project supplying electricity at INR 2.71 per kWh fixed over a 25-year period under a power supply agreement with the Solar Energy Corporation of India.

Renewable Energy Projects under Construction in Other Markets

Monsoon Wind

On 10 April 2023, ACEN, through its subsidiary ACEN Renewables International Pte. Ltd., signed the financing documents for the non-recourse project financing for the Monsoon Wind, the first wind power project in Lao People's Democratic Republic ("Lao PDR"). Monsoon Wind will construct, own, and operate a 600 MW wind power plant and its 500 kV transmission line in Sekong and Attapeu provinces located in southeastern portion of Lao PDR. Monsoon Wind is also the first cross-border wind project in Southeast Asia. Under the 25-year power purchase agreement, the electricity generated will be sold to EVN through the Project Company's 500 kV transmission line. Offtake from the project will be brought to the Vietnam grid.

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

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

Stockyard Wind

In April 2022, ACEN, through its subsidiary ACEN USA LLC, formed a strategic partnership with Pivot Power Management (PivotGen) and UPC Solar & Wind Investments LLC to pursue opportunities to acquire operating wind projects in the US, and explore strategies for extending their useful life through preventative maintenance and repowering. The partners share the same vision of building a sustainable energy future with the aim to maximize economic impact while providing environmental benefits for all stakeholders.

On 16 March 2023, ACEN, through its joint venture company, UPC Power Solutions LLC, signed a Purchase and Sale Agreement with GlidePath for the acquisition of a portfolio of eight operating wind projects located in northern Texas, USA. The joint venture company acquired a total of 136 MW of wind assets from US-based GlidePath Power Solutions LLC. The U.S. platform leverages the combined expertise of ACEN and its partners: PivotGen and UPC Solar & Wind Investments. The platform is expected to generate approximately 360 GWh of wind energy per year, enough to power around 24,000 households and avoid ~127,000 metric tons of CO2 emissions.

On 1 June 2023, the U.S. Federal Energy Regulatory Commission ("FERC") authorized ACEN's acquisition, through its joint-venture company, UPC Power Solutions LLC ("UPC Power"), of a total of 136 MW of wind assets from US-based GlidePath Power Solutions LLC ("GlidePath"). With the FERC approval, UPC Power and GlidePath proceeded to complete the acquisition pursuant to their Purchase and Sale Agreement.

Conventional Energy Portfolio

As of 12 July 2023, the Company's thermal energy portfolio from owned assets had a total Net Attributable Capacity of 68 MW (equivalent to 2% of the Company's total portfolio as of 12 July 2023), all of which are operational.

Thermal Plants in Operation

CIPP

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

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

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

Bulacan Power

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

Offtaker / Energy Sales.

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

Operations Review. Under the terms of the PAMA, ACEN will administer and manage the entire generation output of BPGC by selling or trading the entire capacity of its diesel power plant.

Other Businesses

Retail Electricity Supply Business

The Company began its active participation in the WESM when it obtained membership as a Wholesale Aggregator on 20 September 2007. The WESM serves as a platform where electricity generated by power producers are centrally coordinated and traded like any other commodity in a market of goods. On 19 November 2012, the Company secured its RES license from the ERC under RES License No. SL-2012- 11-009 to supply electricity to the Contes1 Market. On 18 November 2022, the ERC issued to the Company RES License No. 01-2023-0091RS valid until 19 November 2027. As of the year ended 31 December 2022 and the three months ended 31 March 2023, the revenue sales from power supply contracts reached ₱22.8 billion and ₱4.9 billion, respectively, and contributed the bulk of total energy sold for each period.

As of 31 March 2023, the Company holds around 192 MW in retail/contestable customer contracts and 310 MW in wholesale customer contracts.

Bulk Water Supply Business

ACE Endevor owns 100% ownership interests in bulk water supply companies SCC Bulk Water, HDP Bulk Water, LCC Bulk Water, and MCV Bulk Water. The companies entered into water supply contracts for the provision of water to the biopower generation plants in Negros Occidental.

Land Lease and Development

The Company, through its subsidiaries, owns 100% ownership interests in Solienda, SJLD, and MSPDC. These companies enter into various contracts with the Company's projects to assist in the management and maintenance, among others, of select renewable projects.

Solienda

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

San Julio Land

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

Manapla Sun Power

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

Petroleum Exploration

ACEN, through its subsidiary, ENEX, is an investor in Palawan55, which is engaged in petroleum exploration, development and production.

Petroleum exploration involves the search for commercially exploitable subsurface deposits of oil and gas through geological, geophysical and drilling techniques. A petroleum discovery is made when significant amounts of oil and/or gas are encountered in a well and are flowed to the surface. Following a discovery, additional wells (appraisal or delineation wells) are drilled to determine whether the petroleum accumulation could be economically extracted or not. If the results are positive, the oil or gas field is developed by drilling production wells, and installing the necessary production facilities such as wellheads, platforms, separators, storage tanks, pipelines and others.

As projects are in the exploratory stage, the Company derives no revenues from petroleum production.

Product and Distribution

The principal products of petroleum production are crude oil and natural gas. Crude oil is usually sold at market price in its natural state at the wellhead after removal of water and sediments, if any. Depending on the location of the oil field, the oil produced may be transported via offshore tankers and/or pipeline to the refinery. Natural gas may be flared, reinjected to the reservoir for pressure maintenance, or sold, depending on the volume of reserves and other considerations. Natural gas is commonly transported by pipeline. However, if the deposit is very large and the market is overseas, the gas may be liquefied into LNG and transported using specialized tankers.

Petroleum Service Contracts and Agreements

Under a service contract, a private enterprise that seeks to develop domestic oil and gas resources is deemed as a contractor that must provide all required services, technology and financing, and assume all exploration risks. In the event of commercial production, the service contractor is paid a stipulated service fee, in addition to reimbursement of validated investments.

Oil and gas exploration and production is a high-risk business. The worldwide commercial success rate is three percent, *i.e.,* only one out of 30 exploratory wells results in a commercial discovery. It is also capital-intensive. Pre-drill geological and geophysical studies may run up to a few millions of dollars. The cost of a single offshore exploratory well could exceed US$30 million, whereas field development costs could reach hundreds of millions of dollars. To manage exploration risks, oil exploration firms usually form consortia or joint ventures.

The Company, through Palawan55, has a service contract with the Philippine government. A service contract grants the contractor the exclusive right to explore, develop and produce petroleum resources within the contract area. In the event of commercial production, the Government and the contractor share in the profit. Service contracts grant the contractor an exploration period of seven years, with an option to extend for a limited number of years. If the reserves found are deemed commercial, the service contract allows a production period of 25 years, to extendible for a maximum of 15 years.

The Company's oil and gas operations are in the exploratory stage.

*SC 55 (Wes*t Palawan)

SC 55 was awarded by the DOE on 5 August 2005 for the contract area located offshore of West Palawan. The exploration period is valid for seven years, extendible for three years, and the production period is valid for 25 years. The original members of the consortium and their corresponding interests were Otto Energy (Operator) with 85% and ACEN with 15%. As of 31 March 2023, Palawan55 holds 75.00% participating interests in SC55, while 25% is owned by Pryce Gases, Inc. The partnership, as contractor, shall provide all required services and technology funding, for which it is entitled to a service fee out of production equivalent to 40% of net proceeds. Net proceeds would refer to the balance of gross income after deducting Filipino participation incentive allowance and operating expenses.

ACEN has a Participation Agreement with the predecessor's interest of Otto Energy which provides that the latter will shoulder ACEN's share of costs up to the drilling of the first exploratory well. In addition, ACEN has the option to acquire 5% interest from Otto Energy after the drilling of the first well under the SC.

SC 55 covers 988,000 hectares in offshore West Palawan. It is a deep-water block in the middle of a proven regional oil and gas fairway that extends from the productive Borneo offshore region in the southwest, to the offshore Philippine production assets northwest of Palawan. At that time, the block was deemed to have one giant prospect (with at least 500 million barrels mean resource potential) and a number of leads. The consortium committed to undertake a work program consisting of a new 400 km 2D seismic survey, processing and interpretation of 200 km of vintage 2D seismic data and 358 km of gravity and magnetic data, within the first 18 months of the contract term. The partners have successive options to drill up to four wells during the balance of the seven-year exploration period.

The DOE approved the consortium's entry into the second Sub Phase of the exploration period, which entails a commitment to drill one ultra-deep water well. Processing and interpretation of 954 km of 2D seismic date acquired in June 2007 were already completed, but due to no availability of a suitable rig, the DOE approved the consortium's request to swap work commitments for the second and third Sub Phases of the exploration period to allow the drilling of the first commitment well by 4 August 2010 instead of 4 August 2009.

The consortium requested and the DOE agreed to the substitution of a 2D 3D seismic program for one ultra-deep water well commitment under the third Sub Phase of the exploration period (from 5 August 2009 to 5 August 2010), and deferment of the mandatory partial relinquishment of the contract area until completion of the proposed substitute 2D 3D seismic program. The consortium further requested and the DOE approved a one-year extension of the third Sub Phase to 5 August 2011 following execution by Otto Energy of a Farm-In Option Agreement with BHP Billiton Petroleum (Philippines) Corporation of Canada (BHP Billiton) which provided for BHP Billiton's funding of a new 3D seismic survey over the area.

On 3 June 2010, ACEN signed an Option Agreement with Frontier Gasfields Pty. Ltd. of Australia which granted the latter the option to acquire the 5% interest from Otto Energy after the drilling of the first well in the area.

On 3 February 2011, ACEN signed an Agreement with Otto Energy assigning ACEN's 8.18% participating interest to the latter in exchange for a carry in the costs of a second well in the block, should Otto Energy elect to participate in said well. Estimated budget for drilling the second well is US$ 65 Million or ₱2.86 Billion at an exchange rate of US$1 = ₱44.

In December 2011, BHP Billiton acquired 60% participating interest in SC 55 from Otto Energy and committed to drill one deep water well at its sole cost within the fourth Sub Phase.

The consortium elected to enter the 4th Sub Phase which entails a commitment to drill one deep water well by 5 August 2012.

The revised work schedule is shown below:

Sub Phase	Date	Work program
4	August 2011 – August 2013	One deepwater well
5	August 2013 – August 2014	One deepwater well

The DOE granted a one-year extension of the fourth Sub Phase until 5 August 2013 to enable BHP Billiton to procure a suitable drilling rig that could drill an identified deepwater prospect. On 3 May 2013, BHP Billiton filed a Force Majeure notice with the DOE due to significant delays in obtaining a clearance from the Palawan Council for Sustainable Development for the drilling of the Cinco1 well.

On 4 June 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed Cinco1 drilling to the Palawan Council for Sustainable Development ("PCSD"). The PCSD approved the issuance of the Strategic Environmental Plan ("SEP") clearance for the drilling of Cinco1 well but BHP Billiton sought amendment and clarification on certain conditions set by PCSD. As at 30 October 2013, BHP Billiton received the amended SEP clearance and requested the DOE a 14-month extension of the current Sub Phase considering the length of the Force Majeure period.

In the first week of November 2013, BHP Billiton verbally informed the partners that it has decided not to participate in the drilling of the Cinco1 well. In March 2014, the DOE approved the transfer of BHP Billiton's interest to Otto Energy Philippines, Inc. Otto Energy submitted a revised work program focusing on the drilling of the Hawkeye prospect. The DOE approved the new work program in April 2014 and revised the schedule of the remaining Sub Phases as follows:

Sub Phase	Work Program and Budget	Revised Work Schedule
4	Drill 1 deepwater well @ US$3 MM	06 August 2011 – 23 December 2014
5	Drill 1 deepwater well @ US$3 MM	23 December 2014 – 23 December 2016

In January 2014, BHP Billiton and Otto Energy signed definitive agreements for the reassignment of the former's participating interest to the latter. The DOE approved the transfer of the 60% participating interest of BHP Billiton to Otto Energy Philippines, Inc. and the transfer of Operatorship to Otto Energy. The approval formalized the exit of BHP Billiton in SC 55.

On 15 October 2014, Otto Energy requested the DOE a one-year extension of Sub-Phase 4 to 23 December 2015. The requested extension was approved by the DOE on 07 November 2014.

On 31 July 2015, Otto Energy commenced drilling of the Hawkeye-1exploratory well and on 17 August 2015 completed the drilling to a total depth of 2,920 meters. The well discovered gas which is deemed to be non-commercial. Otto Energy informed its partners of its decision to withdraw from the service contract.

On 22 December 2015, the consortium requested the DOE for a two-year contract moratorium and proposed technical studies that would assess the impact of the results of Hawkeye-1 on the remaining prospects of the area. On 14 June 2016, the DOE extended the term of SC 55 until 23 December 2017.

On 21 November 2016, Otto Energy and Otto Energy Philippines notified the DOE of their withdrawal from SC 55. As at 03 March 2017, the transfer of interest from Otto Energy to the continuing parties was under processing by the DOE.

On 22 November 2017, Palawan55 notified the DOE of its willingness to assume its pro-rated, post-adjustment share (37.50%) of Otto Energy's outstanding training fund obligation in conjunction with the DOE's approval of the assignment of interests and favorable consideration for a reasonable extension of the moratorium period that would allow execution of the committed technical studies.

On 26 March 2018, the DOE approved the transfer of participating interests from Otto Energy to the continuing partners, Palawan55, Century Red Pte. Ltd. and Pryce Gases, Inc. As a result of the transfer, the Company's 6.82% participating interest in SC 55 has been adjusted to 37.50%. The timeline of the Moratorium Period, with a commitment to conduct Quantitative Inversion Study, was also revised to reflect the transfer of interest. Further, the DOE formally confirmed Palawan55 as Operator of the block.

On 23 August 2018, Palawan55 awarded the 3D Marine PreSTM and PreSDM Reprocessing and Quantitative Inversion Services Contract to Down Under Geosolutions (Asia) Sdn Bhd. The project commenced on 10 September 2018. Seismic reprocessing of 1,000 sq. km. of 3D seismic data was completed.

On 24 July 2019, the SC 55 Consortium notified the DOE of its decision to enter Sub-phase 5 (SP5) effective 26 August 2019, without prejudice to the Consortium's option to enter the Appraisal Period no later than the said date. SP5 carries a commitment of drilling one ultra-deepwater well.

On 9 August 2019, the SC 55 Consortium notified the DOE of its entry into the Appraisal Period of SC 55 effective 26 August 2019. The SC 55 consortium committed to drill one deep-water well within the first two years of the Appraisal Period and, following reinterpretation of certain seismic data outside of the current study area, may undertake a new 3D seismic program to mature other prospects within SC 55 to drillable status. The SC 55 consortium submitted an indicative Appraisal Work Program to the DOE to support this commitment.

On 13 February 2020, after careful review and evaluation, DOE found Palawan55 to be technically, financially and legally qualified and approved the transfer of Century Red, Pte. Ltd's entire 37.5% participating interests in SC 55 to Palawan55. As a result thereof, the partners in SC 55 and their respective participating interests are 75% Palawan 55 (Operator) and 25% Pryce Gases, Inc.

On 15 April 2020, Palawan55 received a letter from the DOE confirming the entry of SC 55 into the Appraisal Period effective 26 April 2020. In the said letter, the DOE stated that after the review and evaluation of the Hawkeye discovery report, "we hereby confirm that the 'Hawkeye-1 well' did encounter a significant volume of movable natural gas and is deemed to be a Non-Associated Gas Discovery under Section 13.02 of SC 55."

On 2 July 2020, SC 55 Consortium submitted to the DOE its 5-year Work Program and Budget for the Appraisal Period. Said program is divided into firm (CY 1 & 2) and contingent (CY 3-5). The firm commitment consists of Geological and Geophysical studies and drilling of a well within the next two years.

On 28 August 2020, Palawan55 received a letter from the DOE approving SC 55's Appraisal Period Work Program and Budget with the firm amount of US$1,702,020.00. Further, the DOE stated that it expects the submission of the proposed budget for the drilling of one well after the drilling proposal has been approved by the DOE.

On 23 September 2020, the Consortium requested for the declaration of a one-year Force Majeure in view of the far-reaching adverse effects of the COVID-19 pandemic and the induced low oil price, on the global upstream petroleum industry.

On 14 May 2021, Palawan55 received a letter from the DOE dated 11 May 2021, approving its request to place SC 55 under Force Majeure for a period of one year. The letter also states that the timeline of the SC 55 Appraisal Period will be adjusted accordingly, and the end of the period will be adjusted by the same amount of time that SC 55 was on Force Majeure.

Palawan55 interpreted reprocessed seismic data to mature two prospects to drillable status. Resource Assessment of these prospects has been completed. On 18 March 2022, Palawan55 received a letter from the DOE dated 4 March 2022, approving Palawan55's updated Cinco-1 Drilling Proposal, oil spill contingency plan, and health, safety and environment plan. Further, Palawan55 was instructed to submit to the DOE a digital copy of the geological model of the Cinco Prospect and a drilling montage prior to the commencement of the drilling activity.

In October 2022, the Palawan Council for Sustainable Development (PCSD) has approved the transfer of SC 55 Strategic Environment Plan (SEP) Clearance from the former SC 55 Operator, BHP Billiton to the current Operator, Palawan55 Exploration and Production Corporation.

On 5 December 2022, the SC 55 Consortium requested from the DOE a declaration of Force Majeure on the commitment to drill one (1) deepwater well by April 2023 due to the geopolitical issues in the West Philippine Sea and recent regulatory developments in the upstream industry.

On 27 June 2023, the DOE granted the request of Palawan55 for force majeure relief due to the operational and financial risks associated with conducting drilling operations in the SC 55 contract area in the West Philippine Sea. Pursuant to Section 26.01 of SC 55, the DOE found basis to place SC 55 under Force Majeure from 6 December 2022 until such time that a clearance to proceed with exploration activities in the West Philippine Sea has been issued by the National Government.

Sources and Availability of Raw Materials

For its power business, 98% of the Company's attributable capacity from owned assets is fueled by renewable energy sources, while 2% are thermal assets running on liquid fuel, as of 31 December2022.

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

Distribution of Product

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

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to retail electricity suppliers through either bilateral contracts or the WESM. See discussion under "*Regulatory Framework*" on page 294 of this Prospectus.

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

As of 31 March 2023, the Company holds around 192 MW of retail/contestable customer contracts and 310 MW of wholesale customer contracts. In addition, the recent Supreme Court ruling, upholding the requirement of Power Supply Agreements submitted by MERALCO and other DUs with the ERC after 30 June 2015 to undergo a competitive selection process, provided an opportunity for the Company to enter into wholesale supply contracts with the distribution utility. The Company won the bid to supply MERALCO with a 200 MW baseload demand from 26 December 2019 to 26 December 2029. Subsequently, the Company won the bid to supply 110MW mid-merit supply to MERALCO from 26 December 2019 to 26 December 2024. The Company received the ERC final approvals on 13 May 2020 for the baseload and on 1 June 2020 for the mid-merit. The Company's larger supply portfolio will help supply this demand, coupled with the new projects in the pipeline.

Internationally, the Company's operating portfolio provides power to three markets as of 31 March 2023: Indonesia, India, and Vietnam. In Indonesia, the Company provides power to PLN, under a PPA. As for India, the Company provides power through PPAs to various DUs, which are linked to respective state governments. As of 31 March 2023, these are the SECI and GUVNL. In Vietnam, ACEN's platform provides power under FIT contracts to state-owned power company EVN, which has total control of the national power transmission and distribution market.

Of the international assets, only the Australian assets are accounted for as subsidiaries; thus, the percentage of sales or revenues and net income contributed by foreign sales for each of the last three financial years is not material, since the plants in Australia are not yet operational.

Competition

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

- Aboitiz Power Corporation ("**Aboitiz Power**"), with PSE ticker symbol "AP," is a leading player in the Philippine power industry with interests in privately-owned power generation companies, RES services, and distribution utilities. On its corporate website, AP indicates that it is the second largest power generation company and the second largest power distribution and retail company in the Philippines.[40] In addition, Aboitiz Power mentions its veteran management experience and expertise in the power industry since 1918, and its strong financial position on stable cash generation, low leverage interests, and attractive dividend policies as its

[40] https://aboitizpower.com/investors/investment-highlights

strengths.[41] Aboitiz Power's portfolio of power generating plants consist of a mix of renewable and thermal power plants. The Company estimates that AP has an attributable net sellable capacity of 3,963 MW as of 31 December 2022. Aboitiz Power is a subsidiary of Aboitiz Equity Ventures, Inc. Listed on the PSE, Aboitiz Power is a subsidiary of Aboitiz Equity Ventures, Inc.

- First Gen Corporation ("**First Gen**") is engaged in the business of power generation through its gas and renewable energy plants. On its corporate website, First Gen indicates that it is the largest producer of natural gas-fired power in the Philippines.[42] The Company estimates that First Gen has an attributable net sellable capacity of 2,684 MW as of 31 December 2022. Listed on the PSE, First Gen is a subsidiary of First Philippine Holdings, which is part of the Lopez Holdings group of companies.

- Energy Development Corporation ("**EDC**") is a renewable energy company and a subsidiary of First Gen. EDC, on its corporate website, indicates that it has over 40 years of pioneering sustainable practices, with an installed capacity that accounts for almost 20% of the country's total installed RE capacity.[43] With geothermal as its primary source of power, EDC provides 61.30% of the country's total installed geothermal capacity. EDC has an installed capacity of 1,477 MW that accounts for almost 20% of the Philippines' total installed RE capacity as of 31 December 2022. EDC's total installed capacity includes 1,186 MW in geothermal, which represents a sizeable portion of the country's total installed geothermal capacity for the same period.

- SMC Global Power Holdings ("**SMC Global Power**") is one of the largest power companies in the Philippines with a diversified portfolio utilizing a mix of coal, natural gas, and hydroelectric power plants. It controlled a combined capacity of 4,734 MW as of 31 March 2022, which it believes represented approximately 19% of the national grid, 26% of the Luzon grid, and 7% of the Mindanao grid as of the same period. These power assets are under Independent Power Producer Administrators ("**IPPA**") Agreements with PSALM, or are owned or under joint venture agreements classified as Independent Power Producers. SMC Global Power believes that its mix of renewable and high-efficiency low-emission power plants enables it to power the national grid with a reliable power supply.[44] SMC Global Power is a fully-owned subsidiary of San Miguel Corporation.

- MERALCO PowerGen Corporation ("**MGen**") was incorporated to engage in the power generation business. It is a wholly-owned subsidiary of MERALCO, the Philippines' largest electricity distribution utility. According to its corporate website, although MGen was only established in 2010, the industry is hardly new ground to MERALCO, which was the country's oldest and largest power generator until it relinquished and transferred its power plants in favor of the NPC in the 1970's.[45] MGen aims to build a diversified power generation portfolio with 1,500 MW in RE by 2027. As of its Full Year 2022 Financial and Operating Results, it has a total of 198 MWac of solar capacity in Bulacan, Rizal, and Ilocos Norte.

- SP New Energy Corporation ("**SPNEC**"), formerly Solar Philippines Nueva Ecija Corporation, is a new renewable energy power generation company incorporated and registered with the SEC on November 23, 2016. The primary purpose of SPNEC is to construct, erect, assemble, commission, operate and maintain power-generating plants, warehouses, terminals, and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution. On October 24, 2022, the SEC approved the change of its corporate name to its present one. The Company's product is electricity generated from its solar plant and sold through bilateral contracts with its customers or directly to the spot market. On August 22, 2017, the DOE awarded SPNEC's affiliate, Solar Philippines Commercial

41 https://aboitizpower.com/investors/investment-highlights
42 https://www.firstgen.com.ph/our-company/corporate-profile
43 https://www.energy.com.ph/who-we-are/
44 https://smcglobalpower.com.ph/our-business-power-generation?p=4
45 https://www.meralcopowergen.com.ph/about/

Rooftop Projects, Inc. (SPCRPI), a solar energy service contract for the exclusive right to explore and develop the Sta. Rosa Nueva Ecija 2 Solar Power Project located in Santa Rosa, Peñaranda and San Lorenzo, Nueva Ecija. On December 29, 2017, SPCRPI executed a deed of assignment transferring all its rights and obligations under the service contract to SPNEC, which DOE acknowledged and approved in February the following year.

SPNEC is a wholly-owned subsidiary of Solar Philippines Power Project Holdings, Inc., which is part of the SP Group, an integrated developer, owner and operator of solar power projects.

In Vietnam, EVN controls the generation, transmission, and distribution of energy but it also encourages independent power producers to supplement its own generation capacity. In the renewable energy space, local and international developers are actively competing to secure allocation for the FIT. The government's support and initiatives on renewable energy to grow its supply portfolio mix will continue to bring in more market players. See "*Risk Factors—Risks Relating to the Company and its Businesses—Risks and delays relating to the development of greenfield power projects could have a material adverse effect on the Company's operations and financial performance*" on page 71 of this Prospectus.

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

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

In India, coal continues to fuel India's economy, accounting for more than 50% of the country's installed generation capacity. The Government of India announced a target to achieve ~523 GW of renewable energy, which will require an additional 300 GW of new RE capacity. This is in the service of achieving Net Zero greenhouse gas emissions by 2070. This higher RE target and the decreasing cost of RE power prices discovered through competitive tenders will likely result in the displacement of coal-based power production in India.

For the petroleum exploration business, the Company believes that competition for market of petroleum does not have a materially adverse effect on its current operations.

Material Permits and Licenses

The Company has engaged SyCip Salazar Hernandez & Gatmaitan ("**SyCip Law**") as independent legal counsel to review and issue an opinion on matters relating to the material permits and licenses of the Company. Accordingly, SyCip Law has reviewed the material permits and licenses necessary for the business of the Company, the pertinent details of which are provided in Annex B of this Prospectus. While the Company does not expect that any permits which are in the process of renewal or application will be withheld or delayed, there can be no assurance that third parties and the government will act on these promptly.

Failure to secure the necessary permits may result in cessation of the operation of the plants under operation or delay the start of commercial operations of plants under development, which in turn may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. Please see discussions under the sections on "*The operations of the Company's power projects are subject to significant government regulation, including regulated tariffs such as Feed-In-Tariff ("FIT"), and the Company's profit margins and results of operations could be adversely affected by changes in the law or regulatory schemes*" on page 61 of this Prospectus and "*The administration* *and operation of power generation projects by project companies involve significant risks*" on page 72 of this Prospectus.

Intellectual Property Rights

The Company does not hold any patents, trademarks, copyrights, licenses, franchises, concessions, or royalty agreements held that is material to its operations.

Employees

As of 30 June 2023, the Company has 853 employees in total.[46] Out of which, 253 are hired under the head office based in Manila, 75 are deployed offshore (including Australia), 240 are under ACES, and 285 are from various plant subsidiaries across the Philippines. From the 75 offshore, 59 are based in Australia, eight are based in Vietnam, one based in India, one in Indonesia, one in Singapore, one in Taiwan, one in Hong Kong, and one in Thailand. 713 are regular, 60 are probationary, five are secondees, 16 are consultants, and 59 are undefined (data consolidation phase of Australia). The Company does not anticipate a material change in the number of its employees over the next 12 months.

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

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

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

Legal Proceedings

The Company believes that none of the legal proceedings to which the Group, or any member of the Group, is a party would materially affect its business. Neither the Company nor any member of the Group is currently involved in any arbitration proceedings that may have, or have had, a material adverse effect on its financial condition and no such proceeding is pending or threatened. This notwithstanding, the Company discloses the Power Barge 102 Oil Leakage discussed below.

To the best knowledge and/or information of the Company, the current Directors and the Executive Officers are not, except as otherwise disclosed in this Prospectus, presently or during the last five years, involved or have been involved in any material legal proceeding adversely affecting or involving themselves and/or their property before any court of law or administrative body in the Philippines or elsewhere.

Power Barge 102 Oil Leakage

On 3 July 2020, the Company's Power Barge 102 located in Barrio Obrero, Iloilo City, discharged fuel oil. Initial findings reveal that the discharge is attributable to ignition of fuel oil in storage which ruptured the barge's fuel tank. The leakage was contained with the aid of the Philippine Coast Guard, Petron

[46] Excludes project-based and SLTEC employees. ACEN completed its divestment of its equity interests in SLTEC in 2022.

Corporation, and Global Business Power Corp. and skimming of the remaining floating residue was done with the aid of Shell Philippines. The Company engaged Harbor Star Shipping Services, Inc. to finish the clean-up of both the waters and the coastline. Households within the neighboring area were temporarily relocated in coordination with local government officials while their surroundings underwent clean-up.

On 4 July 2020, PB 102 received a Marine Pollution Inspection Apprehension Report ("IAR") from the Philippine Coast Guard ("PCG") for violation of paragraph 5(a)(1) of the PCG Memorandum Circular No. 01-2005 or the Revised Rules on Prevention, Containment, Abatement and Control of Oil Marine Pollution (M.C. 1-2005). PB 102 submitted its reply to the IAR on 24 July 2020.

On 15 September 2020, PB 102 received a copy of the PCG's resolution finding ACEIC liable for violation of M.C. No. 1-2005 and imposing an administrative fine of ₱10,000.00. On 30 September 2020, ACEIC and the Company filed an Ad Cautelam Notice of Appeal and a Notice of Appeal, respectively, before the PCG Office of the Commandant. There is no action by the PCG Office of the Commandant to date.

On 6 July 2020, the DENR- Environmental Management Bureau, Region VI ("**DENR-EMB**") issued Notice of Violation No. 20-NOVW-0630-164 ("**NOV**") against the Company for violation of Section 27(a) of the Philippine Clean Water Act. The Company submitted its answer to the NOV on 16 July 2020.

On 28 July 2020, the Company received a Resolution dated 27 July 2020 issued by the DENR-EMB Region VI (the "**Resolution**"), in relation to the NOV, resolving to submit the case to the Pollution Adjudication Board ("**PAB**") for determination of the imposable fines under Section 27(a) of R.A. No. 9275 (Clean Water Act of 2004) and Section 4 of P.D. No. 979 (Marine Pollution Decree of 1976). On 12 August 2020, the Company filed its Motion for Reconsideration ("**MR**") on the Resolution which remains unresolved to date. On 23 November 2021, the Company received a Notice from PAB for a technical conference scheduled on even date. The Company requested for the resetting of the technical conference to 2 December 2021 which PAB approved. Ahead of the technical conference, the Company, through its external counsel, submitted a letter to PAB manifesting its position that the conduct of technical conference is premature considering the pendency of its MR. During the technical conference, the Company reiterated such position and requested for the resolution of the MR prior to the discussion on the imposition of fines. PAB explained that theirs is an original and exclusive jurisdiction over pollution cases and any defenses or arguments the Company may have on the case should be stated in the Company's position paper. The Company then manifested that its participation in the technical conference and its submission of the position paper are on an *ad cautelam* basis. The Company filed its Position Paper on 31 January 2022. There is no action from PAB to date.

On 28 July 2020, Mr. Robert Gambito received a subpoena and a copy of the complaint-affidavit filed by the PCG with the Office of the City Prosecutor of Iloilo City ("**OCP**") against ACEIC, Mr. John Eric T. Francia (in his capacity as President), and Mr. Gambito (in his capacity as Plant Manager), for violation of Section 107 of Republic Act No. 8550 as amended by Republic Act No. 10654, or The Philippine Fisheries Code of 1998. Mr. Gambito and Mr. Francia filed their respective pleadings before the OCP on 19 August 2020 and 24 October 2020, respectively. The Reply-Affidavit of the PCG dated 27 November 2020 was answered by Mr. Francia on 4 February 2021. On 12 August 2021, Mr. Gambito received a copy of the 30 June 2021 OCP Resolution dismissing the complaint against him, Mr. Francia and ACEIC for lack of sufficient factual and legal basis. On 20 April 2022, the OCP issued a certification that as of 30 August 2021, the Prosecution Office has not received any Motion for Reconsideration from PCG nor was it notified that a Petition for Review was filed by PCG, such that the OCP Resolution dated 30 June 2021 dismissing the complaint has already become final on 30 August 2021. Hence, this case is considered closed.

On 24 August 2020, the Bureau of Fire Protection ("**BFP**") filed a criminal case with the OCP against three personnel of Power Barge 102, namely, Messrs. Rey Villareal, Jethon Villarias, and Adrianne

Bodiola, for violation of Article 365 of the Revised Penal Code or Reckless Imprudence Resulting to Damage to Property. On 23 February 2021, Messrs. Villarias, Bodiola and Villareal, through their counsel, received a copy of the OCP's Resolution dated 1 February 2021: 1) dismissing the complaint against Messrs. Villarias and Villareal; and 2) recommending the filing in court of an Information for Reckless Imprudence Resulting in Damage to Property under Article 365 of the Revised Penal Code as amended by Section 97 of R.A. No. 10951 against Mr. Bodiola. Mr. Bodiola filed a Partial Motion for Reconsideration of the OCP's Resolution on 5 March 2021. On 3 June 2021, Mr. Bodiola's counsel received a copy of the OCP's Resolution dated 8 April 2021, denying Mr. Bodiola's MR. On 18 June 2021, Mr. Bodiola, through counsel filed a Petition for Review with the Office of the Regional State Prosecutor, Region VI ("**ORSP**"). On 30 July 2021, Mr. Bodiola, received a copy of the OCP's Amended Resolution dated 20 May 2021 (amending the Resolution dated 8 April 2021 with respect to the Motion for Reconsideration). In the Amended Resolution, the OCP still denied Mr. Bodiola's Motion for Reconsideration but it considered the affidavits of the alleged residents affected by the oil spill (attached as annexes to the BFP's Reply-Affidavit) and found that the damage amounted to ₱80,000.00. In view of this Amended OCP Resolution, Mr. Bodiola, through counsel, filed an Amended Petition for Review with the OSRP on 16 August 2021. On 23 August 2021, Mr. Bodiola received ORSP's Resolution dated 30 July 2021 which dismissed his Petition for Review and affirmed the OCP Resolutions. Mr. Bodiola filed an MR of the ORSP Resolution on 2 September 2021. On 2 November 2021, Mr. Bodiola received the ORSP's Resolution dated 30 September 2021 denying his MR.

On 11 November 2021, Mr. Bodiola secured a copy of the Information against him which had been filed with the court on 29 July 2021. On 15 November 2021, Mr. Bodiola found out that there was a standing warrant of arrest against him. Mr. Bodiola applied for bail which the court granted, and thereafter, he was issued an Order of Release. On 21 February 2022, Mr. Bodiola was arraigned where he entered a plea of "Not Guilty." The court referred the case to mediation but during the mediation held on 17 March 2022, BFP manifested that it wants to continue with the case and requested for termination of the mediation proceedings. On 1 April 2022, pre-trial proceedings commenced. On 30 September 2022, pre-trial was held. During the continuation of the pre-trial on 23 February 2023, the prosecution informed the court that it is willing to have the case provisionally dismissed in the meantime since the alleged residents who incurred damage to property are presently indisposed, having gone to Manila and whose return is uncertain. Thus, in the absence of eyewitnesses, the prosecution cannot successfully prove the guilt of the accused beyond reasonable doubt. Mr. Bodiola's counsel apprised Mr. Bodiola of the consequences of a provisional dismissal. Receiving no opposition from Mr. Bodiola, the court granted the prosecution's motion for provisional dismissal. On 7 March 2023, Mr. Bodiola's counsel received a copy of the Order dated 23 February 2023 granting the provisional dismissal of the criminal case. Under the Rules of Court for Criminal Procedure, the provisional dismissal of offenses punishable by imprisonment not exceeding six years or a fine of any amount shall become permanent after one year without the case having been revived.

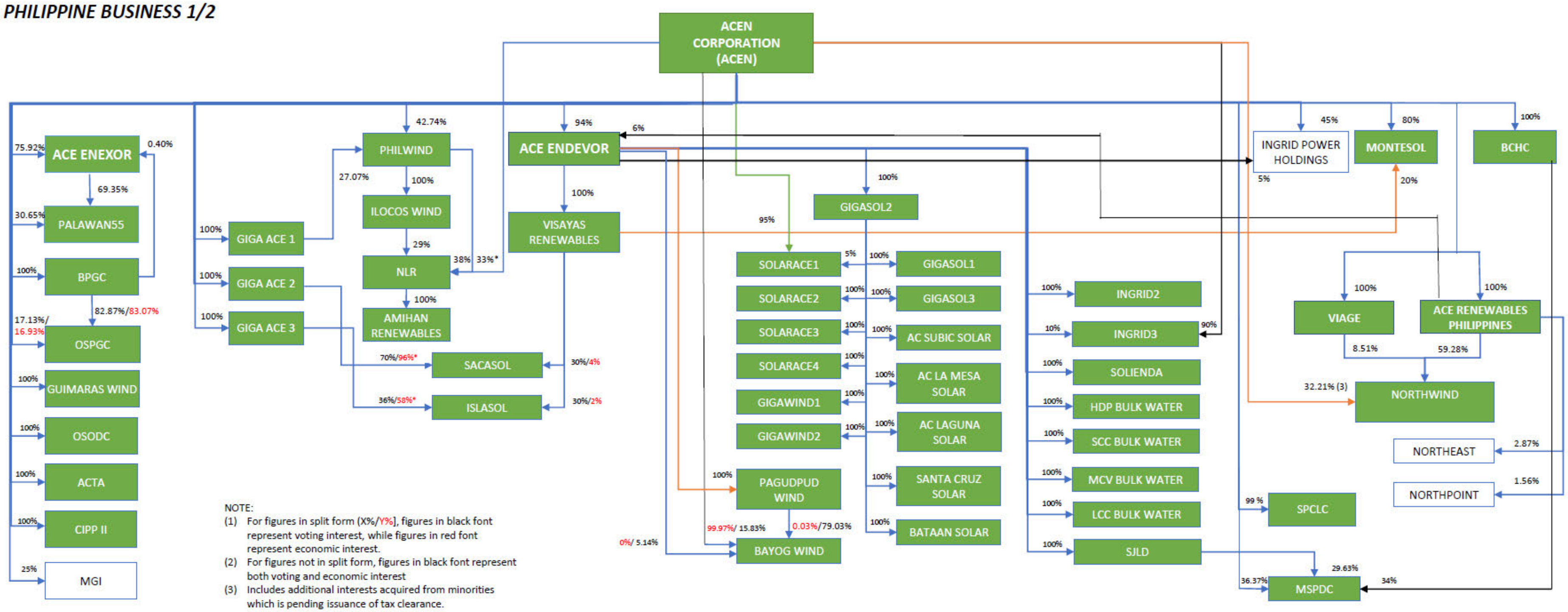
The Company believes that none of the foregoing legal proceedings would materially affect its business.

CORPORATE STRUCTURE

The following charts illustrate the Company's material shareholders and Subsidiaries as of 31 March 2023. For a detailed breakdown of the Subsidiaries, see discussion under "*Subsidiaries and Associates*" beginning on page 238 of this Prospectus.

Ownership Structure as at 30 April 2023

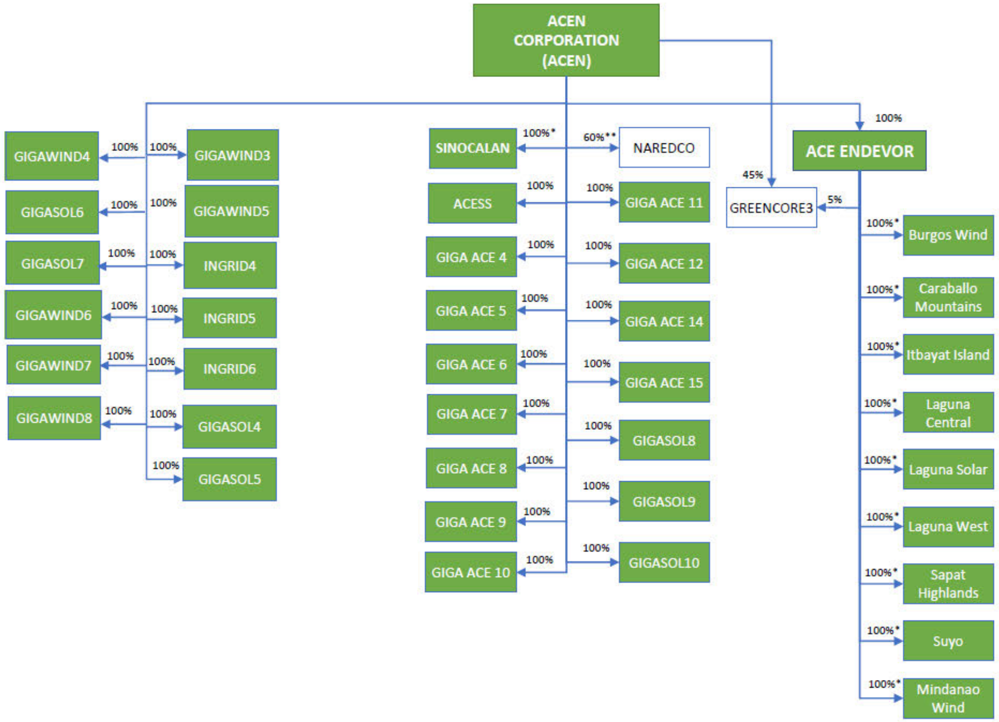
ACEN CORPORATION
PHILIPPINE BUSINESS 1/2



NOTE:
(1) For figures in split form (X%/Y%), figures in black font represent voting interest, while figures in red font represent economic interest.
(2) For figures not in split form, figures in black font represent both voting and economic interest
(3) Includes additional interests acquired from minorities which is pending issuance of tax clearance.
*Tax clearance process ongoing

ACEN controlled companies

ACEN CORPORATION
PHILIPPINE BUSINESS 2/2



NOTE:

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

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

(3) Includes additional interests acquired from minorities which is pending issuance of tax clearance.

*Beneficial Ownership, pending BIR CAR

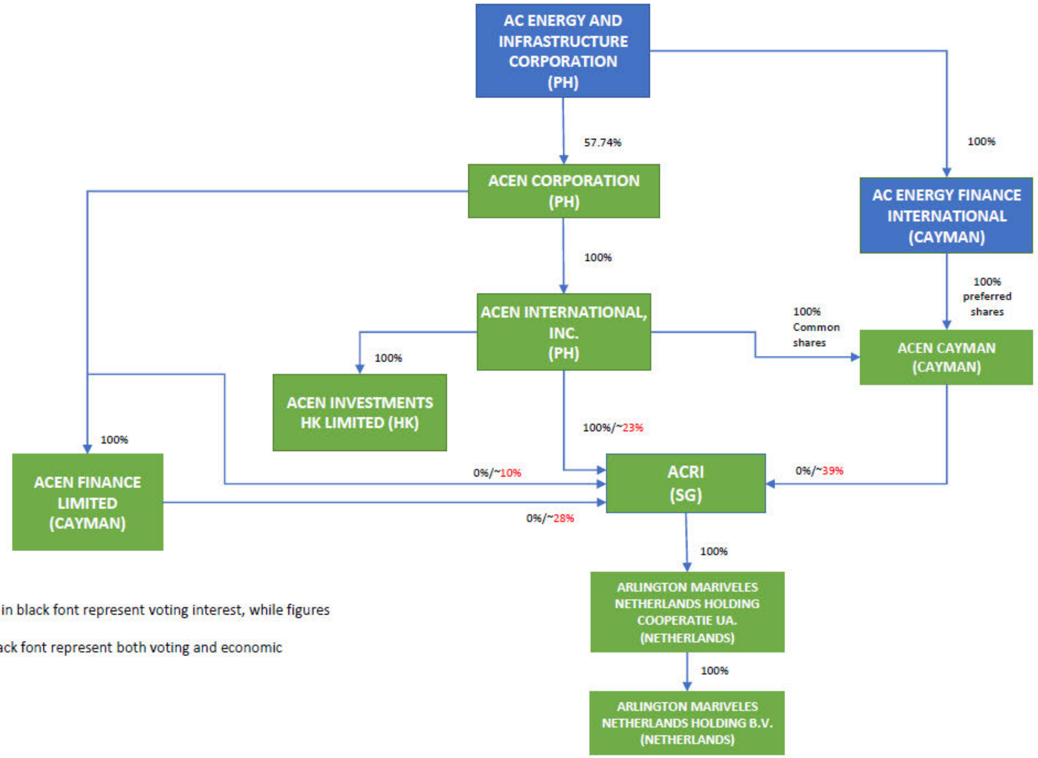
** SEC approval of the increase in capital stock (for the additional shares to be issued to ACEN to bring its ownership from 45% to 60%) is pending.

ACEN controlled companies

PHILIPPINE BUSINESS - Glossary

SHORT NAME	FULL NAME	SHORT NAME	FULL NAME	SHORT NAME	FULL NAME	SHORT NAME	FULL NAME
AC SUBIC SOLAR	AC Subic Solar, Inc.	GIGA ACE 10	Giga Ace 10, Inc.	ILOCOS WIND	Ilocos Wind Energy Holding Co., Inc.	PAGUDPUD WIND	Pagudpud Wind Power Corp.
AC LA MESA SOLAR	AC La Mesa Solar, Inc.	GIGA ACE 11	Giga Ace 11, Inc.	INGRID POWER HOLDINGS	Ingrid Power Holdings Inc.	PHILWIND	Philippine Wind Holdings Corporation
AC LAGUNA SOLAR	AC Laguna Solar, Inc.	GIGA ACE 12	Giga Ace 12, Inc.	INGRID2	Ingrid2 Power, Inc.	SACASOL	San Carlos Solar Energy Inc.
ACTA	ACTA Power Corporation	GIGA ACE 14	Giga Ace 14, Inc.	INGRID3	Ingrid3 Power, Inc.	SAPAT HIGHLANDS	Sapat Highlands Wind Corporation
ACE ENDEVOR	ACE Endevor, Inc. (formerly, AC Energy Development, Inc.)	GIGA ACE 15	Giga Ace 15, Inc.	INGRID4	Ingrid4 Power, Inc.	SCC BULK WATER	SCC Bulk Water Supply, Inc.
ACE ENEXOR	ACE Enexor, Inc.	GIGASOL1	GigaSol1, Inc.	INGRID5	Ingrid5 Power, Inc.	SINOCALAN	Sinocalan Solar Power Corp.
ACE RENEWABLES PHILIPPINES	ACE Renewables Philippines, Inc. (formerly, Moorland Philippines)	GIGASOL2	GigaSol2, Inc.	INGRID6	Ingrid6 Power, Inc.	SJLD	San Julio Land Development Corp.
ACESS	ACE Shared Services, Inc.	GIGASOL3	GigaSol3, Inc.	ISLASOL	Negros Island Solar Power Inc.	SolarAce1	SolarAce1 Energy Corp.
AMIHAN RENEWABLES	Amihan Renewable Energy Corp.	GIGASOL4	Gigasol4, Inc.	Itbayat Island	Itbayat Island UPC Asia Corporation	SolarAce2	SolarAce2 Energy Corp.
BATAAN SOLAR	Bataan Solar Energy Inc.	GIGASOL5	Gigasol5, Inc.	Laguna Central	Laguna Central Renewables Inc.	SolarAce3	SolarAce3 Energy Corp.
BAYOG WIND	Bayog Wind Power Corp.	GIGASOL6	Gigasol6, Inc.	Laguna Solar	Pangasinan UPC Asia Corporation	SolarAce4	SolarAce4 Energy Corp.
BCHC	Buendia Christiana Holdings Corp.	GIGASOL7	Gigasol7, Inc.	Laguna West	Laguna West Renewables Inc.	SOLIENDA	Solienda Incorporated
BPGC	Bulacan Power Generating Corp. (formerly, PHINMA Power Generating Corp.)	GIGASOL8	Gigasol8, Inc.	LCC Bulk Water	LCC Bulk Water Supply, Inc.	SANTA CRUZ SOLAR	Santa Cruz Solar Energy Inc.
BURGOS WIND	Buduan Wind Energy Co., Inc.	GIGASOL9	Gigasol9, Inc.	MGI	Maibarara Geothermal Inc.	SPCLC	Solar Philippines Central Luzon Corporation
CARABALLO MOUNTAINS	Caraballo Mountains UPC Asia Corporation	GIGASOL10	Gigasol10, Inc.	MINDANAO WIND	UPC Mindanao Wind Power Corp.	SUYO	Suyo UPC Asia Corporation
CIPP II	CIP II Power Corporation	GIGAWIND1	GigaWind1 Inc.	MONTESOL	Monte Solar Energy, Inc.	VIAGE	Viage Corporation
GIGA ACE 1	Giga Ace 1, Inc.	GIGAWIND2	GigaWind2 Inc.	MSPDC	Manapla Sun Power Development Corp.	VISAYAS RENEWABLES	Visayas Renewables Corp.
GIGA ACE 2	Giga Ace 2, Inc.	GIGAWIND3	GigaWind3, Inc.	NLR	North Luzon Renewable Energy Corp.		
GIGA ACE 3	Giga Ace 3, Inc.	GIGAWIND4	GigaWind4, Inc.	NORTHEAST	Northeast Wind Systems Corporation		
GIGA ACE 4	Giga Ace 4, Inc.	GIGAWIND5	GigaWind5, Inc.	NAREDCO	Natures Renewable Energy Development Corporation		
GIGA ACE 5	Giga Ace 5, Inc.	GIGAWIND6	GigaWind6, Inc.	NORTHPOINT	North Point Wind Power Development Corp.		
GIGA ACE 6	Giga Ace 6, Inc.	GIGAWIND7	GigaWind7, Inc.	NORTHWIND	Northwind Power Development Corp.		
GIGA ACE 7	Giga Ace 7, Inc.	GIGAWIND8	GigaWind, Inc.	OSODC	One Subic Oil Distribution Corp.		
GIGA ACE 8	Giga Ace 8, Inc.	GREENCORE3	Greencore Power Solutions 3, Inc.	OSPGC	One Subic Power Generating Corp.		
GIGA ACE 9	Giga Ace 9, Inc.	GUIMARAS WIND	Guimaras Wind Corporation (formerly, PHINMA Renewables)	PALAWAN55	Palawan55 Exploration and Production Corp.		
		HDP BULK WATER	HDP Bulk Water Supply, Inc.				

ACEN CORPORATION INTERNATIONAL BUSINESS



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

ACEN controlled companies

AC Energy controlled companies

GLOSSARY

ACRI – ACEN Renewables International Pte. Ltd.

Subsidiaries and Associates

The following table presents certain information regarding the Company's Subsidiaries and Associates as of 31 March 2023:

		Percentage of Ownership (%)			
		31 Mar 2023		31 Dec 2022	
Subsidiaries	**Principal Activities**	**Direct**	**Indirect**	Direct	Indirect
AC La Mesa Solar, Inc.	Power generation	**–**	**100**	–	100
AC Laguna Solar, Inc.	Power generation	**–**	**100**	–	100
AC Subic Solar, Inc.	Power generation	**–**	**100**	–	100
ACE Endevor, Inc.	Investment holding and management	**94**	**6**	94	6
ACE Renewables Philippines, Inc.	Investment holding	**100**	**–**	100	–
ACE Shared Services, Inc.	Shared services	**100**	**–**	100	–
ACEN Cayman Limited	International investment holding	**–**	**100**	–	100
ACEN Finance Limited	Investment holding	**100**	**–**	100	–
ACEN International, Inc.	International investment holding	**100**	**–**	100	–
ACEN Investments HK Limited	International investment holding	**–**	**100**	–	100
ACEN Renewables International Pte. Ltd.	International investment holding	**–**	**100**	–	100
ACTA Power Corporation	Coal power generation	**100**	**–**	100	–
Bataan Solar Energy, Inc.	Power generation	**–**	**100**	–	100
Bayog Wind Power Corp.	Power generation	**40**	**60**	**40**	60
Buduan Wind Energy Co, Inc.	Power generation	**–**	**100**	**–**	**100**
Buendia Christiana Holdings Corp.	Investment holding	**100**	**–**	100	–
Bulacan Power Generation Corporation	Power generation	**100**	**–**	100	–
Caraballo Mountains UPC Asia Corporation	Power generation	**–**	**100**	**–**	**100**
CIP II Power Corporation	Power generation	**100**	**–**	100	–
ENEX Energy Corp.	Oil, gas, and geothermal exploration	**75.92**	**0.4**	75.92	0.4
Giga Ace 1, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 2, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 3, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 4, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 5, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 6, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 7, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 8, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 9, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 10, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 11, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 12, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 14, Inc.	Power generation	**100**	**–**	100	–
Giga Ace 15, Inc.	Power generation	**100**	**–**	100	–
Gigasol 1, Inc.	Power generation	**–**	**100**	–	100
Gigasol 2, Inc.	Power generation	**–**	**100**	–	100

		Percentage of Ownership (%)			
		31 Mar 2023		31 Dec 2022	
Subsidiaries	**Principal Activities**	**Direct**	**Indirect**	Direct	Indirect
Gigasol 3, Inc.	Power generation	**–**	**100**	–	100
Gigasol 4, Inc.	Power generation	**100**	**–**	100	–
Gigasol 5, Inc.	Power generation	**100**	**–**	100	–
Gigasol 6, Inc.	Power generation	**100**	**–**	100	–
Gigasol 7, Inc.	Power generation	**100**	**–**	100	–
Gigasol 8, Inc.	Power generation	**100**	**–**	100	–
Gigasol 9, Inc.	Power generation	**100**	**–**	100	–
Gigasol 10, Inc.	Power generation	**100**	**–**	100	–
GigaWind1 Inc.	Power generation	**–**	**100**	–	100
GigaWind2 Inc.	Power generation	**–**	**100**	–	100
GigaWind3 Inc.	Power generation	**100**	**–**	100	–
GigaWind4 Inc.	Power generation	**100**	**–**	100	–
GigaWind5 Inc.	Power generation	**100**	**–**	100	–
GigaWind6 Inc.	Power generation	**100**	**–**	100	–
GigaWind7 Inc.	Power generation	**100**	**–**	100	–
Guimaras Wind Corporation	Wind power generation	**100**	**–**	100	–
HDP Bulk Water Supply Inc.	Water supply and distribution	**–**	**100**	–	100
Ingrid2 Power Corp.	Advisory/Consultancy	**–**	**100**	–	100
Ingrid3 Power Corp.	Advisory/Consultancy	**–**	**100**	–	100
Ingrid4 Power Corp.	Advisory/Consultancy	**100**	**–**	100	–
Ingrid5 Power Corp.	Advisory/Consultancy	**100**	**–**	100	–
Ingrid6 Power Corp.	Advisory/Consultancy	**100**	**–**	100	–
Itbayat Island UPC Asia Corporation	Power generation	**–**	**100**	**–**	**100**
Laguna Central Renewables, Inc.	Power generation	**–**	**100**	**–**	**100**
Laguna West Renewables, Inc.	Power generation	**–**	**100**	**–**	**100**
LCC Bulk Water Supply, Inc.	Water supply and distribution	**–**	**100**	–	100
Manapla Sun Power Development Corporation	Leasing and land development	**36.37**	**63.63**	36.37	63.63
MCV Bulk Water Supply Inc.	Water supply and distribution	**–**	**100**	–	100
Monte Solar Energy, Inc.	Solar power generation	**96**	**4**	96	4
Natures Renewable Energy Devt. Corporation	Power generation	**60**	**–**	60	–
Negros Island Solar Power, Inc.	Solar power generation	**–**	**60**	–	60
NorthWind Power Development Corporation	Wind power generation	**51.73**	**48.27**	51.73	48.27
One Subic Oil Distribution Corporation	Distribution of petroleum products	**100**	**–**	100	–
One Subic Power Generation Corporation	Power generation	**–**	**100**	–	100
Pagudpud Wind Power Corp.	Investment holding	**–**	**100**	–	100
Palawan55 Exploration & Production Corporation	Oil and gas exploration	**30.65**	**52.93**	30.65	52.93
Pangasinan UPC Asia Corporation	Power generation	**–**	**100**	**–**	**100**
San Carlos Solar Energy, Inc.	Solar power generation	**–**	**100**	–	100
San Julio Land Development Corporation	Leasing and land development	**–**	**100**	–	100
Santa Cruz Solar Energy, Inc.	Power generation	**–**	**100**	–	100

		Percentage of Ownership (%)			
		31 Mar 2023		31 Dec 2022	
Subsidiaries	**Principal Activities**	**Direct**	**Indirect**	Direct	Indirect
Sapat Highlands Wind Corporation	Power generation	**–**	**100**	**–**	**100**
SCC Bulk Water Supply Inc.	Water supply and distribution	**–**	**100**	–	100
Sinocalan Solar Power Corp.	Power generation	**100**	**–**	100	–
SolarAce1 Energy Corp.	Power generation	**95**	**5**	95	5
SolarAce2 Energy Corp.	Power generation	**–**	**100**	–	100
SolarAce3 Energy Corp.	Power generation	**–**	**100**	–	100
SolarAce4 Energy Corp.	Power generation	**–**	**100**	–	100
Solienda Inc.	Leasing and land development	**–**	**100**	–	100
Suyo UPC Asia Corporation	Power generation	**–**	**100**	**–**	**100**
UAC Energy Holdings Pty Ltd	Investment holding	**–**	**100**	–	100
UPC Mindanao Wind Power Corporation	Power generation	**–**	**100**	**–**	**100**
UPC-AC Energy Australia (HK) Ltd.	Power generation	**–**	**100**	–	80
Viage Corporation	Investment holding	**100**	**–**	100	–
Visayas Renewables Corp.	Investment holding	**–**	**100**	–	100

AC La Mesa Solar, Inc. was incorporated and registered with the SEC on 20 September 2016 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining and rehabilitating energy systems, to include bulk procurement, marketing and setting up of arrangement and brokerage of the same solar energy systems as necessary for the generation, transmission, distribution and sale and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities. It is a wholly-owned subsidiary of Gigasol2.

It is the holder of Solar Energy Service Contract No. 2017-05-396, pursuant to which it has the exclusive right to explore, develop, and utilize solar energy resources within a certain area in Quezon City.

AC Laguna Solar, Inc. and AC Subic Solar, Inc. were incorporated on 20 September 2016 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth. On 23 December 2019, the DOE issued respective Solar Energy Service Contracts to AC Subic Solar, Inc. and AC Laguna Solar, Inc.

ACE Endevor, Inc. ("ACE Endevor") formerly AC Energy Development, Inc., San Carlos Clean Energy, Inc. ACE Endevor was incorporated and registered with the SEC on 10 November 2014 to engage in all aspects of exploration, assessment, development and utilization of renewable and other energy resources and storage of electricity. ACE Endevor is a wholly-owned subsidiary of ACEIC, through the latter's acquisition of the former in March 2017. It is ACEIC's renewable energy development, management and operations platform. ACE Endevor wholly owns LCC Bulk Water, MCV Bulk Water, and SJLD.

ACE Renewables Philippines, Inc. ACE Renewables was incorporated and registered with the SEC on 6 April 2005 as a holding company with the primary purpose to purchase, subscribe for, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of property of every kind and description, shares of stock, bonds, debentures, notes, evidences of indebtedness, and other securities, contracts or obligations of an corporation or corporations, domestic or foreign. It is a wholly- owned subsidiary of ACEIC. ACE Renewables is a shareholder in NPDC, which developed the country's first commercial wind farm, and owns and operates the 52MW Bangui wind project in Bangui, Ilocos Norte.

ACE Shared Services, Inc. ("ACESS") ACESS was incorporated and registered with the SEC on 5 December 2019 for the primary purpose to provide a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/bookkeeping services (without engaging in the practice of accountancy), including but not limited to data entry, scanning, records management and data analysis; information technology services including but not limited to application hosting, maintenance, deployment, and technical support; procurement services including but not limited to data entry, contract preparation, contract administration services including data entry, contract preparation, contract monitoring; sales administration services including but not limited to billing and collection; human resources management including but not limited to payroll and claims processing and reimbursement; manpower related services and other related functions.

ACEN Cayman Limited (formerly AC Energy Cayman) ("ACEC") was incorporated under Cayman Islands laws on 9 December 2016 as a holding company. ACEC is one of the designated holding companies which owns ACRI.

ACEN Finance Limited ("ACEN Finance") was incorporated in the Cayman Islands on 5 August 2021 as a holding company. ACEN Finance is wholly owned by ACEN and is a shareholder of ACRI.

ACEN International, Inc. (formerly AC Energy International, Inc.; Presage Corporation) ("ACE International") was incorporated on 3 April 2007 with the primary purpose to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose real and personal property of every kind and description in particular, shares of stocks, voting trust certificate, bond, debentures, notes, evidences of indebtedness, associations, domestic or foreign, including those of the Government of the Republic of the Philippines, or any of its instrumentalities, without being a stockbroker or dealer, and to issue in exchange therefore shares of the capital stock, bonds, notes, or other obligations of the Corporation and whole the owner thereof, to exercise all the rights, powers and privileges of ownership, including the right to vote any shares of stock or voting trust certificates so owned, and to vote any shares of stock or voting trust certificate so owned, and to do every act and thing that may generally be performed by entities known as "holding companies".

On 26 April 2021, ACEIC transferred 100% of its shares of stock in ACEN International (ACEIC's 100%-owned subsidiary holding ACEIC's international business and investments) to ACEN in exchange for the issuance to ACEIC of additional Common Shares. Upon completion of the ACEIC International Transaction, ACEN acquired a portfolio of operating projects and projects under construction in Indonesia, Vietnam, and India.

ACEN Investments HK Limited (formerly ACE Investments HK Limited) ("ACE HK") was incorporated under Hong Kong laws on 4 October 2019 as a holding company. Currently, it does not hold any interest yet in any of the projects

ACEN Renewables International Pte. Ltd. (formerly AC Renewables International Pte. Ltd.) ("ACRI") was incorporated under Singapore laws on 23 May 2016 as ACEIC's then holding company for all its international (non-Philippine) projects. It has been transferred to the Company pursuant to the ACEIC International Transaction.

ACTA Power Corporation ACTA was incorporated and registered with the SEC on 9 February 2012 to engage in the business of owning, developing, constructing, operating, repairing, and maintain power generation facilities of any kind, as well as generating, marketing and selling electricity. Through a joint venture with Ayala Corporation in February 2012, ACTA is currently owned 50/50 by the Company and ACEIC. ACTA has not started commercial operations.

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

Bataan Solar is the holder of Solar Energy Service Contract No. 2017-06-410, pursuant to which it has the exclusive right to explore develop, and utilize solar energy resources within a certain area in the Municipality of Mariveles in the Province of Bataan.

Bayog Wind Power Corp. ("BWPC") was incorporated and registered with the SEC on 13 January 2010. BWPC holds WESC Nos. 2010-02-038 and 2014 06-073 issued by the DOE for the development, construction, ownership and operation of wind farms in the towns of Balaoi and Caunayan in the Province of Ilocos Norte, Philippine. Pursuant to these WESCs, BWPC intends to develop the proposed Balaoi-Caunayan wind farm. The implementation of the Balaoi-Caunayan wind farm project is governed by the Investment Framework Agreement and the Shareholders' Agreement executed by and among BWPC, ACEIC, ACE International, UPC Philippines HoldCo II B.V., and PWPC in November 2018. In 2019, ACE International transferred all of its ownership in PWPC to ACE Endevor, and ACE Endevor executed a Deed of Accession to accede to the agreements executed in relation to the Balaoi-Caunayan wind farm project.

Buduan Wind Energy Co, Inc. was incorporated on 12 January 2010 with the primary purpose to develop, undertake, implement, operate and own wind energy projects/facilities. On 18 March 2022, the Company, ACE Endevor, UPC Philippines Wind Investment Co. BV ("**UPC Philippines**"), UPC Philippine Wind Partners Ltd., and Ms. Stella Marie L. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights to the Company and ACE Endevor in, among others, Buduan Wind Energy Co, Inc. On 22 March 2022, the Company and ACE Endevor signed the relevant transfer documents with the sellers and thereby completed the acquisition.

Buendia Christiana Holdings Corp. ("BCHC") BCHC was incorporated and registered with the SEC on 10 May 2019 as a holding company. On 12 December 2019, ACEN entered into a subscription agreement BCHC to subscribe to the increase in authorized capital stock of BCHC, thereby becoming a wholly-owned subsidiary of ACEN. BCHC is intended to be the landholding company of ACEN.

Bulacan Power Generation Corporation ("BPGC"), formerly PHINMA Power Generation Corporation and Trans- Asia Power Generation Corporation. BPGC was incorporated and registered on 18 March 1996 to build, construct, erect, own, equip, install, operate, maintain, sell, lease power generation plants, facilities, machineries, equipment and to sell any electricity generated by such power plants. ACEN formed then BPGC in a joint venture with Holcim (Philippines), Inc. ("Holcim") until the Company purchased Holcim's 50% stake in BPGC on 1 January 2013. It is involved in the operation and maintenance of a 52 MW power generation plant, including the related facilities, machinery and equipment. BPGC owns OSPGC, which was incorporated and registered with the SEC on 4 August 2010 to engage in the business of owning, constructing, operating, developing and maintaining all types of power generation plants. OSPGC started its operation on 17 February 2011. On 12 May 2014, BPGC purchased from Udenna Energy Corporation the entire outstanding shares of stock of OSPGC, the lessee and operator of the 116MW Subic Diesel Generator Power Plant.

Caraballo Mountains UPC Asia Corporation was incorporated on 12 October 2012 with the primary purpose to provide a means and method for wind resource and carbon credit assessment, quantification and evaluation; to conduct scientific research, development, investigation, study, experiments, and test in the optimal utilization of wind resources as well as applications for Clean Development Mechanism and carbon credits; to construct, install, erect and maintain edifices, structures, machinery and equipment necessary for wind resource assessment and development; to employ technicians, experts and engineers in every branch of scientific skill and endeavor, and to initiate, direct, and supervise their efforts in research, surveys and investigations in the field of wind resource technology as well as Clean Development Mechanism and carbon credits; to acquire, purchase, own, lease, and sub-lease public or private land, and to apply for, obtain and secure franchises, permits and licenses as may be necessary or incidental to the conduct of the foregoing purposes. On 18 March 2022, the Company, ACE Endevor, UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Stella Marie L. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights to the Company and ACE Endevor in, among others, Caraballo Mountains UPC Asia Corporation. On 22 March 2022, the Company and ACE Endevor signed the relevant transfer documents with the sellers and thereby completed the acquisition.

CIP II Power Corporation ("CIPP") CIPP was incorporated and registered with the SEC on 2 June 1998 to construct, erect, assemble, commission, operate, maintain and rehabilitate gas turbine and other power generating plants. It was then registered with the PEZA on 23 June 1998, as an ecozone utilities enterprise. On 28 December 2006, the Company purchased 100% of the shares of stock of CIPP from Ascendas Utilities PTE Limited, a Singaporean corporation. CIPP operated a 21MW Bunker C-fired power plant in Carmelray Industrial Park II (CIP II) Special Economic Zone in Calamba City, Laguna and was the sole provider of power in the industrial park. In December 2010, CIPP's Board of Directors approved the transfer of the power plant from Laguna to Bacnotan, La Union. The power plant was successfully transferred to La Union and started commercial operations on 17 January 2013.

ENEX Energy Corp., (formerly ACE Enexor, Inc., PHINMA Petroleum and Geothermal, Inc., Trans-Asia (Karang Besar) Petroleum Corporation, and Trans-Asia Petroleum Corporation (TAPET)) was incorporated and registered with the SEC on 28 September 1994 to engage in the business of oil exploration and well development. It was listed with the PSE on 28 August 2014 using TAPET as its ticker symbol. ENEX is engaged in oil exploration and well development. On 31 May 2017, it amended its Articles of Incorporation to change its name from Trans-Asia Petroleum Corporation to PHINMA Petroleum and Geothermal, Inc., using "PPG" as its stock ticker symbol, to reflect the company's expansion into geothermal exploration. On 11 November 2019, it amended its Articles of Incorporation to change its name to ACE Enexor, Inc., using "ACEX" as its stock ticker symbol, to reflect the change in ownership at ACEN. On 9 November 2022, it further amended its Articles of Incorporation to change its name to AENEX Energy Corp., using "ENEX" as its stock ticker symbol.

Giga Ace 1, Inc. Giga Ace 1 was incorporated and registered with the SEC on 14 November 2019 as a holding company for renewable energy and other corporations. Giga Ace 1 is the entity designated by ACEN to hold the PWHC shares acquired from PINAI.

Giga Ace 2, Inc. Giga Ace 2 was incorporated and registered with the SEC on 14 November 2019 as a holding company for renewable energy and other corporations. Giga Ace 2 is the entity designated by ACEN to hold the SacaSol shares acquired from PINAI.

Giga Ace 3, Inc. Giga Ace 3 was incorporated and registered with the SEC on 14 November 2019 as a holding company for renewable energy and other corporations. Giga Ace 3 is the entity designated by ACEN to hold the IslaSol shares acquired from PINAI.

Giga Ace 4, Inc., **Giga Ace 5, Inc.**, **Giga Ace 6, Inc.**, **Giga Ace 7, Inc.**, **Giga Ace 8, Inc.**, **Giga Ace 9, Inc.**, and **Giga Ace 10, Inc.**, are all project holding companies incorporated on 14 November 2019 with the primary purpose to carry on the general business of generating, marketing, selling and supplying energy derived from coal, natural gas, fuel, diesel, gas turbine, steam power plant, fossil fuel, renewable energy sources (including but not limited to hydro, wind, solar, biomass, geothermal, or ocean/tidal), and other viable sources of power; to develop, construct, install, build, commission, operate, own, maintain, rehabilitate, operate, manage, lease and transfer power generating plants and related facilities, for both renewable and non-renewable energy sources, and other generating plants of any type and technology and related facilities; to engage in the business of a retail electricity supplier and energy consolidator or aggregator including sourcing, selling, brokering, marketing and aggregating of electricity to the end-user; and to provide related services such as those necessary or appropriate in connection with the foregoing, to such an extent and in such manner as may be permitted by applicable law and provided that it shall not operate as a public utility. GigaAce4, Inc. is the owner and operator of a 40MW battery energy storage system in Alaminos, Laguna.

Giga Ace 11, Inc. and Giga Ace 12, Inc. are project holding companies incorporated on 26 October 2021 with the primary purpose to carry on the general business of generating, marketing, selling and supplying energy derived from coal, natural gas, fuel, diesel, gas turbine, steam power, fossil fuel, renewable energy sources (including but not limited to hydro, wind, solar, biomass, geothermal, or ocean/tidal), and other viable sources of power including the importation of materials of the raw materials and equipment necessary to perform such purpose; to develop, construct, install, build, commission, operate, own, maintain, rehabilitate, operate, manage, lease and transfer power generating plants and related facilities, for both renewable and non-renewable energy sources, including energy storage systems and other generating plants of any type and technology and related facilities; to engage in the business of a retail electricity supplier and energy consolidator or aggregator including sourcing, selling, brokering, marketing and aggregating of electricity to the end-user; and to provide related services such as those necessary or appropriate in connection with the foregoing, to such an extent and in such manner as may be permitted by applicable law and provided that it shall not operate as a public utility.

Giga Ace 14, Inc. and Giga Ace 15, Inc. are project holding companies incorporated on 28 October 2021 with the primary purpose to carry on the general business of generating, marketing, selling and supplying energy derived from coal, natural gas, fuel, diesel, gas turbine, steam power, fossil fuel, renewable energy sources (including but not limited to hydro, wind, solar, biomass, geothermal, or ocean/tidal), and other viable sources of power including the importation of materials of the raw materials and equipment necessary to perform such purpose; to develop, construct, install, build, commission, operate, own, maintain, rehabilitate, operate, manage, lease and transfer power generating plants and related facilities, for both renewable and non-renewable energy sources, including energy storage systems and other generating plants of any type and technology and related facilities; to engage in the business of a retail electricity supplier and energy consolidator or aggregator including sourcing, selling, brokering, marketing and aggregating of electricity to the end-user; and to provide related services such as those necessary or appropriate in connection with the foregoing, to such an extent and in such manner as may be permitted by applicable law and provided that it shall not operate as a public utility.

Gigasol1, Inc., Gigasol2, Inc. and Gigasol3, Inc. were incorporated on 13 March 2017 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth.

Gigasol3, Inc. developed the 63.005MWdc Gigasol3 Solar Power Plant in of Palauig, Zambales pursuant to SEOC No. 2020-02-560. The solar plant is currently commercially operating under a PAO issued by the ERC on 23 June 2021.

Gigasol4, Inc. was incorporated on 26 May 2021 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth.

Gigasol5, Inc. and Gigasol7, Inc. were incorporated on 12 April 2021 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth.

Gigasol6, Inc. was incorporated on 3 June 2021 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth.

Gigasol8, Inc., Gigasol9, Inc., and Gigasol10, Inc. were incorporated on 11 November 2021 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, geothermal, ocean/tidal and solar energy, including operating, managing, maintaining, and rehabilitating energy systems and energy storage systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth.

GigaWind1 Inc. and GigaWind2 Inc. were incorporated on 14 October 2019 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth. On 11 January 2021, the DOE issued Wind Energy Service Contract No. 2020-09-116 in favor of GigaWind1.

On 25 August 2021, the DOE issued Wind Energy Service Contract No. 2021-07-116 in favor of GigaWind2.

GigaWind3 Inc. and GigaWind5 Inc. were incorporated on 12 April 2021 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth. On 31 August 2021, the DOE issued Wind Energy Service Contract No. 2021-08-168 in favor of GigaWind5.

GigaWind4 Inc. was incorporated on 7 June 2021 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth.

GigaWind6, Inc. was incorporated on 16 March 2022 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth.

GigaWind7, Inc. was incorporated on 23 June 2022 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth.

Guimaras Wind Corporation ("GWC"), formerly PHINMA Renewable Energy Corporation and Trans-Asia Renewable Energy Corporation. GWC was incorporated and registered with the SEC on 2 September 1994 to engage in the development and utilization of renewable sources of energy. It presently operates and maintains the 54 MW Wind Farm in San Lorenzo, Guimaras.

HDP Bulk Water Supply Inc. HDP Bulk Water was incorporated and registered with the SEC on 20 October 2017 to engage in the business of extraction, generation, supply and distribution of water. HDP Bulk Water supplies water to San Carlos Bioenergy, Inc. under a Water Supply Contract executed on 31 October 2006, which was assigned to HDP Bulk Water on 11 December 2017.

Ingrid2 Power Corp and Ingrid3 Power Corp. were incorporated on 14 October 2019 with the primary purpose to own, operate, manage, maintain, and rehabilitate energy system and projects, to provide services, including advisory and consultancy services, in relation to energy projects, and in such other activities related thereto, and to acquire and/or lease land, and franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purpose set forth.

Ingrid4 Power Corp. was incorporated on 27 January 2021 with the primary purpose to own, operate, manage, maintain, and rehabilitate energy system and projects, to provide services, including advisory and consultancy services, in relation to energy projects, and in such other activities related thereto, and to acquire and/or lease land, and franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purpose set forth.

Ingrid5 Power Corp. was incorporated on 12 April 2021 with the primary purpose to own, operate, manage, maintain, and rehabilitate energy system and projects, to provide services, including advisory and consultancy services, in relation to energy projects, and in such other activities related thereto, and to acquire and/or lease land, and franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purpose set forth.

Ingrid6 Power Corp. was incorporated on 9 March 2021 with the primary purpose to own, operate, manage, maintain, and rehabilitate energy system and projects, to provide services, including advisory and consultancy services, in relation to energy projects, and in such other activities related thereto, and to acquire and/or lease land, and franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purpose set forth.

Itbayat Island UPC Asia Corporation was incorporated on 14 June 2006 with the primary purpose to provide a means and method for wind resource and carbon credit assessment, quantification and evaluation; to conduct scientific research, development, investigation, study, experiments, and test in the optimal utilization of wind resources as well as applications for Clean Development Mechanism and carbon credits; to construct, install, erect and maintain edifices, structures, machinery and equipment necessary for wind resource assessment and development; to employ technicians, experts and engineers in every branch of scientific skill and endeavor, and to initiate, direct, and supervise their efforts in research, surveys and investigations in the field of wind resource technology as well as Clean Development Mechanism and carbon credits; to acquire, purchase, own, lease, and sub-lease public or private land, and to apply for, obtain and secure franchises, permits and licenses as may be necessary or incidental to the conduct of the foregoing purposes. On 29 July 2021, the DOE issued Wind Energy Service Contract No. 2021-07-166 in favor of Itbayat Island UPC Asia Corporation. On 18 March 2022, the Company, ACE Endevor, UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Stella Marie L. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights to the Company and ACE Endevor in, among others, Itbayat Island UPC Asia Corporation. On 22 March 2022, the Company and ACE Endevor signed the relevant transfer documents with the sellers and thereby completed the acquisition.

Laguna Central Renewables, Inc. and Laguna West Renewables, Inc. were incorporated on 17 November 2016 with the primary purpose to develop, construct, own, and operate renewable energy projects, transmission lines and towers in the Philippines for the purpose of generation and sale of electric power, and in connection therewith, to construct, install, erect, maintain, import or export edifices, structures, machinery and equipment necessary for the generation and sale of electric power; to employ (among others) technicians, experts and engineers in every branch of scientific skill and endeavor; to acquire, purchase, own, lease, and sub-lease real and other property; and to apply for, obtain and secure franchises, permits and licenses as may be necessary or incidental to the conduct of the foregoing purposes. On 20 December 2019, the DOE issued Solar Energy Service Contract No. 2017-08-443 and Solar Energy Service Contract No. 2019-11-542 to Laguna West Renewables, Inc. and Laguna Central Renewables, Inc., respectively. On 18 March 2022, the Company, ACE Endevor, UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Stella Marie L. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights to the Company and ACE Endevor in, among others, Laguna Central Renewables, Inc. and

Laguna West Renewables, Inc. On 22 March 2022, the Company and ACE Endevor signed the relevant transfer documents with the sellers and thereby completed the acquisition.

LCC Bulk Water Supply, Inc. and MCV Bulk Water Supply, Inc. were incorporated on 21 January 2014 with the primary purpose to engage in the business of collecting, purification, and distribution of water.

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

Monte Solar Energy, Inc. ("MONTESOL") MonteSol was incorporated and registered with the SEC on 25 July 2014 with the primary purpose to carry on the business of exploring, developing and utilizing renewable energy resources, such as but not limited to biomass, biogas, hydropower, wind, solar energy, including operating, managing, maintaining and rehabilitating solar energy systems, to include bulk procurement, marketing and setting up of arrangement and brokerage of the same solar energy systems as necessary for the generation, transmission, distribution and sale and delivery of electricity to domestic, commercial, industrial users or distribution companies. MonteSol owns and operates an 18 MWdc solar power plant at Bais, Negros Oriental, which obtained a COC-FIT from the ERC and entitled it to Feed-In Tariff for a period of 20 years.

Natures Renewable Energy Devt. (NAREDCO) Corporation ("**NAREDCO**") was incorporated on 25 June 2015 with the primary purpose to generate power through the use of renewable energy resources such as but not limited to wind, solar, ocean, and biomass energy. NAREDCO is the holder of Solar Energy Service Contract No. 2016-03-294 pursuant to which it has the exclusive right to explore develop, and utilize solar energy resources within a certain area in Lal-lo, Cagayan.

Negros Island Solar Power, Inc. ("ISLASOL") IslaSol was incorporated and registered with the SEC on 5 November 2014 with the primary purpose to carry on the business of exploring, developing and utilizing renewable energy resources, such as but not limited to biomass, biogas, hydropower, wind, solar energy, including operating, managing, maintaining and rehabilitating solar energy systems, to include bulk procurement, marketing and setting up of arrangement and brokerage of the same solar energy systems as necessary for the generation, transmission, distribution and sale and delivery of electricity to domestic, commercial, industrial users or distribution companies. IslaSol owns a 32 MWdc solar farm in La Carlota City, Negros Occidental and a 48 MWdc solar farm in Manapla, Negros Occidental, which began their commercial operations on 29 March 2016 and 8 March 2016, respectively, and are currently dispatching their full capacity to the grid.

NorthWind Power Development Corporation ("NPDC") NPDC was incorporated and registered on 15 June 2000 with a purpose to engage in the generation of electricity from renewable energy sources. NPDC developed the country's first commercial wind farm, owns and operates the 52 MW Northwind Power in Bangui, Ilocos Norte. Phase I of Northwind Power consists of 15 wind turbines and started commercial operation in June 2005. Phase II of Northwind Power was completed in August 2008 and added five more wind turbines bringing total capacity to 33 MW. Finally, Phase III of Northwind Power added six more new wind turbines with a total installed capacity of 19 MW and was completed in October 2014.

One Subic Oil Distribution Corporation ("OSODC"), formerly Trans-Asia Gold and Minerals Development Corporation. OSODC was incorporated and registered with the SEC on 2 July 2007 to engage in the business of mining and mineral exploration within the Philippines and other countries. Effective March 2009, OSODC suspended its exploration activities. On 20 September 2017, the SEC approved the change of name from “Trans-Asia Gold and Minerals Development Corporation” to “One Subic Oil Distribution Corp.” and the amended primary purpose of OSODC, which is to engage in the fuel oil importation and distribution business. OSODC has not started commercial operations.

One Subic Power Generation Corporation (“OSPGC”) was incorporated on 4 August 2010 with the primary purpose to engage in the business of owning, constructing, operating, developing and maintaining all types of power generation plants, including those utilizing hydro, thermal, fossil fuel, renewable energy and/or a combination of power sources; and to act as holding company or joint venture partner or investor in the business of owning and/or developing and operating all types of power generation plants. On 19 June 2017, the SEC approved the amended of its Articles of Incorporation to include as its primary purpose to deal in, explore, discover, develop, store, hold, use, treat, experiment with smelt, refine blend, package, prepare for market, purchase, import, buy, sell, export, handle, trade, exchange, transport, exploit, extract, process, and dispose of any and all kinds of petroleum and petroleum oil, and related petroleum products, including natural gas, natural gas liquids, fuel minerals and other minerals or whatever nature, whether similar or dissimilar thereto, their product derivatives and other minerals and chemical substances, in crude or refined condition. OSPGC operates a 120MW diesel power plant located in the Subic Bay Freeport Zone.

Pagudpud Wind Power Corp. (“PWPC”) was incorporated and registered with the SEC on 9 December 2009 as a holding company for renewable energy and other corporations. PWPC is a wholly-owned subsidiary of ACE Endevor, and is the parent company of BWPC, which is the project company for the proposed Balaoi-Caunayan wind farm in Ilocos Norte.

Palawan55 Exploration & Production Corporation (“Palawan55”) Palawan55 was incorporated and registered with the SEC on 16 November 2012 to engage in the business of exploration, prospecting, discovery, development, extraction, production and exploitation of crude oil, natural gas, natural gas liquids and other forms of petroleum, the products and by-products thereof and to process, manufacture, refine prepare for market, buy, sell, and transport or otherwise deal in same in crude, raw or refined condition. It is a 69.35% owned subsidiary of ENEX. Palawan55 owns a 75% interest in SC 55. The corporation has not started commercial operations.

ACE Shared Services, Inc. (“ACESS”) ACESS was incorporated and registered with the SEC on 5 December 2019 for the primary purpose to provide a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/bookkeeping services (without engaging in the practice of accountancy), including but not limited to data entry, scanning, records management and data analysis; information technology services including but not limited to application hosting, maintenance, deployment, and technical support; procurement services including but not limited to data entry, contract preparation, contract administration services including data entry, contract preparation, contract monitoring; sales administration services including but not limited to billing and collection; human resources management including but not limited to payroll and claims processing and reimbursement; manpower related services and other related functions.

Pangasinan UPC Asia Corporation was incorporated on 1 September 2006 with the primary purpose to provide a means and method for wind resource and carbon credit assessment, quantification and evaluation; to conduct scientific research, development, investigation, study, experiments, and test in the optimal utilization of wind resources as well as applications for Clean Development Mechanism and carbon credits; to construct, install, erect and maintain edifices, structures, machinery and equipment necessary for wind resource assessment and development; to employ technicians, experts and engineers in every branch of scientific skill and endeavor, and to initiate, direct, and supervise their efforts in research, surveys and investigations in the field of wind resource technology as well as Clean Development Mechanism and carbon credits; to acquire, purchase, own, lease, and sub-lease public or private land, and to apply for, obtain and secure franchises, permits and licenses as may be necessary or incidental to the conduct of the foregoing purposes. On 23 December 2019, the DOE issued Wind Energy Service Contract No. 2017-10-119 in favor of Pangasinan UPC Asia Corporation. On 18 March 2022, the Company, ACE Endevor, UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Stella Marie L. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights to the Company and ACE Endevor in, among others, Pangasinan UPC Asia Corporation. On 22 March 2022, the Company and ACE Endevor signed the relevant transfer documents with the sellers and thereby completed the acquisition.

San Carlos Solar Energy, Inc. ("SACASOL") SacaSol was incorporated and registered with the SEC on 17 April 2013 with the primary purpose to carry on the business of exploring, developing and utilizing renewable energy resources, such as but not limited to biomass, biogas, hydropower, wind, solar energy, including operating, managing, maintaining and rehabilitating solar energy systems, to include bulk procurement, marketing and setting up of arrangement and brokerage of the same solar energy systems as necessary for the generation, transmission, distribution and sale and delivery of electricity to domestic, commercial, industrial users or distribution companies. SacaSol owns and operates the 22MWdc and the 23MWdc solar power plants in San Carlos City, Negros Occidental, which were each issued a COC-FIT from the ERC. By virtue of the COC-FITs, they were awarded FIT for 20 years.

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

Santa Cruz Solar Energy, Inc. ("SCSE") was incorporated on 13 July 2016 with the primary purpose to carry on the business of exploration, development, and utilization of renewable energy projects; operating, managing, maintaining and rehabilitating renewable energy systems, including bulk procurement, marketing and setting up of arrangements and brokerage of the same renewable energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial and industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, of for the purpose set forth.

Sapat Highlands Wind Corporation was incorporated on 8 April 2010 with the primary purpose to develop, undertake, implement, operate and own wind energy projects/facilities. On 18 March 2022, the Company, ACE Endevor, UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Stella Marie L. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights to the Company and ACE Endevor in, among others, Sapat Highlands Wind Corporation. On 22 March 2022, the Company and ACE Endevor signed the relevant transfer documents with the sellers and thereby completed the acquisition.

SCC Bulk Water Supply Inc. SCC Bulk Water was incorporated and registered with the SEC on 9 September 2015, with the primary purpose to engage in the collection, purification and distribution of water in Negros Occidental. On 18 December 2017, ACEN International acquired 100% interest in SCC Bulk Water. On 1 October 2019, ACEN International transferred its ownership in SCC Bulk Water to ACE Endevor. It has obtained the contract for the supply and distribution of water to San Carlos Biopower, Inc.

Sinocalan Solar Power Corp. ("**SSPC**") was incorporated on 27 April 2021 with the primary purpose to carry on the general business of developing, constructing and or operating solar power plants, and generating, transmitting, and/or supplying energy derived from solar power, except construction of defense-related works. SSPC is the holder of Solar Energy Operating Contract No. 2021-11-597 pursuant to which it is developing a ~60MWp solar power plant in San Manuel, Pangasinan.

SolarAce1 Energy Corp. and SolarAce2 Energy Corp. were incorporated on 20 March 2017 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth. SolarAce1 Energy Corp. developed the 120.326MWdc Alaminos Solar Power Plant in Alaminos, Laguna by virtue of Solar Energy Operating Contract ("SEOC") No. 2020-11-572 The solar plant is currently commercially operating under a Provisional Authority to Operate ("PAO") issued by the ERC on 18 August 2021.

SolarAce3 Energy Corp. and SolarAce4 Energy Corp. was incorporated on 14 October 2019 with the primary purpose to carry on the business of exploring, developing, and utilizing renewable energy resources, such as but not limited to, biomass, biogas, hydropower, wind, and solar energy, including operating, managing, maintaining, and rehabilitating energy systems, to include bulk procurement, marketing, and setting up of arrangement and brokerage of the same energy systems as necessary for the generation, transmission, distribution, sale, and delivery of electricity to domestic, commercial, industrial users or distribution companies, and the acquisition and/or lease of franchises from private and/or government entities and such other rights and activities incidental thereto, or for the purposes set forth. On 29 April 2022, the DOE issued Solar Energy Operating Contract No. 2022-04-617 in favor of SolarAce3 Energy Corp.

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

Suyo UPC Asia Corporation was incorporated on 3 November 2006 with the primary purpose to provide a means and method for wind resource and carbon credit assessment, quantification and evaluation; to conduct scientific research, development, investigation, study, experiments, and test in the optimal utilization of wind resources as well as applications for Clean Development Mechanism and carbon credits; to construct, install, erect and maintain edifices, structures, machinery and equipment necessary for wind resource assessment and development; to employ technicians, experts and engineers in every branch of scientific skill and endeavor, and to initiate, direct, and supervise their efforts in research, surveys and investigations in the field of wind resource technology as well as Clean Development Mechanism and carbon credits; to acquire, purchase, own, lease, and sub-lease public or private land, and to apply for, obtain and secure franchises, permits and licenses as may be necessary or incidental to the conduct of the foregoing purposes. On 18 March 2022, the Company, ACE Endevor, UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Stella Marie L. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights to the Company and ACE Endevor in, among others, Suyo UPC Asia Corporation. On 22 March 2022, the Company and ACE Endevor signed the relevant transfer documents with the sellers and thereby completed the acquisition.

UAC Energy Holdings Pty Ltd was incorporated on 8 April 2020 as an Australian proprietary company under the laws of Australia and is engaged in investment holding activities.

The shares in UAC Holdings are owned by ACEN Australia Pte. Ltd. (75%) and by ACEN Australia Pty. Ltd. (25%). UAC Holdings is a holding company for ACEN and ACEN Australia's interests in Infigen, a previously publicly-listed corporation. The ownership in Infigen has been divested and UAC Holdings is currently a dormant company.

UPC Mindanao Wind Power Corp. was incorporated on 18 March 2021 with the primary purpose to engage in power generation under the Renewable Energy Law. On 18 March 2022, the Company, ACE Endevor, UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Stella Marie L. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights to the Company and ACE Endevor in, among others, UPC Mindanao Wind Power Corp. On 22 March 2022, the Company and ACE Endevor signed the relevant transfer documents with the sellers and thereby completed the acquisition.

UPC-AC Energy Australia (HK) Ltd. was incorporated under Hong Kong laws on 2 May 2018 and is engaged in investment holding activities.

On 1 February 2023, ACRI completed its acquisition of 100% of the shares in UPC-ACE Australia HK. UPC-ACE Australia HK is a holding company for ACEN's projects in Australia.

Viage Corporation Viage was incorporated and registered with the SEC on 22 August 2005 as holding company to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose real and personal property of every kind in particular, shares of stock, voting trust certificates, bonds, debentures, notes, evidences of indebtedness association, domestic or foreign, including those of the Government of the Philippines, or any of its instrumentalities, without being a stockbroker or dealer. Viage is a shareholder in NPDC, which developed the country's first commercial wind farm, and owns and operates the 52MW wind farm in Bangui, Ilocos Norte.

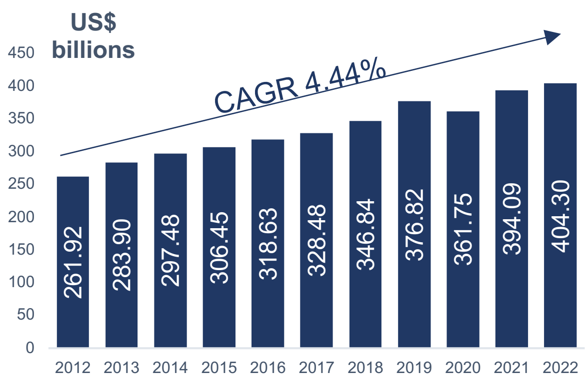
Visayas Renewables Corp. ("VRC"), formerly Bronzeoak Clean Energy Inc. VRC was incorporated and registered with the SEC on 24 June 2015 with a primary purpose to evaluate, examine, license, purchase, promote, develop, engage, and market in whole or in part in the manufacture and sale of electric current, biofuels and other utilities of any kind and character. It is currently a holding company co-owning shares in SacaSol, IslaSol and MonteSol.

Certain information, market data, industry forecasts and other data used in this Prospectus were obtained or derived from internal surveys, market research, governmental data, publicly available information and/or industry publications. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information are not guaranteed and have not been independently verified by the Issuer and the Underwriters. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer and the Underwriters make any representation or warranty, express or implied, as to the accuracy or completeness of such information. In addition, such information may not be consistent with other information compiled within or outside the Philippines.

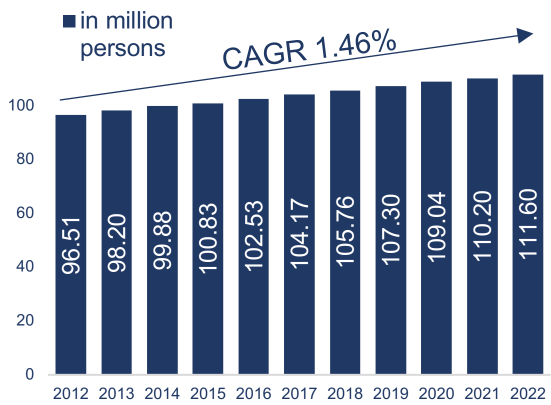
PHILIPPINES

According to the IMF, the Philippines is the 39th largest economy in the world in terms of nominal gross domestic product ("**GDP**") as of 2022. Based on data released by the Bangko Sentral ng Pilipinas ("**BSP**"), GDP reached U.S.$404.3[47] billion in 2022, representing a 7.6% year-on-year growth which is above the Development Budget and Coordination Committee's (DBCC) target of 6.5% to 7.5% for the year.

Annual Nominal GDP (2010–2022) [48]



Population (2010–2022) *[49]*



According to National Economic and Development Authority ("**NEDA**") Secretary Arsenio M. Balisacan, the robust performance in the fourth quarter reflected strong domestic demand, with three-fourths contributed by Household Consumption. Further reflecting a solid rebound in consumer and investor confidence in the post-pandemic economy are the improvements in labor market conditions, increased tourism, "revenge" and holiday spending, and resumption of face-to-face classes.

The country's Gross National Income ("**GNI**"), meanwhile, posted a growth of 9.9%[50] for full-year 2022. BSP reported that personal remittances, which accounted for 8.9% of the GDP and 8.4% of GNI, increased by 3.6% to a record high of U.S.$36.14 billion in 2022, higher than the precious all-time high of U.S.$34.88 billion in 2021. Relatedly, the Net Primary Income ("**NPI**") from the Rest of the World, which accounted for 5.7% and 5.4% of GNI and GDP, respectively, accelerated by 77.3% for full-year 2022.

47 BSP (20 April 2023). Selected Economic and Financial Indicators.
48 International Monetary Fund, Gross Domestic Product at constant 2018 prices - Philippines
49 International Monetary Fund, Population - Philippines
50 Philippine Statistics Authority, National Accounts at constant 2018 prices

Net Foreign Direct Investments ("**FDI**")[51] for 2022 stood at U.S.$9.12 billion, lower than U.S.$11.98 billion registered in 2021. Gross placements of equity capital were mostly from Singapore, Japan, and the U.S. and were channeled primarily to manufacturing, real estate, and information and communication industries in the last quarter of 2022. Net Foreign Portfolio Investments ("**FPI**"),[52] meanwhile, reversed to U.S.$1.9 billion net inflows from the recorded U.S.$1.3 billion net outflows in 2021. The net inflows stemmed primarily from non-residents' net placements in long-term bonds issued by the government.

The country's full-year 2022 Balance of Payments ("**BOP**") position recorded a deficit of U.S.$7.3 billion, a reversal from the U.S.$1.3 billion surplus in 2021.[53] This was attributable to higher current account deficit which in turn resulted from the widening of the trade in goods deficit due to the continued outpacing of growth in imports versus that of exports. The financial account, on the other hand, posted higher net inflows of U.S.$12.6 billion in 2022, up 95.3% from U.S.$6.4 billion net inflows in 2021, mainly due to the reversal of the portfolio investment account to net inflow. The increase in net inflows, however, was muted by the 45.5% decrease in net inflows of FDIs and 13.6% decline in net inflows from other investments.

According to the BSP, the Gross International Reserves ("**GIR**") as of end-December 2022 stood at U.S.$96.1 billion, lower than the U.S.$108.8 billion level registered as of end-December 2021. The decrease mainly reflected the central bank's net foreign exchange operations, downward valuation adjustments in the BSP's foreign currency-denominates reserves (or non-gold reserves), and the government's payments of its foreign currency debt obligations. The end-December 2022 level adequately covered 7.2 months' worth of imports of goods and payments of services and primary income. This level was equivalent to 5.8 times the country's short-term external debt based on original maturity, and 3.8 times based on residual maturity.

For 2022, the Philippines population increased by 1.2% year-on-year to 111.6 million, with life expectancy at birth remaining at 71 years.

Economic Outlook

In its February 2023 Monetary Policy Report, the BSP sets its baseline inflation forecasts for 2023 and 2024 to 6.1% and 3.1%, respectively. The 2023 forecast was adjusted upwards due to higher-than-expected inflation results in the fourth quarter of 2022, and due to elevated prices of food, utilities and transport, and were offset partly by lower global crude oil prices, currency appreciation, and impact of policy rate adjustments. The upward adjustment likewise priced in a faster GDP growth outlook for 2023. GDP growth is projected to be well within DBCC's target range of 6.0% to 7.0% for 2023, but with a slower expected growth in 2024 due to weaker global prospects and impact of cumulative policy rate adjustments of the BSP in 2022 to 2023.

Regulatory Framework

Further discussion on Primary Regulatory Agencies can be found under "*Regulatory Framework*".

Renewable Portfolio Standards

On 22 December 2017, the DOE issued Department Circular No. DC2017-12-0015 Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for On-Grid (the "**RPS Rules**"). The RPS Rules mandates electric power industry participants to source or produce a specified portion of their electricity requirements from eligible RE resources in order to encourage

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[51] BSP, Net Foreign Direct Investments - Preliminary Statistics
[52] BSP, Report on Economic and Financial Developments – Fourth Quarter 2022
[53] BSP, Balance of Payments Report - 4th Quarter 2022

development of indigenous and environmentally friendly energy sources. Under the RPS Rules, the mandated participants include:

1. Distribution Utilities for the captive customers;

2. RES for contestable customers;

3. Generating Companies to the extent of the demand of their actual supply to their directly-connected customers; and

4. Other entities as may be recommended by the NREB and approved by the DOE.

The RPS Rules established the minimum annual RPS requirement. This pertains to the RE share of electricity coming from RE resources in the energy mix shall be based on an aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE.

The RPS Rules also established the minimum annual incremental RE percentage. This is initially set at 1% to be applied to the net electricity sales of the mandated participant for the previous year, and thereafter adjusted by the DOE as may be necessary.

For the purpose of compliance with the RPS Rules for On-Grid Areas, the eligible RE facilities utilizing the following technologies and resources shall be:

1. Biomass;
2. Waste-to-energy technology;
3. Wind energy;
4. Solar energy;
5. Run-of-river hydroelectric power systems;
6. Impounding hydroelectric power systems;
7. Ocean energy;
8. Hybrid systems as defined in the RE Act with respect to the RE component;
9. Geothermal energy; and
10. Other RE technologies that may be later identified by the DOE,

provided that, the RE facilities utilizing these technologies to be eligible under RPS compliance and Renewable Energy Certificates ("**RECs**") attribution, they shall have been in commercial operations after the effectivity of the RE Act in 2008.

The RPS Rules enabled the creation of an RE Market where mandated participants comply with the minimum annual RPS requirement through the allocation, generation, purchase, or acquisition, generation from net metering arrangements, of RECs. One certificate represents one MWh of generation produced from a registered eligible RE facility.

On 18 July 2018, pursuant to the Renewable Energy Act of 2008, the DOE issued Department Circular No. DC2018-07-0019 Promulgating the Rules and Guidelines Governing Establishment of the Green Energy Option Program ("**GEOP**") setting the guidelines for end-users, RE suppliers and network service providers in facilitating the option taken by the end-users to choose RE resources as sources of their energy. The GEOP gives end-users various options to contribute in the development and utilization of RE resources by allowing and empowering the end-users to choose RE resources. The GEOP is not regulated and is intended to develop and promote the increased utilization of indigenous and environmentally-friendly sources of energy.

On 24 August 2018, the DOE issued Department Circular No. DC2018-08-0024 Promulgating the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards for Off-Grid Areas in order to contribute to the growth of the RE industry in the Off-Grid and Missionary Areas by mandating electric power industry participants to source or produce a specified portion of their electricity requirements from eligible RE resources. Mandated participants, which include generation companies and distribution utilities, may be held liable for administrative and criminal sanctions in case of non-compliance or violation of this rule.

On 22 December 2020, the DOE issued an advisory imposing a moratorium of endorsements for greenfield coal-fired power generation facility projects effective 27 October 2020 to improve energy sustainability, reliability, flexibility, promote new technologies, and achieve an optimal energy mix.

On 3 November 2021, the DOE issued Department Circular No. DC2021-11-0036 Providing the Revised Guidelines for the Green Energy Auction Program ("**GEAP**") in the Philippines. The GEAP Guidelines was promulgated to support and/or facilitate immediate and timely investments in new or additional RE capacities to ensure provision or adequate supply and competitive rates, support the development of new RE projects under a competitive process and long-term contracts, and give preference to RE sources for a cleaner and sustainable environment, among others. The GEAP Guidelines also established the Green Energy Auction which provided a mechanism to facilitate the selection of eligible RE plants through a competitive process or auction. In March 2023, DOE announced that it is eyeing 11,160 MW of RE under the GEAP from 2024 to 2026.[54] Proposed installation targets of 3,590 MW in 2023, 3,630 MW in 2025 and 4,390 MW in 2026, which will involve RE resurces, including ground-mounted solar, rood-mounted solar, onshore wind, and biomass.

Retail Competition and Open Access

The EPIRA mandates the implementation of open access to distribution network so that the benefits of competition in the generation/supply sector could reach qualified consumers. The implementation of the retail competition and open access paved the way to the creation of the new segment in the power industry which is the RES.

Retail competition and open access allows contestable customers (*i.e.*, industries, commercial establishments and residential users) to choose their respective retail electricity supplier which could offer the most reasonable cost and provide the most efficient service. Further discussion on RCOA can be found under "*Regulatory Framework*".

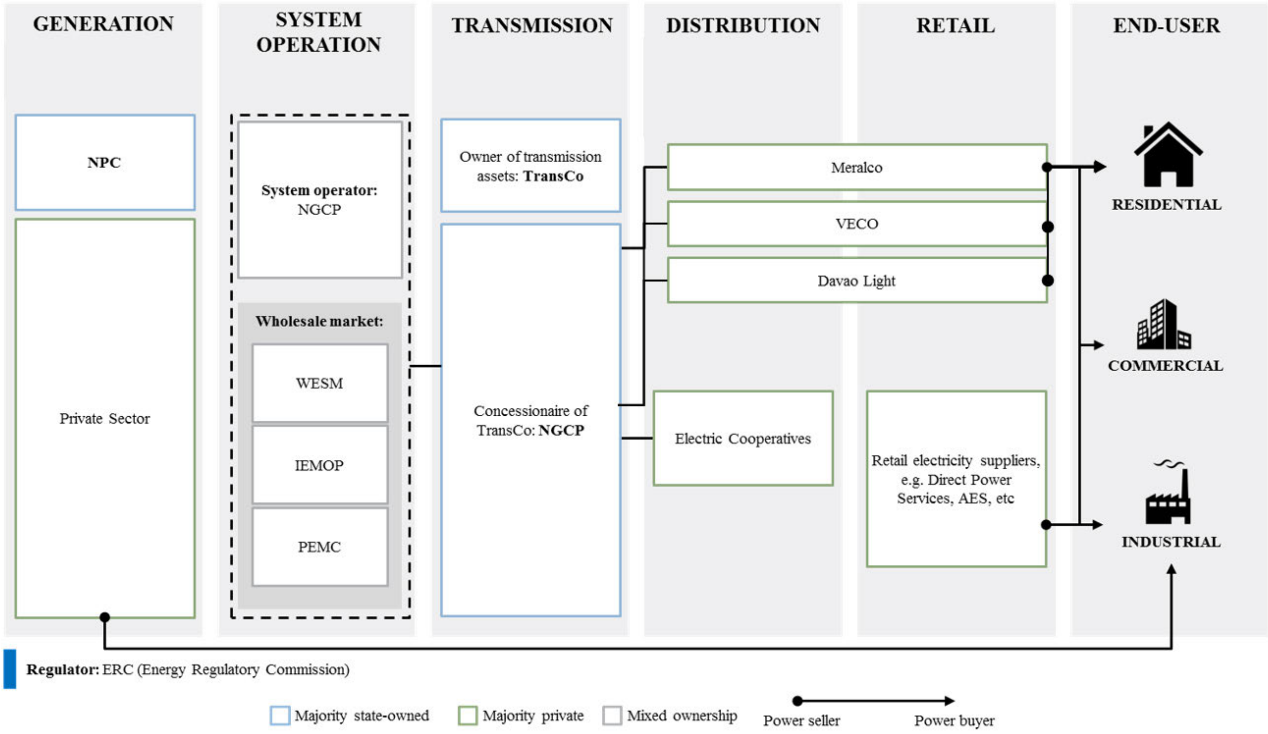
Primary Regulatory Agencies

There are two main energy bodies in the Philippines: (1) The Energy Regulatory Commission ("**ERC**"), which is an independent quasi-judicial regulatory body, and; (2) the Department of Energy ("**DOE**"), which is in charge of supervising the restructuring of the electricity industry. Both are governed by the Electric Power Industry Reform Act of 2001 ("**EPIRA**") to implement provisions of the Act.

The 1991 Foreign Investment Act ("**FIA**") regulates foreign investment into the Philippines. Within FIA are two negative lists known as the Foreign Investment Negative List which defines the percentage of foreign ownership depending on the nature of the underlying asset or business. Under the energy sector, up to 40% foreign ownership is permitted for the exploration, development and utilization of natural resources (exclusively renewables).

[54] Philippine News Agency, (20 March 2023) "DOE eyes 11,160 MW green energy auction by 2026"

Market Structure



ENERGY MARKET

The Philippine Electricity Market is divided into four major sectors: (i) generation, (ii) transmission, (iii) supply (through the WESM) and (iv) distribution. See discussion under "*Regulatory Framework*".

Philippine Power Sector [55] [56] [57]

The total electricity sales and consumption all over the country posted a figure of 106,115 GWh in 2021 from 101,756 GWh in 2020, equivalent to 4.28% increase from the previous year, and a 4.16% CAGR from 2010-2021.

Results for Philippine Power Statistics[58] as of 30 June 2022 showed 27,044 MW of total installed capacity and 24,112 MW of total dependable capacity for Grid, with Peak Demand reaching 16,568 MW year-to-date.

As of August 2022, in terms of capacity mix, coal still dominated with an installed capacity of 11,684 MW or 43.1% share, followed by RE with 8,150 MW (29.5% share), Oil-Based with 4,503 MW (14.5% share), and Natural Gas with 3,453 MW (12.8% share). For RE, Hydro made up for 13.6% with installed capacity of 3,783 MW, followed by Geothermal (1,932 MW, 7.0% share), Solar (1,491 MW, 5.4% share), Biomass (501 MW, 1.8% share), and Wind (443 MW, 1.6% share).

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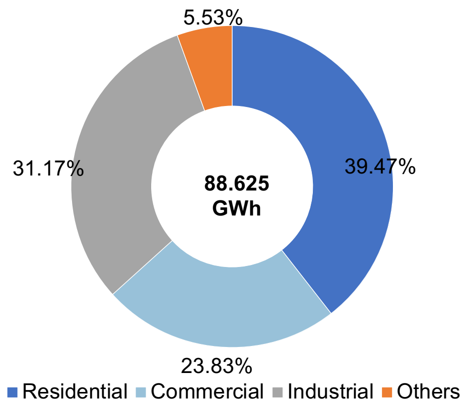
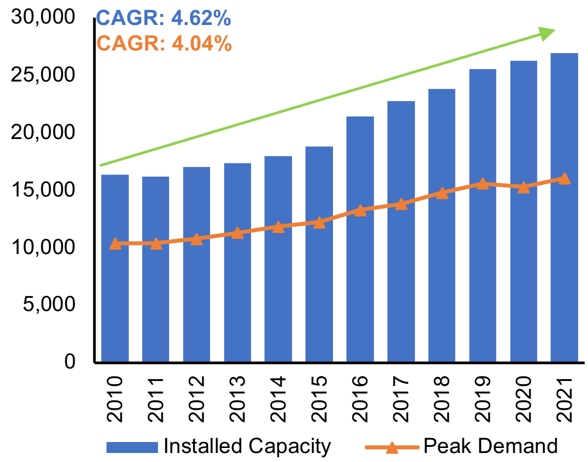
[55] Department of Energy, Annual Power Statistics 2021
[56] Department of Energy, Philippine Energy Situationer 2021
[57] Department of Energy, Annual Power Statistics 2021
[58] Department of Energy, (28 October 2022). 2022 Virtual Energy Investment Forum: Power Situation and Power Outlook

Power Consumption (2021)



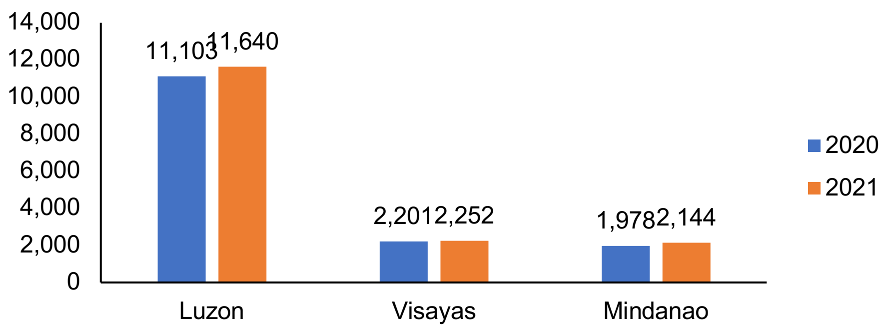
Capacity and Peak Demand in MW (2010–2021)



Power Demand [59]

In 2021, the total non-coincidental peak demand reached 16,036 MW, which is 755 MW or 4.9% higher than the peak demand in 2020. The Luzon grid contributed 11,640 MW of 72.5% of the total demand, with an increase of 537 MW or 5% from the recorded 11,103 MW in 2020 as a result of the easing of community quarantine restrictions.

2020 vs. 2021 Peak Demand per Grid (in MW)



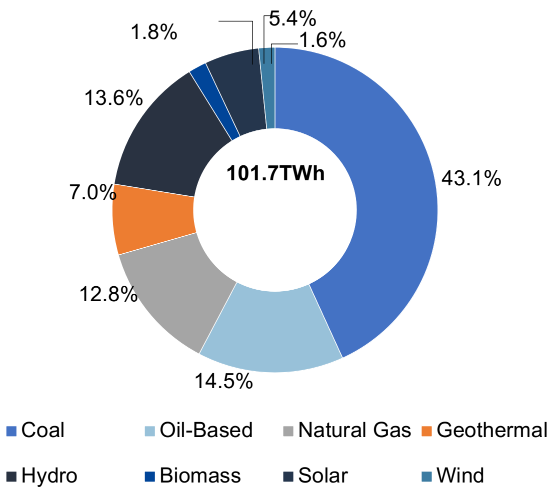
Power Supply [60] [61]

In 2021, even with the issuance of the coal moratorium that started in 2020, coal-fired power plants continued to dominate the installed capacity mix with 42.46% share, followed by RE (28.95%), oil-based (16.05%), and natural gas (12.55%). To address the challenges brought by the continued pandemic and lessen the delays in construction due to community quarantine restrictions in 2021, DOE aided power generation companies through holding virtual meetings, issuing official identification cards, and facilitating entry of their foreign experts to the country, among others. DOE also continued to encourage

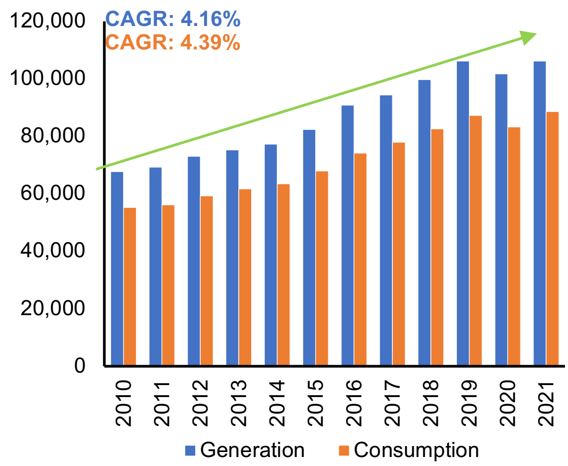
[59] Department of Energy, Annual Power Statistics 2021
[60] Department of Energy, Annual Power Statistics 2021
[61] Department of Energy, 40th EPIRA Status Report

the private sector to invest and develop power generation project and facilities to increase the existing power capacity and meet the demand in the coming years.

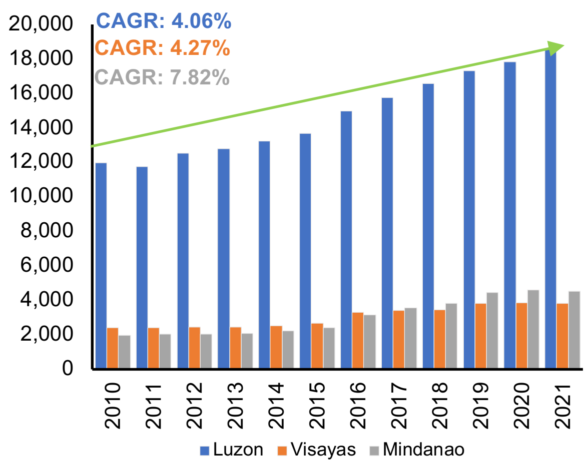
Power Generation (2022)



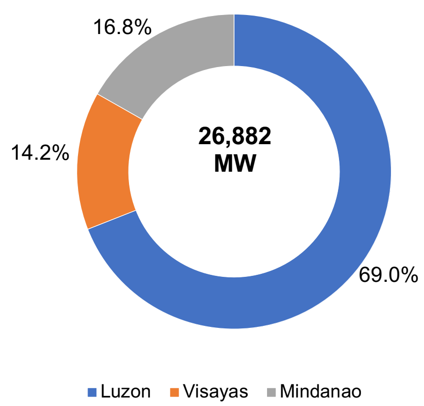
Power Generation and Consumption in GWh (2010–2021)



Capacity by Region in MW (2010–2021)



Share of Capacity by Region in MW (2021)



Net Additions on Installed Generating Capacity by Technology, Philippines (in MW)

Fuel Type	2019	2020	2021
Coal	**1,574**	**527**	**725**
Oil Based	**(30)**	**(25)**	**(390)**
Natural Gas	**0**	**0**	**0**
Renewable Energy (RE)	**173**	**218**	**297**
Geothermal	(16)	0	0
Hydro	59	19	(27)
Biomass	105	84	42
Solar	25	98	298
Wind	0	16	(16)
Total	**1,717**	**720**	**632**

Outlook

The Government of the Philippines recognizes natural gas and renewables as key sources for power generation of the future as there has been a recent MOU signed between the DOE and Australian R&D company, Star Scientific Ltd, to commence a study on the potential of hydrogen as a new power source. However, coal power plants remain to be the most economical and immediately available in the short-term to meet the expected increasing demand for electricity, as evidenced by its 58.5% share of power generation in 2021.

According to the Power Development Plan (2020 – 2040), the DOE considers two scenarios (i) the Reference Scenario ("**REF**"), i.e. Business-as-Usual, and (ii) the Clean Energy Scenario ("**CES**") as an alternative. The DOE also classifies geothermal, hydro, wind, solar, biomass and other technologies under renewable energy ("**RE**"). The DOE commits towards a cleaner energy transition by having a power generation mix target of 35% by 2030 and 50% by 2040. The country's peak demand is expected to increase by almost four folds from 2020 to 2040 which is equivalent to about 7% growth annually. To meet this demand and the aspirational 50% RE target, the Philippines' installed capacity should increase by about five times from 22,317 MW in 2019 to 114,601 MW in 2040, coming from existing, committed, and new build capacities

Under both the REF and CES, the DOE acknowledges the greater role RE is to play in both installed capacity and generation. However, the key difference indicated is that the CES indicates a tapering of reliance on coal by 2040, while the REF suggests that coal will continue to provide for approximately 35% and 55% in installed capacity and power generation respectively.

The development of renewable power sources will be facilitated by favourable Government policies, which includes their renewable target of 15 GW of installed renewable capacity by 2030 set by the National Renewable Energy Board ("**NREB**") with the DOE, and also the FIT scheme. These revised policies will aim to encourage private sector participation by providing opportunities to participate in financing power projects. Under the updated Philippine Energy Plan, RE installed capacity additions of 34,000MW under the REF would require U.S.$56.4 billion. Under the CES, given the higher share of RE contribution in installed capacity, the DOE is projecting a higher requirement of U.S.$78.6 billion.

The Philippines adopted the FIT in 2010 for eligible renewable power projects, including wind, solar, hydro, biomass and hybrid energy sources. Eligible renewable power plants are granted a 20-year entitlement. FIT is designed to accelerate the development of renewable energy by offering guaranteed payments on a fixed rate per KWh basis. However, subsidies will gradually decrease with the expected grid parity of solar and wind to be achieved by 2020 and 2025 for new projects respectively. The DOE also issued in 2017 and 2018, respectively, the Rules and Guidelines Governing the Establishment of the Renewable Portfolio Standards ("**RPS**") for On-Grid Areas and Off-Grid Areas. The RPS is a market-based policy that mandates power distribution utilities, electric cooperatives and retail electricity suppliers to source an agreed portion of their energy supply from eligible renewable energy facilities. In October 2020, the DOE declared a moratorium on endorsements for greenfield coal power plants as its most recent assessment revealed the need for the country to shift to a more flexible power supply mix. To support this, the DOE signed a department circular providing the guidelines for the third Open and Competitive Selection Process in the awarding of Renewable Energy Service Contracts which covers potential geothermal and hydropower energy resource development and utilization, among others.

As a result of the COVID-19 pandemic, the Philippine government placed Luzon under enhanced community quarantine. During that period, power demand fell about 30%, reflecting the decline in power use by shuttered businesses. The Department of Energy had also requested that the industry defer bill collections by 30 days or until after the lockdown period ended on April 14. As such, the DOE revised the country's projected power demand and supply for the year, estimating that electricity demand will likely remain at the 2019 levels.

During the 2022 Virtual Energy Investment Forum, Electric Power Industry Management Bureau ("EPIMB") presented two Power Supply Outlook scenarios from 2020 to 2040, with (1) RE share at 35% by 2030 onwards, and (2) RE share at 50% by the year 2040:

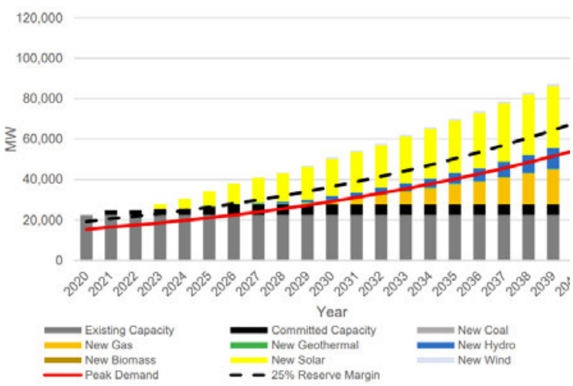
Comparison of Power Supply Outlook 2020 to 2040 [62]

	REF Scenario (RE share at 35%)		**CES Scenario (RE share at 50%)**	
Year	Capacity (MW)	Demand (MW)	Capacity (MW)	Demand (MW)
2025	34,125	21,019	34,125	21,019
2030	50,887	29,128	50,973	29,128
2035	70,056	40,209	76,682	40,209
2040	91,071	54,655	114,601	54,655

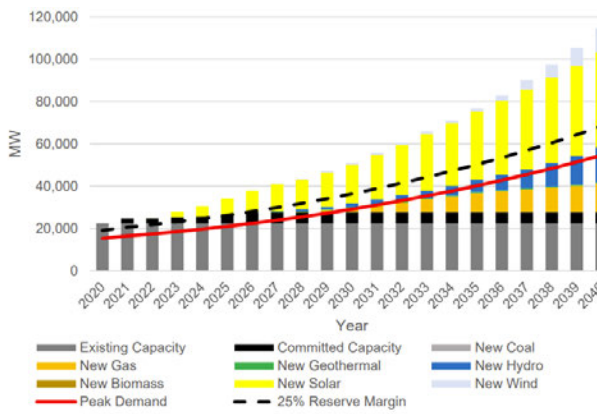
[62] Department of Energy, Philippine Energy Plan 2020-2040.

Power Supply Outlook 2020 to 2040

REF Scenario



CES Scenario



The DOE set its national RE power generation mix target of 35% by 2030 and an aspirational target of 50% by 2040 in line with its commitment towards a cleaner energy transition. Peak demand is expected to increase by almost four folds from 2020 to 2040, or about 7% growth annually, and to meet this demand and the aspirational target, the country's installed capacity should increase by about five times (from 22,317 MW in 2019 to 114,601 MW in 2040). This is expected to come from existing, committed, and new build capacities.

Related to this, DOE also set out roadmaps for generation, transmission, distribution, supply, electricity market, off-grid development, and total electrification for the power sector from 2021 to 2040. The roadmaps were anchored on three main goals mainly: (1) Energy security, resiliency, affordability, and sustainability; (2) Transparent and fair playing field in the power industry; and (3) Electricity access for all. Below table shows a summary of the Power Sector Roadmap, 2021-2040:

	2021-2022	2023-2040	
Generation	- Implement the coal moratorium - Establish guidelines for power plant decommissioning - Firm-up privatization plan of government's remaining power generation assets	- Utilize cleaner technologies in power generation - Increase flexibility in power generation	**Energy Security, Resilience, Affordability, and Sustainability**
Transmission and System Operation	- Improve the Transmission Development Plan	- Implement improvements in the reliability and resilience of the main grid	

	- Monitor the timely completion of transmission projects - Develop supplementary policies for ancillary services	- Interconnect the Luzon, Visayas, and Mindanao grids - Interconnect off-grid islands to the main grid	
Distribution	- Improve and ensure timely implementation of Distribution Development Plans - Enhance the existing CSP policy - Monitor the submission of reportorial requirements and ensure compliance of distribution utilities to policy directives - Conduct policy review on the regulation and performance of distribution utilities	- Institutionalize continuous improvement of the reliability and resiliency of distribution facilities	
Supply	- Implement retail aggregation in Luzon and Visayas - Implement RCOA in Mindanao	- Adopt lower threshold for RCOA in Luzon, Visayas and Mindanao	**Transparent and Fair Playing Field in the Power Industry**
Electricity Market	- Implement the five-minute WESM trading interval in Luzon, Visayas, and Mindanao - Full commercial operation of the WESM Mindanao - Commercial operation of the reserve power market	- Continuous improvement of WESM design and rules	

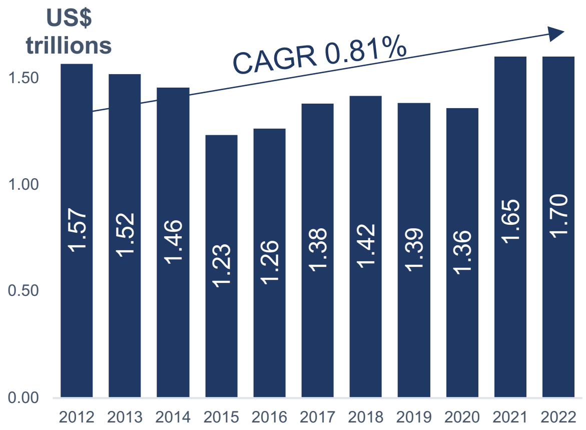
Off-Grid Development	- Monitor and assess the implementation of the Omnibus Policy - Promulgate the policy on UC-ME subsidy rationalization - Promulgate the policy on off-grid system operation	- Implement rationalized UC-ME subsidy system - Conduct off-grid policy review and studies - Interconnect off-grid islands to the main grid	**Electricity Access for All**
Total Electrification	- Achieve 100% electrification of targeted and identifies households based on the 2015 Census	- Achieve 100% electrification of targeted and identified households based on the latest available Census	
Overarching Policies and Programs	- Fast-track the approval process for power facilities and infrastructure - Implement the smart grid policy and roadmap - Continuous evaluation and implementation of necessary amendments in the EPIRA - Continuous improvement of power development planning - Implement automated submission of reportorial requirements - Establish an integrated power sector database		**Energy Security, Resiliency, Affordability, and Sustainability** **Transparent and Fair Playing Field in the Power Industry** **Electricity Access for All**

AUSTRALIA

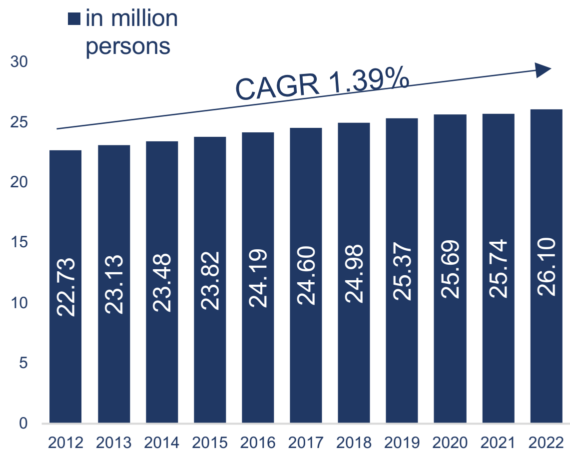
Australia continues to be one of the world's most stable economies due to its consistent output and activity. According to the IMF, Australia's nominal GDP is the 12th largest in the world in 2022 with U.S.$1.7 trillion. The economy expanded strongly due to robust household consumption underpinned by the ongoing rebound in international travel spending and discretionary services (such as transport, hotels, cafes, and restaurants). Another factor was the strong exports growth, attributable to growth in both services and rural exports[63].

[63] Reserve Bank of Australia (February 2023), Statement on Monetary Policy

Annual Nominal GDP (2010–2022)[64]



Population (2010–2022) [65]



Australia's exports share by type[66] are as follows: 1. Resources, which include metal ores and minerals, coal, and metals (67.4%); 2. Services, which include manufacturing services, maintenance and repair, transport, travel, and tourism-related services (12.4%); 3. Rural Goods, which include meat and meat preparations, cereal and cereal preparations, wool and sheepskins, and others such as sugar, sugar preparations and honey (11.3%); and 4. Manufactured, such as machinery, transport equipment, beverages, goods procured in ports by carriers, and others (6.6%).

Effects of higher interest rates, high inflation, and declining real wealth, however, are expected to decelerate the growth in economic activity in 2023 and 2024, but these factors will be offset by elevated terms of trade which will boost national income. The country's pipeline of investment projects relating to infrastructure development is also expected to support the economic growth in the next few years.

The country's population grew by 1.6% year-on-year in 2022 to 26.1 million. Employment to population ratio is at 64.3%, and employment growth is at 3.0%. Demand for labour remains strong as the labour market remains tight, but the increased net arrivals from overseas during the second half of 2022 following the easing of pandemic-related lockdown restrictions boosted the growth in the working-age population.

Economic Outlook

Per the Statement on Monetary Policy released by the Reserve Bank of Australia (RBA) on 8 February 2023, economic growth in Australia is forecasted to slow down in 2023 due to rising interest rates, high inflation, and decline in real wealth. Average GDP growth rate forecasts for full-years 2023 and 2024 are at 2.25% and 1.50%, respectively. However, export volumes are forecasted to grow strongly this year amidst robust rebound in tourism and education-related travel and resumption of visitors from China following its removal of the quarantine requirements when travelling. Outlook for business investments remain positive, with expected growth in new dwelling investments from the boost in rental demand from stronger immigration, and in non-mining machinery and equipment investments which is expected to benefit from easing of supply chain pressures.[67]

[64] International Monetary Fund, Gross Domestic Product - Australia
[65] International Monetary Fund, Population - Australia
[66] Australian Bureau of Statistics, International Trade in Goods and Services
[67] Reserve Bank of Australia (February 2023), Statement on Monetary Policy

ENERGY MARKET [68]

Regulatory Framework

From a regulatory perspective, Australia's power sector is governed and organized in three tiers: (1) Federal; (2) State; (3) Territory and Local – the Federal Government and State municipals own national energy resources.

The Australian Energy Regulator ("AER") regulates wholesale and retail energy markets and energy networks functional in eastern and southern Australia:

- Wholesale energy market, AER monitors participants' bidding and rebidding, market dispatch and prices, network constraints and outages, demand forecasts and forecasts of production and capacity;

- Retail energy market, AER monitors and enforces compliance with obligations to Retail Law, Rules and Regulations, report on market performances and energy businesses and approve policies energy retailers must comply with among others; and

- Energy networks, AER regulates electricity networks by setting a ceiling on how much revenue they can earn.

The Australian Energy Market Operator ("AEMO") represents the amalgamation of 6 electricity and gas market bodies: the National Electricity Market Management Company, Victorian Energy Networks Corporation, Electricity Supply Industry Planning Council, Retail Energy Market Company, Gas Market Company, and Gas Retail Market Operator. AEMO's responsibilities include but are not limited to the operation of the National Electricity Market ("NEM") in Eastern and Southern Australia, system security of the NEM grid, country-wide transmission planning. AEMO also oversees Australia's energy market governance with the Australia Energy Market Commission and AER.

The Department of the Environment and Energy oversees matters related to energy, including:

1. Energy security;

2. International engagement;

3. Energy efficiency programs; and

4. Energy markets.

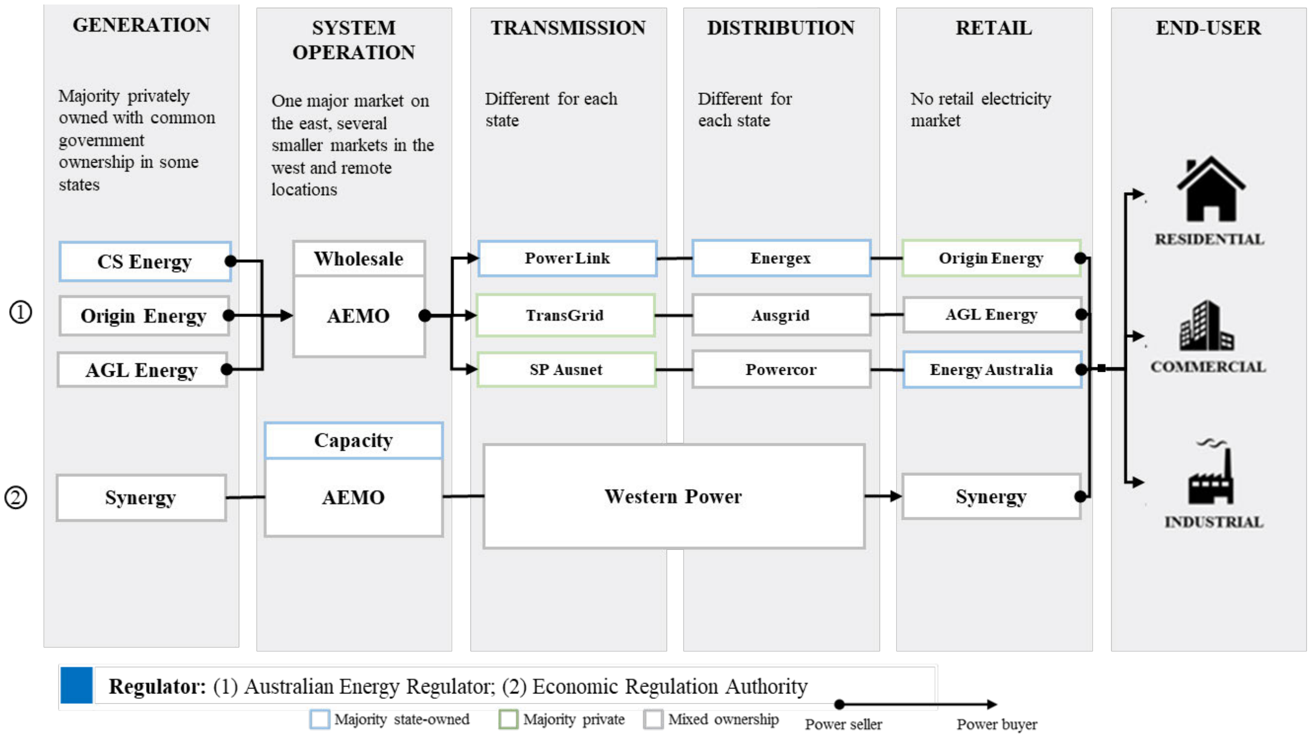
The Department of Industry, Innovation and Science oversees matters related to power resources and each state and territory has their own respective departments. The NEM enables flow of electricity between the Australian Capital Territory, New South Wales, Queensland, South Australia and Victoria. Western Australia and the Northern Territory are not connected to the NEM. The NEM is comprised of a wholesale and retail sector with all electricity traded via a centralized pool.

The AEMO also manages the Wholesale Electricity Market ("WEM"), which enables wholesale electricity sales between generators and retailers, large-scale customers, and demand side participants. WEM supplies energy to the south-western part of Western Australia and operates on the South West Interconnected System (SWIS) which is also managed by AEMO. As part of the WEM, AEMO also operates the Short Term Energy Market ("STEM"), an energy-only forward market to support trading around bilateral contract positions. STEM determines the quantities that generators sell

[68] Australian Government Department of Climate Change, Energy, the Environment and Water, Australian Energy Update 2022

to AEMO, the quantities that retailers buy from AEMO, and a single clearing price for each trading interval. A unique feature in the WEM is its additional capacity market called the Reserve Capacity Mechanism ("RCM"), which ensures that there is sufficient generation capacity in the SWIS to meet demand at all times. There are approximately 88 WEM participants which includes market generators, network operators, and market customers.

Market Structure



Australia's Minister of Energy, through the Consumer Trustee, run competitive tender processes to offer Long-Term Energy Service Agreements ("**LTESAs**")[69] to project developers. LTESAs provide revenue certainty for private investment in new renewable energy generation and will provide generators with option to sell their electricity at an agreed maximum fixed price to a Scheme Financial Vehicle that will be appointed by the Government. First competitive tender processes took place in 2022. Projects awarded LTESAs are the following[70]:

- ACEN Australia's 720-megawatt New England Solar Farm in the New England Renewable Energy Zone
- ACEN Australia's 400-megawatt Stubbo Solar Farm in the Central West Orana Renewable Energy Zone
- Goldwind Australia Pty Ltd.'s 275-megawatt Coppabella Wind Farm in the Southern Tablelands.

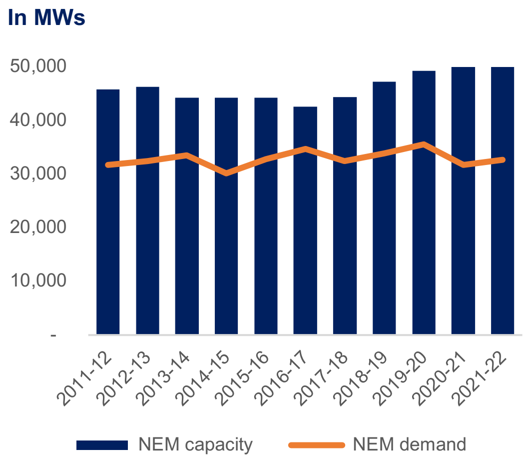
Power Supply and Demand[71 72]

According to AER, power generation capacity registered a compounded annual growth rate of 1.8% since 2012 to 53,764MW for 2022, while peak demand had a compounded annual growth rate of 0.3% for the same period. Renewable generation increased 18% in 2020–21. Renewable generation grew further in the 2021 calendar year with 10% of total electricity generation. Solar power grew faster again

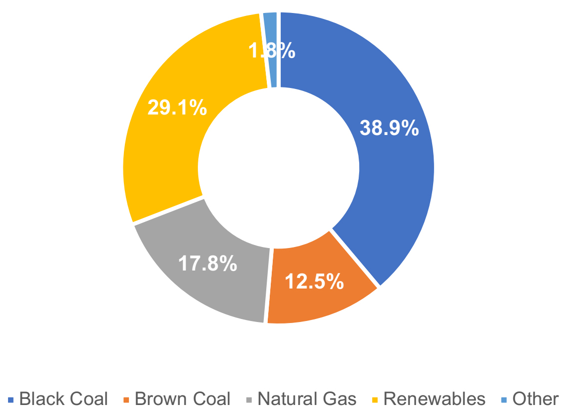
[69] NWS Government, "Long-Term Energy Service Agreements"
[70] NWS Government, "First round of renewable energy projects puts NSW one-third of the way to 12-gigawatt renewable energy goal" (1 May 2023)
[71] Australian Energy Regulator. Wholesale Statistics – Annual generation capacity and peak demand NEM
[72] Australian Government Department of Climate Change, Energy, the Environment and Water, Australian Energy Update 2022

in 2020–21, widening the gap between solar power and wind generation. Small-scale solar PV grew 30% in 2020–21 while large-scale solar PV generation was up 35% in 2020–21 as new capacity continued to come online. Wind contributed 9% of total generation for 2020-21. Wind generation continues to be particularly prevalent in South Australia, accounting for nearly 40% of the total generation mix in that state. Hydro power accounted for 6% of total generation, remained relatively unchanged from the 2019–20 level. As the composition of renewable energy has diversified significantly in Australia, the share of hydro in total renewable generation has fallen from 95% in 2000–01 to 21% in 2020–21.

Power Generation Capacity and Peak Demand (2012-2022)

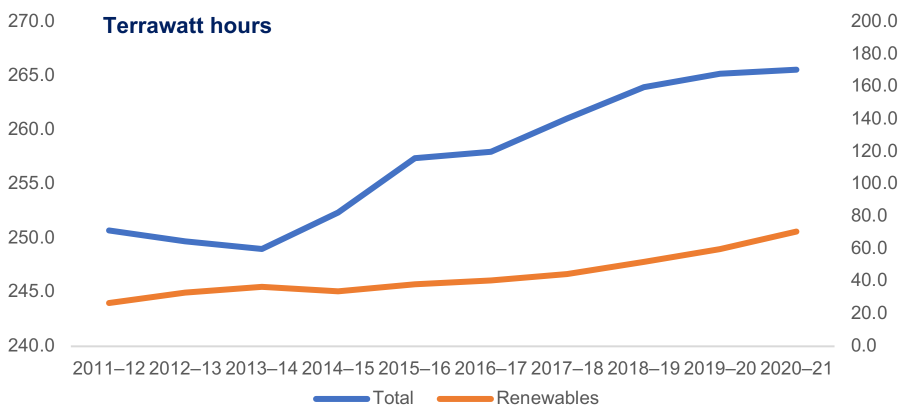


Power Generation Mix (2021)



In terms of electricity generation, total generation in Australia reached 956 petajoules (or 265.56 TWh) and is comprised of industrial, rooftop solar PV and off-grid production. RE increased by 18% from previous year and accounted for 29% to 78 TWh of the total generation for calendar year 2021, the highest on record, solar and wind grew by 31% and 19%, and contributed 10% and 9%, respectively of total generation in 2021. Fossil fuel generation fell by 5% year-on-year due to the 5% decline in black coal-fired generation and 10% decline in gas-fired generation, while natural gas-fired generation fell to its lowest level in a decade. Lastly, coal-fired generation fell by 53% year-on-year, or 68% from a decade ago:

Electricity Generation

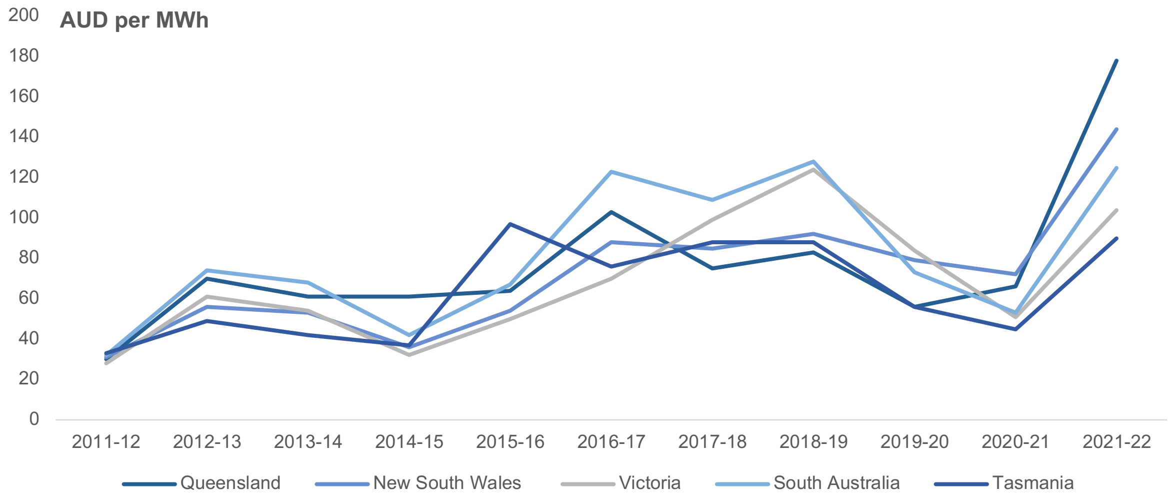


In 2021, fossil fuels continue to contribute the largest electricity generation (71%) 2021 comprising the following: coal (51%), gas (18%) and oil (2%). Coal's share of electricity generation has declined from 83% in 1999-00 while the shares of natural gas and renewables has increased. In 2021, renewables contributed 29% of total electricity generation. Renewables have a 10-year average annual growth of 10.4%, while fossil fuels have steadily declined by an average of 1.5% per year.

Power Prices [73]

Spot power prices throughout financial year 2011-12 to 2021-22 across the certain states of Australia increased at an average CAGR of 16.7%. A number of plants have been offline in in 2022, with some facing unplanned maintenance problems. Other plants produced less power than usual due to a combination of factors, including difficulty accessing sufficient coal because of supply chain issues and illness-related staff absenteeism, and/or production at some coal mines being disrupted by rainfall and extraction difficulties. As a result, coal-fired electricity generation has been substantially lower in 2022 than in recent years and drove wholesale spot prices up. Another factor that has put upward pressure on electricity prices is the sharp increase in domestic and overseas thermal coal spot prices since the start of the year, from already elevated levels.[74]

Annual Volume Weighted Average 30-Minute Prices - Regions



Accredited power stations may create large-scale generation certificates ("**LGC**s")[75] for eligible electricity (or electricity generated from renewable energy sources) generated by such power stations. One LGC can be created per MWh of eligible electricity generated by a power station and are sold to liable entities (and other companies or individuals) in the market at a price determined by agreement between the parties. LGC can be created on either a monthly basis, all throughout the year, or on an annual basis.

Energy Outlook

Australia has a long history of using coal as its main energy source due to its abundant reserves. However, since 2012, the country has begun to phase out some of its coal-fired capacity as the Australian Government is committed to decarbonize the economy and to shift the energy mix towards

[73] Australian Energy Regulator. Wholesale Statistics –Electricity Spot Prices Annual volume weighted average 30-minute prices - regions
[74] Reserve Bank of Australia. Statement on Monetary Policy – August 2022. Recent Developments in Energy Prices.
[75] Australian Government Clean Energy Regulator, "Large-scale generation certificates" (2 August 2022)

cleaner sources. The country has a vast natural resource base of renewables, critical minerals and fossil fuels and is currently one of the largest energy exporters in the work with an ambition to become an RE export superpower in the future. Australia is also the largest producer of lithium in the world, a critical mineral used for a variety of rechargeable batteries.

In 2016, the country entered into the Paris Agreement, under which the country pledged to reduce carbon emissions to 26–28% below 2005 levels by 2030. In order to align with its obligation, the Australian Government expects all brown coal power stations and over two thirds of black coal power stations to be closed by then. According to AEMO's National Transmission Network Development Plan, up to 63% of existing coal plants may be decommissioned in the next 20 years.

According to International Energy Agency ("**IEA**"),[76] the Australian government published in June 2022 the revised 2030 Nationally Determined Contribution ("**NDC**"), with a pledge to reduce the GHG emissions by 43% from 2005 to 2030. This was higher than the previous target of 26% to 28%. The revised 2030 NDC target was legislated alongside the commitment to achieve net zero emissions by 2050 under the Climate Change Act 2022, which was adopted in September 2022. Australia has also caught up with the pace of emissions reductions pledged by other advanced economies and has since been going in the trajectory that is compatible with the Paris Agreement. In October 2022, Australia also joined the Global Methane Pledge.

Under the National Energy Productivity Plan ("**NEPP**"), the Australian government, along with the states and territories, committed to a target of 40% improvement in energy productivity from 2015 to 2020.

For RE, generation quadrupled between 2000 and 2021 to 70.3 TWh from 17.6 TWh, pushing up its share in the national electricity generation to 27% from 8%. Most of the growth was attributable to solar photovoltaics as high state-level targets and PPAs drive the expansion of utility-scale renewables. At the household level, Australia has the highest penetration in the world with one in three households having solar PV installations. The IEA forecasts that Australia's RE capacity up to 2027 will expand by 85% to reach 40 GW, due to the increased clean energy funding at both federal and state levels, PPAs, and new projects announced in RE zones. The introduction of ambitious targets will likewise boost this growth. Further, if the country can accelerate its implementation of the RE zone projects and related grid projects alongside coal retirements, IEA expects that the country can achieve 57GW of renewable energy capacity by 2027. This forecasts also includes Snowy Hydro adding 2GW by 2026 or 2027.

In the NEM, the AEMO expects RE to account for 83% by 2023 as part of the Step Change Scenario, aligned with the government's plan of reaching 82% of renewables in the national electricity mix. To support this, the government also promotes major infrastructure projects to "rewire the nation" and that, as agreed under the National Energy Transformation Partnership ("**NETP**", Australia's integrated national energy and emissions agreement), the goal to reduce emissions would be enshrined into the National Electricity Objective alongside objectives concerning security, competition, and affordability.

Key Priority Actions for 2023 under NETP:[77]

1. transforming Australia's energy system to align with net zero while providing more affordable, secure, and reliable energy to Australians (including improving regulatory certainty and efficiency for, and accelerating delivery of, dispatchable RE, storage and nationally significant transmission projects);

2. efficiently and effectively contributing to the achievement of all Australian emissions reduction targets;

[76] International Energy Agency. Australia 2023: Energy Policy Review
[77] International Energy Agency, "Australia 2023: Energy Policy Review

3. investing in Australia's adaption and resilience to climate change;

4., empowering and comprehensively engaging with Australia's regions and remote communities, including First Nations, on the pathway to decarbonisation and Australia becoming an RE superpower; and

5. delivering a coordinated and strategic approach to achieving improvements in energy productivity across the economy

Australia's national 2020, 2030 and 2050 energy and climate goals:

		2020 AND 2021 STATUS	2020	2030	2050
GHG EMISSIONS	GHG emissions vercus 2005 (excluding removals)	-20%	--	-43%	Net Zero
ENERGY PRODUCTIVITY	Real GDP/primary energy consumption	+8.5%	--	+40%	--
RE	Share of renewable generation capacity in electricity (GWh)	40,000 or 30%	33,000	82%	--

Australian state and territory energy targets:

State or territory	Net zero commitments	Emissions reduction targets	Renewable energy targets
Australian Capital Territory	Yes by 2045	50-60% by 2025 65-75% by 2030 90-95% by 2040 Compared to 1990 levels	100% electricity since 2020 Transition away from gas by 2045
New South Wales	Yes by 2050	50% by 2030 Compared to 2005 levels	12 GW of RE by 2030
Northern Territory	Yes by 2050	No interim targets	50% by 2030 70% RE for Indigenous Essential Services communities by 2030

Queensland	Yes by 2050	30% by 2030 Compared to 2005 levels	50% by 2030 70% by 2032 80% by 2050
South Australia	Yes by 2050	50% by 2030 compared to 2005 levels	100% by 2030 500% by 2050
Tasmania	Yes by 2030	No interim targets	100% renewable electricity since 2020 150% by 2030 200% by 2040
Victoria	Yes by 2045	28-33% by 2025 45-50% by 2030 75-80% by 2035 Compared to 2005 levels	65% and 2.6 GW of storage planned by 2030 90% and 6.3 GW of storage planned by 2025
Western Australia	Yes by 2050	80% emissions reduction target below 2020 levels for government operations No state-wide interim targets	State-owned coal-fired power stations, under Synergy, will be retired by 2030

The NEM will be seeing major transformations in the system with substantial losses in dispatchable capacity due to changing generation economics and accelerating closures. However, there is still no clarity on the speed of coal retirement. The AEMO's Integrated System Plan ("**ISP**") 2022 around 16 GW of thermal generation which includes 61% of the current coal fleet is expected to retire with a total exit of coal use in power generation by 2043.

In 2022, after five years of having no coal plants retired, Australian operations began to rush for coal exit, with multiple plants accelerating coal plant retirement plans amidst rising concerns about the climate crisis. The defeat of pro-coal Prime Minister Scott Morrison in the May election, combined with negative legal and economic news for the coal industry, prompted operators to take the drive away from coal seriously. The country's largest coal plant, Eraring, will now be retired seven years earlier than planned – now in 2025 instead of 2032 – and the country's dirtiest plant, Loy Yang A, will be retired a decade earlier than planned – now in 2035 instead of 2045. In 2022, the Liddel Plant retired its 0.5 GW of capacity and has retired the remaining 1.5 GW in April 2023.[78]

AUSTRALIA'S CLOSED COAL POWER PLANTS:[79]

Station	State	Capacity (MW)	Announced decommissioning
Munmorah	New South Wales	600	July 2012
Redbank	New South Wales	143.8	August 2014
Wallerawang C	New South Wales	1,000	November 2014
Morwell	Victoria	189	August 2014
Anglesea	Victoria	160	August 2015
Hazelwood	Victoria	1,600	March 2017
Collinsville	Queensland	180	December 2012
Swanbank B	Queensland	500	May 2012
Northern	Southern Australia	546	May 2016
Playford	Southern Australia	240	May 2016

LIST OF PLANNED COAL-FIRED POWERED STATION CLOSURES BY 2030[80]:

Station	State	Capacity (MW)	Announced decommissioning (planned)
Eraring	New South Wales	2,880	2025
Bayswater	New South Wales	2,640	2035
Liddell	New South Wales	2,000	2023
Loy Yang A	New South Wales	2,210	2048
Muja	Western Australia	1,070	2029
Collie	Western Australia	340	2027

[78] Global Energy Monitor, Boom and Bust Coal 2023: Tracking the Global Coal Plant Pipeline"
[79] International Energy Agency, "Australia 2023: Energy Policy Review
[80] International Energy Agency, "Australia 2023: Energy Policy Review"

“Energy poverty” of being fuel poor, which according to the UK Parliament is defined as spending more than 10% of income to keep one’s home adequately heated, is increasing pressure to accelerate energy efficiency. For 2022 to 2023, the Department of Treasury forecasts a 56% hike in electricity prices and 44% rise in gas prices. The Australian Competition and Consumer Commission (“**ACCC**”) has confirmed that electivity bills have increased by A.U.$ 300 on average since April 2022, or an equivalent of 25% increase for the median residential household in the NEM and A.U.$ 1,500 for small businesses, significantly increasing both household and business energy expenditure. The ACCC retail pricing inquiry of 2018 found that 30% of the lowest income households spend 8% on fuel, but this has greatly increased since. Hence, the importance of lowering energy bills has been critical and emphasized by the new commitment of the Australian government to reduce consumer energy bills by A.U.$ 275 per household by 2025. For this “Rewiring the Nation” initiative, the government has adopted an A.U.$20 billion funding package and committed A.U.$ 9.4 million for designing a new framework for nationally significant transmission projects, including the regulatory process in the NEM. A designated office was created for this initiative, with the AEMO as a technical adviser. As an additional support, the Australian government through the Australian Energy Market Commission (“**AEMC**”) has set market price cap - or the “maximum price that can be reached on the spot market during any dispatch and trading interval” and cumulative threshold – or the “maximum price across seven days’ worth of trade”- for the national electricity market, to align with the updated CPI.[81] Updated market price cap and cumulative threshold are as follows:

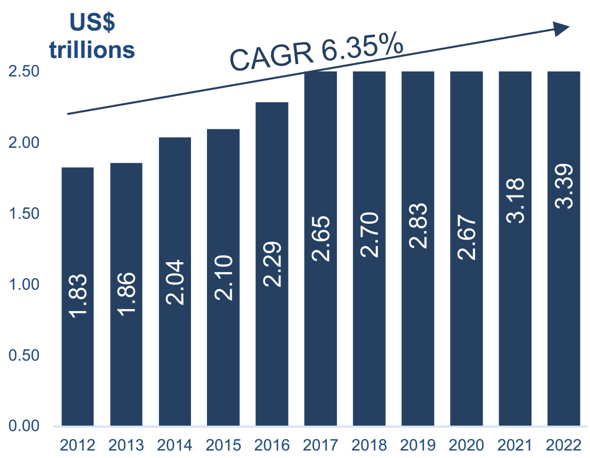
	1 October 2021 to 30 June 2022	**1 July 2022 to 30 June 2023**
Market Price Cap	AU$ 15,100 / MWh	AU$15,500 / MWh
Cumulative price threshold	AU$ 1,359,100	AU$ 1,398,100

[81] Australian Energy Market Commission, “2022-23 market price cap now available” (24 February 2022)

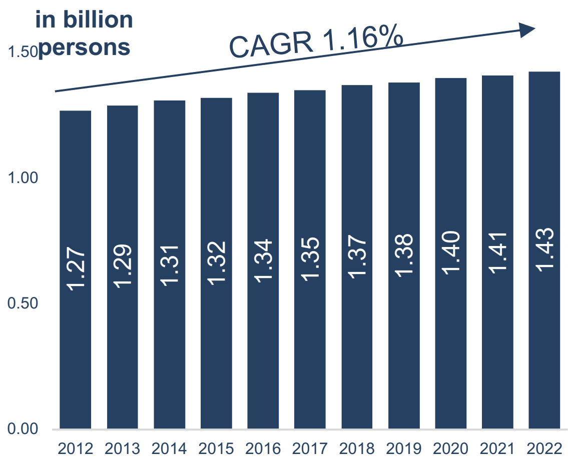
INDIA

India is the 5th largest economy in the world in terms of GDP (U.S.$3.39 trillion for 2022, according to data by the IMF), with a year-on-year growth of about 7.4%. Main drivers of India's economy continue to be private consumption and capital formation which generates domestic employment.

Annual Nominal GDP (2012–2022) [82]



Population (2012–2022)[83]



The years 2021 to 2022 saw major ups and downs in the Indian economy. The second wave of COVID-19 in 2021 caused by the Delta variant took a grievous toll in the Indian population and became one of the worst health crisis the nation had ever faced. The government addressed the issue through continuous fiscal measures and supporting through monetary, regulatory, and liquidity initiatives undertaken by the Reserve Bank of India ("RBI", India's central bank). By the second quarter of 2022 the real GDP bounced back to 1.3% from 2Q 2021 levels, and this recovery was further entrenched in the third quarter of 2022 with year-on-year growth of 6.2%. With the increase in government spending, aggregate demand accelerated, and drove imports up, especially crude imports. Private consumption recuperated with the gradual easing of pandemic-related mobility restrictions and with the accelerated pace of vaccination. Exports also recovered strongly and entered into positive growth territory despite hostile international environment in in 2022.[84]

According to the UN, India is projected to surpass China as the most populous country in the world by mid-2023[85].

India's economic recovery which was sustained in 2022 is expected to broadly continue in 2023 despite downside risks from global geopolitical shock from the Russian invasion of Ukraine and its spillovers. The country's Union Budget 2022-23, which focuses on demand side measures such as increases in government expenditure to encourage private investment, is expected to support overall consumer and business confidence by perpetuating a cycle of more private investments which in turn improves aggregate demand, which further encourages more private investments. For 2023, The Monetary Policy Committee of the RBI projects a real GDP growth of 7.8% for 2023, with boost in aggregate demand as

[82] International Monetary Fund, Gross Domestic Product – India
[83] International Monetary Fund, Population - India
[84] Reserve Bank of India, Annual Report 2021-2022
[85] United Nations Department of Economic and Social Affairs, World Population Prospects 2022

the main upside since it is expected to benefit from improved outlook for agriculture, pick-up in non-food bank credit, supportive monetary and liquidity conditions, sustained buoyancy in merchandise exports, improving capacity utilization, and boost in public infrastructure. Downside risks to this outlook include volatilities in the global financial market, elevated international commodity prices especially crude oil, and continuing global supply-side disruptions.[86]

ENERGY MARKET

Regulatory Framework

India's Electricity Act of 2003 is the principal legislation on generation, transmission, distribution, trade and use of electricity in India. It also provides a framework of agencies that administer the activities under the act.

India's Ministry of Power oversees the electricity sector through the Central Electricity Authority ("**CEA**"). The CEA is the statutory body under the Electricity Act that advises Government of India onestablishing policies, safety requirements and technical standards. The CEA formulates the National Electricity Plan in accordance with the National Electricity Policy; serves as main technical advisor ofthe government and regulatory commissions; and specifies the technical standards and safety requirements for construction, operation and maintenance of electrical standards and electrical lines.

The Ministry of Power works in close coordination with the Central Electricity Regulatory Commission ("**CERC**") and CEA. Given the increasing emphasis on renewable energy, there is also a separate Ministry of New and Renewable Energy ("**MNRE**") under the Ministry of Power.

The Government of India ("**GOI**"), in consultation with the states and the CEA, sets policies (such as the National Tariff Policy ("**NTP**") and National Electricity Policy) as a guideline for the CERC and the State Electricity Regulatory Commissions ("**SERCs**") when they make their regulations.

The CERC:

- Regulates tariff of generating companies owned or controlled by the government
- Regulates the inter-state transmission of energy including tariff of the transmission utilities;
- Grants licenses for inter-state transmission and trading; and
- Advises the GOI in formulation of National Electricity Policy and Tariff Policy.

The SERCs:

- Determine tariffs for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail sale within the state; and
- Issue licenses for intra-state transmission, distribution and trading; to promote co-generation and generation of electricity from renewal sources of energy.

Other important bodies:

- Appellate Tribunals: The appellate tribunals were set up under the Electricity Act, 2003 to hear appeals against orders of the Electricity Regulatory Commissions.

[86] Reserve Bank of India, Annual Report 2021-2022

- Central Transmission Utility ("**CTU**") and State Transmission Utility ("**STU**"): Undertakes the transmission of energy through inter-state and intra-state transmission systems respectively; and plans and coordinates inter-state and intra-state transmission systems.

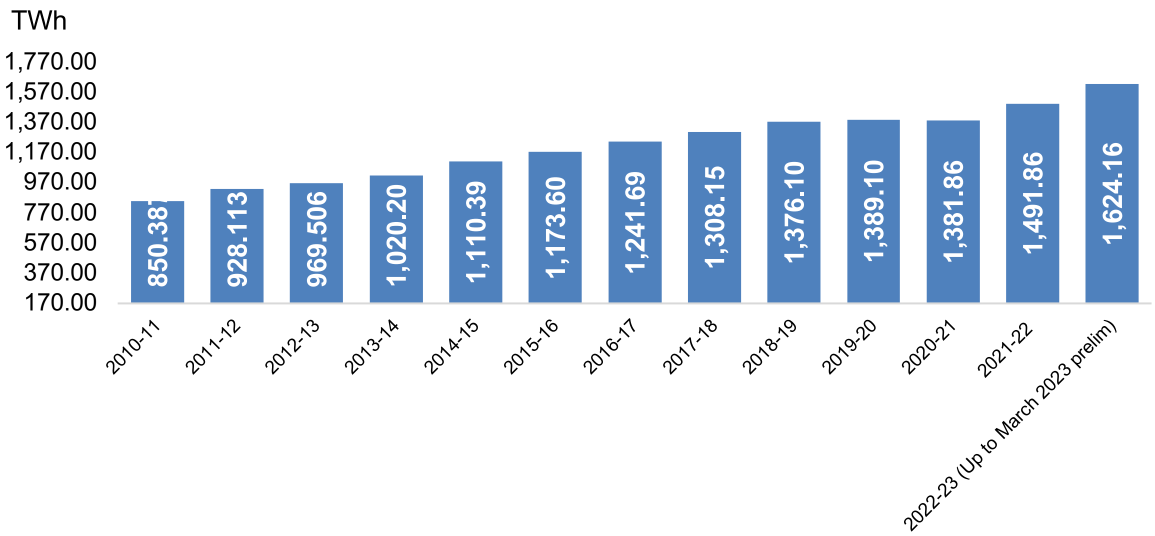
- Load dispatch centers: The national load dispatch center ("**NLDC**") was set up as an apex body to ensure integrated power system in each region; The regional and state loan dispatch centers ("**RLDCs**" and "**SLDCs**") were formed to ensure integrated power system in each region and state respectively; they are responsible for the dispatch of electricity within their regions, for monitoring grid operations and providing directions for ensuring grid stability.

- Solar Energy Corporation of India ("**SECI**"): Facilitates the implementation of National Solar Mission which has also been mandated to cover the entire renewable energy domain. SECI conducts auctions/reverse auctions for solar, wind, and wind-solar hybrid projects.

Power Supply

India's electricity generation target (including RE) for 2023 to 2024 is at 1,750 TWh comprising of 1,324 TWh of Thermal; 156 TWh of Hydro; 46 TWh of Nuclear; 8.0 TWh Import from Bhutan; and 215 TWh RES (excluding Large Hydro) This was 7.2% higher than the actual generation of 1,624 TWh in the prior year:

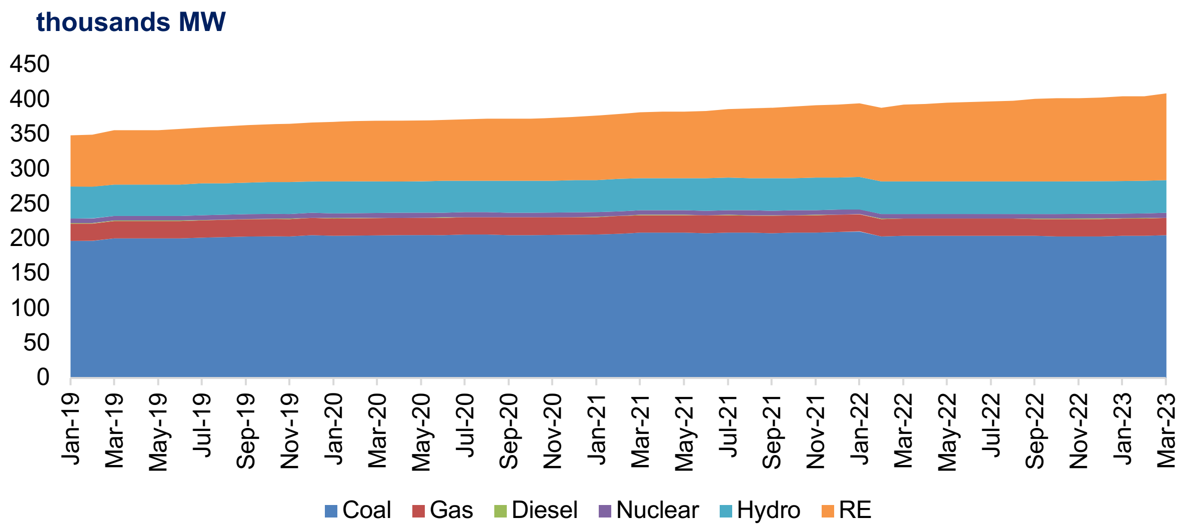
Power Generation[87]



Based on provisional results as of 31 March 2023,[88] total installed capacity of electricity generation increased by 4.68% to 482,232 MW versus 460,659 MW in 2021. Total installed capacity of grid interactive renewable power increased by 14.70% to 109,885 MW from 95,803 MW in 2021. Renewable capacity represents 41.3% of the total installed capacity as of 31 March 2023. Out of the total installed generation capacity for renewable sources of power, solar power installed capacity had the highest year-on-year growth rate of 30.95%.

[87] Government of India, Ministry of Power, "Power Sector at a Glance ALL INDIA", updated April 12, 2023
[88] Ministry of Statistics and Programme Implementation – National Statistics Office, Energy Statistics India – 2023

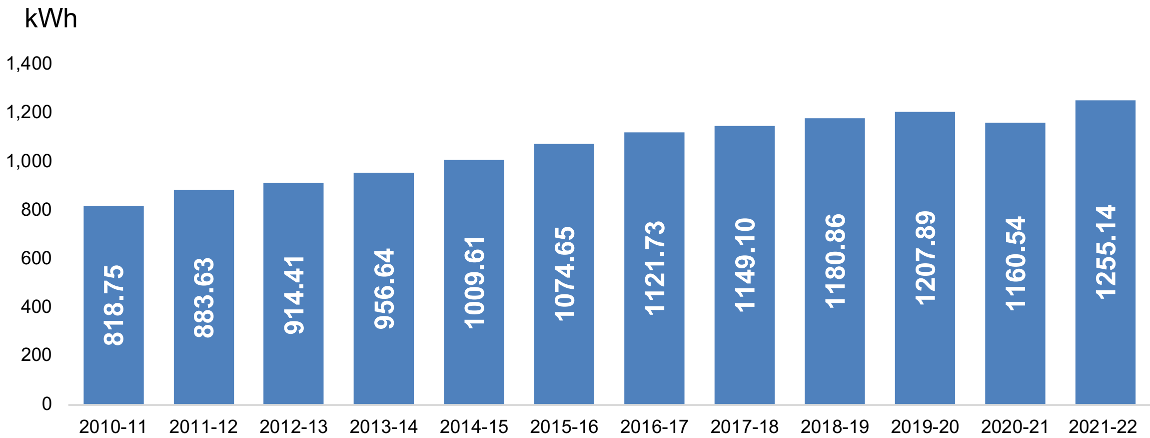
Resource-Wise Installed Capacity in All of India[89]



Power Demand[90]

Per capita electricity consumption in India for the year 2021-2022 was 1,255 kWh, equivalent to around one-third of the global average of per capita electricity consumption. During 2021-2022 which was still considered pandemic years, India has experienced a slow rate of consumption of energy resources, but eventually recovered along with the steady recovery of the overall economy.

Per Capita Electricity Consumption 2010-2022



[89] CEA Dashboard, Resource-Wise Installed Capacity in All of India
[90] CEA Dashboard, Per Capital Consumption (kWh)

Power Prices

The Government of India together with state governments established the National Tariff Policy ("**NTP**") in 2016 effectively replacing the Tariff Policy of 2006. The key objectives of the NTP are:

- ensuring financial viability of the power sector and attract investments;
- ensuring availability of electricity to consumers at reasonable and competitive rates;
- promoting generation of electricity from renewable power sources; and
- promoting hydroelectric power generation.

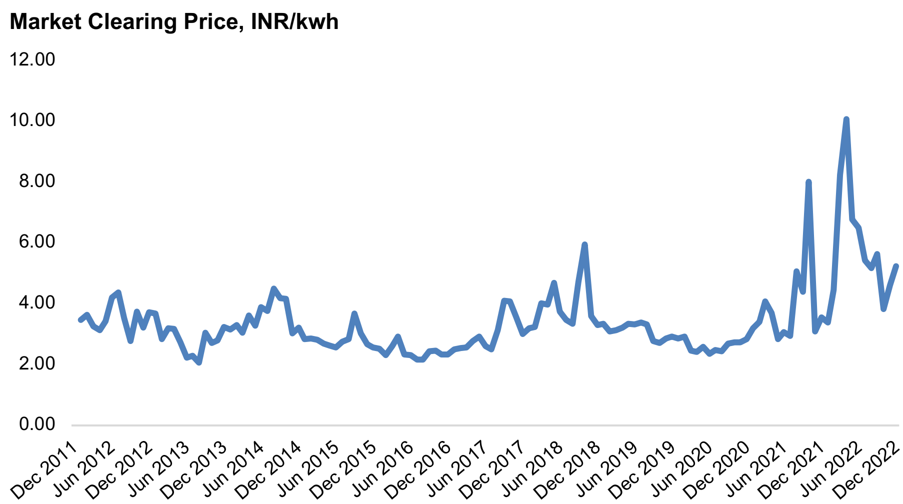
Given the focus that NTP has on renewable power and competitive tariffs, the states have been mandated to make necessary endeavors to procure power from renewable energy through competitive bidding to keep the tariff low. Further, the NTP states that 35% of the installed capacity can be procured by the state at the SERC determined tariff.

The Ministry of Power has issued guidelines on 3 August 2017 and 12 December 2017 for procurement of solar and wind power, respectively, through tariff based competitive bidding process ("**Competitive Bidding Guidelines**"). The Competitive Bidding Guidelines aim to enable the distribution licensees to procure solar and wind power at competitive rates in a cost-effective manner.

The prices of electricity traded have been continuously falling since the start of power market due to these measures. The fall in tariffs is also caused by the decrease in deficits over the years, due to the various projects that have no long term contracts and are therefore forced to sell power in short term market.

Except in 2008 – 2009, the price of electricity transacted through traders was relatively high when compared with the price of electricity transacted through power exchanges. This could be for various reasons, mainly the delivery of electricity through traders is mostly at state periphery whereas in case of power exchanges the delivery of electricity is at regional periphery.

Power Prices at India Energy Exchange 2012-2022[91]



[91] India Energy Exchange, Area Prices (Monthly Market Clearing Price from January 2012 to December 2022)

In the recent years, India has been addressing energy deficits caused by challenges and volatility in the international energy market. Presently, India is heavily reliant on imports, especially of coal and crude oil to meet domestic consumption. Some power producers were also unable to generate power at full capacity due to unanticipated spike in coal prices due to the geopolitical crisis that happened in 2022, ultimately contributing to elevated electricity prices.

Energy Outlook

Coal continues to fuel India's economy accounting for more than 50% of the country's installed generation capacity, and India remains to be one of the top coal-consuming countries in the world. However in a bid to increase renewable energy capacity in the country, the government, in 2014, has set the target for achieving 175GW of renewable energy in India, with major focus on solar energy (100 GW by FY 2022) and wind energy (60 GW by FY 2022). While other renewable energy sources that includes small hydro projects, biomass projects and other renewable technologies have to be ramped up to 15 GW by FY 2022.

The growth of the solar sector in India is traced to the commissioning and operation of 15MW of solar Photovoltaic (PV) pilot projects between 2008 and 2009. Later, with the introduction of the NTPC Vidhut Vyapar Nigam Limited ("**NVVN**") scheme under Jawaharlal Nehru National Solar Mission ("**JNNSM**") (which allowed bundling of solar power with cheaper thermal power), solar capacity allocations have picked up the pace.

In 15 August 2021, the government launched the National Hydrogen Mission which aims to aid in meeting the country's climate targets and establish India as a green hydrogen hub. The mission also helps to meet a target production of 5 million tonnes of Green hydrogen by 2030 and the related development of RE capacity. Hydrogen and Ammonia are seen to replace fossil fuels and one major requirement is producing these fuels from renewable energy ("green hydrogen" and "green ammonia").[92]

Strong government support, falling tariffs and easing transmission constraints will continue to drive the renewable energy capacity increase in the country, but coal is seen to remain as a major source of energy for the country at least in the near future. In addition, as domestic energy demand continues to exceed energy supply, India will continue to import its energy requirements as it continues to improve its domestic production.

Energy Requirement and Availability (2010 to 2022), in million units (MU):[93]

Year	Energy Requirement	Energy Availability	Energy Shortage	% of shortage
2010-11	861,591	788,355	73,236	8.5
2011-12	937,199	857,886	79,313	8.5
2012-13	995,557	908,652	86,905	8.7
2013-14	1,002,257	959,829	42,428	4.2
2014-15	1,068,923	1,030,785	38,138	3.6
2015-16	1,114,408	1,090,850	23,558	2.1

[92] Government of India, Press Information Bureau, Ministry of Power notifies Green Hydrogen/ Green Ammonia Policy
[93] Government of India, Ministry of Power, "Annual Report 2021-22"

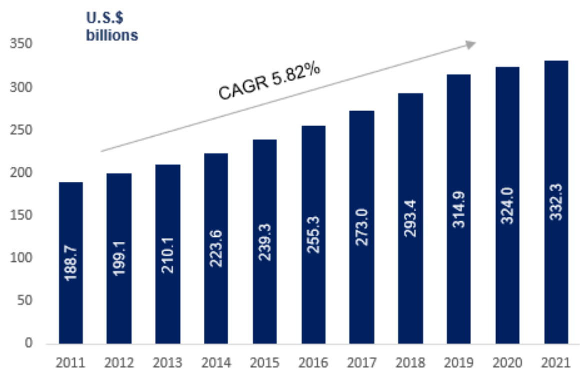
2016-17	1,142,929	1,135,334	7,595	0.7
2017-18	1,213,326	1,204,697	8,629	0.7
2018-19	1,274,595	1,267,526	7,070	0.6
2019-20	1,291,010	1284444	6,566	0.5
2020-21	1,275,534	1,270,663	4,871	0.4
2021-22	1,030,128	1,025,706	4,423	0.4

VIETNAM

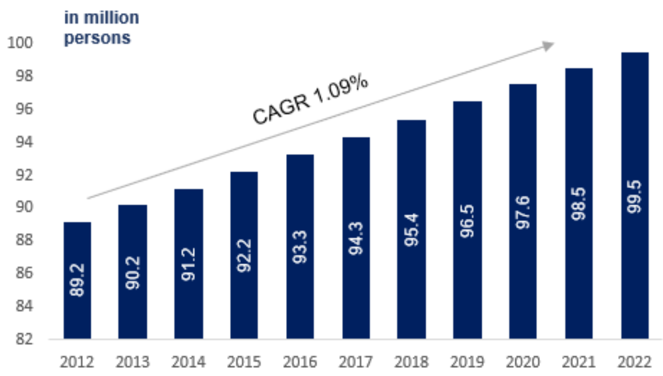
According to the Vietnam's General Statistics Office ("**GSO**"), the country's GDP at current prices reached U.S.$409 billion in 2022[94] growing 8.02% year-on-year with strong growth across value added from robust domestic demand and export-oriented manufacturing and controlled inflation. This is the highest growth since 2012, which also significantly outpaced ADB's Southeast Asian forecast of 5.1% to 5.5%.[95]. Total Foreign Direct Investment ("**FDI**") decreased by 18.4% to U.S.$12.45 billion with around 2,036 new projects being licensed which is a 17.1% increase year-on-year.[96] In 2022, Vietnam's population reached 99.5 million, while estimates for unemployment rate was at 2.32%.[97]

Note: Average central exchange rate in 2022 was used for conversion (as of December 23, 2022, of the State Bank of Vietnam): 1 USD = 23,271.9 VND

Annual Nominal GDP (2011-2021)[98]



Population (2012-2022)[99]



ENERGY MARKET

Regulatory Framework

The Ministry of Industry and Trade ("**MOIT**") monitors and regulates Vietnam's energy industry. There are two key advisory and executive units managing the energy sector, namely, the General Directorateof Energy ("**GDE**") and the Electricity Regulatory Authority of Vietnam ("**ERAV**"). The GDE focuseson constructing the law, policy, planning and management of every energy sector; while ERAV regulates activities in the electricity sector to ensure a safe and high-quality electricity supply for the economy. However, the GDE was disbanded and replaced by the departments below to:

- The Electricity and Renewable Energy Authority;
- Department of Energy Efficiency and Sustainable Development; and
- Department of Oil, Gas and Coal.

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[94] General Statistics Office: Socio-economic situation in the fourth quarter and 2022
[95] ADB (December 2022). Asian Development Outlook (ADO) 2022 Supplement: Global Gloom Dims Asian Prospects
[96] Ministry of Planning & Investment: Report on foreign direct investment in 2022
[97] General Statistics Office: Some social situation in 2022
[98] The World Bank: GDP (2015 Constant US$) - Vietnam
[99] International Monetary Fund. Dissemination Standards Bulletin Board: Population - Vietnam

Established in 1995, the Institute of Energy is responsible for preparing energy policy, national and regional power source development plans, it also conducts research on power facilities and equipment.

There are two main state-owned enterprises in Vietnam's power sector, namely:

- Vietnam Electricity ("**EVN**"), which has majority control of the national power transmission anddistribution market in Vietnam; and

- The Vietnam National Coal-Mineral Industries Group ("**Vinacomin**"), which is mainly involved in the exploration, export, import and sale of coal as well as the operation of coal power plants.

Other power sector institutions in Vietnam include:

- Electric Power Trading Company ("**EPTC**") which was established in 2008 as a subsidiary of EVN responsible for purchasing all power;

- National Power Transmission Corporation ("**NPT**") which was established in 2018 from 'reunification' of various regional EVN subsidiaries; and

- National Load Dispatch Center ("**NLDC**"), established in 1994, functions as market and system operator for the wholesale market.

The Government of Vietnam has plans to liberalize and increase the competition in the sectorin three phases: [100] [101]

Phase I (2005-2016) – Vietnam Competitive Generation Market ("**VCGM**")

- Establishing the rules and procedures for the VCGM (a single-buyer electricity market);

- Formation of a spot market and providing power to power corporations ("**PC**") based on bulksupply tariff;

- Restructuring and equitizing of EVN power stations; and

- Increasing the number of generators,among others.

Phase II (2017–2021) – Establishment of Competitive Wholesale Electricity Market

- Generators sold to PCs and eligible large customers through bilateral contracts and the spotmarket; and

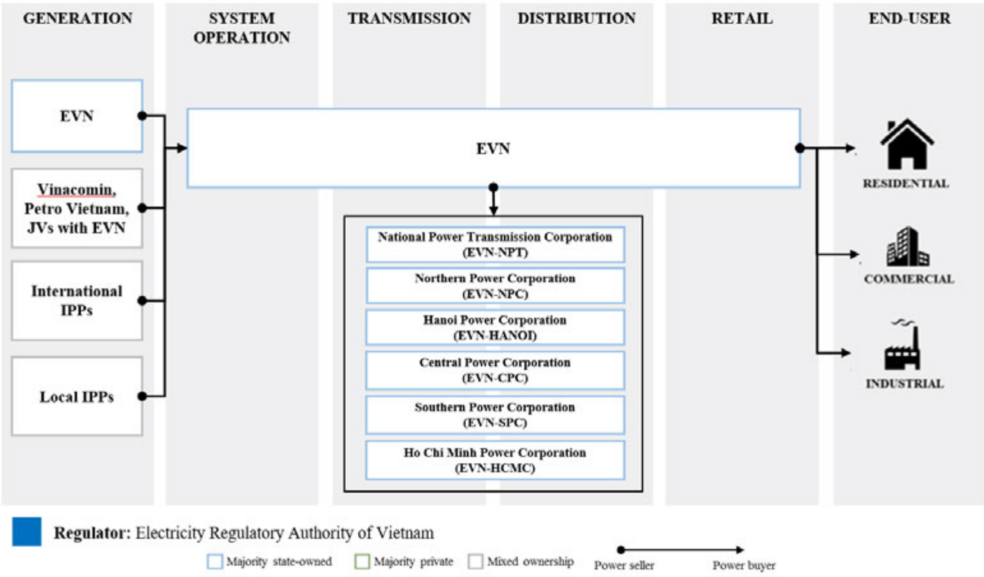
- Establishment of new trading entities to purchase or sell electricity.

Phase III (2023 onwards)– Competitive Retail Electricity Market

- Transition to full retail contestability, where customers will be allowed to select suppliers.

[100] ADB (2015). Assessment of Power Sector Reform in Viet Nam
[101] ADB (May 2019). Establishing the Wholesale Electricity Market Technical Assistance Consultant's Report

Market Structure



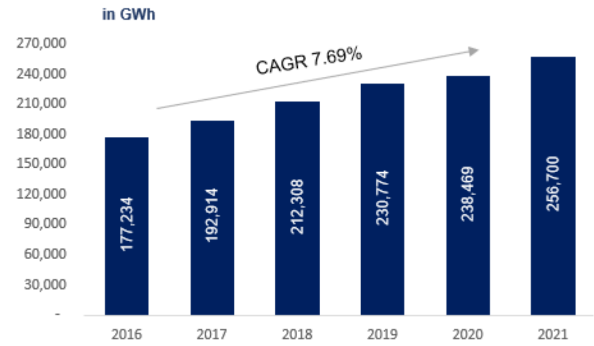
Power Supply and Demand

According to the EVN, Vietnam's power capacity in 2021 increased by 10.6% year-on-year to 76,620MW for a CAGR of 12.0% from 2011 to 2021. This is an increase of nearly 7,500MW compared to 2020. Of which, the total capacity of renewable energy sources (wind, solar) was 20,670MW, an increase of 3,420MW against 2020, accounting for 27% of the system. Total system sales in Vietnam also grew by a CAGR of 9.7% from 2016-2021. These increases come as the government has implemented many important policies to attract investments into the power sector and is in the process of designing and building the appropriate legal and regulatory framework to ensure competitive and attractive market standards as the Vietnamese economy continues to grow via its increased manufacturing capacity and robust domestic consumption. Electricity demand has grown at a compounded annual growth of over 9.7% since 2011 and is projected to continue to grow at 10-12% per year through 2030.[102] Electricity sector demand drivers primarily include GDP growth, population growth, and GDP per capita growth.

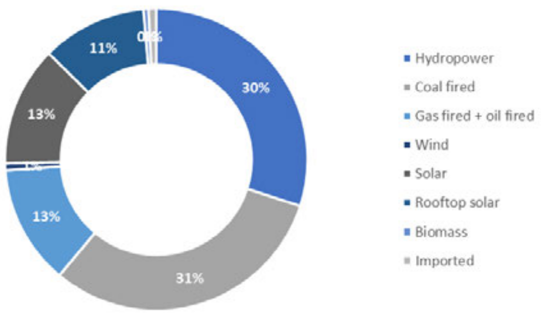
[102] International Trade Administration: Vietnam – Country Commercial Guide

Capacity in MW (2011-2021)[103] [104]

System Sales in GW (2016-2021) [105]



Primary Energy Supply Mix (2020)



Note: Latest available data on breakdown of installed capacity by technology

Power Prices

Electricity tariff setting has historically been, and to a lesser extent continues to be, a politically sensitive activity with the involvement of the Prime Minister's Office ("**PMO**"). Prior to 2011, each tariff adjustment went through a rigid review process starting from EVN's submitted proposal, to the assessment and recommendation by MOIT and the Ministry of Finance ("**MOF**") before being considered by the Prime Minister ("**PM**") for approval. This was a time-consuming process, taking up as muchas four to five months to complete and so it generally only took place once a year. The process tended to introduce a time-lag in tariff adjustments, so tariffs were unable to keep pace with the cost of supply.

To address this issue, the Government has introduced more market-based price policy and regulations. In April 2011, the PMO issued the decision on the Market-based Adjustment of Electricity Retail Tariff, which introduced some flexibility to the price setting procedures. These were then

[103] EVN: Annual Reports 2011-2021
[104] Institute for Energy Economics and Financial Analysis (September 2020). Vietnam's EVN Faces the Future – Time to Get Renewables Right
[105] Vietnam Plus (14 January 2022). Vietnam Leads ASEAN in Installed Power Capacity

amended and replaced in November 2013 with PMO's Decision No. 69/2013/QD-TTg, and more recently, in June 2017 with PMO's Decision No. 24/2017/QD- TTg.

The initial market-based tariff adjustment mechanism resulted in tariff adjustments every six months for the period December 2011 to December 2013, compared to only annual adjustments in the prior period. During 2014-2017, tariff adjustments were much less frequent, with the single increase approved in March 2015, setting the average electricity price at 1,622.01 VND/kWh. This was becausethe PM's Decision No. 69/2013/QD-TTg imposed a more conservative condition for tariff amendments,which required an increase of 7% or more in the calculated average price to warrant a change.

However, under Decision No.24/2017/QD-TTg, EVN has achieved greater flexibility as to when it can propose and/or implement a price change caused by movements in the basic input parameters. Therewere two price increases following this decision: the first increase was approved by MOIT in December2017 for a 6.08% rise to the average retail price, bringing it to 1,720.65 VND/kWh (US $ 7.6 cents /kWh), andthe last adjustment was made in March 2019 for an 8.36% increase with the average price set at 1,864.44VND/kWh (US $ 8 cents /kWh).

While the Prime Minister's Decision No. 02/2023/DG-TTg increased the bracket to average electricity retail price to a floor price of 1,826.22 VND/kWh (US $ 7.8 cents /kWh) and a ceiling price of 2,444.09 VND (US $ 10.0 cents /kWh) last February 2023, the adjustment has yet to impact the actual retail prices since MOIT's basis for this year's average electricity retail price are the results of the electricity production and business costs of 2022.

Energy Outlook

The government is also set to layout its latest Power Development Master Plan for 2021-2030 with a vision to 2045 ("**PDP 8**") and is currently undergoing further approval with the National Assembly. This was approved by the Deputy Prime Minister last May 15 through Decision 500/QD-TTg. PDP 8 was originally scheduled for release in 2020 and includes the target capacity development for each power source. Building on the growth brought by PDP 7 which laid out the plan for 2011- 2020, the current draft for approval sees the country prohibiting new coal-fired plants from being built. To support this, PDP 8 projects an increasing dependence on gas-fired plants and wind power. This aims to make renewable energy the country's primary energy source by 2050 by increasing its total installed capacity by 150GW in 2030 in order to materialize its decarbonization commitment of having at least 67.5% renewable energy sources by 2050. Historical investments of around U.S.$8 billion annually would need to be further increased to up to U.S.$17 billion annually to build up the required capacity and accompanying network infrastructure.[106] [107]

The expansion is to be driven by renewable energy projects and gas-fired power plants. The two sources will make up almost 50% of the system in 2030, lowering the share of coal sourced capacity to 20%.[108]

Once approved, MOIT will provide a plan of implementation to be submitted to the Prime Minister by June 2023. Essential parts of this will be the amendment of the Electricity Law and the Law on Renewable Energy, which should be submitted for approval of the National Assembly by 2024.109

Natural gas is also expected to play a critical role in meeting energy demand. Vietnam's Gas Master Plan[110] shows gas demand growing from 2021's 7.1 bcm/year[111] up to 34.25 bcm/year by 2030 and

[106] Bloomberg NEF (18 May 2023). Vietnam Bets on LNG and Wind to Power its Economy.
[107] Allens Linklaters (20 May 2023). PDP8: The End of the Beginning Preliminary Details and Comments.
[108] Mayer Brown (18 May 2023). Vietnam's PDP8 Released.
[109] Lexology (18 May 2023). Vietnam – Legal Alert on the Power Development Plan VIII – PDP 8 – What You Must Know.
[110] Baker McKenzie (9 March 2022). Vietnam – Draft National Infrastructure Plan for Oil and Gas Reserves and Supply
[111] CEIC Data: Vietnam Natural Gas - Consumption

to 86.41 bcm/year by 2050 as PDP 8 expects a portion of power generation to use regasified Liquified Natural Gas ("**LNG**"). It is anticipated that domestic gas production will fall short of projected demand by 2035 despite the planned development of new onshore and offshore gas fields. To achieve the target set above, approximately U.S.$20 billion is required through 2035 to develop upstream production facilities, pipelines, gas treatment facilities, and LNG infrastructure.

The country is expecting that it will have to mitigate the risk of localized power shortages from 2021 onwards with an estimate of 10GW shortage by 2030 as demand outstrips construction of new power plants.

The country's strategy developed in 2020 calls to raise the share of renewable energy (excluding hydroelectric plants) from less than 10% in 2020 to up to 30% by 2030 while cutting reliance on coal for electricity production. As of 2020, coal accounted for about 30.8% of the country's capacity. Vietnam will continue to seek foreign and domestic private investment to develop new plants and expedite the process of privatizing state-owned power companies. However, in the near term, the government expects to generate more electricity from coal and oil to bridge the expected gap in power supply.

In June 2011, wind FIT was introduced to the market. However, the industry has criticized its low subsidy and it has failed to attract the interest of private investors. In September 2018, the Government announced a new level of wind FIT (onshore: U.S.$0.085 per kWh; offshore: U.S.$0.098 per kWh), a 9% increase in onshore FIT and a 26% increase in offshore FIT to provide new incentives to investors.The cut-off for this FIT was in November 2021. For transitional wind projects without a tariff, the MOIT set a ceiling of 1,587.12 VDN/kWh for onshore and 1,815.95 VDN/kWh for offshore projects on EVN's tariff payable.[112]

In May 2017, FIT was first announced for solar power, with the utility-scale solar projects entitled to a 20-year FIT of U.S.$0.0935 per kWh. The 2017 FIT had a deadline of June 2019 which led to an influxof investments over the 6-month period ending June 2019. This supported the development of around 4.6 GW of projects.

In April 2020, the Vietnam government set new FIT rates of U.S.$. 0.0709 cents/ kWh for ground mounted projects, U.S.$. 0.0769 cents/ kWh for rooftop and U.S.$. 0.0769 cents/ kWh for floating solar installations. Developers will only qualify for the new rates if the projects began construction before 23November 2019 and are put into commercial operation by 31 December 2020. As these criteria would allow only around 300 MW of projects to be eligible, the MOIT proposed to relax the criteria, to projects that had already obtained investment approval, thus increasing the eligible capacity to around 3 GW. Due to COVID-related delays, transitional projects are eligible for a ceiling price of 1,184.90 VDN/kWh for ground mounted projects and 1,508.27 VDN/kWh for floating solar.

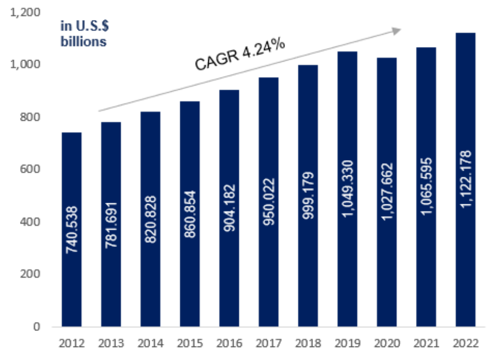
[112] EVN (16 January 2023). MOIT Sets Ceiling Prices for Solar and Wind Projects

INDONESIA

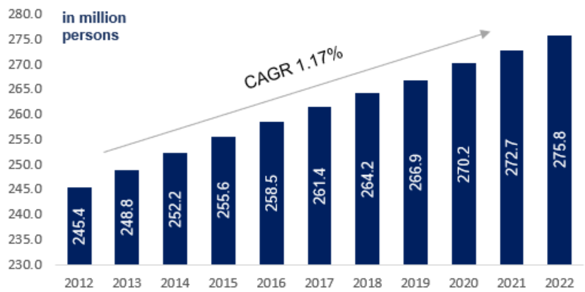
Indonesia's nominal GDP increased by 5.3% to U.S.$1,122 billion in 2022, hitting a 9-year high driven largely by the export market along with the elevated global commodity prices and manufacturing industry. Household consumption accounted for more than half of the country's GDP and was supported by the bounce back of the tourism industry. Investments, the second largest contributor to GDP growth, grew by 3.9%, with buildings accounting for the majority share. 22.4% growth was also observed for machinery and equipment signaling a continued increase in manufacturing productivity. For 2023, the government is targeting a GDP growth of 4.5% to 5.3%. [113] [114]

Indonesia's population grew by 1.1% year-on-year to reach 276 million in 2022. [115]

GDP in USD billions (2012-2022) [116]



Population in millions (2012-2022) [117]



ENERGY MARKET

Regulatory Framework

Indonesia's Ministry of Energy and Mineral Resources ("MEMR") is the primary government institution responsible for policy and decision-making of the sector. Kebujakan Energi Nasional or the National Energy Policy ("NEP") was issued in 2014, which aimed to achieve an energy mix of 23% renewable energy, 22% natural gas, 55% coal, and 0.4% oil by 2025 for national energy security.

The NEP is defined by the Electricity Law No 30 of 2009 which contains principles encompassing utilization of energy resources, final energy use, security of supply, energy pricing, international partnerships and outlines the roles and responsibilities of the central and regional Governments:

- Policy planning;
- Regulatory frameworks;
- Energy development priorities;

[113] ASEAN Briefing (15 February 2023). Indonesia's Top Sectors to Watch for in 2023
[114] CNBC (5 February 2023). Indonesia's 2022 GDP Growth Races to a 9-year High on Resource Boom
[115] Statistics Indonesia: Statistical Yearbook of Indonesia (2021, 2023)
[116] The World Bank. GDP at 2015 constant prices - Indonesia
[117] ASEAN Briefing (15 February 2023). Indonesia's Top Sectors to Watch for in 2023

- Energy research and development; and
- Business roles.

This implementation of which is further governed by the following regulations[118]

- Governmental Regulation No 14 of 2012, as amended by Governmental Regulation No 23 of 2014 about Electricity Business Provision (GR 14/2012).
- Governmental Regulation No 42 of 2012 on Cross-Border Sales and Purchases of Electricity (GR 42/2012).
- Governmental Regulation No 62 of 2012 on Electricity Support Business (GR 62/2012).

The recent issuance of Presidential Regulation No. 112 of 2022 for the Acceleration of Renewable Energy Development for Electricity Supply ("**RE PR**") also provides a framework for the country's energy transition strategy, provisions on (i) tendering renewable projects, (ii) tariff mechanisms, and (iii) incentives provided for renewable energy projects as it moves toward reaching its commitment to boost renewable energy development at the 26th Conference of the Parties of the United Nations Framework Convention on Climate Change ("**COP 26 UNFCCC**") last 2021.[119]

As part of the implementation of NEP, the General Plan of National Electricity ("**RUKN**") was created to develop the electricity supply system including its generation, transmission, and distribution to meet the local demand. RUKN serves as the basis for Perusahaan Listrik Negara's ("**PLN**"), the state-owned electricity company, business plans. PLN has the right of first priority and is the main generator and distributor in Indonesia. However, private companies may also already secure a license to provide electricity for public use.[120] [121]

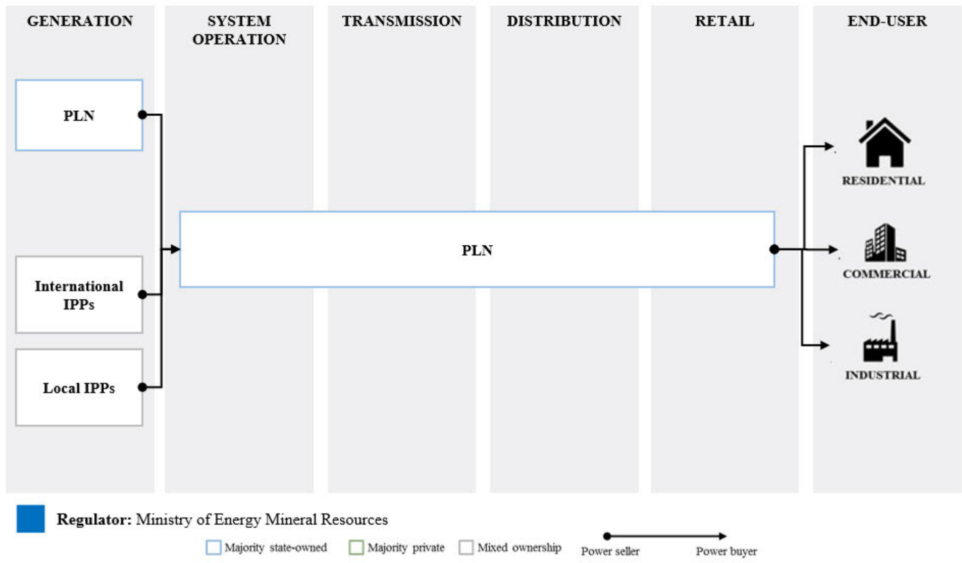
Each power generation source and respective activities are guided by a specific set of laws:

- Oil and Gas Law;
- Geothermal Energy Law ;
- Mineral and Coal Mining Law; and
- Electricity Law.

In addition, Indonesia recently lifted FDI limitations across different subsectors within the energy and naturalresources space through Presidential Regulation 10 of 2021 to liberalize create a conductive business environment.[122] 2022 total FDI resulted to a 46.7% increase from 2021 where the electricity, gas, and water supply sector also increased by 28.1%.[123]

[118] Thomson Reuter (1 Mary 2021). Electricity Regulation in Indonesia
[119] Mondaq (17 January 2023). Indonesia Renewable Energy Update – Indonesia's National Energy Policy and Fostering Renewable Energy Development
[120] ADB (December 2020). Indonesia Energy Sector Assessment, Strategy, and Road Map - Update
[121] Purnomo Yusgiantoro Center (31 December 2018): A Brief Overview on Indonesia's National Energy Policy
[122] Norton Rose Fulbright: Indonesia – Global Rules on Foreign Direct Investment
[123] Ministry of Energy and Mineral Resources (April 2022). Handbook of Energy & Economic Statistics of Indonesia

Market Structure

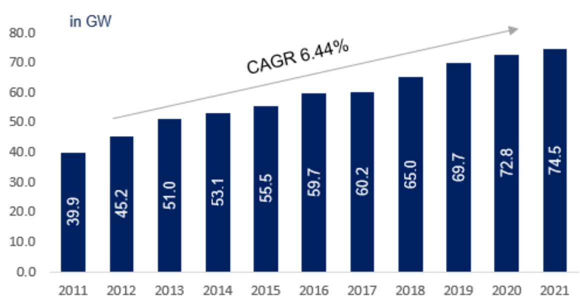


Power Supply and Demand[124]

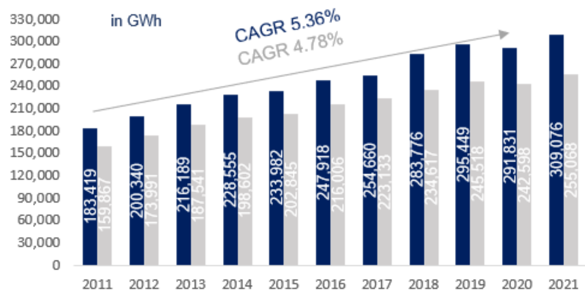
Indonesia's power capacity increased by 2.4% year-on-year reaching 74.5 GW in 2021. The new renewable energy space also grew by 0.9% in share of primary energy supply as the renewables space grows more into focus, replacing fossil fuels.

Power generation increased at a rate of 5.9% year-on-year to 309,076 GWh in 2021, equivalent to a 5.4% CAGR during 2011-2021. Power consumption increased by 8.6% year-on-year to 255,068 GWh, 4.8% CAGR during 2011-2021. This was driven by the 86.4% increase of electricity consumption throughout the 10-year period.

Capacity GW (2011-2021)

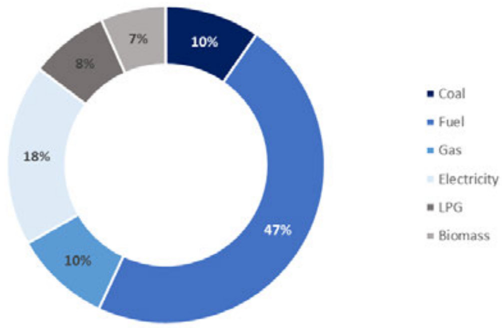


Power Generation and Consumption in GWh (2011-2022)



[124] Ministry of Energy and Mineral Resources (April 2022). Handbook of Energy & Economic Statistics of Indonesia

Primary Energy Supply Mix (2021)



Note: New renewables energy includes hydropower, geothermal, solar, wind, other renewables, public street lighting, biofuel, biogas

Power Prices

Spot power prices throughout 2010 to 2019 in Indonesia varied across different sectors. Power prices have largely been kept low because much of the power value chain is controlled by PLN and the Government has been providing subsidies. However, since 2013, the Government began reforming the subsidy bill and has steadily been budgeting less for power subsidies, which helps explain the subsequent increase of power prices.

The Indonesia government has introduced a new tariff regime for renewable energies through MEMR Regulation No. 50 of 2017 or 2018 Biaya Pokok Penyediaan Pembangkitan ("**BPP**") Decree, which serves as the main basis of determining the purchase price of electricity was through benchmarking against PLN's BPP. This was comprised of PLN's cost of generating power through its own plants and securing third party suppliers such as IPPs.

The latest amended, MEMR Regulation No. 4 of 2020 or 2020 BPP Decree, that was affected on 8 September 2021 reported BPP figures to determine tariff ceilings until 31 March 2022. The 2020 BPP average national prices showed a 10.7% decrease from the 2018 BPP prices. Given the larger percentage of coal in Indonesia's energy mix, the final benchmark cost was lower than the cost of renewable energy producers.[125]

Part of the Presidential Regulation No. 112/2022 is the introduction of a ceiling tariff for agreements between PLN and an IPP that is based on the type and size of renewable energy plant and its location. This is no longer benchmarked against the existing non-renewable energy tariff by the BPP prices to increase interest in investing in the renewable energy sector.

Some exclusions apply for:

- hydro peak power plants, biofuel power plants, sea-wave power plants;
- purchase agreements made before Presidential Regulation No. 112/2022 as it remains valid until its respective expiry date;

[125] Baker McKenzie (28 October 2021). Indonesia – Government Publishes PLN's 2020 Cost of Generation (BPP) Figures

- power plant developers who have received approval for electricity and geothermal tariffs prior to Presidential Regulation No. 112/2022 which is still bound by the previous regulations. [126]

It is also subject to an annual review by the MEMR together with the Minister of Finance and Minister of State-owned Enterprises.[127]

Energy Outlook

Supplementing the country's pledge to be carbon neutral by 2050 from COP 26 UNFCCC, an investment of an initial U.S.$ 20 billion over the next three to five years for the newly launched Just Energy Transition Partnership ("**JETP**") was made during the Annual Group of Twenty ("**G20**") Summit held in Indonesia. [128] [129] This was a response to Indonesia's one of three priorities of sustainable energy transition. The funding will be put towards aiding the country to pivot from fossil fuels and to reach its country-specific target including:

- Reaching Net Zero Emissions ("**NZE**") by 2050 instead of 2060;
- Have a minimum of 34% renewable energy in power generation by 2030;
- Limit the development and advance the retirement of coal-fired plants;
- Accelerating its peak power sector emissions to 2030, seven years ahead of schedule, decreasing its total greenhouse gas emissions by 300 megatons;
- Lowered the cap of CO2 power sector emissions from 357 megatons to 290 megatons in 2030;
- Support the development of the local renewable energy and energy efficiency industry.

The Climate Investment Funds ("**CIF**") announced that it will partner with Indonesia's PLN and its private sector to accelerate the retirement of 1GW of coal-powered plants by 2030 and ~49GW by 2050. This provides the country to access U.S.$ 500 million in capital from the Accelerating Coal Transition ("**ACT**") program. The other sections of the ACT program is Governance, Just Transition and Repurposing, and the Scale Up of Renewable Energy and Storage.[130]

Last November 14, 2022, Indonesia has also signed a memorandum of understanding with ADB to open detailed discussions for the early retirement of the first IPP's 660-megawatt coal power plant under ADB's Energy Transition Mechanism ("**ETM**"). This officially launches the Indonesia's ETM country platform.[131]

As approved by MEMR last October 2021 in PLN's 2021-2030 Electricity Supply Business Plan ("**RUPTL**"), renewable energy will increase by 20,923MW by 2030 with the main focus on hydro power plants followed by solar plants and geothermal plants. This gives a resulting mix of 51.6% renewable energy for new power generation projects.

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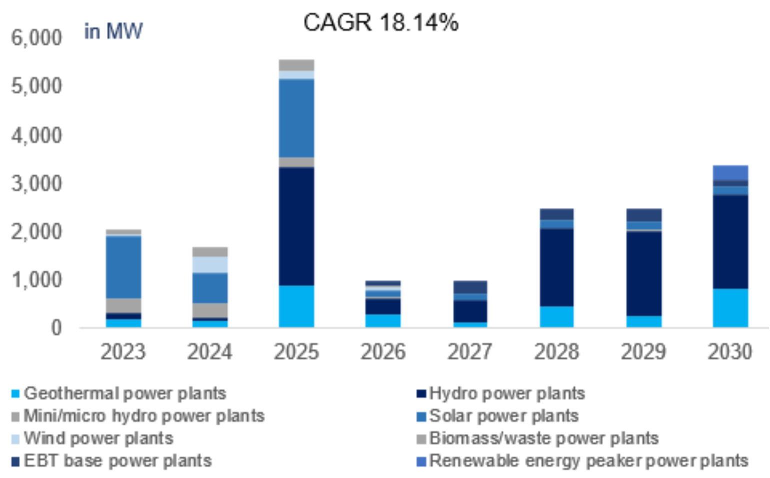
[126] Mondaq (8 November 2022). Renewable Energy: Indonesia Accelerates the Utilization of Renewable Energy for Electricity Power Supply
[127] PwC (January 2023). Indonesia Legal Alert / No. 13 – Boosting Indonesia's Renewables Through Presidential Regulation No. 112 of 2022
[128] Institute for Essential Services Reform (15 December 2022). Indonesia Energy Transition Outlook 2023
[129] ASEAN Briefing (2 January 2023). Indonesia's Just Energy Transition Partnership – Impacts for the Green Economy
[130] Climate Investment Funds (26 October 2022). Fact Sheet - Accelerated Coal Transition (ACT) Investment Plan for Indonesia
[131] Asian Development Bank (14 November 2022). ADB and Indonesia Partners Sign Landmark MOU on Early Retirement Plan for First Coal Power Plant Under Energy Transition Mechanism

The Presidential Regulation No. 112/2022 introduces key provisions which include phasing out of coal-fired power plants ("**CFPP**") and prioritization of renewable energy development. There shall no development of new CFPP unless included in the PLN's RUPTL or such CFFP satisfy certain conditions such as commitment to reduce GHG by a certain level and commitment to operate only until 205 at the latest.

Capacity Expansion (2023-2030)



The projected overall demand in the latest RUPTL shows a 4.9% annual growth throughout 2021-2030; however, the 18.1% CAGR for renewable energy projects is from the country's efforts for renewable energy to have an increased share in the mix. Total project investment for both renewable and non-renewable sources will require approximately U.S.$ 66.7 billion spread from 2023 to 2030.[132]

(*Note: Average exchange rate in 2022 was used for conversion: 1 USD = 15,346 IDR)*

Currently the House of Representatives are redrafting the New and Renewable Energy ("**NRE**") Bill to develop an energy transition and NRE roadmap. Other government strategies to support the renewable energy market include income tax incentives and exemptions from Import Duty and Import VAT.

Nevertheless, renewable energy expansion in Indonesia will depend on several factors, including the development and stability of the regulatory framework for project execution and incentives to support renewable energy generation.

[132] Baker McKenzie (October 2022). PLN's New 2021-2030 Business Plan – High Hopes and "Greener" Projects

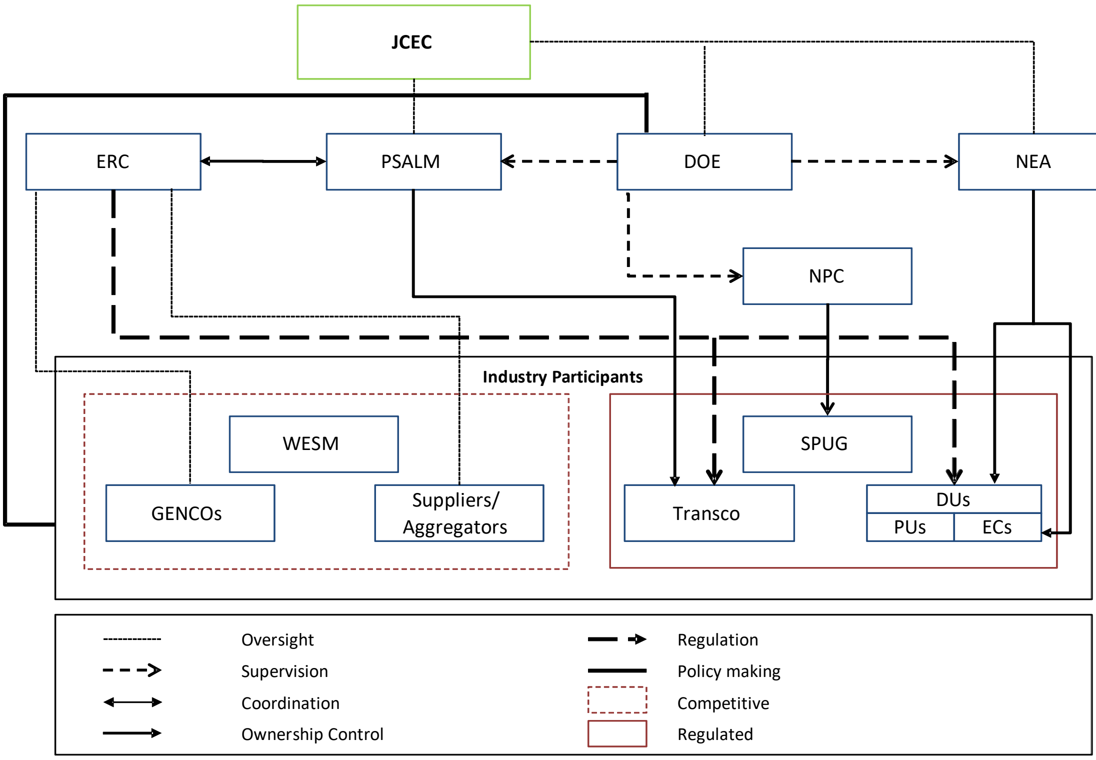
REGULATORY FRAMEWORK

The information in this section has been derived from various government and private publications or obtained from communications with various government agencies unless otherwise indicate and has not been prepared or independently verified by the Company, the Underwriters, or any of their respective affiliates or advisors. The information may not be consistent with other information compiled within or outside the Philippines.

Regulation of the Philippine Power Industry

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

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



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

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

With a view to implementing the EPIRA's objectives, the DOE, in consultation with the relevant government agencies, electric power industry participants, non-government organizations and electricity consumers, promulgated the Implementing Rules and Regulations of the EPIRA (the "**EPIRA IRR**") on 27 February 2002.

The EPIRA IRR governs the relations among, and respective responsibilities of, the different electric power industry participants as well as the particular governmental authorities involved in implementing the structural reforms in the industry, namely the DOE, NPC, National Electrification Administration ("**NEA**"), ERC and PSALM.

Primary Regulatory Agencies

Energy Regulatory Commission

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

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

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

Department of Energy

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

- preparation and annual updating of the Philippine Energy Plan and the Philippine Power Development Program, and thereafter integrate the latter into the former;
- ensuring the reliability, quality and security of the supply of electric power;
- exercise of supervision and control over all government activities pertaining to energy projects;
- encouragement of private investment in the power industry sector and promotion of the development of indigenous and renewable energy sources for power generation;
- facilitation of reforms in the structure and operation of distribution utilities for greater efficiency and lower costs;
- promotion of incentives to encourage industry participants, including new generating companies and end-users, to provide adequate and reliable electric supply;
- education of the public (in coordination with NPC, ERC, NEA and the Philippine Information Agency) on the restructuring of the industry and the privatization of NPC assets; and

- establishment of the WESM in cooperation with electric power industry participants, and formulating rules governing its operations.

Joint Congressional Energy Commission

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

Reorganization of the Electric Power Industry

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

The Generation Sector

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

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

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

Under the EPIRA, generation companies are allowed to sell electricity to distribution utilities or to retail electricity suppliers through either bilateral contracts or the WESM as described below. With the implementation of RCOA on 26 December 2013, as supplemented by DOE Department Circular No. 2015-06-0010, generation companies may likewise sell electricity to eligible end-users with an average monthly peak demand of 750KW and certified by the ERC to be such ("**Contestable Market**"). No generation company is allowed to own more than 30.0% of the installed generating capacity of the Luzon, Visayas or Mindanao grids and/or 25.0% of the national installed generating capacity. Also, no generation company associated with a distribution utility may supply more than 50.0% of the distribution utility's total demand under bilateral contracts, without prejudice to the bilateral contracts entered into prior to the enactment of the EPIRA.

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

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

In March 2021, the Philippine Supreme Court declared void DOE Circular No. DC2015-06-001 and the ERC RES Rules and directed the ERC to promulgate the supporting guidelines to DOE Circular Nos. DC2017-12-0013 and DC2017-12-0014.

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

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

Requirement of Public Offering for Generation Companies

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

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

According to Resolution No. 9, which took effect on 29 June 2011, any offer of common shares of stock for sale to the public through any of the following modes may be deemed as a public offering for purposes of compliance with the public offering requirement under the EPIRA: (1) listing on the PSE; and (2) listing of the shares of stock in any accredited stock exchange or direct offer of the required portion of a company's capital stock to the public.

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

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

- Listing on the PSE;

- In accordance with the 2015 IRR of the SRC:

    - Publication in any printed material distributed in the Philippines;

    - Public presentations;

    - Advertisements or announcements on radio, television, electronic communications, information communication technology, or any other forms of communications; and

    - Distribution of flyers, brochures, or any offering material in a public or commercial place, or through prospective purchasers through the portal system, information communication technology and other means of information distribution.

- Listing of any shares of stock in any accredited stock exchange or direct offer to the public or the employees of an entity registered with the BOI, when deemed feasible and desirable by the latter.

ERC Resolution No. 4, Series of 2019 also provides that generation companies under a Build-Operate-Transfer Scheme must comply with the 15% public offering requirement. Further, it requires that the sale of securities to the public must comply with the SRC and its IRR.

The public offering by existing companies shall be made within five years from the effectivity of ERC Resolution No. 9, Series of 2011, or until 29 June 2016. The five-year period was extended up to 29 June 2017 pursuant to ERC Resolution No. 18, Series of 2016. For new companies, however, the five-year period is counted from the issuance by the ERC of their respective COCs. The period for compliance has further been extended pursuant to ERC Resolution No. 10, Series of 2017 for another year, or until the resolution of the petition filed by the Private Electric Power Operators Association regarding the clarification on whether the registration of common shares at the SEC may be considered as a mode of public offering is resolved, whichever comes earlier. On 21 June 2018, the ERC issued Resolution No. 14, Series of 2018 which further extended the period for compliance until 29 December 2018.

The Transmission Sector

Pursuant to the EPIRA, NPC has transferred its transmission and sub-transmission assets to TransCo, which was created pursuant to the EPIRA to assume, among other functions, the operation of the electrical transmission systems throughout the Philippines. The principal function of TransCo is to ensure and maintain the reliability, adequacy, security, stability and integrity of the nationwide electrical grid in accordance with the Philippine Grid Code 2016 Edition ("**Grid Code**"). TransCo is also mandated to provide Open Access to all industry participants. The EPIRA granted TransCo a monopoly over the high-voltage network and subjected it to performance-based regulations.

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

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

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

Similar to the Grid Code, the Rules, Terms and Conditions for the Provision of Open Access Transmission Service ("**OATS Rules**") is based on the provisions of the EPIRA and its Implementing Rules and Regulations. The OATS Rules complements the Grid Code. It defines the services that NGCP, as the concessionaire of TransCo, must provide as the Transmission Network Provider, System Operator and Metering Services Provider in accordance with its responsibilities provided in the Grid Code and the WESM Rules. More so, the OATS Rules provide the charges, rates and methodology that NGCP may apply and bill to the Transmission Customers for receiving its services, namely: (i) the Power Delivery Charges, (ii) System Operation Charges; and (iii) Metering Services Provider Charges. The latest OATS Rules was promulgated on 18 May 2022 through ERC Resolution No. 3, Series of 2022.

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

- the establishment of a grid management committee, which is tasked with the monitoring of the day-to-day operation of the grid;

- performance standards for the transmission of electricity through the grid, as well as the operation and maintenance thereof, which standards shall apply to TransCo, NGCP, distribution utilities and suppliers of electricity;

- technical and financial standards and criteria applicable to users of the grid, including generation companies and distribution utilities connected or seeking to connect thereto; and

- other matters relating to the planning, management, operation and maintenance of the grid.

Under Republic Act No. 11659, the transmission and distribution sectors are still considered as public utilities. As provided in Section 11, Article XII of the 1987 Philippine Constitution, no franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines, at least 60% of whose capital is owned by such citizens; nor shall such franchise, certificate, or authorization be exclusive in character or for a longer period of 50 years.

The Distribution Sector

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

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

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

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

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

DUs are required to supply electricity in the least cost manner to its captive market. To ensure this, the DOE promulgated DOE Circular Nos. 2015-06-008 and 2018-02-0003, as amended by DOE Circular No. 2021-09-0030, to provide for the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market ("**CSP Rules**").

Under the CSP Rules, all PSAs shall be procured through a competitive selection process ("**CSP**"), consistent with the latest and duly reviewed Distribution Development Plan, Power Supply Procurement

Plant, and the CSP Rules. CSP refers to the process wherein a Power Supplier or, in the case of off-grid areas, a New Power Producer, is chosen to supply electric power requirements of a DU through transparent and competitive bidding or alternative mode of procurement undertaking by a DU or by aggregated DUs to secure supply of electricity based on the evaluation criteria adopted by DUs. The following are the exceptions to the CSP requirement:

- Any generation projects funded by grants or donations, and will become fully-owned, operated, and controlled by the DU within its franchise area, subject to ownership and market-share limitations as provided under relevant laws and issuance.

- Negotiated procurement or emergency power supply wherein the cooperation period of the corresponding Emergency Power Supply Agreement ("**EPSA**") shall not exceed one year, and such EPSA shall be filed immediately before the ERC upon the issuance and within the effectivity of the Certificate of Exemption from the conduct of CSP.

- Any generating plant to be embedded in the DU, utilizing indigenous resources in the franchise area of the DU, subject to ownership and market-share limitations as provided under relevant laws and issuances, unless it intends to sell generated power outside of the embedded area, in which case, it shall undergo CSP with respect to its excess power.

- The provision for power supply by the NPC in off-grid areas prior to and until the entry of New Power Providers and in emergency circumstances.

- The provision for power supply by the PSALM Corporation through bilateral contracts for the power produced from the undisposed generating assets and IPP contracts.

Alternative methods of procurement may be resorted to exclusively for New Technology, *i.e.*, a technology that is novel or a novel use or arrangement of existing technology that has not yet been commercially operating or applied in the country upon effectivity of the CSP Rules, as amended. At any given year, the capacity to be procured through unsolicited proposal shall not exceed 25% of the DU's peak demand for the year of the unsolicited proposal's required commercial operations minus any capacity previously procured through unsolicited proposals for commercial operations in the same year.

Direct negotiation may be made by the DUs after at least two (2) failed CSPs and there is no outstanding dispute on the conducted CSP. A CSP is considered failed when: (a) no proposal was received by the DU; (b) only one generation company submitted an offer; (c) and competitive offers of prospective generation companies failed to meet the requirements prescribed in the bid documents. In case of alternative methods of procurement, direct negotiation may be made by the DU to the original proponent after two failed comparative biddings, or when (a) no comparative bid was received by the TPBAC/TPA or (b) comparative bids failed to meet the requirements prescribed in the bid documents.

In all cases, the DU and the generation company shall jointly submit the PSA to the ERC for the latter's approval.

The Supply Sector

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

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

To expand the base of end-users having the ability to choose their suppliers of electricity, the ERC promulgated ERC Resolution No. 04, Series of 2022 or the Rules for the Electric Retail Aggregation Program ("**Retail Aggregation Rules**"). Under the Retail Aggregation Rules, two or more end-users or all end-users within a contiguous area may join together and be treated as a single Contestable Customer, based on the current demand threshold demand prescribed under the rules, as may be reduced from time to time, wherein such Contestable Customer shall be part of the Contestable Market. No limit shall be imposed on the number of end-users whose demand shall be consolidated, provided, that the total aggregated demand of such single group has complied with the applicable level of contestability for individual contestable customers. Thus, the electricity requirements of end-users whose total monthly average peak demand is at least 500kW for the past three months and are located within a contiguous area may be aggregated. Such aggregation shall be effective beginning 26 December 2022.

For this purpose, contiguous areas are those within the same boundaries such as subdivisions, villages, Special Economic Zones, business districts and other similarly situated end-users in which supply of electricity can be measured through metering devices. Aggregation of end-users may thus be allowed within the geographical boundaries of any of the following: (1) subdivisions; (2) villages; (3) business districts; (4) Special Economic Zones; (5) condominium buildings; (6) commercial establishments such as malls; (7) mixed-use development complexes; and (8) such other geographical areas where similarly situated end-users are located in which supply of electricity can be measured through metering devices. The geographical areas other than the above shall be approved by the ERC upon request made.

End-users located within villages, subdivision or condominium buildings duly registered with the Department of Human and Urban Development or with the Philippine Guarantee Corporation; Special Economic Zones defined under Republic Act No. 7916; and business districts identified by the local government units where they are located, can join retail aggregation and be members of an aggregated group, provided the said end-users are located within the franchise area of the DU.

Should one of the customers in an aggregated group opt out or a default happens which results in the demand of the aggregated group falling below the required threshold level, the status of contestability shall not be affected unless it is discovered that the formation of the aggregated group and/or the corresponding changes in the membership are attended by fraud or deceit. The status of contestability shall remain only during the term of the original contract.

Under the Retail Aggregation Rules, a Retail Aggregator who is duly licensed by the ERC may engage in consolidating electric power demand of end-users for the purpose of purchasing and reselling electricity on a group basis. Persons or entities intending to act as Retail Aggregators are required to secure a RES License pursuant to the requirements and procedures provided under Resolution No. 01, Series of 2011 or the Revised Rules for the Issuance of RES Licenses. However, holders of a currently valid RES license may apply to act as a Retail Aggregator through the submission of a Letter of Intent to operate as a Retail Aggregator.

Competitive Market Devices

Wholesale Electricity Spot Market

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

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

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

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

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

Through the DOE Department Circular 2021-06-0015, the DOE declared the commercial operation of the Enhanced WESM Spot Market effective 26 June 2021 which shortened the dispatch, settlement and trading interval at the WESM from the current one-hour interval to five-minute interval. Also, the ERC, through ERC Resolution 7, Series of 2021, adopted a shorter rolling average period 72 hours from the 120 hours.

Retail Competition and Open Access

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

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

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

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

Initially, all electricity end- users with an average monthly peak demand of one MW for 12 months preceding 26 December 2011, as certified by the ERC to be contestable customers, shall have the right to choose their own electricity suppliers and are, thus, enjoined to exercise such right to their full benefit.

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

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

- **DOE Circular No. DC2015-06-0010** – *Providing Policies to Facilitate the Full Implementation of Retail Competition and Open Access (RCOA) in the Philippine Electric Power Industry;*
- **ERC Resolution No. 05, Series of 2016** – *A Resolution Adopting the 2016 Rules Governing the Issuance of Licenses to Retail Electricity Suppliers (RES) and Prescribing the Requirements and Conditions Therefor;*
- **ERC Resolution No. 10, Series of 2016** – *A Resolution Adopting the Revised Rules for Contestability;*
- **ERC Resolution No. 11, Series of 2016** – *A Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market;*
- **ERC Resolution No. 28, Series of 2016** – *Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, Series of 2016 entitled Revised Rules for Contestability*; and

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

On 21 February 2017, the Supreme Court issued a temporary restraining order (“TRO”) above Contested Issuances. In response thereto, the DOE issued DOE Circular No. 2017-12-0013 allowing the voluntary participation in the retail market of Contestable Customers with average peak demand of 750 kW. Further, on 3 December 2020, the ERC issued Resolution No. 12, Series of 2020 Prescribing the Timeline for the Implementation of the RCOA. In the said Resolution, the threshold level of 500kW-749kW qualified Contestable Customers with existing electronic meters capable of recording and reading interval of time, with a built-in communication port for remote and manual data retrieval, shall be allowed to switch to Competitive Retail Electricity Market or the Contestable Market starting 26 February 2021.

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

On 2 March 2021, the Supreme Court promulgated its decision in *PCCI v. DOE* (G.R. No. 228588) in relation to the validity of the above Contested Issuances. The Supreme Court held that migration to the competitive retail electricity market should not be mandatory and should remain as the customer’s choice. Hence, the above Contested Issuances were declared void by the Supreme Court.

The voiding of these Contested Issuances necessarily includes the voiding of the following restrictions provided in the Contested Issuances: (1) a RES cannot transact more than 50% of the total energy transactions with its affiliate contestable customer; and (2) no RES shall be allowed to supply 30% of the total average monthly peak demand of all contestable customers in the competitive retail electricity market.

Unbundling of Rates and Removal of Cross Subsidies

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

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

The EPIRA likewise provides for a socialized pricing mechanism such as the lifeline rate subsidy to be set by the ERC for marginalized or low-income captive electricity consumers who cannot afford to pay the full cost of electricity. These end-users are exempt from the cross-subsidy removal for a period of 10 years, unless extended by law. Its application was extended for another 10 years by Republic Act No. 10150, which was approved in June 2011.

The EPIRA likewise provides for a socialized pricing mechanism, one of which is the Missionary Electrification under Section 70 of the EPIRA which provides that NPC shall perform the electrification function in the off-grid areas. Thus, the Universal Charge on Missionary Electrification. The electricity end users in off-grid areas are only obligated to pay the Subsidized-Approved Generation Rate (“**SAGR**”) plus any ERC-approved Cost Adjustments notwithstanding the higher True Cost of Generation Rate (“**TCGR**”) of these areas. The difference between TCGR and SAGR, New Power Providers (“**NPPs**”) and Qualified Third Parties (“**QTPs**”) is claimed from the UCME Subsidy, recovery of which is approved by ERC to be collected from all electricity end-users. Section 3(b), Rule 13 EPIRA IRR provides that NPC-SPUG shall periodically assess the requirements and prospects of bringing its functions to commercial viability on an area-by-area basis at the earliest possible time. The latest DOE issuance on graduation of the UCME is the Department Circular No. DC2022-05-0016 which prepares the DUs and ECs in Off-grid areas for the elimination of the subsidy through: (i) interconnection to the grid of the distribution system; (ii) promotion of energy efficiency program; and (iii) incorporation of least-cost generation supply, such us Renewable Energy sources.

Another subsidy provided in the EPIRA is found in Section 73, as amended by RA No. 11552, provides for the assistance to electricity consumers, especially those living below the poverty line, and to achieve a more equitable distribution of the lifeline subsidy, a socialized pricing mechanism called a lifeline rate for qualified marginalized end-users shall be set by the ERC which shall be exempted from the cross subsidy phase-out under this Act for a period of 50 years. The threshold to qualify as a marginalized end-user and the level of consumption shall be determined by the ERC.

Another mandate in the EPIRA of the ERC is the establishment of a methodology for the setting of the transmission and the distribution wheeling rates, which must allow the recovery of just a reasonable costs and reasonable return on the rate base to enable the transmission operator or the distribution utility ("**Regulated Entity")** to operate viably. In compliance with the above-mentioned mandate, on 29 May 2003, the ERC adopted the "Guidelines on the Methodology for Setting Transmission Wheeling Rates for 2003 to around 2027" ("**RTWR**"). The latest version currently implemented is that approved on 22 September 2009. However, an amendment thereof is ongoing. On the other hand, for the distribution wheeling rates, the ERC on 10 December 2004 published the first edition of the Methodology for Setting Distribution Wheeling Rates ("**RDWR**"). The latest edition of the RDWR is the Revised RDWR approved in March 2021. These Rules set out: (i) the methodology to be used in setting the maximum wheeling rates that may be charged by the Regulated Entity to its customers; (ii) the guiding pricing principles that the ERC must follow to regulate the maximum wheeling rates; (iii) the rules on the annual rate verification and adjustment process; (iv) the regulatory processes and timelines to which both the Regulated Entity and the ERC must adhere in order for the methodology established by these Rules to be administered and applied in a timely manner; and (v) the performance indicators, performance targets and reporting arrangements with which the Regulated Entity must comply

Reduction of Taxes and Royalties on Indigenous Energy Resources

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

Government Approval Process

As set forth in the EPIRA, power generation is not considered a public utility operation. Thus, an entity engaged or intending to engage in the generation of electricity is not required to secure a franchise. However, being a business vested with public interest, no person or entity engaged in generation of electricity prior to its commercial operation must secure a COC from the ERC. An applicant must demonstrate compliance with the technical qualifications, financial capability ownership and control, none of the disqualifications in order to operate facilities used in the generation of electricity. A COC is valid for a period of five years from the date of issuance and the process to secure COC is provided in the 2020 Revised COC Rules.

For the technical requirements, an applicant must submit among others: general plant description, plant overview, location map, compliance with the PGC, PDC and WESM requirements, management and lease contract in force, and approved dedicated point to point limited transmission facility.

For the financial requirement, an applicant is required to present: its audited financial statement covering the two most recent 12-month period, detailed project cost and source of funds; schedule of liabilities, etc. Also, a generation company must also comply with the minimum financial capability benchmark of 1.25x annual Debt Service Capability Ratio though the period covered by its COC as provided in the "Guidelines for the Financial Standards of Generation Companies. Once the application has been approved, the COC shall remain valid for a period of five years from the date of issuance.

The ERC also governs the approval process for PSAs between distribution utilities and power suppliers. Under the Rules Governing the Execution, Review and Evaluation of Power Supply Agreements Entered into by Distribution Utilities for the Supply of Electricity to their Captive Market issued in ERC Case No. 2018-002RM provides that the DU shall undertake a transparent and competitive selection process ("**CSP**") of its Power Supply Agreement ("**PSA**") within six months from the publication of the invitation to bid. Direct Negotiation may only be made after two failed bidding while for Unsolicited Proposal, the DU must publish and invite third parties to match or exceed it. The CSP shall be spearheaded by an independent Bids and Awards Committee ("**BAC**"). The designation of BAC members is provided in the same rules. After a successful conduct of the CSP, the DU and the winning bidder shall enter into a PSA and jointly submit the same for the approval of the ERC.

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

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

The Energy Efficiency and Conservation Act

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

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

The following acts are prohibited under the EEC:

- failing to comply with energy labelling;
- removing, defacing, or altering any energy label on the energy-consuming product before the product is sold to the first purchaser, or leased to the first lessee;

- failing to provide accurate information or provision of false or misleading energy information as required to be submitted under the EECA;

- selling, leasing, or importing energy-consuming products that do not comply with the minimum energy performance;

- failing or willfully refusing to appoint or designate a Certified Energy Conservation Officer or Certified Energy Manager;

- willfully refusing to submit to an on-site inspection by the DOE;

- failing or willfully refusing to submit any of the reports required;

- failing to comply with issued orders of the DOE in the discharge of its enforcement powers; and

- violating any provisions of the IRR, codes, and guidelines issued in accordance with the EECA.

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

The Renewable Energy Act of 2008

Republic Act No. 9513, otherwise known as the Renewable Energy Act of 2008 (the "**RE Law**") provides for the acceleration and development of renewable resources. It was signed into law on 16 December 2008 and became effective in January 2009.

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

- Income Tax Holiday ("**ITH**") for the first seven years of its commercial operations. Additional investments in the project are entitled to additional income tax exemption on the income attributable to the investment. For this purpose, the discovery and development of new renewable energy resource is treated as a new investment and is therefore entitled to a fresh package of incentives. The entitlement period for additional investments shall not be more than three times the period of the initial availment of the income tax holiday.

- Duty-free importation of renewable energy machinery, equipment and materials which are directly and actually needed and used exclusively in the RE facilities for transformation into energy and delivery of energy to the point of use and covered by shipping documents in the name of the duly registered operator to whom the shipment will be directly delivered by customs authorities, within the first 10 years upon the issuance of a certification of an RE developer. DOE endorsement must be obtained before the importation and before any sale, transfer or disposition of the imported capital equipment, machinery or spare parts is made. There are additional conditions for sale, transfer, disposition made within the 10-year period from date of importation.

- Special realty tax rates on equipment and machinery.

- The net operating loss carry-over of the RE developer during the first three years from the start of commercial operation which had not been previously offset as deduction from gross income shall be carried over as a deduction for the next seven consecutive taxable years following the year of such loss.

- RE developers shall enjoy a 10% corporate income tax rate after the expiration of its ITH.

- Accelerated depreciation if the RE project fails to receive an ITH before full operation.

- Zero-percent value added tax rate for sale of fuel or power generated from renewable sources.

- Further, all RE developers are entitled to zero-rated value added tax on its purchases of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities.

- Cash incentive for RE developers for missionary electrification.

- Tax exemption of carbon credits.

- Tax credit on domestic capital equipment and services.

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

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

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

On 7 February 2002, DOE issued Department Circular 2022-02-0002 prescribing policies to promote development of Biomass Waste-To-Energy (WTE) Facilities. This circular considered Biomass WTE Resources a renewable energy resource as defined in the RE Law.

On 22 June 2022, the BIR issued Revenue Regulations No. 7-2002 to implement the tax-incentive provisions of the RE Law and to provide policies and guidelines.

On 29 September 2022, the Department of Justice ("**DOJ**") issued Opinion No. 21, S. 2022 wherein it clarified that "solar, wind, hydro and ocean or tidal energy sources are beyond the ambit of the term "natural resources" in Section 2, Article XII of the Constitution and that the term "all forces of potential energy" is to be understood in its technical sense, which necessarily excludes kinetic energy. Exploration, development and utilization of solar, wind, hydro and ocean or tidal energy should not be subjected to the 40% foreign equity limitation under Section 2. Consequently, DOE issued Department Circular No. DC2022-11-0034 which amended the Implementing Rules and Regulations of the RE Law and effectively liberalized the foreign equity limitation. However, the DOJ emphasized that the Water Code and jurisprudence limiting to Filipino citizens or juridical persons the appropriation of waters, direct from the source, for power generation shall continue to prevail, unless repealed of reversed."

Feed-In Tariff

The ERC issued Resolution No. 16, Series of 2010 FIT Rules, which establishes the FIT system and regulates the method of establishing and approving the FITs and the FIT-All.

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

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

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

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

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

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

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

Electricity consumers who are supplied with electricity through the distribution of transmission network shall share in the cost of the FITs in part through a uniform charge (in ₱/kWh) referred to as the FIT-All and applied to all billed kWh. NGCP ensures that the FIT-All fund is sufficient to pay all renewable energy producers regularly.

On 20 March 2023, DOE issued the Notice of Auction of the second GEAP for 11,600 MW installation targets for 2024, 2025, and 2026 delivery dates.

Green Energy Auction Program

Upon the full subscription of the existing FIT installation targets, the succeeding rounds for the installation targets for FIT-eligible resources shall be made through an auction system to be adopted by the DOE. On 03 November 2021, the DOE promulgated DOE Circular No. DC2021-11-0036 providing the Revised Guidelines for the Green Energy Auction Program in the Philippines ("**GEAP Guidelines**") which utilizes aspects of the FIT system.

The GEAP consists of the (1) Green Energy Tariff ("**GET**"), to provide price signals on the commercial value of electricity generated from RE facilities resulting from a competitive process, and to set the benchmark price for DUs under the opt-in mechanism; and (2) Green Energy Auction, to facilitate the determination of RE facilities that are eligible under the GEAP.

Under the GEAP Guidelines, the GET shall reflect the value of electricity, resulting from a competitive process that qualified bidders are capable of supplying the prescribed capacity volume and delivery periods. The winning bidder/s shall have the most competitive bid price offered based on the terms of reference for a particular auction round procedure. The GET shall be expressed in PhP/kWh-bases to reflect the value of actual energy generated by the winning bidder and to be consistent with the compliance requirements of the RPS On-Grid Rules and the relevant provisions of the FIT Rules. The price offered by the winning bidder shall be the GET and the ERC shall include the GET in its computation of the FIT-All for the GEA.

For the Green Energy Auction ("**GEA**"), each auction round consists of the publication of the notice of auction; issuance of GEAR price; issuance of the terms of reference and auction round procedures for each auction round; registration of qualified suppliers, which must be RPS eligible facilities, intending to participate; evaluation of qualified suppliers; issuance of user-specific IDs to qualified bidders; pre-bid conference; submission of bid bond and affidavit of undertaking to deliver the committed capacities on delivery date; the auction proper; issuance of certificate of award; submission of post-auction documents; issuance of Certificate of Endorsement-GET; and the post-auction procedures. The Green Energy Auction is administered by the DOE through the Green Energy Auction Committee.

On 17 June 2022, the DOE conducted the first GEA round through an electronic bidding program. On 24 June 2022, the DOE released the results of the first GEAP round, and announced that the first round generated 1,966.93 MW of renewable energy capacities that have been committed to deliver energy from 2023 to 2025 at a competitive price.

Renewable Portfolio Standards

The RPS under DOE Circular No. DC2017-12-0015 is a market-based policy that requires electricity suppliers to source an agreed portion of their energy supply from eligible RE resources. Entities mandated to comply with the RPS On-Grid Rules include: (a) all DUs for their captive customers; (b) all suppliers of electricity for the contestable market; (c) generating companies only to the extent of their actual supply to their directly connected customers; and (d) other entities as may be recommended by NREB and approved by the DOE. The RPS On-Grid Rules likewise require that in complying with the RPS requirement, mandated participants undertake CSP in sourcing RE generation supply for its customers.

The RPS On-Grid Rules shall be implemented in the Luzon, Visayas, and Mindanao Grids. Under these Rules, the RE share of electricity coming from RE resources in the energy mix shall be based on the aspirational target of 35% in the generation mix expressed in MWh by 2030, subject to regular review and assessment by the DOE. The minimum annual requirement per mandated participant shall be computed in accordance with the formula provided in the RPS On-Grid Rules. The minimum annual increment required under the RPS On-Grid Rules shall be initially set at one percent to be applied to the net electricity sales of a mandated participant for the previous year, and thereafter adjusted by the DOE as may be necessary to ensure that the aspirational target of RE share will be achieved. On 23 September 2023, DOE issued Department Circular No. DC2022-11-0034 which adjusted the Annual Increment RE Percentage to 2.52% starting 2023.

In complying with the RPS On-Grid Rules, Mandated Participants shall use RE Certificates ("**RECs**"). RECs are certificates issued by the RE Registrar to electric power industry participants showing energy sourced, produced, and sold or used. RECs may be traded in the RE Market in complying with the RPS. The REC shall represent all renewable and environmental attributes from one MWh of electricity sourced from duly registered RE facilities. RECs may be obtained from any one, a combination or all of the following:

- allocation from the RE Registrar pursuant to the relevant rules issued by the DOE. RE generation under the FIT System allocated by the RE Registrar;
- generation from an Eligible RE Facility that has a PSA with the Mandated Participant;
- purchase or acquisition of RECs from the RE Market;
- any generation from Net Metering arrangements which have been properly measured; and
- any generation from an RE Facility installed in the end-user's premises for own-use and synchronized to the DU's system, which have been properly measured.

For purposes of compliance with the RPS On-Grid Rules, the following technologies and resources shall be eligible RE facilities: biomass, waste to energy technology, wind energy, solar energy, run-of-river hydroelectric power systems, impounding hydroelectric power systems, ocean energy, hybrid systems as defined in the RE Law with respect to the RE component, geothermal energy, and other RE technologies that may be later identified by the DOE. For RE facilities utilizing these technologies to be eligible under the RPS compliance and attribution of RECs, they shall have been in commercial operations after the effectivity of the RE Law.

In addition to the technologies enumerated above, the following additional generation from RE Facilities after the effectivity of RE Law shall be considered for compliance as determined by DOE: (a) Existing and New Generation Facilities under the FIT System; (b) Incremental capacity resulting from expansion of an existing RE Generation Facility; (c) Incremental capacity resulting from the upgrading of an existing RE Generation Facility that includes retrofitting, refurbishing or re-powering; (d) New capacities resulting from a change in the technology (from a non-RE to RE Generation Facility); provided, that co-firing of coal plants that is modified to use agricultural wastes as fuel shall not be allowed unless the DOE provides for a clear mechanism that measures with certainty the use of RE resources as fuel in such Generation Facility; (e) RE Generation Facilities installed in end-user's premises participating under the Net Metering Program; (f) RE Generation Facilities installed in the end-user's premises for own-use and synchronized to the DU's system; and (g) Mothballed RE Generation Facilities that are restored into operation.

Green Energy Option Program

The Green Energy Option Program ("**GEOP**") provides end-users the option to choose RE as their source of energy. With GEOP, consumers can choose RE as its supply of energy at competitive costs; contribute to the growth of the RE industry in the country; contribute to a cleaner and sustainable environment; and support national and global decarbonization goals.

Under this program, end-users with a monthly average peak demand of 100kW and above, for the past 12 months, may participate in the GEOP. All end-users with average peak demand below 100kW may participate in the GEOP, after the DOE, in consultation with the National Renewable Energy Board and industry stakeholders, determines that the technical requirements and standards are already met.

In instances where the GEOP end-user's average peak demand drops below 75% of 100kW for the immediately preceding six consecutive months and the same is not attributable to seasonal demand, such end-user shall be reverted to the captive market.

Entities who wish to supply electricity to end-users under the GEOP must secure (1) a RES license from the ERC subject to the provisions of ERC Resolution No. 1, Series of 2011, and (b) a GEOP Operating Permit from the DOE subject to the provisions of DOE Circular No. DC2020-04-0009. Existing retail electricity suppliers may be automatically issued an operating permit as RE supplier under the GEOP, subject to the submission of certain documents.

Energy Virtual One Stop Shop Law

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

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

The Philippine Energy Research and Policy Institute Act

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

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

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

Petroleum

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

Section 2, Article XII of the 1987 Constitution

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

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

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

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

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

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

A service contract has a maximum exploration period of 10 years and a maximum development and production period of 40 years. Signature bonus, discovery bonus, production bonus, development allowance and training allowance are payable to the Government. Other pertinent laws and issuances include P.D. 1857, a law amending certain sections of P.D. 87, as amended, offering improved fiscal and contractual terms to service contractors with special reference to deep water oil exploration; *DOE Circular No. 2009-04-0004*, a circular that establishes the procedures for the Philippine Contracting Rounds; *DOE Circular No. 2003-05-006*, a circular that provides the guidelines to the financial and technical capabilities of a viable petroleum exploration and production company; *Executive Order (EO) No. 66* issued in 2002 which designated the DOE as the lead government agency in developing the natural gas industry; and *DOE Circular 2002-08-005*, a circular setting the interim rules and regulations governing the transmission, distribution and supply of natural gas; and DOE Department Circular No DC2017-12-007, adopting the Philippine Conventional Energy Contracting Program (PCECP) of Awarding Petroleum Services Contracts, providing for two modes of awarding of Petroleum Service Contracts: (1) via applicant's nomination and publication with a mechanism for a Swiss challenge by any interested party; (2) and DOE's offering of pre-determined areas through the Review and Evaluation Committee, awarded via competitive bidding.

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

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

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

Environmental Matters

Philippine Clean Water Act

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

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

Philippine Clean Air Act

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

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

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

The Philippine Environmental Impact Statement System

Projects relating to resource exploration and extraction are required to comply with the Philippine Environmental Impact Statement System ("**EIS System**"). The EIS System was established by virtue of

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

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

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

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

- Characteristics of the project or undertaking
    - size of the project;
    - cumulative nature of impacts compared to other projects;
    - use of natural resources;
    - generation of wastes and environment related nuisance; and
    - environment related hazards and risk of accidents.
- Location of the project
    - vulnerability of the project area to disturbances due to its ecological importance endangered or protected status;
    - conformity of the proposed project to existing land use, based on approved zoning or on national laws and regulations; and
    - relative abundance, quality and regenerative capacity of natural resources in the area, including the impact absorptive capacity of the environment.
- Nature of the potential impact
    - geographic extent of the impact and size of affected population;
    - magnitude and complexity of the impact; and

- likelihood, duration, frequency, and reversibility of the impact.

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

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

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

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

Environmental Compliance

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

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

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

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

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

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

Other Regulations on Water Pollution

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

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

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

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

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

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

The Toxic Substances and Hazardous and Nuclear Waste Control Act

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

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

Ecological Solid Waste Management Act

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

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

Code on Sanitation of the Philippines

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

Strategic Environmental Plan for Palawan Act

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

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

- Forest conservation and protection through the imposition of a total commercial logging ban in all areas of maximum protection and in such other restricted use zones as the Palawan Council for Sustainable Development ("**PCSD**") may provide
- Protection of watersheds

- Preservation of biological diversity
- Protection of tribal people and the preservation of their culture
- Maintenance of maximum sustainable yield
- Protection of rare and endangered species and their habitat
- Provision of areas for environmental and ecological research, education and training
- Provision of areas for tourism and recreation

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

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

Laguna Lake Development Authority Act of 1966

Republic Act No. 4850 entitled: An Act Creating the Laguna Lake Development Authority Prescribing its Powers, Functions and Duties, Providing Funds Thereof, and for other Purposes, as amended by PD No. 813 and EO No. 927, provides the promotion and acceleration of the development and balanced growth of the Laguna Lake and its surrounding areas with due regard and adequate provisions for environmental management and control, preservation of the quality of human life and ecological systems, and the preservation of undue ecological disturbances, deterioration and pollution. Also, it created the Laguna Lake Development Authority tasked among others to make a comprehensive survey of the physical and natural resources and potentialities of the Laguna Lake region particularly its socio and economic conditions, hydrologic characteristics, power potential scenic and tourist spots. Further, the Authority has exclusive jurisdiction to issue permits for the use of the lake waters for any projects or activities in or affecting the said lake including navigation, construction, and its operation and to impose necessary safeguards for lake quality control and management and to collect necessary fees for said activities and projects.

Other Applicable Regulations

Foreign Investment Act

The FIA liberalized the entry of foreign investment into the Philippines. Under the FIA, in domestic market enterprises, foreigners can own as much as 100% equity except in areas specified in the Twelfth Regular Foreign Investment Negative List (the "**Negative List**") signed on 27 June 2022. This Negative

List enumerates industries and activities which have foreign ownership limitations under the FIA and other existing laws. Nationalized activities include, among others, land ownership, telecommunications, mining and the operation of public utilities.

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

On 29 September 2022, the DOE issued Opinion No. 21, S. 2022 wherein it clarified that solar, wind, hydro and ocean or tidal energy sources are beyond the ambit of the term "natural resources" in Section 2, Article XII of the Constitution and that the term "all forces of potential energy" is to be understood in its technical sense, which necessarily excludes kinetic energy. As such, the exploration, development and utilization of solar, wind, hydro and ocean or tidal energy should not be subjected to the forty percent (40%) foreign equity limitation.

Data Privacy Act

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

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

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

The Philippine Competition Act

Republic Act No. 10667 or the Philippine Competition Act ("**PCA**") authorizes the Philippine Competition Commission or the PCC to review mergers and acquisitions to ensure compliance with the PCA. The

PCA, its Implementing Rules and Regulations, as amended, and the Rules on Merger Procedure (collectively, the "**Merger Rules**"), as amended, provide for mandatory notification to the PCC of any merger or acquisition within 30 days of signing any definitive agreement relating to the transaction, where the transaction value exceeds ₱2.9 billion; and where the size of the ultimate parent entity, including the entities directly or indirectly controlled by the ultimate parent entity of either party exceeds ₱7.0 billion. In the event that transactions imbued with high public interest do not meet the thresholds, the PCC may still launch a *motu proprio* investigation in the interest of consumer protection. Parties may not consummate a notifiable transaction prior to receiving PCC approval or the lapse of the period stated in the Merger Rules. A merger or acquisition that meets the thresholds under the Merger Rules but was not notified to the PCC, or notified but consummated, in whole or in part, prior to the expiration of the waiting period, is considered void and will subject the parties to a fine ranging from 1% to 5% of the value of the transaction. Anti-competitive agreements, as defined under the law, are subject to criminal penalties that include: (a) a fine of not less than ₱50 million but not more than ₱250 million; and (b) imprisonment for two to seven years for directors and management personnel who knowingly and willfully participate in such criminal offenses. Administrative fines of ₱110 million to ₱275 million may be imposed on entities that engage in anti- competitive agreements, abuse their dominant position and conclude prohibited mergers and acquisitions. Treble damages may be imposed where the violation involves the trade or movement of basic necessities and prime commodities.

Local Government Code

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

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

Revised Corporation Code of the Philippines

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

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

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

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

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

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

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

Labor

Labor Code of the Philippines

The Department of Labor and Employment or DOLE is the Philippine government agency mandated to formulate policies, implement programs and services, and serves as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The DOLE has exclusive authority in the administration and enforcement of labor and employment laws such as the Labor Code of the Philippines ("Labor Code") and the Occupational Safety and Health Standards, as amended, and such other laws as specifically assigned to it or to the Secretary of the DOLE.

On 15 March 2017, Department Order No. 174 (2017) ("**D.O. 174**") was issued by the DOLE providing for the guidelines on contracting and subcontracting, as provided for under the Labor Code. Labor-only contracting refers to arrangement where the contractor or subcontractor merely recruits, supplies or places workers to perform a job or work for a principal, and the contractor or subcontractor does not have substantial capital, or the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. D.O. No. 174-17 expressly requires the registration of contractors with the Regional Office of the DOLE where it principally operates, without which, a presumption that the contractor is engaged in labor-only contracting arises. D.O. 174 reiterated the policy that labor-only contracting is absolutely prohibited where: (a) (i) the contractor or subcontractor does not have substantial capital, or does not have investments in the form of tools, equipment, machineries, supervision, work premises, among others; and (ii) the contractor's or subcontractor's employees recruited and placed are performing activities which are directly related to the main business operation of the principal; or (b) the contractor or subcontractor does not exercise the right to control over the performance of the work of the employee. Subsequently, DOLE issued Department Circular No. 1 (2017) clarifying that the prohibition under D.O. 174 does not apply to business process outsourcing, knowledge process outsourcing, legal process outsourcing, IT Infrastructure outsourcing, application development, hardware and/or software support, medical transcription, animation services, and back-office operations or support.

Occupational Safety and Health Standards Law

On 17 August 2018, Republic Act No. 11058 or the Occupational Safety and Health Standards Law was signed into law. It mandates employers, contractors or subcontractors and any person who manages, controls or supervises the work, to furnish the workers a place of employment free from hazardous conditions that are causing or are likely to cause death, illness or physical harm to the workers. It also requires to give complete job safety instructions or orientation and to inform the workers of all hazards associated with their work, health risks involved or to which they are exposed, preventive measures to eliminate or minimize the risks and steps to be taken in cases of emergency.

An employer, contractor or subcontractor who willfully fails or refuses to comply with the Occupational Safety and Health Standards shall be administratively liable for a fine. Further, the liability of the employer, project owner, general contractor, contractor or subcontractor, if any, and any person who manages, controls or supervises the work, shall be solidary.

Social Security System, PhilHealth and the Pag-IBIG Fund

An employer or any person who uses the services of another person in business, trade, industry or any undertaking is required under Republic Act No. 8282 to ensure coverage of employees following procedures set out by the law and the Social Security System ("**SSS**"). Under the said law, social security coverage is compulsory for all employees under 60 years of age. An employer must deduct and withhold from its compulsorily covered employees their monthly contributions based on a given schedule, pay its share of contribution and remit these to the SSS within a period set by law and/or SSS regulations.

Employers are likewise required to ensure enrollment of its employees in a National Health Program administered by the Philippine Health Insurance Corporation, a government corporation attached to the DOH tasked with ensuring sustainable, affordable and progressive social health insurance pursuant to the provisions of the National Health Insurance Act of 1995, as amended by the Republic Act No. 11223, otherwise known as the Universal Health Care Act. The registration, accurate and timely deductions and remittance of contributions to the Philippine Health Insurance Corporation is mandatory as long as there is employer-employee relationship.

Under the Home Development Mutual Fund Law of 2009, all employees who are covered by the Social Security Act of 1997 must also be registered with and covered by the Home Development Mutual Fund, more commonly referred to as the Pag-IBIG Fund. It is a national savings program as well as a fund to provide affordable shelter financing to Filipino employees. The employer is likewise mandated to deduct and withhold, pay and remit to the Pag-IBIG Fund the respective contributions of the employees under the prescribed schedule.

Labor Code Provision on Retirement Pay

The Philippine Labor Code provides that, in the absence of a retirement plan provided by their employers, private sector employees who have reached 60 years of age or more, but not beyond 65 years of age, the compulsory retirement age for private-sector employees without a retirement plan, and who have rendered at least five years of service in an establishment, may retire and receive a minimum retirement pay equivalent to one-half month's salary for every year of service, with a fraction of at least six months being considered as one whole year. For the purpose of computing the retirement pay, "one-half month's salary" shall include all of the following: 15 days' salary based on the latest salary rate; in addition, one-twelfth (1/12) of the thirteenth month pay and the cash equivalent of five days of service incentive leave pay. Other benefits may be included in the computation of the retirement pay upon agreement of the employer and the employee or if provided in a collective bargaining agreement.

DOLE Mandated Work-Related Programs

Under Republic Act No. 9165 or the Comprehensive Dangerous Drugs Act, a national drug abuse prevention program implemented by the DOLE must be adopted by private companies with 10 or more employees. For this purpose, employers must adopt and establish company policies and programs against drug use in the workplace in close consultation and coordination with the DOLE, labor and employer organizations, human resource development managers and other such private sector organizations. DOLE Department Order No. 053-03 sets out the guidelines for the implementation of Drug-Free Workplace policies and programs for the private sector.

The employer or the head of the work-related, educational or training environment or institution, also has the duty to prevent or deter the commission of acts of sexual harassment and to provide the procedures for the resolution, settlement or prosecution of such cases. Under the Anti-Sexual Harassment Act, the employer will be solidarily liable for damages arising from the acts of sexual harassment committed in the workplace if the employer is informed of such acts by the offended party and no immediate action is taken. Notwithstanding this, the victim of sexual harassment is not precluded from instituting a separate and independent action for damages and other affirmative relief. Any person who violates the provisions of this law shall, upon conviction, be penalized by imprisonment of not less than one month nor more than six months, or a fine of not less than Ten Thousand Pesos (₱10,000) nor more than Twenty Thousand Pesos (₱20,000), or both such fine and imprisonment, at the discretion of the court. Any action arising from the violation of the provisions of this law shall prescribe in three years.

Moreover, the Philippines AIDS Prevention and Control Act and its IRR require all private workplaces to have a policy on HIV and AIDS and to implement a workplace program in accordance with the Philippines AIDS Prevention and Control Act. The workplace policies aim to manage sensitive issues, such as confidentiality of medical information and continuation of employment for HIV-positive staff, and to avoid the discrimination of any employee due to HIV/AIDS. Any HIV/AIDS-related information of workers should be kept strictly confidential and kept only on medical files, whereby access to it is strictly limited to medical personnel.

All private workplaces are also required to establish policies and programs on solo parenting, Hepatitis B, and tuberculosis prevention and control.

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

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

- Law No. 30 of 2009 on Electricity, as recently amended by Government Regulation in Lieu of Law No. 2 of 2022 regarding Job Creation ("**Law on Electricity**");
- Law No. 32 of 2009 on Environmental Protection and Management, as recently amended by Government Regulation in Lieu of Law No. 2 of 2022 regarding Job Creation ("**Law on Environment**");
- Law No. 25 of 2007 on Investment, as recently amended by Government Regulation in Lieu of Law No. 2 of 2022 regarding Job Creation ("**Law on Investment**");
- Law No. 40 of 2007 on Limited Liability Company, as recently amended by Government Regulation in Lieu of Law No. 2 of 2022 regarding Job Creation ("**Law on Company**");
- Law No. 41 of 1999 on the Forestry, as amended by Law No. 19 of 2004 and partly revoked by Law No. 18 of 2013 and, as recently amended by Government Regulation in Lieu of Law No. 2 of 2022 regarding Job Creation ("**Law on Forestry**");
- Law No. 2 of 2017 on Construction Services, as recently amended by Government Regulation in Lieu of Law No. 2 of 2022 regarding Job Creation;

- Government Regulation No. 21 of 2021 on Implementation of Spatial Layout ("**Government Regulation 21**");
- Government Regulation No. 22 of 2021 on Implementation of Environmental Protection and Management;
- Government Regulation No. 23 of 2021 on Forestry Implementation ("**Government Regulation 23**")
- Government Regulation No. 25 of 2021 on Implementation in Energy and Mineral Resources Field;
- Government Regulation No. 14 of 2012 on Power Supply Business Activities, as amended by Government Regulation No. 23 of 2014 ("**Government Regulation 14**");
- Presidential Regulation No. 10 of 2021 on Line of Business on Investment, as amended by Presidential Regulation No. 49 of 2021 ("**Investment List**");
- Minister of Energy and Mineral Resources ("**MEMR**") Regulation No. 13 of 2021 on Free Space and Minimum Clearance of Limitations for Electrical Transmission Networks and Compensation for Lands, Buildings and/or Plants Located Below the Free Spaces of Electrical Power Transmission Networks ("**MEMR Regulation 13-2021**");
- MEMR Regulation No. 39 of 2018 regarding Electronically Integrated Business Licensing Services in the Field of Electricity ("**MEMR Regulation 39-2018**");
- MEMR Regulation No. 50 of 2017 regarding the Utilization of Renewable Energy Sources for Electricity Supply, as amended lastly by MEMR Regulation No. 4 of 2020 ("**MEMR Regulation 50-2017**");
- MEMR Regulation No. 5 of 2021 regarding Standards for Business Activities and Products During the Implementation of Risk-Based Business Licensing within the Energy and Mineral Resources Sector ("**MEMR Regulation 5-2021**");
- MEMR Regulation No. 10 of 2022 regarding Procedures on the Application for Approval of Electricity Sales Prices and Electricity Network Lease Price and Procedures on the Application for Stipulation of Electricity Tariff;
- Minister of Agrarian and Spatial Planning/Head of National Land Agency (*Badan Pertanahan Nasional* or BPN) Regulation No. 13 of 2021 regarding Implementation of the Conformity of Spatial Utilisation Activities and Synchronisation of the Spatial Utilisation Program ("**MOA Regulation 13-2021**");
- Minister of Environment and Forestry ("**MOEF**") Regulation No. 4 of 2021 regarding List of Business and/or Activities Subject to Mandatory Environmental Impact Assessment, Environment Management Effort and Environment Monitoring Effort or Statement Letter on the Environmental Management Ability ("**MOEF Regulation 4-2021**");
- MOEF Regulation No. 7 of 2021 on the Forestry Planning, Changes to the Designation and Function of Forestry Area and Use of Forestry Area ("**MOEF Regulation 7-2021**"); and
- MOEF Regulation No. P.26/MENLHK/SETJEN/KUM.1/7/2018 regarding the Guidelines on the Preparation and Assessment as well as Evaluation of Environmental Documents in the Implementation of Electronically Integrated Business Licensing Services.

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

General Corporate Documents and Licenses

Based on the Law on Company, among the general corporate documents applicable for a newly established company involved in a WFPP is the Deed of Establishment and any amendments thereto, together with the relevant approval and notification receipts from the Minister of Law and Human Rights.

With regard to general business licenses, the relevant mandatory licenses include the company's tax related licenses.

Company Registration

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

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

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

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

Operational Licenses

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

<u>IUPTLU</u>

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

Pursuant to MEMR Regulation 39-2018, MEMR, in the framework of electronically integrated business licensing services, has delegated to the OSS system its authority to grant several licenses, including

IUPTLUs. Therefore, an application to obtain an IUPTLU must be submitted through the OSS system and the IUPTLU will be issued by the OSS system for and on behalf of MEMR.

Based on MEMR Regulation 5-2021, the following specific documents/information must be submitted to the OSS system along with the application letter for the issuance of the IUPTLU:

- an electricity supply feasibility study – containing: (i) financial feasibility study; (ii) operational feasibility study; (iii) network interconnection study; (iv) installation location; (v) one-line diagram; (vi) a description of the type and capacity of the proposed business; (vii) construction schedule; and (viii) operation schedule arranged by the certified business entity; and
- an agreement for the sale and purchase of electricity between project company and the potential purchaser (in this case, PLN) in accordance with the electricity price approval from the MEMR (which must be applied for and obtained by PLN prior to PLN finalizing the power purchase agreement with the project company).

<u>Operational Feasibility Certificate</u>

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

Environmental and Forestry Licenses

<u>Environmental Approval</u>

An environmental approval is required to be secured with respect to the construction of a WFPP. In case of a WFPP with capacity of equal to or more than 50MW, MOEF Regulation 4-2021 categorizes the construction thereof as an activity that requires an Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan Hidup* or the "**AMDAL**"). However:

- if the capacity of the WFPP is equal to or more than 1MW up to less than 50MW, then it would be required to have an Environmental Management Effort-Environmental Monitoring Effort (*Upaya Pengelolaan Lingkungan Hidup-Upaya Pemantauan Lingkungan Hidup*) document; or
- if the capacity of the WFPP is less than 1MW, then it would be required to have a Statement Letter on the Environmental Management Ability (*Surat Pernyataan Kesanggupan Pengelolaan Lingkungan Hidup*).

The AMDAL is a document which consists of an Environmental Impact Assessment Report (*Analisa Dampak Lingkungan Hidup* or the "**ANDAL**"), an ANDAL Terms of Reference Form (*Formulir Kerangka Acuan Analisa Dampak Lingkungan Hidup* or the "**KA- ANDAL**"), an Environmental Management Plan (*Rencana Pemantauan Lingkungan* or the "**RPL**") and an Environmental Monitoring Plan (*Rencana Pengelolaan Lingkungan* or the "**RKL**").

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

<u>Forestry Area Utilization Approval (*Persetujuan Penggunaan Kawasan Hutan* or "PPKH"), if applicable</u>

Under the Law on Forestry and Government Regulation 23, the project company would need to apply for and obtain a PPKH in order to carry out an electricity business in an area which has been categorized as "production forest" or "protection forest" (together, the "**Forest Zones**"). The PPKH can be issued to a project company for the period equal to the validity period of the business License (*i.e.*, in this case, the IUPTLU). According to MOEF Regulation 7-2021, an application to obtain a PPKH must be submitted by the management of the relevant project company (which has obtained an NIB) to the MOEF through the OSS system.

Land Arrangements

<u>Conformity to Spatial Utilisation Activities (*Kesesuaian Kegiatan Pemanfaatan Ruang* or "KKPR")</u>

Government Regulation 21 and MOA Regulation 13-2021 stipulate that all spatial utilization activities (including land acquisition activities) require a KKPR, which is issued through the OSS system. A KKPR functions as a permit to transfer title and to utilize land for business activities. A KKPR also serves as a regulatory confirmation for the existing landowners/occupiers to confirm that their current land utilization is in accordance with the applicable spatial layout plan. There are three forms of KKPRs, namely:

- KKPR confirmation – where the proposed location of the spatial utilisation is in line with the regency/municipal spatial layout detailed plan (*rencana detail tata ruang* – "**RDTR**") which has been integrated with the OSS system;

- KKPR approval – where there is no regency/municipal RDTR or the available regency/municipal RDTR has not been integrated with the OSS system, which requires detailed assessment of the application documents for the KKPR by the Directorate General of Spatial Planning ("**DGSP**"), including, if necessary, a confirmatory site visit as a part of the assessment process; and

- KKPR recommendation – where the proposed location of the spatial utilisation is not covered under the regency/municipal spatial layout plan (*rencana tata ruang* – "**RTR**"), which requires registration of the KKPR recommendation by the relevant applicant and detailed assessment of the application documents for the KKPR by the DGSP, including, if necessary, a confirmatory site visit as a part of the assessment process.

Similar to the previous location permit (*izin lokasi*) regulatory regime, a KKPR is required for certain land certification processes. An initial KKPR will be issued for a period of three years but this may be extended if, at the time of the extension, at least 30% of the total land area under the KKPR has been acquired in line with the assessment made by the relevant local land office. Notably, once the land acquisition process is completed, the project company must obtain a separate updated KKPR to reflect the land acquired, which will be valid for as long as the validity period of the underlying land title certificates.

<u>*Land rights applicable to a WFPP*</u>

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

Electricity Tariffs and Power Purchase Agreements with PLN

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

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

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

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

Relevant laws and regulations

General (applicable to all power projects)

- Investment Law No. 61/2020/QH14 dated 17 July 2020 passed by the National Assembly ("**Investment Law**")
- Decree No. 31/2021/ND-CP dated 26 March 2021as the implementing regulations of the Investment Law
- Electricity Law No. 28/2004/QH11 dated 3 December 2004 passed by the National Assembly (as amended by Law No. 24/2012/QH13 dated 20 November 2012, and Law No. 03/2022/QH15 dated 11 January 2022) ("**Electricity Law**")
- Decree No. 137/2013/ND-CP dated 21 October 2013 implementing the Electricity Law (as amended by Decree No. 08/2018/ND-CP and Decree No. 17/2020/ND-CP)
- National Power Development Planning for the period 2021 - 2030 with a vision up to 2050 approved by the Prime Minister under Decision 500/QD-TTg dated 15 May 2023 ("PDP VIII"). According to PDP VIII, the total installed capacity of the industry in 2030 will reach 150,849 MW in which: (i) onshore wind power projects (21,880 MW – 14.5%); (ii) offshore wind power projects (6,000 MW – 4%); and (iii) solar power projects (12,836 MW – 8.5%);133
- Land Law No. 45/2013/QH13 dated 29 November 2013 passed by the National Assembly (as amended by Law No. 35/2018/QH14) ("**Land Law**")
- Decree No. 43/2014/ND-CP dated 15 May 2014 implementing the Land Law (as amended by Decree No. 01/2017/ND-CP and Decree No. 148/2020/ND-CP)
- Construction Law No. 50/2014/QH13 dated 18 June 2014 passed by the National Assembly (as amended by Law No. 03/2016/QH14 dated 22 November 2016 passed by the National Assembly and by Law No. 35/2018/QH14) (as amended by Law on Amendment to Construction Law No. 62/2020/QH14 dated 17 June 2020 as from 1 January 2021) ("**Construction Law**")
- Decree No. 44/2015/ND-CP dated 6 May 2015 on detailed regulations on construction planning (as amended by Decree 72/2019/ND-CP)
- Consolidated Document No. 07/VBHN-BXD dated 22 November 2019 on detailed regulations on construction planning

[133] This capacity does not include existing rooftop solar projects.

- Decree No. 15/2021/ND-CP dated 3 March 2021 on management of construction investment projects (“**Decree 15**”)
- Circular No. 06/2021/TT-BXD dated 30 June 2021 by the Ministry of Construction (“**MOC**”) (“Circular 6”)
- Circular No. 02/2023/TT-BXD dated 3 March 2023 issued by the MOC on the guidance of certain contents of construction contracts

Grid-connected solar power projects

- Circular No. 18/2020/TT-BCT dated 17 July 2020 issued by the Ministry of Industry and Trade (“**MOIT**”) on project development and model power purchase agreements for solar power projects (as amended by Circular 01/2023/TT-BCT dated 19 January 2023 (“**Circular 1**”))

Grid-connected wind power projects

- Decision No. 37/2011/QD-TTg dated 29 June 2011 issued by the Prime Minister on mechanism to support in development of wind power projects in Vietnam (as amended by Decision No. 39/2018/QD-TTg)
- Consolidated Document No. 05/VBHN-BCT dated 1 August 2019 issued by the MOIT on mechanism to support in development of wind power projects in Vietnam
- Circular No. 02/2019/TT-BCT dated 15 January 2019 issued by the MOIT on wind power project development and model power purchase agreements for wind power projects (“**Circular 2**”) (as amended by Circular 1)

Environment; Firefighting and Fire Prevention

- Law on Environmental Protection No. 72/2020/QH14 dated 17 November 2020 (“**Law on Environmental Protection**”)
- Decree No. 08/2022/ND-CP dated 10 January 2022 guiding several articles of the Law on Environmental Protection
- Law on Firefighting and Fire Prevention No. 27/2001/QH10 dated 29 June 2001 passed by the National Assembly (as amended by Law No. 40/2013/QH13 dated 22 November 2013)
- Decree No. 136/2020/NP-CP dated 24 November 2020 providing guidelines for the amended Law on Firefighting and Fire Prevention No. 40/2013/QH13 (“**Decree 136**”)

Enterprise Registration Certificate

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

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

Inclusion in power master plan

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

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

The Prime Minister has issued Decision 500/QD-TTg on 15 May 2023 approving PDP VIII which replaces the National Master Plan VII. Pending the issuance of implementing regulations of the PDP VIII, currently, there is no specific guideline on the application and procedure for inclusion of a solar/wind power project in the master plans.

In-principle approval for investment

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

- the National Assembly – in the case of (i) a project which seriously affects or may seriously affect the environment; (ii) a project involving the conversion of land use purpose for wet rice dual harvest cultivation in an area of 500 hectares or more; (iii) a project involving the relocation and resettlement of 20,000 people or more in mountainous areas or 50,000 people or more in other areas; or (iv) a project requiring the application of a special mechanism or policy which should be decided by the National Assembly;
- the Prime Minister – in case of a project involving the relocation and resettlement of 10,000 people or more in mountainous areas or 20,000 people or more in other areas; or
- the People's Committee – in case of (i) a project to which the State allocates or leases land without auction, tendering or transfer; (ii) a project requiring the conversion of land use purpose; or (iii) a project of foreign investors and foreign-invested business entities executed on islands or in border or coastal communes, or in other areas affecting national defense and security.

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

Investment Registration Certificate

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

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

Land Clearance and Compensation Process; Land Lease

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

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

1/500 Master Plan

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

Construction permit

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

Land use right certificate

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

Feasibility Study and Technical design approval

In terms of construction and pursuant to the Construction Law (including Decree 15 and Circular 6), another part of the process is the submission of a feasibility study ("**FS**") for appraisal by: (i) the specialized construction management Department under the provincial People's Committee for a project with a capacity of more than 3MW but less than 50MW; or (ii) the specialized construction management agency of the competent Ministry in charge of construction management with a capacity of 50MW or higher or for a project located in two provinces or more .

The FS should contain the basic design, among others. Upon approval of the basic design and the FS, the project company must then prepare a more detailed technical design, which will be evaluated and approved by: (i) the specialized construction management Department under the provincial People's Committee for a project with a capacity of more than 3MW but less than 50 MW; or (ii) the specialized construction management agency of the competent Ministry in charge of construction management for a project with a capacity of 50MW or higher or for a project located in two provinces or more.

Electricity contracts and licenses

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

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

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

Environment impact assessment

*Preliminary Environmental Impact Assessment ("**PEIA**")*

A solar/wind power project is subject to a PEIA requirement if it:

- uses land, water surface, or sea area with large scale (total area from 100 hectares) or medium scale but having environmentally sensitive factors; or
- requires conversion of use purpose of rice cultivation land which is subject to an approval of the Prime Minister in accordance with applicable regulations of the Land Law; or
- requires migration and relocation (from 10,000 people in a mountain area or from 20,000 people in other areas).

The PEIA must be implemented during the period of pre-FS on construction investment, proposal for investment policy and request for in-principle approval in respect of investment projects subject to in-principle decision or approval in accordance with the Investment Law, Construction Law and/or other applicable laws.

*Environmental Impact Assessment Report ("**EIAR**")*

A solar/wind power project is subject to an EIAR requirement if it:

- has implemented a PEIA; or
- uses land, water surface or sea area with medium scale (from 50 to under 100 hectares) or small scale but having environmentally sensitive factors; or
- requires conversion of use purpose of rice cultivation land which is subject to an approval of the provincial Peoples' Council in accordance with applicable regulations of the Land Law; or
- requires migration and relocation (from 1,000 to under 10,000 people in a mountain area or from 2,000 to under 20,000 people in other areas).

The solar/wind power project company must prepare an EIAR during the preparation of the FS. The EIAR will then be submitted to and evaluated and approved by either the Ministry of Natural Resources and Environment or the provincial People's Committee depending on the scale and sector of the project pursuant to the Law on Environmental Protection.

Fire Prevention and Firefighting design approval and implementation

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

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

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

Electricity generation and connection approvals

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

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

Registration as a Participant with AEMO

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

To be a registered participant, such a person must register within a particular category with AEMO. In case of generation, such a person is required to register with AEMO in the "Generator" category before commencing operation of any generation facilities. In the case of a BESS, which typically both exports electricity into and imports electricity from the NEM, the person would also need to register with AEMO in the "Customer" category.

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

License for generation of electricity in Tasmania

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

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

Connection to transmission or distribution network

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

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

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

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

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

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

<u>Central Regulatory Framework</u>

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

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

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

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

The Electricity Act is proposed to be amended vide the Electricity (Amendment) Bill, 2022, which is currently pending before the Parliament of India. The Bill was introduced in the Parliament on 8 August 2022, and has been referred to the Parliamentary Standing Committee on energy, for wider consultation with stakeholders. The Parliamentary Standing Committee has been granted time till the monsoon session of 2023 to present its report.

Forecasting and Scheduling

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

Tariff Determination

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

Introduction of the Basic Customs Duty

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

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

However, multiple renewable energy developers made representations to the MNRE to consider the imposition of BCD as a 'change in law' event, given the monetary impact of such an imposition. Subsequently, the MNRE through a notification dated 27 September 2022 clarified that renewable energy implementation agencies may consider the imposition of BCD as a 'change in law' event in cases where the bid submission date was on or prior to the date of announcement of the MNRE OM but the scheduled commercial operations date ("**SCOD**") including time extensions granted, if any, for the project was on or after 1 April 2022, unless this was specifically disallowed by certain provisions in the tender documents/contracts.

SC Order for Protection of the Great Indian Bustard

In *M.K. Ranjitsinh v. Union of India*,[134] the Supreme Court of India ("**SC**") issued an order dated 19 April 2021, which contained directions to the Government of Rajasthan ("**GoR**") and Government of Gujarat ("**GoG**") to ensure protection of the priority and potential habitats of the Great Indian Bustard ("**GIB**") (which is on the verge of extinction), as identified by the Wildlife Institute of India. The SC order noted the impact of overhead power transmission lines on the health and habitat of birds that die due to collision with power lines, particularly the GIB ("**GIB Order**"). Certain mitigation measures were issued as directions to the GoR and GoG by SC, which included the following:

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

Pursuant to the GIB Order, while considering various petitions for grant of transmission licenses in Rajasthan, where certain elements of the proposed projects such as the transmission lines would fall within the potential habitats of the GIB, the CERC[135] held that since the petitioners had not undertaken the measures set out in the GIB Order, it cannot grant the transmission license by ignoring the GIB Order. The CERC granted the petitioners the liberty to approach it after complying with the directions of the SC under the GIB Order.

The MNRE, Ministry of Power, GoI ("**MoP**") and the Ministry of Environment Forest and Climate Change filed interim applications ("**IAs**") before the SC on 17 November 2021, contesting the GIB Order, praying to modify the GIB Order *inter alia*, on the grounds that it: (i) was passed without adequately assessing the impact and mode of implementation; (ii) would be against India's climate change goals. Apart from these primary grounds, the IA also stressed on the practical difficulties of complying with the GIB Order, considering that there were no manufacturers of insulated underground cables.

The MNRE also issued an office memorandum dated 3 February 2022 stating that, for all renewable energy projects where: (i) the intermediary procurer is an MNRE renewable energy implementing agency; (ii) the transmission infrastructure is wholly or partially located in priority or potential areas of the GIB; (iii) project land is procured; and (iv) the project is delayed due to non-completion of project transmission infrastructure on account of the GIB Order, the scheduled date of commissioning is

[134] I.A. No. 85618 of 2020 in Writ Petition (Civil) No. 838 of 2019
[135] Order dated 26 August 2021 in Petition No. 136/TL/2021

extended to a date which is 30 days after the date of the SC's judgement in the Ias filed by MNRE, MoP and the Ministry of Environment Forest and Climate Change.

In continuation of the GIB proceedings, the SC sought status reports from the GoG, GoR and the GIB Committee regarding compliance with the GIB Order. In its order dated 21 April 2022, the SC directed that: (i) the installation of bird divertors should be completed in all priority areas before 20 July 2022; (ii) the GoG, GoR and all private power producers should ensure that within the priority areas, a comprehensive exercise is completed within a period of three weeks to assess the total length of transmission lines and the estimated number of bird divertors required for the purpose; (iii) the GIB Committee, in consultation with CEA must formulate the standards of quality required for the bird diverters within one month of the order; (iv) any company seeking exemption from the direction to install underground transmission lines, has to approach the GIB Committee; and (v) the injunction imposed on installation of fresh overhead transmission lines under the GIB Order will continue and only those overhead transmission lines will be allowed, which are approved by the GIB Committee.

Pursuant to the above order, the GIB Committee (in consultation with the CEA) has, on 31 May 2022, issued the technical standards for bird divertors.[136]

In its latest order dated 30 November 2022, SC has observed that the installation of bird diverters in priority areas had not been completed (although some progress had been made) and directed the GoR and GoG to assess the total length of electric lines and the estimated number of bird diverters that would be required to comply with the GIB Order and other subsequent orders issued by the SC in this regard. While the matter was scheduled for hearing before the SC on 18 January 2023, based on the SC website no hearings have taken place after 30 November 2022.

Further, in line with the observations of the SC, the CEA issued the Draft 'Central Electricity Authority (Construction of Electric Lines in Great Indian Bustard Area) Regulations, 2023' ("Draft GIB Regulations"). The Draft GIB Regulations propose the following measures in respect of transmission lines passing through the protected and priority areas of the GIB: (i) the use of underground cables for transmission lines having a voltage of 33kV and below; and (ii) installation of bird diverters on phase conductors, earth-wire and optical ground-wire for overhead transmission lines of voltage levels above 33 kV. The Draft GIB Regulations also specify the number of bird diverters required to be installed and the space intervals between which bird diverters will need to be installed. The Draft GIB Regulations have not yet been notified.

Must Run Rules for Renewable Projects

The MoP notified the Electricity (Promotion of Generation of Electricity from Must-Run Power Plant) Rules, 2021 on 22 October 2021 ("**Must Run Rules**"). Under the Must Run Rules, renewable plants are treated as must-run power plants,[137] which cannot be subjected to curtailment or regulation of generation or supply of electricity on account of any commercial consideration. If power from a must-run power plant is curtailed for any reasons other than technical constraints or grid security reasons, the Must Run Rules require the procurer to compensate the renewable energy generator at the tariff agreed under the PPA.

Deviation Settlement Mechanism Regulations

The CERC notified the CERC (Deviation Settlement Mechanism and Related Matters) Regulations 2022 on 14 March 2022 ("**DSM Regulations**"), which replace the 2014 regulations[138], in order to provide

[136] Available at: https://cea.nic.in/wp-content/uploads/pse___td/2022/06/TS_for_Bird_Flight_Diverter_issued_by_SC_Committee_16062022.pdf
[137] As per Rule 3(1) of the Must Run Rules, the following plants are regarded as must-run plants: *a wind, solar, wind-solar hybrid or hydro power plant (in case of excess water leading to spillage) or a power plant from any other sources, as may be notified by the Appropriate Government, which has entered into an agreement to sell the electricity to any person.*
[138] CERC (Deviation Settlement Mechanism and related matters) Regulations, 2014.

a commercial mechanism to ensure that grid users adhere to their drawal/injection schedules and minimize deviation, such that the integrity, security and stability of the grid is maintained at all times. The DSM Regulations are applicable to all grid connected regional entities[139] and other entities engaged in inter-state purchase and sale of electricity. By way of the DSM Regulations, the CERC has sought to discourage over injection of power to the grid by generating stations since, the DSM Regulations specifically provide that in case of solar and wind power, no compensation will be paid in case of over-injection of power in the grid beyond 10% (as against the previous band of 30% permitted for deviation of +/- 15% under the 2014 regulations). In case of under-injection beyond 10%, deviation charges at 10% of the normal rate will be payable by solar and wind power generators.

Late Payment Surcharge

The MoP notified the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 on 3 June 2022, ("**LPS Rules**") which will be applicable to the outstanding dues of generating companies, inter-state transmission licensees and electricity trading licensees. Late payment surcharge ("**LPS**") refers to the charges required to be paid by Discoms to generating companies for delay in payment of monthly charges beyond the due date. As per the LPS Rules, LPS will be payable at the base rate for the first month of default and will be successively increased by 0.5% for each month of delay, subject to a total cap of 3%. The LPS Rules have also restructured the manner in which outstanding dues of the Discoms, including LPS (as of the date of notification of the LPS Rules) are to be paid. As per the LPS Rules, depending on the amount of outstanding dues, the Discoms may pay by way of equal monthly installations (up to a maximum of 48 monthly installations).

Green Energy Open Access

On 6 June 2022, the MoP notified the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022 ("**Green Energy Rules**"). The Green Energy Rules are applicable to the generation, purchase and consumption of green energy,[140] and places a uniform purchase obligation on all obligated entities[141] in area of a Discom.

The objective of the Green Energy Rules is to promote renewable energy by providing simplified processes and incentives for open access[142] of green energy. Amongst the key provisions of the Green Energy Rules, the contracted demand or sanctioned load limit for grant of open access has been reduced from 1 MW (as stipulated under the Electricity Act) to 100 kW for green energy (with no minimum limit being set out for captive consumers), allowing several smaller electricity consumers to purchase renewable power through open access. The Green Energy Rules also mandate setting up of a central nodal agency for operating a single-window green energy open access system through a centralised registry.

The MoP further notified the Electricity (Promoting Renewable Energy through Green Energy Open Access) Amendment Rules, 2023 ("**Amended Rules**") on 27 January 2023. The objective of the Amended Rules is to *inter alia*: (i) clarify that the credit for banked energy will not be allowed to be carried forward to subsequent banking cycles and any surplus banked energy will be considered lapsed at the end of each banking cycle; (ii) revise the charges levied on green energy open access including

[139] Regional entity is defined in Regulation 3(s) of the DSM Regulations as, *a person whose metering and energy accounting are done at the regional level by Regional Load Despatch Centre.*

[140] Green energy is defined under the Green Energy Rules as, *the electrical energy from renewable sources of energy including hydro and storage (if the storage uses renewable energy) or any other technology as may be notified by the Government of India from time to time and shall also include any mechanism that utilises green energy to replace fossil fuels including production of green hydrogen or green ammonia*.

[141] Obligated entity is defined in Rule 2(1)(e) of the Green Energy Rules as, *the entities mandated under clause (e) of sub-section (1) of section 86 of the Act to fulfill Renewable Purchase Obligation, which includes distribution licensee, captive user, and open access consumer*.

[142] Section 2(47) of the Electricity Act defines open access as, *the non-discriminatory provision for the use of transmission lines or distribution system or associated facilities with such lines or system by any licensee or consumer or a person engaged in generation in accordance with the regulations specified by the Appropriate Commission*.

adding banking and standby charges where applicable; and (iii) clarify that the exemption from payment of additional surcharge and cross subsidy surcharge applied to non-fossil fuel-based waste to energy projects. The Amended Rules further provide that any consumer can place a requisition for green energy with their distribution licensee, which will procure and supply the requested green energy capacity. The consumer can purchase green energy up to a certain percentage of its consumption or its total consumption.

General Network Access

The CERC recently issued the CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 ("**GNA Regulations**") to facilitate non-discriminatory open access to licensees, generating companies, consumers for use of the inter-state transmission system ("**ISTS**") through general network access ("**GNA**"). Upon coming into effect, the GNA Regulations were to replace the existing inter-state connectivity and open access framework.[143] As against the earlier ISTS open access system where generators are required to identify a consumer prior to grant of open access, GNA provides flexibility to the generators in giving them open access rights without having to specify the injection point and drawal point in their application for grant of connectivity (though at the time of applying for connectivity to the ISTS, the applicant is required to indicate the preferred point of connection with the ISTS along with the maximum quantum of power proposed to be interchanged with the ISTS). The GNA Regulations also contemplate grant of temporary GNA ("**T-GNA**"), which is similar to grant of short-term open access in the current regulatory framework.

The GNA Regulations had provided that different dates may be appointed for commencement of different regulations. By notification dated 14 October 2022, certain provisions of the GNA Regulations were made effective from 15 October 2022. Subsequently on 1 April 2023, the GNA Regulations were further amended by the CERC (Connectivity and General Network Access to the inter-State Transmission System) (First Amendment) Regulations, 2023 ("**Amended Regulations**"). The CERC also issued a notification setting out the various provisions of the Amended Regulations as well as the GNA Regulations, which were made effective from 5 April 2023. Any requests for connectivity to the grid will now have to be made under the GNA Regulations.

Solar modules to be listed in the Approved List of Models and Manufacturers

The MNRE had issued an office memorandum in January 2019 titled the 'Approved Models and Manufacturers of Solar Photovoltaic Modules (Requirements for Compulsory Registration) Order, 2019', pursuant to which the MNRE announced its decision to prepare the 'Approved List of Modules and Manufacturers'[144], a list of eligible modules and manufacturers of solar PV cells and modules which comply with Bureau of Indian Standards (BIS) standards (the "**ALMM**"). MNRE, by way of an amendment to the previous office memorandum, on 13 January 2022 further introduced a requirement that projects which apply for open access/net-metering from 1 April 2022 onwards, will have to use solar PV modules and cells which are included in the ALMM ("**Revised OM**").

Subsequently, the Distributed Solar Power Association (an industry body of developers) filed a petition before the Delhi High Court stating that the Revised OM could adversely impact the open access and net-metered projects and recommended that the implementation of the Revised OM for the commercial and industrial ("**C&I**") projects be deferred by one year. Responding to the petition, the Delhi High Court sought clarifications from the MNRE on the provisions made to protect the under-construction C&I projects, which would be adversely impacted by the requirements under the Revised OM.

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[143] The CERC (Grant of Connectivity, Long-term Access and Medium-term Open Access in Inter-State Transmission and related matters) Regulations, 2009 (CERC Regulations 2009) and the detailed procedures issued under these regulations.

[144] The MNRE has issued an updated list of models and module manufacturers enlisted under the ALMM order on 25 January 2023, which includes 14 new solar module manufacturers.

Given the concerns around the implementation of the Revised OM, the date of implementation of the Revised OM was changed from 1 April 2022 to 1 October 2022. Thereafter, the MNRE issued an office memorandum dated 10 March 2023, which states that all solar projects which are commissioned by 31 March 2024 will be exempt from the requirement of procuring modules under the Revised OM and the requirement to procure modules under the Revised OM would be suspended for the financial year 2023-2024.

Recommendation for Uniform GST on Renewable Energy Components

The Goods and Services Tax ("**GST**") Council on 17 September 2021 announced that the GST on '*specified renewable energy devices and parts*' will be increased from 5% to 12% with effect from 1 October 2021.[145] Taking into account the resultant increase in costs which will have to be borne by the solar power developers, the MoP in March 2022, proposed to write to the Department of Revenue, recommending a uniform GST slab of 5% on all renewable energy components across India. The MoP also requested the renewable energy industries and associations formulate a list of components and raw materials used in the development of renewable energy projects for which the GST reduction can be proposed to the Department of Revenue, to promote renewable energy projects.

Similar to the case of BCD, based on the representations made by renewable energy developers to treat the imposition of GST as a 'change in law' event, the MNRE, through its notification dated 27 September 2022, has clarified that renewable implementation agencies may consider the hike in GST as a 'change in law' event where the submission of bids was on or prior to 30 September 2021 and where the SCOD of the project including time extensions if any was on or after 1 October 2021, unless the same was disallowed by any specific provisions of the underlying tender documents/contracts.

Blacklisting of Projects on account of Delay

The MNRE through a circular dated 15 February 2023, has directed public sector undertakings such as SECI and NTPC Limited (which issue tenders to private developers for setting up renewable energy projects), to blacklist private power developers which fail to meet the timelines for commissioning of the projects under the tenders, unless such power developers are able to show cause. According to the MNRE circular, the blacklisting can be for any duration between three to five years. Further, the MNRE has also directed these public sector undertakings/entities to invoke the bank guarantees submitted by the project developers in cases of delay in commissioning.

Interim Order of the Delhi High Court Granting Relief to Solar Power Developers

The Delhi High Court through its order dated 15 December 2022 had granted interim protection to a solar power developer that was denied concessional rates of customs duty on import of equipment and items needed for the project, on account of a purported retrospective amendment to the law. While the matter was ongoing the court observed that if no interim protection is granted, the entire process of import was likely to get derailed. The Delhi High Court noted that if the petitioner were to fail in its case, it would have to pay duty at the tariff rate and not at the concessional rate and there was enough security in the form of a continuity bond from the solar power developer. In taking this view, it gave relief to the solar power developers as the uncertainty as to whether or not the petitioner would be entitled to a concessional rate of duty was likely to otherwise delay the execution of the project at hand.

[145] The GST on solar modules was increased from 5% to 12% *vide* notification dated 30 September 2021 issued by the Ministry of Finance, GoI.

Attempted Tariff Renegotiation in Andhra Pradesh and Punjab

Andhra Pradesh

In September 2018, the Discoms in Andhra Pradesh ("**AP Discoms**") filed a petition before the Andhra Pradesh Electricity Regulatory Commission ("**APERC**") for reduction in the preferential feed-in tariff applicable to wind power projects determined under Section 62 of the Electricity Act and later, also filed a similar petition impacting solar developers, requesting the APERC to revise the tariff payable by the AP Discoms for procurement of solar power (discovered under Section 63 of the Electricity Act through competitive bid process).

Subsequently, wind and solar developers approached the High Court of Andhra Pradesh ("**APHC**") challenging the proceedings before the APERC. A single bench of the APHC disposed of the petitions by an order dated 24 September 2019 ("**HC Order**") directing the APERC to decide the issues, while directing the Discoms to pay an interim tariff (lower than the tariff under the PPAs) during the pendency of the matter before the APERC.

The developers challenged the HC Order before the division bench of the APHC, which in its judgment dated 15 March 2022 ("APHC Judgment") held *inter alia* that: (i) tariffs once negotiated under concluded PPAs cannot be re-determined or renegotiated; (ii) the poor financial health of Discoms was not a ground for non-payment by them nor is it a ground to seek reduction in tariff, (iii) tariff that has been determined under Section 63 of the Electricity Act through the competitive bidding process cannot be re-determined; and (iv) since solar and wind projects plants operate on a 'must run' basis, any arbitrary curtailment of power from wind and solar projects by the state load despatch centre is illegal. The APHC also directed the Discoms to pay all pending dues to the developers within a period of six weeks from the date of the APHC Judgment.

Punjab

The Punjab Renewable Energy Security, Reform, Termination and Redetermination of Power Tariff Bill, 2021 (Bill No.40-PLA-2021) ("**Bill**") was notified by the Government of Punjab on 11 November 2021. The objective of this Bill is to refer matters to the Punjab State Electricity Regulatory Commission ("**PSERC**") so that tariff may be redetermined under long term contracts, including those with wind and solar power developers. The Bill provides that when such matter is referred to the PSERC, the clauses in the PPA pertaining to tariff will 'stand terminated' and the PSERC will conclusively redetermine the tariff. During the interim period, an interim tariff will be discovered, which will be applicable to the PPAs.

In this regard, the National Solar Energy Federation of India has submitted a letter to the central government to re-examine the Bill and withhold the President's consent until the implications of this Bill are fully examined.[146] Based on publicly available information, solar power developers are contemplating raising a legal challenge against the Bill on grounds of it being violative of the Constitution of India.[147] However, as of date, the Bill has not been formally challenged before any judicial authority.

Regulatory Framework in Gujarat

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

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

[146] https://mercomindia.com/reexamine-punjab-bill-nsefi/
[147] https://economictimes.indiatimes.com/industry/energy/power/power-firms-may-move-court-against-new-punjab-govt-bill/articleshow/87657434.cms?from=mdr

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

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

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

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

Gujarat Solar Policy

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

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

Deviation Settlement Mechanism

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

Interconnectivity

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

Change in Law Relief under GUVNL Tenders

Earlier, the GUVNL PPAs did not consider introduction of the safeguard duty, custom duty and anti-dumping duty as a 'change in law', which resulted in discovery of a high tariff in the GUVNL tender in March 2018 (as bidders included the cost of these duties in their bids) and subsequently, in the scrapping of the tender. In view of the same, GUVNL included the impact of safeguard duty and anti-dumping duty within the ambit of change in law under the PPAs during its re-tendering process in 2018[148] and also included custom duty in subsequent tenders. Due to concerns raised around the introduction of a 12% GST on solar components (as discussed above), by prospective bidders during the pre-bid meetings, GUVNL further modified the draft PPA in tenders to cover GST along with applicable surcharge under the ambit of 'change in law'. The GERC in its order dated 30 May 2022 permitted these modifications to the 'change in law' provision of all future tenders to be issued by GUVNL.

Regulatory Framework in Rajasthan

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

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

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

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

In a recent development, the RERC has proposed an initiative to the GoR, under which inter-state solar power projects supplying electricity outside the state of Rajasthan, would be required to supply 10% of electricity generated by them at no cost, to the GoR. This electricity, which is obtained free of cost from developers who are undertaking interstate supply of power, is proposed to be used by the Discoms in the state so that they can supply this electricity to the consumers at a lower cost. The rationale of the RERC in introducing this proposal was that the cost of electricity to customers in Rajasthan was higher than that in other states (where power was being provided from Rajasthan at lower rates).

Rajasthan Solar Policy

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

[148] RfS No. GUVNL / 500 MW / Solar (Phase-II R) dated 28 June 2018.

Deviation Settlement Mechanism

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

Interconnectivity

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

APTEL Order on Injection of Excess Power

In its order dated 21 December 2021 the APTEL set aside an order of the RERC,[149] wherein the RERC had directed a solar park developer to not obstruct solar projects from injecting excess energy to the grid by holding that if the power injection is creating any grid disturbance, the state load despatch center or Discom could issue directions to the solar projects. The APTEL on the other hand, stated in its order that since the solar park developer and solar power generators have executed an implementation and support agreement, the solar park developer has the right to restrict the excess generation of power beyond the capacity agreed under the implementation and support agreement.

CERC Ruling on Change in Law and Land Tax

The CERC in separate orders passed in February 2022[150] held that unless the applicable land tax in Rajasthan is levied on the project land and paid by the respective solar power developers, no relief can be claimed under the 'change in law' provision of the PPA. Separate developers had filed petitions seeking that the imposition of land tax under the GoR Notification (*discussed in the 'Real Estate Regulations' below*) be treated as a 'change in law' event under the respective PPAs. The CERC while rejecting the petitions (on separate occasions), stated that since no land tax was demanded from the solar power developers and no liability was incurred by the developers on account of the land tax as of the date of the order, no relief can be granted in anticipation of future claims.

Ruling on Tree Cutting

The National Green Tribunal through an order dated 19 October 2022, imposed fines on a solar power developer in Rajasthan for the felling of trees without permission from the authorities. The developer was required to plant ten times more trees than those that were cut, failing which a penalty of INR 200,000 (Indian Rupees Two Hundred Thousand) was to be deposited by the developer with the forest department for the purposes of afforestation. This case is another example of environmental issues coming to the forefront in recent years.

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[149] *M/s Saurya Urja Company of Rajasthan Limited v. Rajasthan Electricity Regulatory Commission & Ors*, Appeal No. 69/2021.

[150] *Adani Solar Energy Four Private Limited v Solar Energy Corporation of India*, order of the CERC in Petition No. 256/MP/2021 and *SB Energy 3 Private Limited & Anr. v Solar Energy Corporation of India* common order in Petition Nos. 274/MP/2021 and 275/MP/2021

Regulatory Framework in Madhya Pradesh

The regulatory framework governing the solar energy sector in Madhya Pradesh ("**MP**") comprises the Electricity Act, regulations framed by the Madhya Pradesh Electricity Regulatory Commission ("**MPERC**") under the Electricity Act, orders passed by the MPERC, and policies formulated by the Government of Madhya Pradesh ("**GoMP**"). The MPERC is the electricity sector regulator in MP.

Pursuant to enactment of the Electricity Act, the Madhya Pradesh State Electricity Board was reorganized by the GoMP in accordance with section 131 to section 134 of the Electricity Act and the following companies were formed:

- Generating company: Madhya Pradesh Power Generating Company Limited;

- Transmission company: Madhya Pradesh Power Transmission Company Limited ("**MP Transco**"); and

- Discoms: (i) Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited (Discom - C); (ii) Madhya Pradesh Poorva Kshetra Vidyut Vitaran Company Limited (Discom - E); and (iii) Madhya Pradesh Pashchim Kshetra Vidyut Vitaran Company Limited (Discom W), Discom – C, Discom - E, Discom - W are collectively referred to as MP Discoms.

MP Transco is the designated STU and state local dispatch centre ("**SLDC**"). The GoMP has also established the New and Renewable Energy Department ("**MPNRED**") as the nodal agency for all matters relating to renewable energy, including development and deployment of renewable energy, energy efficiency and energy conservation measures. Madhya Pradesh Urja Vikas Nigam Limited is the nodal agency for implementing MNRE schemes, off-grid renewable energy projects, energy efficiency and conservation measures.

Madhya Pradesh Solar Policy

The Madhya Pradesh Renewable Energy Policy 2022 ("**MP RE Policy**") was notified on 18 August 2022, and will remain in force for a period of five years from the date of notification in the gazette or until a new policy is issued. Under the MP RE Policy, the Office of the Commissioner, New and Renewable Energy Department, GoMP, is designated as the nodal agency for registration and implementation of projects. Some of the objectives of the MP RE Policy are: (i) to develop Madhya Pradesh into a renewable energy hub with a focus on creating a thriving renewable energy equipment manufacturing facility; (ii) to facilitate large scale adoption of renewable energy in the state through various methods; and (iii) to facilitate the development and design of new equipment and technologies so as to provided renewable power at competitive costs to consumers. The MP RE Policy also sets out incentives available to renewable energy developers and renewable energy equipment manufacturers.

Deviation Settlement Mechanism

The MPERC (Forecasting, Scheduling, Deviation Settlement Mechanism and Related Matters for Solar and Wind Generating Stations) Regulations, 2018, as amended from time to time ("**MP F&S Regulations**") apply to every wind power generator having a combined installed capacity of 10 MW and above and solar power generator having a combined installed capacity of 5MW and above, connected to the state grid, whether independently or through pooling substations and generating power for sale within the state. The MPERC notified the MP F&S Regulations with an objective of facilitating and maintaining grid discipline and grid security through forecasting, scheduling and commercial mechanism for deviation settlement through drawal and injection of electricity by users of the grid. The MP F&S Regulations are also applicable to all wind power developers and SPDs selling power outside MP under open access and having a combined installed capacity of 1MW and above. As per the MP F&S Regulations, a qualified coordinating agency is to be appointed to act as a single point of contact between the power generators, who are connected to a pooling station and the SLDC. It will be *inter* *alia* responsible for coordinating with the SLDC for the scheduling of power on a day ahead basis, undertake commercial settlement of deviation charges, among others.

The MPERC also notified the Madhya Pradesh Electricity Balancing and Settlement Code, 2015 ("**B&S Code**") to allow seamless accounting of energy and to facilitate easier intra-state power transfer between intra-state entities. The B&S Code attempts to match the demand-supply schedule for the state of MP on a day ahead basis to ensure minimum deviation. The B&S Code lays down the setting up of a state energy account, which will be prepared by the SLDC for billing and settlement of energy charges and also provides for setting up of a state reactive account and a state deviation settlement mechanism account.

Interconnectivity

Any applicant seeking to establish a new connection to and/or use an existing state transmission system is required to submit an application to the STU/MP Discoms for connection to the state grid in accordance with the procedure set out in the Madhya Pradesh Electricity Grid Code (Revision II), 2019 ("**MP Grid Code**"). Section 5.3 of the MP Grid Code sets out the procedure to be followed by the applicant while seeking connectivity and also specifies all the information that needs to be provided along with the application. As per the MP Grid Code, the STU is required to make a formal offer for grant of connectivity within 60 days of receipt of the application.

Further to the grant of connectivity to the intra-state grid by the STU, the SPD will be typically required to enter into a connection agreement with the STU, which sets out the terms relating to a connection and/or use of the intra-state transmission system. The connection agreement is executed after the grant of connectivity by the STU.

Applicable Permits and Consents[151]

The development of solar projects in Gujarat and Rajasthan requires permits and consents from relevant government authorities, either at the central or the state level, as set out below.

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

[151] Permits which are required to be obtained for carrying out the general business of a project company and which are not specific to the solar power projects, *i.e.*, tax related registrations, shops and establishment registration, employees' state insurance, employees provident fund, corporate approvals, *etc.*, have not been included in this section.

S.no.	Consents and approvals	Particulars
	Approval under Section 164 of the Electricity Act	Grant of authorization under Section 164 of the Electricity Act is required to be obtained from the CEA to exercise the powers of a telegraph authority under the Indian Telegraph Act, 1885, for setting up electrical lines for the purposes of transmission of electricity.
	No-objection certificate from the CGWA	If the project company needs to withdraw ground water for the solar project, then a no-objection certificate ("**NOC**") should be obtained from the Central Ground Water Authority. The requirements for the NOC would depend on whether the project falls within a notified area or a non-notified area.
	Connection Agreement	The project company is also required to submit an application to the STU/Discom to connect to the state grid. Thereafter, a connection agreement is required to be executed between the generating project company and the relevant transmission licensee prior to the physical interconnection of the solar power project with the state grid.
	Approval of the design and specification of	The Electricity Act, among others, requires the CEIG to certify that any equipment and plant for generation, transmission, distribution or use of energy meets the required safety regulations. This approval is necessary to be obtained prior to the energization of the solar power project.
	Approval for synchronization	Prior to synchronization of the solar power project, the project company is required to secure the approval of the transmission company /the state load despatch centre and GEDA/SECI, as the case maybe, as per the requirements of the PPA.
	Commissioning Certificate	The project company is also required to obtain a commissioning certificate from GEDA or RRECL, as applicable, before it can deliver power. Generally, the commissioning certificate will allow to ascertain the specific date on which the respective units have been commissioned.
	Authorization under Hazardous & Other Wastes (Management and Trans-boundary Movement) Rules, 2016 ("**Hazardous Waste Rules**").	The Ministry of Environment, Forest and Climate Change issued an office memorandum dated 7 July 2017, which provides that the disposal of PV cells attracts the provisions of the Hazardous Waste Rules. From a reading of the Hazardous Waste Rules, it seems that any entity, including a solar project engaging in disposal of the PV cells will be required to obtain an authorisation of the relevant state pollution control board prior to such disposal of PV cells.

S.no.	Consents and approvals	Particulars

(B) Additional Permits

Apart from the permits mentioned in (A) above, the following permits may also need to be obtained in respect of a solar power project, depending on other variable factors affecting the projects, such as the geographical location of the project, the number of workmen deployed or such other factually relevant circumstances affecting the project related activities.

S.no.	Consents and approvals	Particulars
	IEC Code	In the event that any of the equipment, including spares, for the projects is imported into India or to export any equipment out of India, the project company must obtain an import export code from the Ministry of Commerce and Industry, GoI, in accordance with the provisions of Foreign Trade (Development and Regulations) Act, 1992.
	Crossing approvals	If any transmission line forming part of the projects crosses over a village road, national highway, state road (including state highways), river or nallah, then a crossing approval / NOC of the relevant sanctioning authority (such as, Gram Panchayat, National Highway Authority of India, Ministry of Railways or the relevant State Authority) is required to be obtained.
	Approval for storing explosives	If the solar power producer stores or brings fuel oil, explosives and inflammable liquids, gases and chemicals at the project site, it must obtain a license under the Explosives Act, 1884, Explosives Rules, 2008, the Petroleum Act, 1934 and the Petroleum Rules, 2002.
	Height clearance from the Airports Authority of India ("**AAI**")	A clearance is required from AAI if a power project is situated within 20 kilometres or less from an Aerodrome Reference Point ("**ARP**") of a Visual Flight Rules ("**VFR**") airport, and 56 kilometres or less from the ARP of an Instrument Flight Rules ("**IFR**") airport.
	NOC from Ministry of Defence if the project is located near an International border or an air force base	The Aircraft Act, 1934 and the Ministry of Civil Aviation (Height Restrictions for Safeguarding of Aircraft Operations) Rules, 2015 ("**MoCA Rules**") provide that an NOC for height clearance is required to be obtained for constructing or erecting any structure within a radius of 20 kilometres from the ARP of the civil and defence aerodromes as listed out in the MoCA Rules. Further, the MoCA Rules provide that no structure higher than the height specified in Schedule II of the MoCA Rules is required to be constructed or erected within a radius of 20 km from the ARP.

S.no.	Consents and approvals	Particulars
	Approvals under Factories Act, 1948 ("**Factories Act**")[152]	If the project company employs 10 or more workers during the operations of the solar project, then it would qualify as a factory under the Factories Act, requiring it to secure the relevant approvals from the Chief Inspector of Factories of the relevant state, including approval of the site and building plan, license to operate factory and certificate of stability.
	Registration under the Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**")	A certificate of registration under the CLRA and the rules framed thereunder must be obtained from the Labour Department of the relevant state by the principal employer of every establishment, if 20 or more workmen were employed on any day of the preceding 12 months at the factory (which is employing contract labour).
	Registration under the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 ("**BOCW Act**") and payment of cess under the Building and Other Construction Workers Welfare Cess Act, 1996 ("**Cess Act**")	The registration requirement with the Labour Department of the relevant state under the BOCW Act may apply to the project company if it employs or had employed 10 or more building workers on any day of the preceding 12 months. Further, the entity to whom the BOCW Act applies is also required to remit 'cess' to authorities at the rate of one percent of the 'cost of construction'.
	Registration under the Inter- State Migrant Workmen (Regulation of Employment and Condition of Service) Act, 1979 ("**Migrant Workers Act**")	Registration under the Migrant Workers Act and the rules framed thereunder is required to be obtained by project company from the Labour Department of the relevant state if 5 or more inter-state migrant workmen are employed by it in Gujarat, Rajasthan or Madhya Pradesh, as the case may be, on any day of the preceding 12 months by the solar power producer or its contractor,
	Permission from the gram panchayat *i.e.* the village council	Under Section 104 of the Gujarat Panchayats Act, 1993, no person can construct a building within the limits of the village without taking prior permission from the panchayat. While the Rajasthan Panchayati Raj Act, 1994 does not specifically provide for any approval required from the gram panchayat to construct a building on any land within the jurisdiction of the gram panchayat, there appears to be a requirement in practice to obtain permission from the relevant gram panchayat before undertaking any construction activities on land which falls within the jurisdiction of the gram panchayat. The Madhya Pradesh Panchayat Raj Avam Gram Swaraj Adhiniyam, 1993 provides that no building is allowed to be

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

S.no.	Consents and approvals	Particulars
		constructed in an area of a gram panchayat without the Gram Panchayat's prior approval. If the Gram Panchayat does not respond to the application for such construction within 45 days, the permission will be deemed to have been granted.

Real Estate Regulations

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

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

Forest Lands

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

Laws applicable to acquisition of land in Gujarat

Tenancy Laws

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

- Gujarat Tenancy and Agricultural Lands (Vidharba Region and Kutch Area) Act, 1958, applicable to the Vidarbha and Kutch Regions;
- Saurashtra Gharked Tenancy Settlement and Agricultural Land Ordinance, 1949, applicable to the Saurashtra Region; and
- Gujarat Tenancy and Agricultural Lands Act, 1948, applicable to the remaining regions of Gujarat.

To contextualize, the Tenancy Laws comprise certain conditions (*i.e.*, over and above those imposed pursuant to the Gujarat Land Revenue Code), for purchase of agricultural lands for bona fide industrial purpose, which amongst others, include a prior permission of the Industries Commissioner[153] to be obtained by the purchaser of the agricultural lands under the Tenancy Laws, where such agricultural land to be purchased exceeds 10 hectares.

Conversion of agricultural land for non-agricultural purposes

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

Vide a recent amendment dated 18 May 2022 to the Gujarat Land Revenue Rules and the form M therein (for grant of sanad certifying non-agricultural use), notified by the Revenue Department, Government of Gujarat, the time-limit (of three years) imposed for utilizing the converted land for the purposes of the permitted non-agricultural use has been done away with. The Revenue Department has subsequently issued a circular dated 16 June 2022 clarifying the interpretation and applicability of the aforesaid amendment. The circular clarifies that the time-limits for utilization of the converted lands, included as a part of the online orders issued under various other provisions of Gujarat Land Revenue Code shall also be done away with.

Ceiling Restrictions

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

Government Land

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

Gujarat Solar Policy

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

Gujarat Wasteland Allotment Policy for Renewable Parks

The Gujarat Wasteland Allotment Policy for Renewable Parks[154] (in addition to providing the procedure to be followed for the allotment of government wastelands to renewable energy park developers), provides that government wastelands (if allotted) shall be provided on a leasehold basis, for a tenure

[153] Section 89A of the Gujarat Tenancy and Agricultural Lands (Vidharba Region and Kutch Area) Act, 1958, Section 55 of the Saurashtra Gharked Tenancy Settlement and Agricultural Land Ordinance, 1949 and Section 63AA of Gujarat Tenancy Act, 1948.

[154] Comprised in the resolutions passed by the GoG dated 25 January 2019 and 29 July 2019, as amended on 14 September 2020.

of 40 years (comprising five years for the development of the project and 35 years for the operations thereof). The policy also allows sub-leasing of such lands by the developer of the project to the eventual power producers, amongst other conditions relating to the use, allotment and transfer thereof.

<u>Laws applicable to acquisition of land in Rajasthan</u>

Rajasthan Tenancy Act and Rajasthan Revenue Act

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

Ceiling Limits

The Rajasthan Imposition of Ceiling on Agricultural Holding Act, 1973 ("**Rajasthan Ceiling Act**") as amended *vide* the Rajasthan Imposition of Ceiling on Agricultural Holdings (Amendment) Act, 2020, ("**Ceiling Amendment Act**")[155], was enacted with a view to reduce the disparity in holding agricultural land and the concentration of such land with a few persons. In Rajasthan, the ceiling limit is prescribed basis the nature/class of agricultural land, *i.e.*, fertile, semi-fertile, hilly, desert etc., and no person (including a company, whether incorporated or not) can acquire, through any mode of conveyance, agricultural land in excess of the applicable ceiling limit, except with the approval of the GoR. Pursuant to the Ceiling Amendment Act, provisions restricting the acquisition of agricultural lands beyond ceiling limits under the Rajasthan Ceiling Act, shall not apply to any person (including a company) who has acquired or acquires any land, in excess of the applicable ceiling limit, for the purposes of setting up Solar Farm/Park, Solar Plant/Solar Power Plant or related activities, amongst others, as defined in Rajasthan Solar Policy, for the generation of solar power. However, such person shall be required to make an application to the State Government within one year of notification of the abovementioned amendment or acquisition of such land, as required for the generation of solar power and commence the use of said land for the project development within a period of three years from the grant of permission for such use of land.

Conversion of Agricultural Lands

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

Rajasthan Solar Policy

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

Land Tax

It is relevant to highlight that the Finance Department (Tax Division), GoR *vide* notification dated 30 March 2020 ("GoR Notification") has notified the rates of land tax payable on a yearly basis on various categories of land, pursuant to the provisions of the Rajasthan Land Tax Act, 1985 and the Finance Act, 2020. The GoR Notification sets out that the rate for land tax payable for industrial lands is INR 2

[155] The Ceiling Amendment Act was enacted on 11 September 2020.

per square meter for lands (in excess of 10,000 square meters). In view of this, the Finance Department (Tax Division) has issued notices to various solar power project developers operating in Rajasthan, demanding the land tax for certain periods, along with penalties and interest. From the information available in public domain, the issuance of notices and levy of land tax on renewable projects has been challenged by state and national renewable energy organisations.

<u>Laws applicable to acquisition of land in Madhya Pradesh</u>

The Land Revenue Code

The Madhya Pradesh Land Revenue Code, 1959 ("**Land Revenue Code**") was enacted with a view to consolidate and amend various legislations pertaining to regulation of land revenue, rights and liabilities of land holders and agricultural tenures, and other matters related to agricultural lands in MP. The Land Revenue Code lays down provisions for use of agricultural land, transfer of agricultural land and incidental matters.

The Land Revenue Code states that all lands in MP are inherently the property of the Government of Madhya Pradesh ("**GoMP**"); and a 'tenure-holder' is a person who holds land from the GoMP and is classified as a 'Bhumiswami.'[156] The right to transfer land (whether by way of sale, lease or any other form as permitted) under the Land Revenue Code is subject to the classification of tenure holders; and in this regard, the Land Revenue Code states that there shall only be 1 (one) class of tenure holders of land from the State, that is, a 'Bhumiswami.' Although the term 'Bhumiswami' has not been specifically defined and denotes an umbrella term for different kinds of land holders in the State, and can be construed as the first and only tenant of the State of MP having certain rights and obligations under the Land Revenue Code. Notably, nothing contained in the Land Revenue Code applies to a person who holds land from the Central Government.

Per the Land Revenue Code, a Bhumiswami shall have the right to transfer his interest in the land held by him or any part thereof. This right, however, is subject to other provisions of the Land Revenue Code.

Ceiling Restrictions

The Madhya Pradesh Ceiling on Agricultural Holdings Act, 1960 ("**Madhya Pradesh Ceiling Act**") was enacted with a view to impose maximum limit (or ceiling) on the holding of agricultural land in MP. The Madhya Pradesh Ceiling Act provides for ceiling limits on holding of agricultural land, acquisition and disposal of surplus land and related matters. As per the Madhya Pradesh Ceiling Act, no person shall be entitled to hold agricultural land in excess of the prescribed ceiling limit. In this regard, the ceiling limit applicable to a holder (who is not a member of a family)[157] as regards the different categories of agricultural land is as set out below ("**Ceiling Limits**"):

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[156]Per Section 158, Bhumiswami is a person who at the time of coming into force of the Land Revenue Code, belongs to any of the following classes: (a) every person in respect of land held by him in the Mahakoshal region in bhumiswami or bhumidari rights; (b) every person in respect of land held by him in the Madhya Bharat region as a Pakka tenant or as a Muafidar, Inamdar or Concessional Holder,as defined under Tenanacy Act, 2007; (c) every person in respect of land held by him in the Bhopal region as an occupant as defined in the Bhopal State Land Revenue Act, 1932; (d) (i) every person in respect of land held by him in the Vidhya Pradesh region as a pachapan paintalis tenant, pattedar tenant, a grove holder or as a holder of tank as defined in the Vindhya Pradesh Land Revenue and Tenancy Act, 1953; (ii) every person in respect of land (other than land which is a grover or tank or which has been acquired or which is required for Government or public purposes) held by him in the Vindhya Pradesh region as a gair haqdar tenant and in respect of which he is entitled to a patta in accordance with the provisions of sub-section (4) of section 57 of the Rewa State Land Revenue and Tenancy Code, 1935; or (iii) every person in respect of the land held by him as a tenant in the Vindhya Pradesh region and in respect of which he is entitled to a patta in accordance with the provisions of sub-sections (2) and (3) of section 151 of the Vindhya Pradesh Land Revenue and Tenancy Act, 1953, but has omitted to obtain such patta before the coming into force of this Code; (e) every person in respect of land held by him in Sironj region as a khatedar tenant or as a grove holder as defined in the Rajasthan Tenancy Act, 1955.

[157]A person's family for the purpose of calculation of ceiling limit under Section 165(4) described hereinabove shall consist of the person himself, the minor children and the spouse of such person living jointly with him and if such person is a minor, then his parents living jointly with him.

- For land capable of yielding two crops and receiving assured irrigation or assured private irrigation for the crops: 10 acres;

- For land capable of yielding one crop and receiving assured irrigation or assured private irrigation for the crop: 15 acres; and

- For dry land: 30 acres.

Under the Madhya Pradesh Ceiling Act, the Government of Madhya Pradesh ("**GoMP**") may exempt from Ceiling Limits - lands for a public purpose, by issuing a notification to this effect. In this regard, applications for seeking such exemption may be made by making a written request in the form as prescribed under the Madhya Pradesh Ceiling Act.

In addition, the Madhya Pradesh Ceiling Act provides that Ceiling Limit shall not be applicable to agricultural land held by the following persons/entities: (i) a local authority or a university, established by law, within the state; (ii) the Madhya Pradesh State Agro Industries Development Corporation Limited. or any other corporation controlled or managed by the State/Central Government, whether individually or jointly; (iii) land which is a property of a public trust or a wakf, registered on or before 1 January 1971, for a religious purpose; (iv) Bhoodan Yagna Board under the Madhya Pradesh Bhoodan Yagna Adhiniyam, 1968; (v) co-operative land development bank or any other co-operative bank registered or deemed to be registered under the Madhya Pradesh Co-operative Societies Act, 1960; (vi) a bank; (vii) a co-operative society not exceeding the total area ascertained by aggregating the ceiling area applicable to all the members, as per its register of members, and approved by a general or special order of the GoMP.

Conversion of agricultural land for non-agricultural purposes

A Bhumiswami shall have the right to divert its land only for such purposes that are permissible under applicable laws. In this regard, in accordance with the Land Revenue Code, the Bhumiswami of agricultural land shall need to file an intimation with the relevant Sub-Divisional Officer as regards the diversion of land along with the payment of prescribed statutory fee; wherein such shall be made in writing.

Prior permission for land use and development

The M.P. Nagar Tatha Gram Nivesh Adhiniyam, 1973 ("**TnCP Act**") has been enacted to provision for planning and development and use of land in MP. Under the TnCP Act, certain authorities have been constituted which draw development plans for different areas of the State and all development works in such areas have to conform to the applicable development plan.

Under the provisions of the TnCP Act read with the TnCP Rules, subject to the plan under which any area falls (planning or non-planning areas), no person, shall change the use of land for any purpose other than for agriculture, or carry out any development in respect of any land contrary to the provisions of the plan,[158] without the prior approval of the concerned authority having jurisdiction.

Madhya Pradesh Renewable Energy Policy

In relation to land, the MP RE Policy sets out incentives available to renewable energy developers for purchase of private agricultural lands and allotment of government land in the form of reimbursement of stamp duty and rebate on the circle rates respectively. The operational guidelines issued under the MP RE Policy, amongst other things, provides for guidelines to be followed by the nodal agencies for government land allotment, priority in land allotment process, procedure for transfer of land use

[158]Means draft regional plan, development plan and/or zoning plan under the TnCP Act.

permission and extension of said permission, and land use charges for government lands. However, under the MP RE Policy, government land cannot be allotted for renewable energy plant commissioned for third-party sale/captive use.

MANAGEMENT

Board of Directors

The Company's Board of Directors is responsible for the overall management and direction of the Company. The Board meets quarterly, or as often as required, to review and monitor the Company's financial position and operations and decide on such other matters as may be required by law to be decided by the Board.

The directors of the Company are elected at the ASM to hold office for one year and until their respective successors have been elected and qualified. At the Company's ASM held on 24 April 2023, the stockholders considered and elected the following:

Name	Age	Citizenship	Designation
Delfin L. Lazaro	76	Filipino	Director; Chairman
Cezar P. Consing	63	Filipino	Director; Vice-Chairman
John Eric T. Francia	51	Filipino	Executive Director
Jaime Alfonso Antonio E. Zobel de Ayala	32	Filipino	Director
Jose Rene Gregory D. Almendras	63	Filipino	Director
Nicole Goh Phaik Khim	38	Malaysian	Director
Dean L. Travers	53	Australian	Director
Jesse O. Ang	63	Filipino	Independent Director
Melinda L. Ocampo	66	Filipino	Independent Director
Garry K. Lester	57	Australian	Independent Director
Maria Lourdes Heras-de Leon	68	Filipino	Independent Director

Delfin L. Lazaro has been a director of the Company since 28 September 2022. He holds the following positions in publicly listed companies: Chairman of Integrated Micro-Electronics, Inc. and ACEN; and Director of Globe Telecom, Inc. His other significant positions include: Chairman of Atlas Fertilizer & Chemicals Inc., Chairman and President of A.C.S.T. Business Holdings, Inc. and AYC Holdings Ltd.; Co-Vice Chairman and President of Asiacom Philippines, Inc.; Director of ACEIC, AC Industrial Technology Holdings, Inc., AC International Finance, Ltd., Purefoods International Limited and Probe Productions, Inc. He is an Independent Adviser to the Board of Directors of Ayala Land, Inc. and a member of the BPI Advisory Council. He graduated with BS Metallurgical Engineering at the University of the Philippines in 1967 and took his MBA (with Distinction) at Harvard Graduate School of Business in 1971.

Cezar P. Consing, director of the Company since 19 April 2021, is the President and Chief Executive Officer of Ayala Corporation and has been a Director thereof since 3 December 2020. He has been a member of the Ayala Group Management Committee since April 2013. He is also a Director of the Bank of the Philippine Islands (BPI) and Globe Telecom, Inc., both of which are publicly-listed subsidiaries of Ayala Corporation. He is also advisor of the board of Ayala Land, Inc. He is the Chairman of Philippine Dealing System Holdings and its three operating subsidiaries since 2010. He is also a Director of the Myanmar-listed First Myanmar Investment Public Company Limited. Concurrently, he is the Vice Chairman of AC Infrastructure Holdings Corporation, AC Industrial Technology Holdings, Inc., AC Energy and Infrastructure Corporation, and Ayala Healthcare Holdings, Inc., and a Director in Asiacom Philippines, Inc. Mr. Consing is Vice Chairman of BPI's executive committee, and a board director of its investment bank, microfinance bank and asset management company. He is currently a board trustee of the Philippine-American Educational Foundation, which selects the Fulbright scholars, a member of the National Mission Council of De La Salle Philippines, a board trustee of the College of St. Benilde, and a board trustee of the Manila Golf Club Foundation. He is a board director of Filgifts.com. He has been a member of the Trilateral Commission since 2014. Mr. Consing was a Senior Managing Director of Ayala Corporation and President and CEO of BPI from 2013 to 2021. In the latter capacity, he served as the chairman of BPI's thrift bank, investment bank, UK-registered bank, microfinance bank, property and casualty insurance joint venture and leasing and rental joint venture and board director of its asset management company and its life insurance joint venture. He served as Chairman and President of the Bankers Association of the Philippines from 2019 – 2021, and President of Bancnet, Inc. from 2017 – 2021. Mr. Consing was a Partner of The Rohatyn Group from 2004 – 2013. He headed its Hong Kong Office and its private investing business in Asia and was a board director of its real estate and energy and infrastructure private equity investing subsidiaries. He worked for J.P. Morgan & Co. in Hong Kong and Singapore from 1985 – 2004. He headed the firm's investment banking business in Asia Pacific (ex-Japan) from 1997 – 2004 and served as President of J.P. Morgan Securities (Asia Pacific) Ltd. As a senior Managing Director, Mr. Consing was a member of the firm's Global Investment Banking Management Committee, its Asia Pacific Management Committee, and its Global Managing Director Selection Committee. Further, he worked for BPI from 1981 – 1985, joining as a management trainee and eventually rising to Assistant Vice President. During this period, and on a part-time basis, he taught Economics in the MBA program of De La Salle University. Mr. Consing has served as an independent board director of four publicly listed companies in Asia: Jollibee Foods Corporation (2010 – 2021), CIMB Group Holdings (2006 – 2013), First Gen Corporation (2005 – 2013), and National Reinsurance Corporation (2014 – 2019), where he also served as Chairman (2018 – 2019). He has served as a board director of the Singapore-based SQREEM Technologies, the Singapore-listed Yoma Strategic Holdings Ltd, the Hongkong-based Asian Youth Orchestra, the US-Philippines Society, Endeavor Philippines, and La Salle Greenhills. Mr. Consing received an A.B. Economics degree (Accelerated Program), magna cum laude, from De La Salle University in 1979. He obtained an M.A. in Applied Economics from the University of Michigan in 1980.

John Eric T. Francia was elected as director on 9 May 2019, effective 15 May 2019. He is concurrently the President and Chief Executive Officer of ACEN and ACEIC. He has been a Senior Managing Director of Ayala Corporation and member of the Ayala Group Management Committee since January 2009. He is the Chairman of publicly listed company, ENEX Energy Corp. (PSE: ENEX). Under his leadership as President and CEO of ACEIC, Ayala Corporation established its energy platform from a standing start in 2011, to become one of the largest renewable energy platforms, with ~4,000 MW of attributable capacity from owned facilities in the Philippines, Vietnam, Indonesia, India, and Australia. He was a member of the Management Committee of Ayala Corporation from 2009 to 2021. He was appointed as chairman of Ayala Corporation's Investment Committee in 2021. He is also a director of various Ayala Group companies including AC Infrastructure, AC Health, AC Logistics, Air 21 Holdings, Inc., AC Ventures, Philwater Holdings, Inc., Michigan Holdings, Inc. Ayala Aviation, and Purefoods International Limited. He earned a Master's Degree in Management Studies at the University of Cambridge in the United Kingdom, graduating with First Class Honors. He received his undergraduate degree in Humanities and Political Economy from the University of Asia & the Pacific, graduating magna cum laude.

Jose Rene Gregory D. Almendras*,* director of the Company since 1 July 2019, concurrently serves as Senior Managing Director and member of the Management Committee of AC. He is the Chairman and President of AC Logistics Holdings Corporation, and the President and CEO AC Infrastructure Holdings Corporation. He is a Director and a member of the Executive Committee of Manila Water Company, Inc. ("MWCI"). He also holds the following positions within the Ayala Group: Chairman of MCX Project Company, Inc., Ligth Rail Manila Holdings 6, Inc., and MCX Tollway Inc.; Director of ACEIC, AF Payments Inc., Light Rail Manila Corporation, Light Rail Manila Holdings, Inc. Light Rail Manila Holdgins 2, Inc., and A2 Airport Partners, Inc.; and Executive Vice President of Asiacom Philippines, Inc. He served as President and CEO of MWCI from 1 September 2019 to 4 June 2021. In 2011, he was recognized by the World Economic Forum as a Sustainability Champion for his efforts as President of MWCI. During his stint as MWCI President and CEO, MWCI received multiple awards and was recognized as one of the Best Managed Companies in Asia, Best in Corporate Governance, one of the Greenest Companies in the Philippines and hailed as the world's Most Efficient Water Company. Under the Administration of President Benigno S. Aquino III, he served as a member of the Cabinet holding the position of Secretary of the following: Department of Energy (July 2010 to November 2012), Office of the Cabinet Secretary (November 2012 to March 2016), and Department of Foreign Affairs (March 2016 to June 2016). In June 2016, he was acknowledged by the Aquino Administration for his remarkable performance in addressing the country's urgent issues and was awarded the highest Presidential Award given to a civilian - Order of Lakandula, Rank of Gold Cross Bayani. He graduated from Ateneo de Manila University with a degree in Bachelor of Science in Business Management in 1981.

Jaime Alfonso Antonio E. Zobel de Ayala has been a director of the Company since 28 September 2022. He currently heads the Business Development and Digital Innovation Units of Ayala Corporation. He is also the Co Deputy Head of Ayala Corporation's Corporate Strategy Group. He is a member of the Board of Directors of Globe, AyalaLand Logistics Holdings Corp. and ENEX, all of which are publicly listed companies in the Philippines. He is also a member of the Board of Directors of Mynt (GCash), AC Ventures Corporation, BPI Capital Corporation, BPI Direct BanKo Inc., Globe STT GDC, and AC Energy International, Inc. He is a member of the Investment Committee of Kickstart Ventures and 917Ventures. Previously, he was head of Business Development (Prepaid Division) of Globe Telecom, Inc. He graduated from Harvard University, with a Primary Concentration in Government in 2013 and received his Master of Business Administration from Columbia Business School in 2019.

Nicole Goh Phaik Khim, director of the Company since 18 March 2021, is Head, Asia ex-China at GIC Infrastructure. She has coverage responsibility for the Asia-Pacific region with prior experience investing in the US and Europe. GIC was established in 1981 as a private company, wholly-owned by the Government of Singapore, to manage the foreign reserves of Singapore. It is one of the world's largest global investors, with well over US$100 billion of assets in more than 40 countries worldwide. Ms. Goh has been a member of GIC's infrastructure practice since 2008. She has an MSc in Management Science & Engineering from Stanford University and a BSc in Mathematics with Statistics for Finance from Imperial College London.

Dean L. Travers, director of the Company since 25 April 2022, has occupied senior executive roles in the energy sector for more than 25 years and is experienced in multi-disciplinary projects covering global markets, mergers and acquisitions, deal structuring and project development. He has been active in Europe, North America, Asia and Australia leading teams developing conventional and renewable energy projects for ENGIE, a global electricity utility and energy service company. Prior to leaving ENGIE in 2019, he occupied positions of Senior Vice President Business Development, Indonesia, and General Manager, ENGIE Renewables Australia, which was responsible for the development of 2GW of wind and solar projects. He is currently active in the clean energy and climate tech sectors in Australia and Indonesia as a founder, mentor and advisor. Mr. Travers has a PhD in Electrical Engineering, Bachelor of Engineering and a Bachelor of Science from University of NSW.

Jesse O. Ang is currently an independent director of BPI Capital Corporation, BPI Asset Management and Trust Company, BPI AIA Life Assurance Corporation, BPI/MS Insurance Corporation, and BPI International Finance Limited. He was previously an independent director of BPI Securities Corporation (August 2022-February 2023), Head (Resident Representative) of the Philippine office of the International Finance Corporation (2007-2015), CFO of Philippine International Air Terminals Company, Director for Global Structured Finance, New York City branch of Australia New Zealand Bank (1994-1998), Vice President for Trade and Commodity Finance, New York City branch of Generale Bank (1988-1994), Assistant Vice President in the Asia Division, Irving Trust Company in New York City (up to 1998), Budget Analyst for the Philippine National Oil Company (1982-1983), and Lecturer at the Department of Industrial Engineering of the University of the Philippines - Diliman (1981-1982). Mr. Ang received his BS Industrial Engineering degree from the University of the Philippines in 1981 and his Master of Business Administration from the University of Pennsylvania in 1985.

Melinda L. Ocampo has been an independent director of the Company since 17 September 2019. She currently serves as consultant to the Ricardo Energy and Environment Consulting Firm, a United Kingdom-based company, for a project entitled, "*The Philippines Grid Diagnostic and Roadmap for Smart Grid Development*." Said project is under the funding support of the United Nations Office for

Project Services, with the main task of establishing and developing governance issues to implement the project. Ms. Ocampo served as President of the Philippine Electricity Market Corporation ("PEMC"), a nonstock, non-profit private organization that governs the country's wholesale electricity spot market, from 27 March 2009 until 31 July 2017. Her experience includes developing energy policies and programs as Undersecretary of the Department of Energy from May 2005 to December 2007. She was also involved in electric utility system regulation, planning and technical feasibility of electric power generation, transmission and distribution systems including granting of electric franchises to both electric cooperatives and private distribution utilities. She has extensive knowledge of energy regulation including petroleum and electricity pricing and competition rules and has provided consulting services to legislators on electricity pricing, particularly on the power purchased adjustments. She was also a consultant in the World Bank's project on Electric Cooperatives system loss reduction program and to the USAID under the Asia Foundation in its project to introduce the open access and competition in the coverage of Philippine Economic Zone (PEZA). She was a board member (February 1996 to June 1998) and Chairman (August 1998 to August 2001) of the Energy Regulatory Board (now Energy Regulatory Commission). She served as a division chief (October 1979 to November 1988) and a director (December 1988 to February 1996) of the National Electrification Administration. In 1977, she obtained her Bachelor of Science degree in Commerce, Major in Accounting, from the Republic Central Colleges, in Angeles City, Pampanga. She received her MBA from the University of the Philippines, Diliman, Quezon City. She is a certified public accountant.

Garry K. Lester was formerly Managing Director with leading independent investment banking firm Evercore Inc. and held senior executive positions with J.P. Morgan & Co, The Rohatyn Group, and KPMG. He has advised on numerous landmark public and private market M&A transactions, private and public equity and debt investments and financings across a broad spectrum of industries including: power generation, natural gas pipelines, petroleum refining and marketing, petroleum transportation, mining, engineering/infrastructure consulting services, agricultural equipment, forestry products, pulp and paper, industrial products, airlines, telecoms, steel, automotive parts, gaming, real estate, funds management, banking, insurance, brewing, branded food products, food and general retailing and medical devices. Mr. Lester previously served as Non-Executive Director on various boards of banking, financial and investment companies during his career and has been licensed by relevant Securities, Futures and Investment Ordinances as a professional corporate adviser and investment manager in multiple jurisdictions including: U.S., Australia, Hong Kong and Singapore. Mr. Lester holds a Bachelor of Commerce Degree with First Class Honours (1988) and a Master of Financial Management Degree (1990), both from the University of Queensland and is a Chartered Accountant Fellow with Chartered Accountants Australia and New Zealand.

Maria Lourdes Heras-de Leon previously served as Managing Director and Member of the Management Committee of AC (2011-2015) and President of Ayala Foundation, Inc. (2011-2015). She was also Vice President for Policy, Government, and Public Affairs of Chevron Geothermal Philippines Holdings (1997-2011), where she led corporate affairs for Chevron's geothermal and natural gas interests and activities in the Philippines. Ms. Heras-de Leon has held various leadership positions in Greater Houston Partnership and First City National Bank of Texas. She was a former trustee of Assumption Antipolo, Museo de La Salle, Word Wildlife Fund-Philippines, and Asia Society Philippines. She also served on the Advisory Board of Texas Children's Hospital and Asia Society Texas. Ms. Heras-de Leon holds a Bachelor of Arts degree in Asian Studies from the University of British Columbia and a Master of Business Administration from the Thunderbird School of Global Management.

Key Officers

The officers are likewise elected annually by the Board of Directors and serve for one year and until their respective successors have been elected and qualified. At the Company's Organizational Meeting of the Board of Directors held on 24 April 2023, the directors considered and appointed the following:

Name	Age	Citizenship	Designation
John Eric T. Francia	51	Filipino	President & CEO
Maria Corazon G. Dizon	59	Filipino	CFO; Compliance Officer
Ma. Cecilia T. Cruzabra	57	Filipino	Treasurer
John Philip S. Orbeta	61	Filipino	Chief Administrative Officer, Chief Human Resources Officer, and Chief Risk Officer
Solomon M. Hermosura	61	Filipino	Corporate Secretary
Dodjie D. Lagazo	43	Filipino	Assistant Corporate Secretary; General Counsel
Alan T. Ascalon	48	Filipino	Assistant Corporate Secretary and Data Privacy Protection Officer
Jose Maria Eduardo P. Zabaleta	50	Filipino	Chief Development Officer
Roman Miguel G. de Jesus	48	Filipino	COO, Philippine Operations
Patrice R. Clausse	44	Luxembourgeoise	COO, International Group
Jonathan Paul Back	56	British	Chief Strategy Officer
Kyla Kamille U. Samson	35	Filipino	Controller

John Eric T. Francia was elected as director on 9 May 2019, effective 15 May 2019. He is concurrently the President and Chief Executive Officer of ACEIC. He has been a Senior Managing Director of Ayala Corporation and member of the Ayala Group Management Committee since January 2009. He is the Chairman of publicly listed company, ENEX. Under his leadership as President and CEO of ACEIC, Ayala Corporation established its energy platform from a standing start in 2011, to become one of the largest renewable energy platforms, with ~4,000 MW of attributable capacity from owned facilities in the Philippines, Vietnam, Indonesia, India, and Australia. He was a member of the Management Committee of Ayala Corporation from 2009 to 2021. He was appointed as chairman of Ayala Corporation's Investment Committee in 2021. He is also a director of various Ayala Group companies including AC Infrastructure, AC Health, AC Logistics, Air 21 Holdings, Inc., AC Ventures, Philwater Holdings, Inc., Michigan Holdings, Inc. Ayala Aviation, and Purefoods International Limited. He earned a Master's Degree in Management Studies at the University of Cambridge in the United Kingdom, graduating with First Class Honors. He received his undergraduate degree in Humanities and Political Economy from the University of Asia & the Pacific, graduating magna cum laude.

Maria Corazon G. Dizon was appointed as Chief Finance Officer on 9 May 2019, effective 15 May 2019. She is concurrently the Treasurer and Compliance Officer of the Company, Chief Finance Officer, Treasurer, and Chief Risk Officer of publicly listed ENEX. She previously held key positions with Ayala Land, Inc., the publicly listed real estate vehicle of Ayala Corporation, as Head of ALI Capital Corp., Head of Business Development and Strategic Planning of the Commercial Business Group, Head of Asset Management Group of Shopping Centers, Head of Control and Analysis, Head of Investor Relations as well as Chief Financial Officer of Residential Buildings, Office Buildings and Shopping Centers groups. Ms. Dizon also worked in SGV & Co for three years as a senior auditor. She is a Certified Public Accountant and graduated with a degree in Accountancy, *cum laude*, from the University of Santo Tomas. She completed academic units for an MBA at De La Salle University Graduate School of Business, and attended an Executive Management Program at the Wharton University of Pennsylvania.

Ma. Cecilia T. Cruzabra was appointed Treasurer of the Company on 24 April 2023. She is also the Treasurer and CFO of ACEIC and ACEN International, Inc., and a director and the Treasurer of ACE Thermal, Inc. She is a Managing Director of Ayala Corporation since January 2014. Prior to joining the Company, she was the CFO of MWCI from 2018 to September 2021, and served as the Treasurer of Ayala Corporation from 2014 – 2018. From 2007 to 2013, she taught Finance at the De La Salle Graduate School while concurrently holding directorship positions in Altimax Broadcasting Co., Inc. and Bethlehem Holdings, Inc. She also taught at the Asian Institute of Management ("**AIM**") as Adjunct Faculty. She graduated with a Bachelor of Arts in Economics (Honor Program) degree from the Ateneo de Manila University in 1986. She completed her Master's degree in Business Administration from AIM in 1990.

John Philip S. Orbeta was a former director of the Company. He served as Managing Director and member of the AC Management Committee since May 2005 and the Ayala Group Management Committee since April 2009. He was Ayala Corporation's Chief Human Resources Officer (CHRO) and Group Head for Corporate Resources, covering Strategic Human Resources, Information & Communications Technology, Knowledge Management, and Corporate Support Services from January 2008 until September 2021. He is currently the Chief Administrative Officer (CAO), Chief Human Resource Officer (CHRO), and Chief Risk Officer (CRO) of ACEN. He is also a Director of ACE Endevor, Inc., ACE Shared Services, Inc., Ayala Group Counselors Corporation, and AC Industrial Technology Holdings, Inc. Mr. Orbeta is also the Chairman of Ayala Multipurpose Cooperative. He sits on the Board of Ayala Automotive Holdings and HCX Technology Partners. He also serves as Trustee of Ayala Young Leaders Alumni Association, Inc., World Archery Philippines, La Salle University Ozamis, and National Mission Council of De La Salle Philippines, Inc. He served as President and CEO of Automobile Central Enterprise, Inc. (ACEI), Iconic Dealership, Inc. (IDI), Honda Cars Makati, Inc. (HCMI), and Isuzu Automotive Dealership, Inc. (IADI) from Jan 2013 until December 2016. He was the Chairman and President of HCX Technology Partners, Inc. from September 2016 until November 2021 and President of Ayala Retirement Fund Holdings, Inc. (July 2021 – February 2022). He was Chairman of Ayala Group HR Council (October 2005 – September 2021), Ayala Aviation Corporation (August 2010 – October 2021), Ayala Group Corporate Security Council (January 2011 – October 2021), Ayala Business Clubs (January 2008 – November 2021), and Vice-Chairman of Ayala Group Club, Inc. (February 2015 – November 2021). He was a Director of Honda Cars Cebu, Inc. (August 2016 – August 2017), Isuzu Cebu, Inc. (August 2016 – August 2017), BPI Family Savings Bank, Inc. (May 2013 – June 2020), Ayala Foundation, Inc. (Mach 2013 – December 2021), Ayala Healthcare Holdings, Inc. (Y2016-February 2022), Healthway Medical, Inc. (Y2020 – February 2022), and the Generika Group of Companies (August 2018 – December 2021). Mr. Orbeta served as a Director and Chairman of the Audit Committee of the ALFM group of funds from April 2012 to December 2021 which included the ALFM Peso Bond Fund, Inc., ALFM Dollar Bond Fund, Inc., ALFM Euro Bond Fund, Inc., ALFM Growth Fund, Inc., ALFM Money Market Fund, Inc., Philippine Stock Index Fund, Corp. as well as the ALFM Global Multi-Asset Income Fund, Inc. (April 2018 – December 2021), ALFM Retail Corporate Fixed Income Fund, Inc. (June 2019 – December 2021), ALFM Fixed Income Feeder Fund, Inc. (August 2019 – December 2021). Mr. Orbeta was also a Trustee of De La Salle University Dasmarinas Cavite and the De La Salle Health Sciences Institute, from December 2013 to September 2019, and the Weather Philippines Foundation, Inc. (October 2015 – June 2020). He was also a Board of Governors of the Management Association of the Philippines from Jan 2019 until December 2020. Prior to joining Ayala Corporation, he was the Vice President and Global Practice Director of the Human Capital Consulting Group at Watson Wyatt Worldwide (now Willis Towers Watson), overseeing the firm's practices in executive compensation, strategic rewards, data services, and organization effectiveness around the world. He was also a member of Watson Wyatt's Board of Directors. He graduated with a degree in A.B. Economics from the Ateneo de Manila University in 1982 and has taken advanced management programs at the Harvard Business School, IMD and INSEAD.

Solomon M. Hermosura is the Corporate Secretary of the Company. He is a Senior Managing Director and the Group Head of Corporate Governance, Chief Legal Officer, Corporate Secretary, Compliance Officer and Data Protection Officer of Ayala Corporation. He has been a member of the Ayala Corporation's Management Committee since 2009 and the Ayala Group Management Committee since 2010. He also serves as Corporate Secretary and Group General Counsel of Ayala Land, Inc.; Corporate Secretary of Integrated Micro-Electronics, Inc., Globe Telecom, Inc., AREIT, Inc. and Ayala Foundation, Inc., and as Corporate Secretary and member of the Boards of Directors of a number of companies in the Ayala Group. Mr. Hermosura is currently a member of the faculty of the College of Law of San Beda University. He graduated valedictorian with Bachelor of Laws degree from San Beda College in 1986 and placed third in the 1986 Bar Examinations.

Dodjie D. Lagazo is the General Counsel and Assistant Corporate Secretary of the Company. He is also an Executive Director of the Company. He previously served as Director and member of AG

Counselors Corporation's Management Committee from January 2014 to July 2017. He is also the Assistant Corporate Secretary of ACEIC and the Corporate Secretary of ENEX, a publicly listed company, and other various AC Energy subsidiaries and affiliates. Mr. Lagazo received his undergraduate degree in Political Science from the University of the Philippines, Diliman, graduating *magna cum laude*. He then completed his Bachelor of Laws degree in the College of Law of the University of the Philippines, Diliman.

Alan T. Ascalon is Vice President for Legal and Regulatory, Assistant Corporate Secretary, and Data Protection Officer of the Company. He currently serves as Corporate Secretary of various ACEN subsidiaries. He is also Assistant Corporate Secretary of ENEX, a publicly listed company. He was the Assistant Legal Counsel of PHINMA, Inc. from 2005 to 2008. Prior to joining the Company, he worked as Senior Associate at SGV & Co Tax Division from 2002 to 2005, junior associate at Ponce Enrile Cayetano and Manalastas Law Offices from 2001-2002, and as law clerk with the Supreme Court from 2000 to 2001. He graduated from the University of the Philippines with a Bachelor of Arts degree in Journalism in 1996 and a Bachelor of Laws degree in 2000. He completed the Management Development Program of the Asian Institute of Management.

Roman Miguel G. de Jesus is the Company's COO for Philippine Operations and of its Materials Management Group. Prior to assuming these roles, he led the development of ACEIC's solar portfolio in Vietnam, served as the President and CEO of NLREC, and headed the Retail Electricity Supply group of ACEIC. Prior to joining ACEIC, he practiced law in the law firms of Romulo Mabanta Buenaventura Sayoc & de los Angeles where he specialized in corporate banking and finance, and Puyat Jacinto & Santos where he specialized in energy law and special projects. He has Bachelor of Arts and Master of Arts degrees in Philosophy from the Ateneo de Manila University, where he was an instructor for 10 years. He also has a Bachelor of Laws degree from the University of the Philippines where he graduated *cum laude* and was the Chair of the Philippine Law Journal.

Jose Maria Eduardo P. Zabaleta is the Company's Chief Development Officer and is concurrently the Chief Development Officer of ACEIC, Chief Executive Officer of the ACEN Global Development Group, and member of the ACEN Executive Management Committee. He also serves as Chairman and/or President of ACEN's development pipeline and land companies. Prior to joining ACEN, he was co-founder and Chief Executive Officer of Bronzeoak Philippines, a pioneer and leader in clean technology energy development in the Philippines. Bronzeoak's energy businesses were integrated into AC Energy in early 2017. He has a BS Management Honors degree from Ateneo de Manila University, and a Masters in Business Administration from the Fuqua School of Business, Duke University, USA.

Patrice R. Clausse is the COO of the International Group of the Company and concurrently the Chief Executive Officer of ACEN International. He joined AC in May 2010 as an advisor to the Strategy and Business Development team and became a founding member of the AC Energy management in 2011 where he led the business development and operations teams. Currently, he is heading ACEN's International business, with focus on Southeast Asia and Australia. He is a member of the Board of Directors/Management & Advisory Committee of AC Energy International Projects. Prior to joining Ayala, he was a management consultant with McKinsey & Company in London as well as with Marakon Associates (part of Charles River Associates). He also holds a Master of Business Administration degree from Harvard Business School where he graduated with high distinction as Baker Scholar. He also received his Master's and Bachelor's degrees in Manufacturing Engineering from Cambridge University (UK).

Jonathan Paul Back is the Chief Strategy Officer of the Company. He is a lawyer and banker with over 25 years of experience in the legal, investment banking, and private investment sectors with significant experience in equity capital markets, corporate finance, and in advising on large infrastructure, power, and telecom projects. Mr. Back was previously a director and the Executive Chairman of BPI International Finance Ltd., the Hong Kong banking subsidiary of BPI and concurrently, co-head of Wealth Management and head of international businesses of BPI. He was also a director of Schools Relief Initiative Ltd., a Hong Kong based charity supporting education in Southern Sri Lanka. Previously, Mr. Back served as an Executive Director in Goldman Sachs, Hong Kong (Corporate Finance and

Equity Capital Markets) and Managing Director and Head of Asian Equity Capital Markets in JP Morgan, Hong Kong. Mr. Back holds a Bachelor of Civil Laws degree from the University of Oxford, where he graduated with First Class Honours. He also received first class honours in the solicitors final exam.

Kyla Kamille U. Samson is the Company's Controller. She worked in SyCip Gorres Velayo & Co. from July 2010 to June 2021, where she rose to the position of Assurance Senior Director in October 2019. She graduated in 2009 from De La Salle University – Manila with a degree in Bachelor of Science in Accountancy.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

As of 31 March 2023, to the knowledge and/or information of the Company, none of the members of the Board of Directors or any of the Executive Officers are, presently, or during the last five years, subject to any (a) bankruptcy petition by or against any business of which such director was a general partner or executive officer either at the time of the bankruptcy or within five years prior to that time; (b) conviction by final judgment, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign; (c) order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or (d) judgment by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign exchange or other organized trading, market or self-regulatory organization, of a violation of securities or commodities law or regulation, which judgment has not been reversed, suspended or vacated legal proceeding; which would have any material effect on the Company, its operations, reputation, or financial condition.

Mr. Francia

On 28 July 2020, ACEN was provided a copy of the Complaint-Affidavit filed by the Philippine Coast Guard ("PCG") with the Office of the City Prosecutor ("OCP") against Mr. John Eric T. Francia, director, in his capacity as President of ACEIC for violation of Section 107 of RA No. 8550, as amended by RA No. 10654, or The Philippine Fisheries Code of 1998. On 24 September 2020, ACEIC received a subpoena addressed to Mr. Francia requiring him to appear before the OCP and to submit his counter-affidavit. On 24 October 2020, Mr. Francia submitted his counter-affidavit to the OCP by courier.

The alleged violation is connected with the accidental discharge of fuel oil by ACEN's Power Barge ("PB") 102 on 3 July 2020. PB 102 is operated and maintained by BPGC.

On 4 December 2020, Mr. Francia through counsel received a copy of the Reply Affidavit of PCG Commander Joe Luviz Mercurio contending, among others that, (1) ACEIC, as the parent company of ACEN, exercises general management authority over ACEN pursuant to a supposed "management contract" between the two corporations, and (2) BPGC does not have full control over the maintenance and operations of PB 102. On 4 February 2021, Mr. Francia, through his counsel, filed by courier his Rejoinder Affidavit with the OCP.

The OCP issued a resolution dated 30 June 2021, which found no probable cause to indict Mr. Francia, among others, and therefore recommended the dismissal of the Complaint Affidavit for lack of sufficient factual and legal basis. In a Letter dated 20 April 2022, the OCP confirmed that the Prosecution Office has not received any Motion for Reconsideration from the complainant nor was notified that a Petition for Review was filed by the complainant, such that the Resolution dated 30 June 2021 dismissing the Complaint has already become final on 30 August 2021.

Other than as described above, the Company has no knowledge of any other cases filed against the members of the Board of Directors and Executive Officers.

Significant Employees

Other than the directors and officers of the Company, no other employee has significant influence on ACEN's major and/or strategic planning and decision-making.

Family Relationships

Jaime Alfonso E. Zobel de Ayala, a director of the Company, and Jaime Z. Urquijo, a member of the Company's Sustainability Committee, are first cousins and thus related via fourth degree of consanguinity. There are no known family relationships between the current members of the Board and key officers other than the above.

Corporate Governance

Corporate Governance Manuals

The Board of Directors, officers and employees of the Company commit themselves to the principles and best practices embodied in its Manual on Good Corporate Governance[159] (the "**Manual**"). The Company believes that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore exert every effort to ensure adherence thereto within the organization.

The Board undergoes an annual formal assessment process to review and evaluate the performance of the Board, its Committees, and its individual members. The purpose of the assessment is to measure the effectiveness of the Company's governance practices and identify areas for improvement; and to adopt new methodologies towards further strengthening the company's corporate governance standards. Once every three years, the annual board performance assessment is conducted under the auspices of an independent consultant. In 2020, AON was appointed as the independent consultant to assist in the board assessment exercise.

Each of the directors was requested to complete a self-assessment form which includes Board evaluation categories such as: (1) board composition, (2) roles and functions, (3) information management, (3) representation of shareholders and environment, social and governance factors, (4) managing the Company's performance, (5) senior executive's performance management and succession planning, (6) director development and management, (7) risk management and internal control, and (8) overall perception.

The results of the self-assessment survey, including the comments of the directors, were compiled by the Corporate Secretary and reported during the Board meeting immediately following the completion of the survey. A copy of the Board, Board Committee, and Individual Effectiveness Evaluation Report may be accessed at link: https://www.acenrenewables.com/wp-content/uploads/2022/03/2020-ACEN-Board-Committee-and-Individual-Effectiveness-Evaluation-Report.pdf.

The Company has in place a Compliance Department Procedures and Protocols Manual (the "**Compliance Manual**") that prescribes the standard procedures to be followed in the management of required corporate documents and disclosures in compliance with PSE, SEC, and other relevant rules and regulations, and corporate documents issued by the corporate secretary. The Compliance Manual applies to all directors, officers and employees of ACEN in charge of corporate disclosure responsibilities related to the following rules and regulations:

- SEC Code of Corporate Governance for Publicly-Listed Companies (SEC Memorandum Circular No. 19 Series of 2016) effective 1 January 2017

[159] The Company's revised Corporate Governance Manual, as approved by the Board of Directors on 11 November 2021, is posted on the Company's website at - https://www.acenrenewables.com/disclosures/manual-on-corporate-governance/

- 2015 Securities and Regulations Code of the Philippines (R.A. No. 8799 and its Implementing Rules and Regulations)
- PSE Listing and Disclosure Rules, Supplemental Rules and Guidance Notes
- Revised Corporation Code of the Philippines
- DOE Annual Certification on validity of service contracts
- Mines and Geosciences Bureau Annual Certification for listed mining companies

Compliance Officer

The Board designates a Compliance Officer who reports to the Chairman of the Board. As required of publicly-listed companies, the appointment of Compliance Officer is properly disclosed to the SEC. The Board also ensures the presence and adequacy of internal control mechanisms for good governance.

The Compliance Officer's duties include ensuring proper on boarding of new directors (*i.e.*, orientation on the company's business, charter, Articles of Incorporation and By-laws, among others), monitor, review, evaluate and ensure compliance by the Company, its officers and directors with the relevant laws, with the SEC Code of Corporate Governance ("**Code**"), rules and regulations and all governance issuances of regulatory agencies, appear before the Securities and Exchange Commission upon summon on matters in relation to compliance with the Code, ensure the integrity and accuracy of all documentary submissions to regulators, determine violation/s of the Code and recommend to the Board the imposition of appropriate disciplinary action on the responsible parties and the adoption of measures to prevent a repetition of the violation, identify possible areas of compliance issues and work towards the resolution of the same, develop and establish, subject to approval of the Board, a monitoring and evaluation system to determine compliance with this Manual, which system shall provide for a procedure that fulfils the requirements of due process, ensure the attendance of board members and key officers to relevant trainings and perform such other duties and responsibilities as may be provided by the SEC.

Integrated Annual Corporate Governance Report (I-ACGR)

SEC MC No. 15, Series of 2017 was released in December 2017 which mandates all publicly-listed companies to submit an Integrated Annual Corporate Governance Report ("**I-ACGR**") on or before 30 May of the following year for every year that the company remains listed in the PSE, covering all relevant information for the preceding year.

The I-ACGR supersedes the ACGR last submitted for the year 2016 to the SEC and the Compliance Report on Corporate Governance last submitted for the year 2016 to the PSE. The Company submitted its I-ACGR for the year 2017 on 30 May 2018. For the fiscal year 2018, the Company submitted its I-ACGR on 30 May 2019. For the fiscal year 2019, the Company submitted its I-ACGR on 1 September 2020.[160] For the fiscal year 2020, the Company submitted its I-ACGR on 30 June 2021 with a separate signature page for the Chairman, Mr. Fernando Zobel de Ayala, who affixed his e-signature while overseas.[161] On 19 July 2021, the Company submitted its amended 2020 I-ACGR, containing the duly signed and notarized page of the Chairman. For fiscal year 2021, the Company submitted its I-ACGR on 30 May 2022.

As of 31 December 2022, the Company has substantially complied with the principles and best practices contained in the Manual. There were no sanctions imposed on any director, officer or employee for non-

[160] Deadline extended to 1 September 2020 pursuant to the SEC Notice dated 22 July 2020 – *Further Extension of the Deadline for the Submission of the Integrated Annual Corporate Governance Report (I-ACGR)*
[161] Deadline extended to 30 June 2021 pursuant to the SEC Notice dated 25 May 2021 – *Extended Deadline for Integrated Annual Corporate Governance Report (I-ACGR)*

compliance of the Manual. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

Evaluation System and Compliance

As part of its system for monitoring and assessing compliance with the Manual and the Code, each committee is required to report regularly to the Board of Directors and the Manual is subject to quarterly review. The Compliance Officer is responsible for determining and measuring compliance with the Manual and the Code. To strictly observe and implement the provisions of the Company's Manual, the Company's Board of Directors may impose penalties, after notice and hearing, on the individual directors, officers, and employees, such as censure, suspension and removal from office depending on the gravity of the offense as well as the frequency of the violation. The commission of a grave violation of the Manual by any member of the Board of Directors is sufficient cause for his or her removal as a director.

Committees of the Board

The Board created and appointed Board members to each of the committees listed below. Each member of the respective committees named below holds office as of 24 April 2023 and will serve until his or her successor is elected and qualified.

Executive Committee

Delfin L. Lazaro – Chairperson
Cezar P. Consing – Vice Chairperson
John Eric T. Francia – Member
Jesse O. Ang – Member
Jaime Alfonso E. Zobel de Ayala – Member

Audit Committee

Garry K. Lester – Chairperson
Melinda L. Ocampo – Member
Nicole Goh Phaik Khim – Member

Corporate Governance and Nomination Committee

Jesse O. Ang – Chairperson
Garry K. Lester – Member
Melinda L. Ocampo – Member

Personnel and Compensation Committee

Jesse O. Ang – Chairperson
Maria Lourdes Heras-de Leon – Member
Cezar P. Consing – Member

Board Risk Management and Related Party Transaction Committee

Melinda L. Ocampo – Chairperson
Garry K. Lester – Member
Nicole Goh Phaik Khim – Member

Sustainability Committee

Jose Rene Gregory D. Almendras – Chairperson
Maria Lourdes Heras-de Leon – Member
Jaime Z. Urquijo – Member

Executive Compensation of Directors and Executive Officers Summary

For the calendar years ended 2022, 2021, and 2020, the total salaries, allowances, and bonuses paid to the directors and executive officers of ACEN are as follows:

Name/Position	Year	Salaries	Bonus	Other Annual Compensation
CEO and Top 4 Most Highly Compensated Executive Officers (Total Compensation) 2022				
John Eric T. Francia – Chief Executive Officer				
Roman Miguel G. De Jesus – Executive Director and Head, Commercial Operations				
Jose Maria Eduardo P. Zabaleta – Chief Development Officer				
Maria Corazon G. Dizon – Treasurer and CFO, Compliance Officer				
Dodjie D. Lagazo – Assistant Corporate Secretary and Head, Legal and Regulatory				
	2022	₱61,206,111	₱50,438,790	₱6,208,682
CEO and Top 4 Most Highly Compensated Executive Officers (Total Compensation) 2021				
John Eric T. Francia – Chief Executive Officer				
Roman Miguel G. De Jesus – Executive Director and Head, Commercial Operations				
Jose Maria Eduardo P. Zabaleta – Chief Development Officer				
Maria Corazon G. Dizon – Treasurer and CFO, Compliance Officer				
Dodjie D. Lagazo – Assistant Corporate Secretary and Head, Legal and Regulatory				
	2021	₱42,758,279	₱7,881,015	₱2,885,739
CEO and Top 4 Most Highly Compensated Executive Officers (Total Compensation) 2020				
John Eric T. Francia – Chief Executive Officer				
Mariejo P. Bautista, SVP – Finance & Controller				
Danilo L. Panes, VP – Wind Operations				
Alan T. Ascalon, Assistant Corporate Secretary & VP – Legal				
Ma. Teresa P. Posadas, AVP – Human Resources				
	2020	₱15,703,929	₱2,920,702	₱2,487,596

For the periods ended 31 December 2020, 2021, and 2022 the GAE recoveries for officers of ACEN amounted to ₱84,384,258.17, ₱44,355,708, and ₱0 respectively.

Compensation of Directors

The Company's non-executive directors (including the Independent Directors) receive an Annual Retainer Fee of ₱1,000,000.00 (except with respect to the Chairperson of the Audit Committee whose annual retainer fee is ₱1,500,000.00, and the Chairman of the Board whose annual retainer fee is ₱2,000,000.00) and allowances, per diem of ₱200,000.00 per board meeting, ₱100,000.00 per committee meeting, and ₱100,000.00 per non-executive directors' meeting.

There are no other existing arrangements/agreements to which said directors are to be compensated during the last completed fiscal year and the ensuing year.

Security Ownership of Certain Record and Beneficial Owners

The following table shows the persons or groups known to ACEN to be directly the record or beneficial owners of more than 5% of the Company's voting securities as of 31 May 2023:

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Ownership
Common	PDTC[a] 28th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City Stockholder		Filipino 14.57% Foreign 7.95% [c]	8,934,519,833[c]	22.52%[c]
Common	AC Energy and Infrastructure Corporation[b] 35F Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City Stockholder	Mermac, Inc. 3rd Floor, Makati Stock Exchange Building, Ayala Triangle, Ayala Avenue, Makati City	Filipino	23,752,335,761[d]	59.86%
Common	Arran Investment Pte Ltd 168 Robinson Road, #37-01, Capital Tower, Singapore 068912 Stockholder	GIC Private Limited 168 Robinson Road, #37-01, Capital Tower, Singapore 068912 Stockholder	Singaporean	6,689,521,680	16.87%

Notes:

(a) The Philippine Depository & Trust Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. which acts as trustee-nominee for all shares lodged in the PCD system.

(b) ACEIC (formerly AC Energy, Inc.) was incorporated on 13 December 2005 and is domiciled in the Philippines. ACEIC was organized primarily to purchase, exchange, hold, own, and use investments, capital stock or other securities, and exercise all the rights, powers, and privileges of ownership to the extent permitted by law, as well as to engage in the purchase, retail, supply, and delivery of electricity and in such other activities related thereto.

(c) Excludes Arran Investment Pte Ltd's lodged shares.

(d) As of 31 May 2023, ACEIC has 22,910,721,773 direct shares and 841,613,988 indirect shares in the name of Ayala Corporation to be distributed as property dividends to its stockholders.

On 29 April 2022, the board of directors of Ayala approved the declaration of property dividends consisting of ACEN shares acquired from ACEIC to Ayala's common shareholders at a ratio of three ACEN shares per one Ayala common share, subject to: (a) completion of the acquisition of ACEN shares by Ayala, and (b) applicable regulatory approvals. Record date is on 27 May 2022, with payment date to be determined by Ayala's Management after applicable regulatory approvals have been obtained. As ACEN's public float will increase post-transaction, the property dividend declaration enables ACEN to meet the 20% minimum public ownership requirement for companies included in the Philippine Stock Exchange Index. Post-transaction, ACEIC's ownership level in ACEN will be at 57.79% from 62.48%. On 24 October 2022, the SEC issued the Certificate of Filing the Notice of Property Dividend Declaration. On 29 December 2022, the BIR released the Certificates Authorizing Registration ("**CARs**") to stockholders who have met the BIR requirements, including the submission of their Tax Identification Numbers. As fixed by the Management of Ayala, pursuant to its Board-delegated authority, the payment date for the Property Dividend is on 9 January 2023 or, for stockholders who have not been issued a CAR by the BIR for the payment of the Property Dividend, the fifth business day following their submission of a CAR to Ayala. As of 31 May 2023, there are 841,613,988 indirect shares in the name of Ayala to be distributed as property dividends to its stockholders.

Security Ownership of Directors and Management as of 31 May 2023

None of the directors and officers individually owns 5% or more of the outstanding capital stock of ACEN. The table below shows the Common Shares owned by the directors and officers of the Company as of 31 May 2023.

Name of beneficial owner	Citizenship	Amount of beneficial ownership	Nature of beneficial ownership	Percent of total outstanding shares
Delfin L. Lazaro	Filipino	1,001	1 – D 1,000 – I	0
Cezar P. Consing	Filipino	1	D	0
John Eric T. Francia	Filipino	113,461,717	113,461,717 – I	0.29
Jose Rene Gregory D. Almendras	Filipino	950,451	1 – D 950,450 – I	0
Jaime Alfonso Antonio E. Zobel de Ayala	Filipino	107,040	1 – D 107,039 – I	0
Nicole Goh Phaik Khim	Malaysian	1	I	0
Dean L. Travers	Australian	1	I	
Jesse O. Ang	Filipino	1	D	0
Maria Lourdes Heras-de Leon	Filipino	1	D	0
Garry K. Lester	Australian	1	D	0
Melinda L. Ocampo	Filipino	1	1 – D 24,000 – I	0
Maria Corazon G. Dizon	Filipino	45,133,279	I	0.11
John Philip S. Orbeta	Filipino	12,108,620	1 – D 12,108,619 – I	0.03
Jose Maria Eduardo P. Zabaleta	Filipino	5,175,177	I	0.01
Roman Miguel G. de Jesus	Filipino	20,150,294	I	0.05
Patrice R. Clausse	Luxembourg eoise	33,660,854	I	0.08
Jonathan P. Back	British	0	0	0
Ma. Cecilia T. Cruzabra	Filipino	0	280,000	0
Solomon M. Hermosura	Filipino	500,000	500,000 – I	
Dodjie D. Lagazo	Filipino	8,880,948	6,526,166 – D 2,354,782 – I	0.02
Alan T. Ascalon	Filipino	1,657,152	560,173 – D 1,096,979 – I	0
Kyla Kamille U. Samson	Filipino	199,800	I	0
TOTAL		**241,986,340**		**0.59**

Notes:

(a) The indirect shares of directors Lazaro, Francia, and Zobel de Ayala are lodged with the PCD Nominee.
(b) The one (1) nominal shares of each of directors Nicole Goh Phaik Khim and Dean L. Travers are qualifying shares held in trust for Arran.
(c) The one (1) nominal shares of each of directors Lazaro, Consing, Almendras, and Zobel de Ayala are qualifying shares held in trust for ACEIC.
(d) The indirect shares of officers Dizon, Orbeta, Zabaleta, de Jesus, Clausse, Cruzabra, Hermosura, Lagazo, Ascalon, and Samson are lodged with the PCD Nominee and or the ESOWN Administrator.

Voting Trust Holders of 5% or more

The Company is not aware of any person holding five percent (5%) or more of the Company's outstanding shares under a voting trust agreement or similar agreement.

Changes in Control

There are no arrangements that may result in a change in control of ACEN.

On 24 June 2019, ACEIC acquired the 51.48% combined stake of PHI and PHN in ACEN at a purchase price of ₱1.4577 per Common Share or a total purchase price of ₱3,669,125,213.19. In addition, ACEIC: (a) acquired an additional 156,476 Common Shares under the mandatory tender offer which ended on 19 June 2019 at the tender offer price of ₱1.4577 per Common Share, and (b) subscribed to 2.632 billion Common Shares at ₱1.00 per Common Share or a total subscription price of ₱2.632 billion. The consideration for the Common Shares was sourced out of ACEIC's equity.

On 22 June 2020, following the issuance of the First SEC Approval, ACEIC acquired beneficial ownership of 6,185,182,288 Common Shares pursuant to the ACEIC Philippine Transaction, with effective date as at 9 October 2019.

On 29 January 2021, the Company completed the Rights Offer of 2,267,580,434 Common Shares.

On 18 March 2021, the Company issued 4,000,000,000 Common Shares to Arran.

On 26 April 2021, following the issuance of the Second SEC Approval, ACEIC acquired beneficial ownership of 16,685,800,533 Common Shares pursuant to the ACEIC International Transaction, with effective date as at 26 April 2021.

On 14 May 2021, the Company completed the Follow-on Offering of 2,010,248,617 Common Shares.

On 15 November 2021, the Company issued a total of 90,000,000 Common Shares to the minority shareholders of NPDC, broken down as follows:
1. Niels Jacobsen – 16,767,108
2. Ferdinand A. Dumlao – 41,375,371
3. Jose Ildebrando B. Ambrosio – 1,956,209
4. Laura Baui – 1,956,132
5. Kresten B. Jacobsen – 13,972,590
6. Kia Jacobsen – 13,972,590

On 21 March 2022, the Company issued a total of 930,750,000 Common Shares to the following subscribers:
1. UPC Renewables Asia Pacific Holdings Pte Limited – 869,119,204
2. Anton Johannes Rohner - 61,630,796

On 22 March 2022, the Company issued a total of 389,995,833 Common Shares to the following subscribers:
1. UPC Philippines Wind Partners Ltd. – 19,059,423
2. Wind City Inc. – 142,668,634
3. Estanyol Holdings Ltd. – 153,493,200
4. Tenggay Holdings Ltd. – 70,525,763
5. Alan Kerr - 4,248,813

On 21 April 2022, the Company issued a total of 8,188,097 Common Shares to 19 employees of the Company through the Company's Employee Stock Ownership Plan ("**ESOWN**").

As of 30 April 2023, ACEIC (59.87%), together with the Company's directors, officers and affiliates (0.64%), owns and controls 60.51% of all issued and outstanding Shares of the Company.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The Company and its Subsidiaries have executed pro forma employment contracts with its employees and key officers. These contracts basically specify the scope of services expected from these individuals and the compensation that they shall receive.

Under the Company's By-laws, the Officers of the Company shall hold office for one year and until their successors are chosen and qualified in their stead. Any officer elected or appointed by the majority of the Board of directors may be removed by the affirmative vote of the Board of Directors.

The Company does not have written contracts with any of its executive officers or other significant employees. There are no arrangements for compensation to be received by these named executive officers from the Company in the event of a change in control.

Compensatory Plan or Arrangement

The compensation received by officers who are not members of the Board consists of salaries, bonuses, and other benefits.

All permanent and regular employees of the Company are covered by the ACEN retirement plan (the "Plan"). The Plan provides benefits upon normal retirement beginning at age 60, early retirement beginning at age 50 with completion of at least 10 years of service, voluntary separation beginning upon completion of at least 10 years of service, total and physical disability, death, and involuntary separation. The benefits are based on the employee's final monthly basic salary and length of service.

Warrants and Options Outstanding

On 18 March 2021, the Board approved the ESOWN and the allocation of 960,000,000 Common Shares from the unsubscribed portion of the ACS, which was also approved on 19 April 2021 by the stockholders of the Company in its ASM.

As of 30 April 2022, there are a total of 19 subscribers of shares granted under the ESOWN, involving a total of 8,168,099 Common Shares. The foregoing Common Shares were issued on 21 April 2022 and have not been lodged or traded. The following are the officers that subscribed to shares under the ESOWN:

Name	Position	Shares	Exercise Price	Payment terms
Jose Maria Eduardo P. Zabaleta	Chief Development Officer	1,329,024	₱6.96	Payable in 10 years and under the terms and conditions of the ESOWN
John Philip S. Orbeta	Chief Administrative Officer, Chief Human Resources Officer and Chief Risk Officer	3,646,458		
Alan T. Ascalon	Assistant Corporate Secretary 2 and VP - Legal and Data Privacy Officer	117,747		

On 19 August 2022, an additional 32,622,666 Common Shares were issued under the ESOWN in favor of 42 subscribers. The foregoing shares have not been lodged or traded. The following are the then directors and officers that subscribed to the foregoing shares:

Name	Position	Shares	Exercise Price	Payment terms
John Eric T. Francia	Director, President & CEO	7,261,962	₱6.50	Payable in 10 years and under the terms and conditions of the ESOWN
Maria Corazon G. Dizon	Treasurer, CFO, Compliance Officer	2,611,835		
Jose Maria Eduardo P. Zabaleta	Chief Development Officer	3,846,153		
Alan T. Ascalon	Assistant Corporate Secretary 2 and VP -	152,904		

	Legal and Data Privacy Officer			
Dodjie D. Lagazo	Assistant Corporate Secretary 1, Head of Legal and Regulatory	1,327,169		
Gabino Ramon G. Mejia	Head of Plant Operations	976,425		
Roman Miguel G. De Jesus	Head of Commercial Operations	1,328,896		
Irene S. Maranan	Head of Corporate Communications and Sustainability	477,835		
Patrice R. Clausse	Head of International Group	3,846,153		
Ronald F. Cuadro	VP – Finance and Controller	226,153		

Dividend Policy

The declaration of dividends in the future will depend upon the earnings, cash flow, financial condition of the Company, and other factors.

On 18 August 2020, the Board of Directors in its regular meeting approved, among others, the Company's dividend policy to declare and pay dividends on an annual basis using a payout ratio of 25% to 50% of the previous year's core net income, excluding significant non-recurring gains (including value realization proceeds) or losses, to be effective on 1 January 2021 ("Regular Dividends"). On 11 November 2020, the Board amended this dividend policy to include the Board's discretion, exercised reasonably, to approve the declaration and payment of special dividends over and above the Regular Dividends.

On 18 March 2021, the Board of Directors in its regular meeting approved, among others, the declaration of cash dividends of six centavos (₱0.06) per Common Share on the 19,960,037,644 issued and outstanding Shares of the Company, or a total dividend amount of ₱1,197,602,258.64 to be paid on or before 19 April 2021 to stockholders of record as of 5 April 2021.

On 8 March 2022, the Board of Directors in its regular meeting approved, among others, the declaration of cash dividends of six centavos (₱0.06) per Common Share on the 38,315,838,177 issued and outstanding Shares of the Company to be paid on or before 19 April 2022 to stockholders of record as of 5 April 2022.

The following table summarizes the dividends previously declared and paid by ACEN for the past five years to the Common Shares:

Date of Declaration	Record Date	Payment Date	Rate in ₱
8 March 2022	5 April 2021	19 April 2021	0.06/Share
18 March 2021	5 April 2021	19 April 2021	0.06/Share
18 August 2020	3 September 2020	17 September 2020	0.04/Share
28 February 2018	14 March 2018	5 April 2018	0.04/Share
3 March 2017	17 March 2017	31 March 2017	0.04/Share

As of the date of this Prospectus, the Company's subsidiaries do not have a defined dividend policy.

The following table summarizes the dividends previously declared and paid by the Company's subsidiaries for the years ended 31 December 2022, 2021, and 2020:

	For the years ended 31 December		
Entity	**2022**	**2021**	**2020**
	(₱ million)	(₱ million)	(₱ million)
Presage Corporation	1,122.40	-	-
SolarAce 1, Inc.	850.00	-	-
GigaSol 3, Inc.	500.00	-	-
PWHC	769.64	1,504.04	378.56
GigaAce 1, Inc.	88.00	445.78	120.00
GigaAce 2, Inc.	282.00	219.00	412.00
BPGC	-	-	120.00
Montesol	50.00	50.00	142.80
Sacasol	300.00	280.00	450.00
NPDC	360.00	230.30	350.00
GWC	150.00	45.00	200.00
Viage Corporation	110.00	19.00	24.00
ACE Renewables	-	25.00	170.00
Solienda	83.00	73.00	44.00
VRC	28.50	27.00	25.00
MSPDC	63.00	62.00	60.00
SJLD	29.00	25.00	33.60
HDP Bulk Water	9.5	-	20.00

Note: Table includes dividends declared to each subsidiary's minority stockholders, if any.

RELATED PARTY TRANSACTIONS

The Company has instituted internal policies with respect to related party transactions and the Company ensures that it is compliant with the policies instituted on transactions involving related parties. Relevant related party transactions are also discussed at the Related Party Committee or Audit and Risk Committees of the companies who oversee such matters. Further, the Company will be complying with BIR Revenue Regulation No. 19-2020 on the disclosure of related party transactions.

The Company believes that all past related party transactions have been conducted at arm's length on commercially reasonable terms.

<u>Transactions with ACEIC</u>

ACEIC International Transaction

On 26 April 2021, the Company and ACEIC executed the Deed of Assignment effective as at 26 April 2021, whereby ACEIC transferred and conveyed to the Company its rights and interest in ACEN International as payment for its subscription to 16,685,800,533 Common Shares of the Company, valued at ₱5.15 per Share. Please refer to the section on "*Executive Summary –Description of Business*," on page 23 of this Prospectus, including the evaluation for fairness.

ACEIC Philippine Transaction

On 12 November 2019, ACEIC and the Company executed an Amended and Restated Deed of Assignment effective as at 9 October 2019, which was further amended and restated on 14 May 2020, whereby ACEIC transferred and conveyed to the Company its rights and interest in 10 corporations as payment for its subscription to 6,185,182,288 Common Shares of the Company, valued at ₱2.37 per Share. Please refer to the section on "*Executive Summary – Description of Business*" on page 23 of this Prospectus, including the evaluation for fairness.

Management Contracts

Effective 24 June 2019, ACEIC became the managing company of the Company and its subsidiaries BPGC, CIPP, and GWC pursuant to separate management contracts originally executed with PHI but were assigned to ACEIC on 24 June 2019.

Under the management contracts, ACEIC shall have general management authority with corresponding responsibility over all operations and personnel of the managed company including planning, direction, and supervision of all the operations, sales, marketing, distribution, finance, and other business activities of the managed company in consideration of the payment by the managed company of a fixed monthly management fee plus an annual incentive based on a certain percentage of each company's net income to the managing company.

Each management contract has a term of five years. The management contract of the Company became effective on 1 September 2018, while the management contracts of BPGC, CIPP, and GWC became effective on 1 September 2016, 1 January 2018, and 1 September 2018, respectively.

Other transactions between ACEIC and Associates

ACEIC has outstanding receivables from and/or deposits for future subscriptions in several Associates.

Transactions with Associates

ACEN Finance

The Company served as the guarantor for the US$400.00 million senior undated fixed-for-life (nondeferrable) Notes with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par, issued by ACEN Finance (a wholly-owned subsidiary) on 8 September 2021, under its medium-term note (MTN) Programme. Proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework.

ENEX

ENEX and the Company entered into a Deed of Assignment dated 29 December 2021, as amended on 31 January 2022, whereby ENEX would have issued 339,076,058 shares of stock in ENEX to ACEN at an issue price of ₱10.00 per share in exchange for the following properties of ACEN: (a) 3,064,900 common shares in Palawan55 with a par value of ₱100.00 per share, comprising 30.65% of the issued and outstanding shares in Palawan55; (b) 6,000,000 common shares in BPGC representing 100% of the issued and outstanding shares in BPGC; (c) 6,351,000 common shares in CIPP with a par value of ₱50.00 per share representing 100% of the issued and outstanding shares in CIPP; (d) 3,600,000 redeemable preferred shares in Ingrid3, a special purpose vehicle for the development of a new power project, with a par value of ₱1.00 per share, representing 100% of the issued and outstanding redeemable preferred shares in Ingrid3; and (e) 33,493,366 common shares in OSPGC with a par value of ₱1.00 per share representing 17.13% of the issued and outstanding shares in OSPGC. The Amendment to the Deed of Assignment corrected the reference to the resulting ownership percentage of ACEN in ENEX from 89.96% to 89.78% of the outstanding capital stock of ENEX.

On 3 June 2022, ACEN and ENEX signed a Deed of Cancellation to cancel the Deed of Assignment dated 29 December 2021 and the Amendment to the Deed of Assignment dated 31 January 2022, covering the property-for-shares swap between ACEN and ENEX.

BPGC

On 27 December 2013, BPGC and ACEN entered into a PAMA which gave ACEN the right to administer, sell and dispatch all of the capacity of BPGC for a period of 10 years.

CIPP

The Company executed a PAMA with CIP II effective as of 26 June 2013. Under the PAMA, the Company shall have the right and obligation to administer and manage the entire capacity and net output of CIP II for a period of 10 years.

OSPGC

The Company has an existing PAMA with OSPGC under which ACEN is given the right to administer and manage the net output of OSPGC's 116 MW Subic Diesel Generator Power Plant (the "Subic Power Plant") in consideration of energy fees to be paid by the Company to OSPGC. The PAMA became effective on 17 February 2011 and shall be effective throughout the term of the lease of the One Subic Power Plant from SBMA.

MGI

ACEN purchases all of the power generated by the 32 MW geothermal power located in Maibarara, Santo Tomas, Batangas, owned and operated by MGI. Other transactions with MGI include reimbursements of expenses and advances for future subscriptions.

NLREC and NPDC

NLREC and NPDC entered into a Master Service Agreement ("**MSA**") with ACEN or any of its affiliates effective 1 January 2020 for the rendition of services to the Company in connection with matters on finance, legal, administrative and human resources. The respective board of the companies approved the execution of the MSA on 24 October 2019 and 11 October 2019, respectively.

Ingrid Power

In September 2022, the Group and Ingrid Power 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.

Infineum 4 Energy, Inc.

On 7 January 2022, ACEN, Maraj Energy and Development, Inc. (MEDI) and Infineum 4 entered into an Omnibus Loan and Security Agreement in which ACEN 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.

Other transactions between ACEN and Associates

ACEN has outstanding receivables from and/or deposits for future subscriptions in several Associates.

<u>Transactions between Associates</u>

ACE Endevor

ACE Endevor performs certain management, engineering, technical, financial and administrative services for MonteSol, SacaSol, and IslaSol and receives service fees stated in their respective Management Services Agreements therefor.

ACESS

ACESS provides a full range of business process outsourcing services to ACEN and Associates in exchange for service fees in their respective Management Services Agreements therefor.

Other Transactions

ACE Endevor and Gigasol2 have outstanding receivables from and/or deposits for future subscriptions in various Associates.

<u>Transactions with entities under Control of the Ultimate Parent</u>

Services

Several Associates have engaged AG Counselors Corporation, a wholly-owned company of Ayala, for the performance of legal services.

Power Supply

On 29 October 2021, the Power Supply Agreement between the Company and DirectPower Services, Inc., an affiliate of Ayala Land, Inc., was executed.

Lease Contracts

On 23 December 2020, the Company executed a Contract of Lease with Ayala Land, Inc. for the lease of its current headquarters up 17 January 2031.

On 30 September 2019, SolarAce1 executed a Contract of Lease with lessors Ayala Land, Inc., Crimson Field Enterprises, Inc., and Red Creek Properties, Inc. for the lease of approximately 106.59 hectares of land in Alaminos, Laguna for a period of 21 years, renewable for another 20 years. The leased area was used for Solarace's 120 MWdc solar power plant.

Issue Management, Underwriting, Selling Agent

The Company engages BPI Capital Corporation in various capital market transactions.

PRINCIPAL SHAREHOLDERS

Principal Shareholders

The following table shows the persons or groups known to the Company to be directly the record or beneficial owners of more than 5% of the Company's voting securities as of 31 May 2023:

Title of Class	Name, address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and relationship with Record Owner	Citizenship	No. of Shares Held	Percent of Ownership
Common	PDTC[a] 28th Floor, BDO Equitable Tower, 8751 Paseo de Roxas, Makati City Stockholder		Filipino 14.57% Foreign 7.95% [c]	8,934,519,833[c]	22.52%[c]
Common	AC Energy and Infrastructure Corporation[b] 35F Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City Stockholder	Mermac, Inc. 3rd Floor, Makati Stock Exchange Building, Ayala Triangle, Ayala Avenue, Makati City	Filipino	23,752,335,761 [d]	59.86%
Common	Arran Investment Pte Ltd 168 Robinson Road, #37-01, Capital Tower, Singapore 068912 Stockholder	GIC Private Limited 168 Robinson Road #37-01 Capital Tower Singapore 068912 Singapore	Singaporean	6,689,521,680	16.86%

Notes:

(a) The Philippine Depository & Trust Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. which acts as trustee-nominee for all shares lodged in the PCD system.

(b) ACEIC (formerly AC Energy, Inc.) was incorporated on 13 December 2005 and is domiciled in the Philippines. ACEIC was organized primarily to purchase, exchange, hold, own, and use investments, capital stock or other securities, and exercise all the rights, powers, and privileges of ownership to the extent permitted by law, as well as to engage in the purchase, retail, supply, and delivery of electricity and in such other activities related thereto.

(c) Excludes Arran Investment Pte Ltd's lodged shares.

(d) As of 31 May 2023, ACEIC has 22,910,721,773 direct shares and 841,613,988 indirect shares in the name of Ayala Corporation to be distributed as property dividends to its stockholders.

The Company has approximately 3,276 shareholders as of 31 May 2023. Based on the records, the following are the top 20 stockholders of the Company with their respective shareholdings and percentage to total shares outstanding as of said date:

No.	Stockholders	No. of Shareholdings	Percentage of Ownership	Amount Paid-up (in PhP) [c]
1	AC Energy and Infrastructure Corporation	22,910,721,773	57.74	22,910,721,773.00
2	PCD Nominee Corporation (Non-Filipino)	9,842,745,006[a]	24.81 [a]	9,842,745,006.00
3	PCD Nominee Corporation (Filipino)	5,781,296,507	14.57	5,781,296,507.00
4	Ayala Corporation (FAO Various Eligible Stockholders for Property Dividend)	841,613,988 [b]	2.12 [b]	841,613,988.00
5	Mitsubishi Corporation	96,318,334	0.24	96,318,334.00
6	Ferdinand A. Dumlao	36,000,000	0.09	36,000,000.00
7	ESOWN Administrator 2022	32,622,666	0.08	32,622,666.00
8	Shoemart, Inc,	22,587,609	0.06	22,587,609.00
9	ESOWN Administrator 2021	8,188,097	0.02	8,188,097.00
10	Dodjie D. Lagazo	6,526,166	0.02	6,526,166.00
11	Niels Jacobsen	5,593,546	0.01	5,593,546.00
12	Kresten Borch Jacobsen	4,661,289	0.01	4,661,289.00
13	Kia Borch Jacobsen	4,661,289	0.01	4,661,289.00
14	Sysmart Corporation	4,502,736	0.01	4,502,736,00
15	SM Investment Corporation	4,345,506	0.01	4,345,506.00
16	Peter Mar or Annabelle C. Mar	2,055,000	0.01	2,055,000.00
17	Teresita A. Dela Cruz	1,502,221	0.00	1,502,221.00
18	Guillermo D. Luchangco	1,500,000	0.00	1,500,000.00
19	Joseph D. Ong	1,397,663	0.00	1,397,663.00
20	William How	1,333,457	0.00	1,333,457.00

Notes:
(a) Includes Arran's lodged shares
(b) ACEIC retains beneficial ownership of the shares sold through its relationship with Ayala Corporation whereby it shares voting power over the shares.
(c) Refers to total par value of shares issued

Foreign Shareholding

As of 31 May 2023, Filipino shareholders own 74.90% of the outstanding capital stock of the Company, while foreign shareholders own 25.10% of the outstanding capital stock of the Company.

Ownership of ACEIC

As of 31 May 2023, ACEIC beneficially owns an aggregate of 23,752,335,761 of the Company's Common Shares, representing 59.86% of the outstanding Common Shares of the Issuer.

Treasury Shares

As of 31 May 2023, the Company has cumulatively purchased a total of 14,500,000 of its own Common Shares pursuant to its share buy-back program. These Common Shares remain issued but are not outstanding and are held as treasury shares. These Common Shares remain listed on the PSE and can be re-sold by the Company at such price and on such terms (without being subject to pre-emptive rights) as the Company considers appropriate. Considering treasury shares, a total of 39,691,894,773 Common Shares are issued and outstanding as of 31 May 2023.

MARKET PRICE OF THE COMPANY'S STOCK AND RELATED STOCKHOLDER MATTERS

Market Information

The Company's Common Shares are listed and traded on the PSE under the symbol "ACEN." Below are the high and low sale prices for calendar years 2020 to the second quarter of 2023:

Period	High	Low
Calendar 2023		
Second quarter	6.24	5.00
Calendar 2022		
Fourth quarter	7.64	5.52
Third quarter	8.90	5.51
Second quarter	8.86	6.23
First quarter	10.50	7.64
Calendar 2021		
Fourth quarter	12.92	10.30
Third quarter	12.10	7.80
Second quarter	8.50	6.75
First quarter	9.12	6.02
Calendar 2020		
Fourth quarter	2.19	1.33
Third quarter	2.16	1.76
Second quarter	2.91	1.93
First quarter	8.06	2.71

On 8 August 2023, the closing price of ACEN's common shares on the PSE was ₱5.42 per Common Share.

PHILIPPINE TAXATION

The following is a general description of certain Philippine tax aspects of the investment in the Preferred Shares. This general description does not purport to be a comprehensive description of the Philippine tax aspects of the Preferred Shares and no information is provided regarding the tax aspects of acquiring, owning, holding or disposing of the Preferred Shares under applicable tax laws of other applicable jurisdictions and the specific Philippine tax consequence in light of particular situations of acquiring, owning, holding and disposing of the Preferred Shares in such other jurisdictions. This discussion is based upon laws, regulations, rulings, and income tax conventions (treaties) in effect at the date of this Prospectus.

The tax treatment of a prospective investor may vary depending on such investor's particular situation and certain investors may be subject to special rules not discussed below. This summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to invest in the Preferred Shares and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special taxes.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE PREFERRED "A" SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF LOCAL AND NATIONAL OR FOREIGN TAX LAWS.

The following is a general description of certain Philippine tax aspects of the investment in the Preferred Shares. It is based on the present provisions of the Tax Code, as amended by the Corporate Recovery and Tax Incentives for Enterprises Act ("**CREATE**"), and the regulations promulgated thereunder and judicial and ruling authorities in force as of the date of this Prospectus, all of which are subject to changes occurring after such date, which changes could be made on a retroactive basis.

As used herein, the term "resident alien" refers to an individual whose residence is within the Philippines and who is not a citizen thereof. A "non-resident alien" is an individual whose residence is not within the Philippines and who is not a citizen thereof. A non-resident alien who comes and stays in the Philippines for an aggregate period of more than 180 days during any calendar year is considered a non-resident alien engaged in trade or business in the Philippines"; otherwise, such non-resident alien who comes and stays in the Philippines for an aggregate period of 180 days or less during any calendar year is considered a non-resident alien not doing business in the Philippines. A "domestic corporation" is created or organized under the laws of the Philippines. A "resident foreign corporation" is a non-Philippine corporation engaged in trade or business in the Philippines. A "non-resident foreign corporation" is a non-Philippine corporation not engaged in trade or business in the Philippines.

The relevant Preferred Shares being offered in a particular Series or Tranche are intended to be listed with the PSE on the corresponding Issue Date for that Tranche.

Corporate Income Tax

A domestic corporation is subject to a tax of 25% of its taxable income (gross income less allowable deductions) from all sources within and outside the Philippines except, among other things, (a) interest income from Philippine currency bank deposits and yield or any other monetary benefit from deposit substitutes, trust funds, and similar arrangements as well as royalties from sources within the Philippines are subject to final withholding tax rate of 20%; and (b) interest income from a depository bank under the expanded foreign currency deposit system which is subject to a final tax at the rate of 15%.

A minimum corporate income tax of 2% of the gross income as of the end of the taxable year is imposed on a domestic corporation beginning on the fourth taxable year immediately following the year in which such corporation commenced its business operations, when the 2 % minimum corporate income tax is greater than the corporate tax rate of 25% on taxable income.

Nevertheless, any excess of the minimum corporate income tax over the ordinary corporate income tax shall be carried forward and credited against the latter for the three immediately succeeding taxable years. Furthermore, subject to certain conditions, the minimum corporate income tax may be suspended with respect to a corporation which suffers losses on account of a prolonged labor dispute, force majeure, or legitimate business reverses.

In addition, under the RE Law, a corporation engaged in the exploration, development, and utilization of RE resources and actual operation of RE systems or facilities is, after seven years of income tax holiday, entitled to pay a corporate tax of 10% of its net taxable income (as defined in the Tax Code), provided that the said corporation shall pass on the savings to the end-users in the form of lower power rates. However, under current rules implementing the RE Law, it is not clear on how the corporation can pass on the savings to end-users in order to avail of this preferential 10% tax rate.

Tax on Dividends on the Preferred Shares

Cash and property dividends actually or constructively received from a domestic corporation by individual shareholders who are either Philippine citizens or resident aliens are subject to a final withholding tax at the rate of 10%. Cash and property dividends actually or constructively received by non-resident alien individuals engaged in trade or business in the Philippines are subject to a final withholding tax on dividends derived from Philippine sources at the rate of 20% of the gross amount, subject to applicable preferential tax rates under tax treaties in force between the Philippines and the country of domicile of such non-resident alien individual. Non-resident alien individuals not engaged in trade or business in the Philippines are subject to a final withholding tax on dividends derived from Philippine sources at the rate of 25% of the gross amount, subject, however, to the applicable preferential tax rates under tax treaties executed between the Philippines and the country of residence or domicile of such non-resident foreign individuals.

Cash and property dividends received from a domestic corporation by another domestic corporation or by resident foreign corporations are not subject to tax. On the other hand, cash and property dividends received by a non-resident foreign corporation from a domestic corporation are subject to a 25% final withholding tax, which dividend tax rate may be reduced to 15% if the country in which the non-resident foreign corporation is domiciled allows a credit against the tax due from the non- resident foreign corporation, for taxes deemed to have been paid in the Philippines equivalent to 15%, which represents the difference between the regular income tax and the 15% tax rate on dividends. The reduced dividend tax rate may be further minimized if tax treaty relief is available to the non-resident foreign corporation. Depending on the country of residence of the non-resident foreign corporation, with which the Philippines has an existing tax treaty, the tax rate may go as low as 5%.

Stock dividends distributed pro rata to any holder of the Preferred Shares are not subject to Philippine income tax. However, the subsequent sale, exchange or disposition of the Preferred Shares received as stock dividends by the holder is subject to either the capital gains or stock transaction tax.

Philippine tax authorities have prescribed certain procedures, through an administrative issuance, for availment of tax treaty relief. Subject to approval by Philippine tax authorities of the recipient's application for tax treaty relief, the Company shall withhold taxes at a reduced rate on dividends to be paid to a non-resident holder, if such non-resident holder provides the Company with a Tax Residency Certificate ("**TRC**") duly issued by the foreign tax authority of the country of residence, with the Certification by the Competent Authority or Authorized Tax Office of Country of Residence, with the corresponding apostille certificate issued by the pertinent office in such foreign state, or if the state or country is not a member of the Apostille Convention, legalized by the Philippine Consulate General in such country together with BIR Form 1901.

If the regular tax rate is withheld by the Company instead of the reduced rates applicable under a treaty, the non-resident holder of the Preferred Shares may file a claim for refund from the BIR within the prescribed period. However, because the refund process in the Philippines requires the filing of an administrative claim and the submission of supporting documents and information and may also involve the filing of a judicial appeal, it may be impractical to pursue such a refund.

Sale, Exchange or Disposition of the Preferred Shares

Capital Gains Tax

Net capital gains realized from the sale, exchange, or disposition of the Preferred Shares effected outside of the facilities of the PSE by a Filipino citizen, a resident alien, a non-resident alien doing business in the Philippines, a non-resident alien not engaged in trade or business in the Philippines, a resident foreign corporation or a non-resident corporation other than a dealer in securities during each taxable year are subject to final withholding tax of 15% on net capital gains realized.

Foreign individuals and corporations may avail of preferential tax rates or exemptions provided under the applicable tax treaty. An application for tax treaty relief must be filed (and approved) by the Philippine BIR in order to obtain such exemption under a tax treaty. A prospective investor should consult its own tax advisor with respect to the applicable rates under the relevant tax treaty.

The transfer of the Preferred Shares shall not be recorded in the books of the Company unless the BIR certifies that the capital gains and documentary stamp taxes relating to the sale or transfer have been paid or, where applicable, tax treaty relief has been confirmed by the International Tax Affairs Division of the BIR in respect of the capital gains tax or other conditions have been met.

Taxes on Transfer of Shares Listed and Traded at the PSE

A sale, barter, exchange, or other disposition of the Preferred Shares effected through the facilities of the PSE by a resident or a non-resident individual or by a domestic or foreign corporation, other than a dealer in securities, is subject to a stock transaction tax at the rate of 0.6% of the gross selling price or gross value in cash of the Preferred Shares sold, bartered, exchanged, or otherwise disposed, unless an applicable treaty exempts such sale from the said tax. Said tax shall be paid by the seller or transferor. The stock transaction tax is classified as a percentage tax and is paid in lieu of capital gains tax. Gains on any such sale or disposition are not subject to income tax. In addition, a value added tax of 12% is imposed on the commission earned by the PSE-registered broker who facilitated the sale, barter, exchange, or disposition through the PSE, which is generally passed on to the client.

Documentary Stamp Tax on the Preferred Shares

The original issue of the Preferred Shares is subject to a documentary stamp tax of ₱2.00 for each ₱200.00 par value, or a fraction thereof, of the shares of stock issued.

The transfer of shares is subject to a documentary stamp tax of ₱1.50 for each ₱200.00, or a fractional part thereof of the par value of the shares transferred. However, the sale, barter, or exchange of Preferred Shares listed the PSE, if made through the facilities of the PSE, shall be exempt from documentary stamp tax.[162]

[162] The exemption from documentary stamp tax of the sale, barter or exchange of shares of stock listed and traded through the local stock exchange was previously for a period of five (5) years from the effectivity of Republic Act No. 9243 dated

The documentary stamp tax must be paid by the transferor of the Preferred Shares. However, if such transferor enjoys exemption from the documentary stamp tax, the transferee who is not exempt shall be directly liable for the documentary stamp tax.

Estate and Gift Taxes

The transfer of the Preferred Shares upon the death of an individual holder to his or her heirs by way of succession, whether such holder was a citizen of the Philippines or an alien and regardless of residence, is subject to Philippine estate taxes at 6% of the net estate. Individual and corporate holders, whether or not citizens or residents of the Philippines, who transfer the Preferred Shares by way of gift or donation are liable to pay Philippine donor's tax on such transfer at the rate of 6% of the of the total gifts in excess of ₱250,000.00 during the year.

Estate and donor's taxes, however, shall not be collected in respect of intangible personal property, such as the Preferred Shares: (a) if the deceased at the time of his or her death or the donor at the time of his or her donation was a citizen and resident of a foreign country which at the time of his or her death or donation did not impose a transfer tax of any character, in respect of intangible personal property of citizens of the Philippines not residing in that foreign country; or (b) if the laws of the foreign country of which the deceased or donor was a citizen and resident at the time of his or her death or donation allows a similar exemption from transfer or death taxes of every character or description in respect of intangible personal property owned by citizens of the Philippines not residing in that foreign country.

Taxation Outside the Philippines

The Preferred Shares are considered under Philippine law as situated in the Philippines and the gain derived from their sale is entirely from Philippine sources; hence such gain is subject to Philippine capital gains tax and the transfer of such shares by gift (donation) or succession is subject to the donor's or estate taxes, each as described above. Sales or other dispositions of the Preferred Shares through the facilities of the PSE by a resident or a non-resident holder, other than a dealer in securities, are, however, subject to a stock transaction tax at the rate of 0.6% of the gross selling price or gross value in money of the shares of stock sold or otherwise disposed, unless an applicable treaty exempts such sale from said tax.

February 17, 2004, or until March 20, 2009. However, on June 30, 2009, then President Gloria Macapagal-Arroyo signed Republic Act No. 9648, which permanently exempts the sale, barter or exchange of shares of stock listed and traded through the local stock exchange from the documentary stamp tax and was made retroactive to March 20, 2009.

The tax treatment of a non-resident holder of the Preferred Shares in jurisdictions outside the Philippines may vary depending on the tax laws applicable to such holder by reason of domicile or business activities and such shareholder's particular situation. This Preliminary does not discuss the tax consideration on non-resident holders of the Preferred Shares under laws other than those of the Philippines.

THE PHILIPPINE STOCK MARKET

The information presented in this section has been extracted from publicly available documents which have not been prepared or independently verified by the Company, the Joint Issue Managers and the Underwriters or any of their respective subsidiaries, affiliates or advisors in connection with re-issuance of the subject shares.

Brief History

The Philippines initially had two stock exchanges, the Manila Stock Exchange, which was organized in 1927, and the Makati Stock Exchange, which began operations in 1963. Each exchange was self- regulating, governed by its respective Board of Governors elected annually by its members.

Several steps initiated by the Government have resulted in the unification of the two bourses into the PSE. The PSE was incorporated in 1992 by officers of both the Makati and the Manila Stock Exchanges. In March 1994, the licenses of the two exchanges were revoked. While the PSE maintained two trading floors, one in Makati City and the other in Pasig City, these floors were linked by an automated trading system, which integrated all bid and ask quotations from the bourses. In February 2018, the PSE transferred to its new office located at the PSE Tower, Bonifacio Global City, Taguig City. The PSE Tower houses the PSE corporate offices and a single, unified trading floor.

In June 1998, the Philippine SEC granted the “Self-Regulatory Organization” status to the PSE, allowing it to impose rules as well as implement penalties on erring trading participants and listed companies. On 8 August 2001, the PSE completed its demutualization, converting from a non-stock member-governed institution into a stock corporation in compliance with the requirements of the Philippine SRC. Each of the 184 member-brokers was granted 50,000 common shares of the new PSE at a par value of ₱1.00 per share. In addition, a trading right evidenced by a “Trading Participant Certificate” was immediately conferred on each member broker allowing the use of the PSE’s trading facilities. As a result of the demutualization, the composition of the PSE Board of Governors was changed, requiring the inclusion of seven brokers and eight non-brokers, one of whom is the President of the PSE.

On 15 December 2003, the PSE listed its shares by way of introduction at its own bourse as part of a series of reforms aimed at strengthening the Philippine securities industry. Recently, the PSE issued Rules on Exchange Traded Funds (“**ETF**”) which provides for the listing of ETFs on an ETF Board separate from the PSE’s existing boards.

The PSE has a benchmark index, referred to as the PSEi, which reflects the price movements of the 30 largest and most active stocks at the PSE. The PSEi is a free float market capitalization-weighted index.

With the increasing calls for good corporate governance and the need to consistently provide full, fair, accurate and timely information, the PSE has adopted a new online disclosure system to support the provision of material information coming from listed companies and enhance access to such reports by the investing public. In December 2013, the PSE Electronic Disclosure Generation Technology (“**EDGe**”), a new disclosure system co-developed with the Korea Exchange, went live. The EDGe system provided a dedicated portal for listed company disclosures and also offered a free-to-download mobile application for easy access by investors.

In June 2015, the PSE shifted to a new trading system, the PSEtrade XTS, which utilizes NASDAQ’s X-stream Technology. The PSEtrade XTS, which replaced the NSC trading platform provided by NYSE Euronext Technologies SAS, is equipped to handle large trading volumes. It is also capable of supporting the future requirements of the PSE should more products and services be introduced.

In November 2016, the Exchange received regulatory approvals to introduce new products in the stock market – the Dollar Denominated Securities and the Listing of PPP Companies.

In June 2018, the PSE received approval from the Philippine SEC to introduce short selling in the equities market.

The PSE launched its Corporate Governance Guidebook in November 2010 as another initiative of the PSE to promote good governance among listed companies. It is composed of 10 guidelines embodying principles of good business practice and based on internationally recognized corporate governance codes and best practices.

The table below sets out movements in the composite index as of the last business day of each calendar year from 2008 to 2022, and shows the number of listed companies, market capitalization, and value of shares traded for the same period:

Year	PSEi Level at Closing	Number of Listed Companies	Aggregate Market Capitalization (in ₱ billions)	Combined Value of Turnover (in ₱ billions)
2008	1,872.85	246	4,072.16	763.90
2009	3,052.68	248	6,032.22	994.15
2010	4,201.14	253	8,866.11	1,207.38
2011	4,371.96	253	8,696.96	1,422.59
2012	5,812.73	254	10,930.09	1,771.71
2013	5,889.83	257	11,931.29	2,546.18
2014	7,230.57	263	14,251.72	2,130.12
2015	6,952.08	265	13,465.57	2,151.41
2016	6,840.64	265	14,438.77	1,929.50
2017	8,558.42	267	17,583.12	1,958.36
2018	7,466.02	267	16,146.69	1,736.82
2019	7,815.30	271	16,705.30	1,772.58
2020	7,139.70	274	15,888.90	1,770.90
2021	7,122.60	276	18,081.10	2,232.50
2022	6,566.39	286	16,558.49	1,788.69
1Q 2023	6,499.68	286	16,480.82	483.84

Source: PSE

Trading

The PSE is a double auction market. Buyers and sellers are each represented by stockbrokers. To trade, bid or ask prices are posted on the PSE's electronic trading system. A buy (or sell) order that matches the lowest asked (or highest bid) price is automatically executed. Buy and sell orders received by one broker at the same price are crossed at the PSE at the indicated price. Payment of purchases of listed securities must be made by the buyer on or before the third trading day (the settlement date) after the trade.

Equities trading on the PSE starts at 9:30 a.m. and ends at 12:00 p.m. for the morning session, and resumes at 1:30 p.m. and ends at 3:30 p.m. for the afternoon session. Trading days are Monday to Friday, except legal and special holidays and days when the BSP clearing house is closed. With the implementation of the community quarantine measures in Metro Manila, the PSE implemented shortened trading hours to end at 1:00 p.m. beginning March 16, 2020. On December 6, 2021, the PSE resumed full-day trading sessions, with trading running from 9 a.m. to 3 p.m., with a one-hour break from 12 noon to 1 p.m. However, on 11 January 2022, it was announced that the PSE would be reverting to shortened trading hours starting 14 January 2022 due to the spike in COVID-19 infections. From 14

January 2022 to 31 January 2022, trading lasted for four hours, from 9 a.m. to 1 p.m. Beginning 1 March 2022, the PSE has reverted to its full trading schedule, which starts at 9:30 a.m. and ends at 12:00 noon for the morning session, and resumes at 1:00 p.m. and ends at 3:00 p.m. for the afternoon session.

To maintain stability in the stock market, daily price swings are monitored and regulated. Under current PSE regulations, whenever an order results in a breach of the trading threshold of a security within a trading day, the trading of that security will be frozen. Orders cannot be posted, modified or cancelled for a security that is frozen. In cases where an order has been partially matched, only the portion of the order that will result in a breach of the trading threshold will be frozen. Where the order results in a breach of the trading threshold, the following procedures shall apply:

- In case the static threshold is breached, the PSE will accept the order, provided the price is within the allowable percentage price difference under the implementing guidelines of the revised trading rules (i.e., 50% above and 30% below the previous day's reference or closing price, or the last adjusted closing price); otherwise, such order will be rejected. In cases where the order is accepted, the PSE will adjust the static threshold to 60%. All orders breaching the 60% static threshold will be rejected by the PSE.

- In case the dynamic threshold is breached, the PSE will accept the order if the price is within the allowable percentage price difference under the existing regulations (i.e., 20% for security cluster A and newly-listed securities, 15% for security cluster B and 10% for security cluster C); otherwise, such order will be rejected by the PSE.

Non-Resident Transactions

When the purchase/sale of Philippine shares involves a non-resident, whether the transaction is effected in the domestic or foreign market, it will be the responsibility of the securities dealer/broker to register the transaction with the BSP. The local securities dealer/broker shall file with the BSP, within three business days from the transaction date, an application in the prescribed registration form. After compliance with other required undertakings, the BSP shall issue a Certificate of Registration. Under BSP rules, all registered foreign investments in Philippine securities including profits and dividends, net of taxes and charges, may be repatriated.

Settlement

The Securities Clearing Corporation of the Philippines ("**SCCP**") is a wholly-owned subsidiary of the PSE, and was organized primarily as a clearance and settlement agency for SCCP-eligible trades executed through the facilities of the PSE. SCCP received its permanent license to operate on 17 January 2002. It is responsible for:

- synchronizing the settlement of funds and the transfer of securities through Delivery versus Payment clearing and settlement of transactions of Clearing Members, who are also Trading Participants of the PSE;

- guaranteeing the settlement of trades in the event of a Trading Participant's default through the implementation of its Fails Management System and administration of the Clearing and Trade Guaranty Fund; and

- performance of Risk Management and Monitoring to ensure final and irrevocable settlement.

SCCP settles PSE trades on a three-day rolling settlement environment, which means that settlement of trades takes place three days after transaction date (T+3). The deadline for settlement of trades is 12:00 noon of T+3. Securities sold should be in scripless form and lodged under the book entry system of the PDTC. Each PSE Trading Participant maintains a Cash Settlement Account with one of the nine existing Settlement Banks of SCCP which are BDO Unibank, Inc., RCBC, Metropolitan Bank & Trust Company, Deutsche Bank, Union Bank of the Philippines, The Hongkong and Shanghai Banking Corporation Limited, Maybank Philippines, Inc., Asia United Bank. Payment for securities bought should be in good, cleared funds and should be final and irrevocable. Settlement is presently on a broker level.

SCCP implemented its Central Clearing and Central Settlement ("**CCCS**") system on 29 May 2006. CCCS employs multilateral netting, whereby the system automatically offsets "buy" and "sell" transactions on a per issue and a per flag basis to arrive at a net receipt or a net delivery security position for each clearing member. All cash debits and credits are also netted into a single net cash position for each clearing member. Novation of the original PSE trade contracts occurs, and SCCP stands between the original trading parties and becomes the Central Counterparty to each PSE-eligible trade cleared through it.

Scripless Trading

In 1995, the PDTC (formerly the Philippine Central Depository, Inc.), was organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. On 16 December 1996, the PDTC was granted a provisional license by the Philippine SEC to act as a central securities depository.

All listed securities at the PSE have been converted into book-entry settlement in the PDTC. The depository service of the PDTC provides the infrastructure for lodgment (deposit) and upliftment (withdrawal) of securities, pledge of securities, securities lending and borrowing and corporate actions including shareholders' meetings, dividend declarations and rights offerings. The PDTC also provides depository and settlement services for non-PSE trades of listed equity securities. For transactions on the PSE, the security element of the trade will be settled through the book-entry system, while the cash element will be settled through the current settlement banks.

In order to benefit from the book-entry system, securities must be immobilized into the PDTC system through a process called lodgment. Lodgment is the process by which shareholders transfer legal title (but not beneficial title) over their shares in favor of the PCD Nominee Corporation ("**PCD Nominee**"), a corporation wholly-owned by the PDTC, whose sole purpose is to act as nominee and legal title holder of all shares lodged in the PDTC. "Immobilization" is the process by which the warrant or share certificates of lodging holders are cancelled by the transfer agent and the corresponding transfer of beneficial ownership of the immobilized shares in the account of the PCD Nominee through the PDTC participant will be recorded in the issuing corporation's registry. This trust arrangement between the participants and PDTC through the PCD Nominee is established by and explained in the PDTC Rules and Operating Procedures approved by the Philippine SEC. No consideration is paid for the transfer of legal title to the PCD Nominee. Once lodged, transfers of beneficial title of the securities are accomplished via book-entry settlement.

Under the current PDTC system, only participants (e.g., brokers and custodians) will be recognized by the PDTC as the beneficial owners of the lodged equity securities. Thus, each beneficial owner of shares, through its participant, will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee. All lodgments, trades and uplifts on these shares will have to be coursed through a participant. Ownership and transfers of beneficial interests in the shares will be reflected, with respect to the participant's aggregate holdings, in the PDTC system, and with respect to each beneficial owner's holdings, in the records of the participants. Beneficial owners are thus advised that in order to exercise their rights as beneficial owners of the lodged shares, they must rely on their participant- brokers and/or participant-custodians.

Any beneficial owner of shares who wishes to trade its interests in the shares must course the trade through a participant. The participant can execute PSE trades and non-PSE trades of lodged equity securities through the PDTC system. All matched transactions in the PSE trading system will be fed through the SCCP, and into the PDTC system. Once it is determined on the settlement date (T+3) that there are adequate securities in the securities settlement account of the participant-seller and adequate cleared funds in the settlement bank account of the participant-buyer, the PSE trades are automatically settled in the SCCP CCCS system, in accordance with the SCCP and PDTC Rules and Operating Procedures. Once settled, the beneficial ownership of the securities is transferred from the participant-seller to the participant-buyer without the physical transfer of stock certificates covering the traded securities.

If a shareholder wishes to withdraw its shareholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the upliftment of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under the PCD Nominee. The expenses for upliftment are for the account of the uplifting shareholder.

The difference between the depository and the registry would be on the recording of ownership of the shares in the issuing corporations' books. In the depository set-up, shares are simply immobilized, wherein customers' certificates are cancelled and a confirmation advice is issued in the name of PCD Nominee to confirm new balances of the shares lodged with the PDTC. Transfers among/between broker and/or custodian accounts, as the case may be, will only be made within the book-entry system of the PDTC. However, as far as the issuing corporation is concerned, the underlying certificates are in the PCD Nominee's name. In the registry set-up, settlement and recording of ownership of traded securities will already be directly made in the corresponding issuing company's transfer agents' books or system. Likewise, recording will already be at the beneficiary level (whether it be a client or a registered custodian holding securities for its clients), thereby removing from the broker its current "de facto" custodianship role.

Amended Rule on Lodgment of Securities

On 24 June 2009, the PSE apprised all listed companies and market participants through Memorandum No. 2009-0320 that commencing on 1 July 2009, as a condition for the listing and trading of the securities of an applicant company, the applicant company shall electronically lodge its registered securities with the PDTC or any other entity duly authorized by the Philippine SEC, without any jumbo or mother certificate in compliance with the requirements of Section 43 of the SRC. In compliance with the foregoing requirement, actual listing and trading of securities on the scheduled listing date shall take effect only after submission by the applicant company of the documentary requirements stated in Article III Part A of the Revised Listing Rules.

For listing applications, the amended rule on lodgment of securities is applicable to:

- The offer shares/securities of the applicant company in the case of an initial public offering;
- The shares/securities that are lodged with the PDTC, or any other entity duly authorized by the Philippine SEC in the case of a listing by way of introduction;
- New securities to be offered and applied for listing by an existing listed company; and
- Additional listing of securities of an existing listed company.

Pursuant to the said amendment, the PDTC issued an implementing procedure in support thereof to wit:

- For a new company to be listed at the PSE as of 1 July 2009, the usual procedure will be observed but the transfer agent of the company shall no longer issue a certificate to PCD Nominee but shall issue a Registry Confirmation Advice, which shall be the basis for the PDTC to credit the holdings of the depository participants on the listing date.

- On the other hand, for an existing listed company, the PDTC shall wait for the advice of the transfer agent that it is ready to accept surrender of PCD Nominee jumbo certificates and upon such advice the PDTC shall surrender all PCD Nominee jumbo certificates to the transfer agent for cancellation. The transfer agent shall issue a Registry Confirmation Advice to PDTC evidencing the total number of shares registered in the name of PCD Nominee in the listed company's registry as of confirmation date.

Further, the PSE apprised all listed companies and market participants on 21 May 2010 through Memorandum No. 2010-0246 that the Amended Rule on Lodgement of Securities under Section 16 of Article III, Part A of the Revised Listing Rules of the PSE shall apply to all securities that are lodged with the PDTC or any other entity duly authorized by the PSE.

Issuance of Stock Certificates for Certificated Shares

On or after the listing of the shares on the PSE, any beneficial owner of the shares may apply with PDTC through its broker or custodian-participant for a withdrawal from the book-entry system and return to the conventional paper-based settlement. If a shareholder wishes to withdraw its stockholdings from the PDTC system, the PDTC has a procedure of upliftment under which PCD Nominee will transfer back to the shareholder the legal title to the shares lodged. The uplifting shareholder shall follow the Rules and Operating Procedures of the PDTC for the uplifting of the shares lodged under the name of the PCD Nominee. The transfer agent shall prepare and send a Registry Confirmation Advice to the PDTC covering the new number of shares lodged under PCD Nominee. The expenses for upliftment are on the account of the uplifting shareholder.

Upon the issuance of stock certificates for the shares in the name of the person applying for upliftment, such shares shall be deemed to be withdrawn from the PDTC book-entry settlement system, and trading on such shares will follow the normal process for settlement of certificated securities. The expenses for upliftment of the shares into certificated securities will be charged to the person applying for upliftment. Pending completion of the upliftment process, the beneficial interest in the shares covered by the application for upliftment is frozen and no trading and book-entry settlement will be permitted until the relevant stock certificates in the name of the person applying for upliftment shall have been issued by the relevant company's transfer agent.

Amended Rule on Minimum Public Ownership

Under the PSE Amended Rule on Minimum Public Ownership ("**MPO**"), listed companies are required, at all times, to maintain a minimum percentage of listed securities held by the public of 10% of the listed companies' total issued and outstanding shares (i.e., exclusive of treasury shares), or at such percentage that may be prescribed by the PSE. For purposes of determining compliance with the MPO, shares held by the following are generally considered "held by the public": (i) individuals (for as long as the shares held are not of a significant size (i.e., less than 10%) and are non-strategic in nature; (ii) trading participants (for as long as the shares held are non-strategic in nature); (iii) investment and mutual funds; (iv) pension funds; (v) PCD nominees if this account constitutes a number of shareholders, none of which has significant holdings (provided that if an owner of shares under the PCD Nominee has a shareholding that is 10% or more of the total issued and outstanding shares, then this shareholder is considered a principal stockholder); and (vi) social security funds.

Listed companies which become non-compliant with the MPO on or after 1 January 2013 will be suspended from trading for a period of not more than six months and will automatically be delisted if it remains non- compliant with the MPO after the lapse of the suspension period. Suspended or delisted shares will not be traded on the exchange. In addition, sale of shares of listed companies that do not maintain the MPO are not considered publicly listed for taxation purposes and should, therefore, be subjected to capital gains tax and documentary stamp tax.

On 4 August 2020, the PSE issued Guidelines on MPO Requirement for Initial and Backdoor Listings, effective immediately. Under the guidelines, companies applying for initial listing through an initial public offering are required to have a minimum public offer size of 20% to 33% of its outstanding capital stock, as follows:

Market Capitalization	**Minimum Public Offer**
Not exceeding ₱500 million	33% or ₱50 million, whichever is higher
Over ₱500 million to ₱1 billion	25% or ₱100 million, whichever is higher
Over ₱1 billion	20% or ₱250 million, whichever is higher

A company listing through an initial public offering is required to maintain at least 20% public ownership level at all times, whether the listing is initial or through backdoor listing. For companies doing a backdoor listing, the 20% MPO requirement shall be reckoned from the actual issuance or transfer (as may be applicable) of the securities which triggered the application of the Backdoor Listing Rules or from actual transfer of the business in cases where the Backdoor Listing Rules are triggered by a substantial change in business.

In accordance with the SEC Memorandum Circular No. 13 Series of 2017 issued on 1 December 2017, the MPO requirement on initial public offerings is increased from 10% to 20%. For existing publicly listed companies, the existing rules and/or guidelines of an exchange on minimum public float duly approved by the SEC still apply. The PSE rule on MPO requires that listed companies shall, at all times, maintain a minimum percentage of listed securities held by the public of 10.0% or 20.0%, as applicable, of the listed companies' issued and outstanding shares, exclusive of any treasury shares. Pursuant to PSE Circular No. 2020-0076, the 20% MPO requirement will also apply to companies applying for listing by way of introduction and companies undertaking a backdoor listing. Notwithstanding such rules, however, real estate investment trusts must comply with the minimum of public ownership requirements prescribed by the REIT Act of 2009.

LEGAL MATTERS

All legal opinions/matters in relation to the relevant Tranche will be passed upon by the appointed counsels for such relevant Tranche.

INDEPENDENT AUDITORS

The consolidated financial statements of the Company as of and for the years ended 31 December 2022, 2021, 2020, and 2019.

In the past five years, no event has occurred where SGV & Co. and the Company had any disagreement regarding any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures. SGV & Co. has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities of the Company. SGV & Co. will not receive any direct or indirect interest in the Company or its securities (including options, warrants or rights thereto) pursuant to or in connection with the Offer. The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The Company has complied with SRC Rule 68, paragraph 3(b)(ix) requiring the rotation of external auditors or engagement partners who have been engaged by the Company for a period of five consecutive years or more since 31 December 2002. The current engagement partner is Mr. Benjamin N. Villacorte who is one of the SEC-accredited audit partners of SGV & Co.

Audit and Audit-Related Fees

The Company paid SGV & Co. the following fees in the past three years (in ₱ millions) for the audit and audit-related fees which include the audit of annual financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years:

Year	Audit	Audit-related Fees	Tax Fees	Other Fees
2022	2.35*	8.46**	-	0.27***
2021	1.97*	13.14**	-	0.34***
2020	1.48 *	8.89**	-	0.42***

** pertains to audit fees.*
*** pertains to quarterly financial statement reviews, issuance of comfort letters, issuance of pro-forma financial statements, and other requirements for the Rights Offer concluded in January 2021, Follow-on Offering concluded in May 2021, and transfer pricing studies conducted for those calendar years.*
**** pertains to non-audit related expenses including annual stockholder meetings and knowledge transfer for those calendar years.*

This is inclusive of VAT and exclusive of out-of-pocket expenses incidental to the independent auditors' work.

In relation to the audit of the Company's annual financial statements, the Company's Revised Manual of Corporate Governance provides that the Audit Committee shall, among other activities, be primarily responsible for ensuring that adequate and effective financial reporting, internal control, internal and external audits, and compliance systems are established and maintained.

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

Changes in and Disagreements with Accountants on Accounting and Financial

The Issuer has engaged the services of SGV & Co. during the two most recent fiscal years. There were no disagreements with SGV & Co. on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

FINANCIAL INFORMATION

The following pages set forth the Company's unaudited interim consolidated statements of financial position as at 31 March 2023 and audited consolidated financial statements as at and for the years ended 31 December 2022, 2021, 2020, and 2019.

ANNEX A
SUMMARY OF LEASE AGREEMENTS

Lessee	Lessor	Expiration Date of Lease	Total Amount of Lease Payments (for the year ended 31 December 2022)	Total Amount of Lease Payments (for the period ended 31 March 2023)
Negros Island Solar Power, Inc.	Roberto J. Cuenca, Sr.; Manapla Sunpower Development Corp.	Nov-2039; Aug-2040	₱108,406,289	₱29,050,781
San Carlos Solar Energy, Inc.	San Julio Realty, Inc.	Apr-2038; Sep-2038; Oct-2039	₱92,112,717	₱48,446,509
One Subic Power Generation Corp.	Subic Bay Metropolitan Authority	19-Jul-2030	₱66,263,984	₱16,612,508
Solarace1 Energy Corp. (recorded as Construction in Progress)	Ayala Land, Inc., Crimson Field Enterprises Inc., and Red Creek Properties Inc., Power Sector Assets and Liabilities Management Corporation, AP Renewables, Inc.	29-Sep-2040	₱17,994,421	₱-
Monte Solar Energy Inc.	Montenegro Brothers Agricultural Corp.	1-Sep-2040	₱17,358,970	₱-
Guimaras Wind Corporation	Various landowners	17-Jul-2039	₱18,492,305	₱5,996,648
Buendia Christiana Holdings, Corp.	Tabangao Realty, Inc.	1-Feb-2043	₱26,538,152	₱3,413,261
ACEN CORPORATION)	Ayala Land, Inc.	17-Jan-2031	₱112,671,236	₱-
AC Energy Shared Services	Fort Bonifacio Development Corporation Ayala Land, Inc. / 6750 Ayala Avenue Joint Venture	31-Mar-2023 30-June-2027	₱26,013,671	₱1,677,496
Sta. Cruz Solar Energy Inc	Buendia Christiana Holdings, Corp. (intercompany)	15-November-2046 1-August-2047	-	₱29,392,879
Northwind Power Development Corporation	Ayala Land, Inc. / 6750 Ayala Avenue Joint Venture	20-November-2022	-	₱232,400
LCC Bulk Water Supply Inc.	Roberto Cuenca Sr.	September 2044	-	₱1,000,000
Bayog Wind Power Corp.	Evening Star Property Leasing	31-December-2024	-	₱126,126
Giga Ace 4	Solarace 1 Energy Corp.	12-October-2040	₱207,927	₱-
Total (gross of intercompany leases)			**₱486,059,672**	**₱135,948,608**

ANNEX D
List of Permits

A. ACEN CORPORATION (formerly AC Energy Corporation)

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 8, 1969	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	July 20, 2022	Not applicable
3.	Amended Articles of Incorporation	SEC	July 20, 2022	Not applicable
4.	Certificate of Filing of Amended By-laws	SEC	July 20, 2022	Not applicable
5.	Amended By-Laws	SEC	July 20, 2022	Not applicable
6.	Certificate of Registration	BIR	July 8, 1998	Not applicable
7.	Employer Data Change Request	SSS	April 28, 2023	Not applicable
8.	Employer's Change of Information Form	Pag-IBIG	May 28, 2023	Not applicable
9.	Business Permit No. 39502	Makati City	January 27, 2023	December 31, 2023
10.	Registry of Establishment	DOLE	June 13, 2022	Not applicable
11.	Certificate of Registration	PhilHealth	September 6, 2016	Not applicable
12.	Retail Electricity Supplier License	ERC	November 20, 2022	November 19, 2027

B. ACE Endevor, Inc. (formerly AC Energy Development Inc.)

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 10, 2014	Not applicable
2.	Amended Articles of Incorporation	SEC	December 13, 2021	Not applicable
3.	Certificate of Filing of Amended Articles of Incorporation	SEC	December 13, 2021	Not applicable
4.	Certificate of Registration	BIR	July 31, 2015	Not applicable
5.	Business Permit No. 06504	Makati City	February 3, 2023	December 31, 2023
6.	Registry of Establishment	DOLE	October 16, 2018	Not applicable
7.	Certificate of Registration	SSS	July 22, 2020	Not applicable
8.	Certificate of Registration	PhilHealth	March 17, 2021	Not applicable
9.	Certificate of Employer's Registration	Pag-IBIG	November 7, 2019	Not applicable

C. ENEX Energy Corp. (formerly ACE Enexor, Inc.)

No.	Permit / License	Approving or Issuing Government Agency / Relevant Party	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 28, 1994	Not applicable
2.	Amended Articles of Incorporation	SEC	November 9, 2022	Not applicable
3.	Certificate of Filing of Amended Articles of Incorporation	SEC	November 9, 2022	Not applicable
4.	Amended By-Laws	SEC	November 9, 2022	Not applicable
5.	Certificate of Filing of Amended By-laws	SEC	November 9, 2022	Not applicable
6.	Business Permit No. 34562	Makati City	February 17, 2023	December 31, 2023
7.	Certificate of Registration	BIR	February 24, 2021	Not applicable

D. ACE Renewables Philippines, Inc. (formerly Moorland Philippine Holdings, Inc.; Holding Company)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	April 6, 2005	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	November 25, 2019	Not applicable
3.	Certificate of Filing of Amended By-laws	SEC	November 25, 2019	Not applicable
4.	Amended Articles of Incorporation	SEC	November 25, 2019	Not applicable
5.	Amended By-laws	SEC	November 25, 2019	Not applicable
6.	Business Permit No. 27443	Makati City	February 3, 2023	December 31, 2023
7.	Certificate of Registration	BIR	September 18, 2020	Not applicable

E. Giga Ace 1, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	August 12, 2021	Not applicable
3.	Amended Articles of Incorporation	SEC	February 18, 2020	Not applicable
4.	By-Laws	SEC	November 08, 2019	Not applicable
5.	Certificate of Registration	BIR	November 29, 2019	Not applicable
6.	Business Permit No. 06528	Makati City	February 3, 2023	December 31, 2023

F. Giga Ace 2, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	November 14, 2019	Not applicable
3.	Amended Articles of Incorporation	SEC	August 19, 2021	Not applicable
4.	By-Laws	SEC	November 14, 2019	Not applicable
5.	Certificate of Registration	BIR	November 29, 2019	Not applicable
6.	Business Permit No. 06492	Makati City	February 3, 2021	December 31, 2023

G. Giga Ace 3, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	Not applicable
2.	Amended Articles of Incorpoation	SEC	August 20, 2021	Not applicable
3.	By-Laws	SEC	November 14, 2019	Not applicable
4.	Certificate of Registration	BIR	November 29, 2019	Not applicable
5.	Business Permit No. 06473	Makati City	January 28, 2021	December 31, 2023

H. Gigasol2 Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 13, 2017	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	November 26, 2019	Not applicable
3.	Amended Articles of Incorporation	SEC	November 26, 2019	Not applicable
4.	By-Laws	SEC	March 13, 2017	Not applicable
5.	Business Permit No. 06516	Makati City	February 3, 2023	December 31, 2023
6.	Certificate of Registration	BIR	March 24, 2017	Not applicable

I. Ilocos Wind Energy Holding Co., Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	December 16, 2009	Not applicable
2.	Amended Articles of Incorporation	SEC	January 5, 2011	Not applicable
3.	By-Laws	SEC	December 16, 2009	Not applicable
4.	Certificate of Registration	BIR	January 20, 2010	Not applicable
5.	Business Permit No. 20-005318	Taguig City	March 29, 2023	December 31, 2023

J. Pagudpud Wind Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	December 9, 2009	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	January 7, 2011	Not applicable
3.	Amended Articles of Incorporation	SEC	January 7, 2011	Not applicable
4.	By-Laws	SEC	December 9, 2009	Not applicable
5.	Certificate of Registration	BIR	October 7, 2011	Not applicable

K. Philippine Wind Holdings Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 12, 2009	Not applicable
2.	Amended Articles of Incorporation	SEC	December 5, 2013	Not applicable
3.	Amended By-Laws	SEC	December 5, 2013	Not applicable
4.	Business Permit No. 20-005319	Taguig City	March 29, 2023	December 31, 2023
5.	Certificate of Registration	BIR	July 27, 2016	Not applicable

L. Viage Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	August 22, 2005	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	July 20, 2007	Not applicable
3.	By-Laws	SEC	August 22, 2005	Not applicable
4.	Amended Articles of Incorporation	SEC	July 20, 2007	Not applicable
5.	Certificate of Registration	BIR	November 15, 2005	Not applicable
6.	Business Permit No. 17208	Makati City	January 27, 2023	December 31, 2023

M. Visayas Renewables Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 24, 2015	Not applicable
2.	Amended Articles of Incorporation	SEC	February 9, 2017	Not applicable
3.	By-Laws	SEC	June 2, 2015	Not applicable
4.	Business Permit No. 06462	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	October 3, 2018	Not applicable

N. Giga Ace 10, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	November 14, 2019	Not applicable
3.	By-Laws	SEC	November 14, 2019	Not applicable
4.	Business Permit No. 06523	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	November 29, 2019	Not applicable
6.	Resolution No. 040-2022 (Interposing No Objection for the Development of the Leased Property by Giga Ace 10, Inc. at its Power Plant Located in Barangay Batangas-II, Mariveles, Bataan with Total Area of Three (3) Hectares for the Proposed 40MW Battery Energy Storage System and the Issuance of a Development Permit for This Purpose)	Sangguniang Bayan, Mariveles, Bataan	April 26, 2022	Not applicable

O. Gigasol4, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	May 26, 2021	Not applicable
2.	Articles of Incorporation	SEC	May 26, 2021	Not applicable
3.	By-Laws	SEC	May 26, 2021	Not applicable
4.	Business Permit No. 06490	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	May 31, 2021	Not applicable
6.	Wind Energy Service Contract No. 2022-11-228	DOE	November 25, 2022	November 25, 2047
7.	Certificate of Registration No. WESC 2022-11-228	DOE	November 25, 2022	Not applicable

P. Gigasol6, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 3, 2021	Not applicable
2.	Articles of Incorporation	SEC	June 3, 2021	Not applicable
3.	By-laws	SEC	June 3, 2021	Not applicable
4.	Certificate of Registration	BIR	June 7, 2021	Not applicable
5.	Business Permit No. 20120	Makati City	January 17, 2023	December 31, 2023
6.	Certificate of Registration Reg. No. WESC 2023- 01-252 (Pasacao)	DOE	March 7, 2023	Not applicable
7.	Certificate of Registration Reg. No. WESC 2023- 02-256 (Calatagan)	DOE	March 7, 2023	Not applicable
8.	Wind Energy Service Contract (Pasacao) WESC No. 2023- 01-252	DOE	March 7, 2023	March 6, 2048
9.	Wind Energy Service Contract (Calatagan) WESC No. 2023- 02-256)	DOE	March 7, 2023	March 6, 2048

Q. Gigasol7, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	April 12, 2021	Not applicable
2.	Articles of Incorporation	SEC	April 12, 2021	Not applicable
3.	By-Laws	SEC	April 12, 2021	Not applicable
4.	Certificate of Registration	BIR	May 12, 2021	Not applicable
5.	Business Permit No. 06513	Makati City	February 3, 2023	December 31, 2023
6.	Certificate of Registration No. WESC 2022-09-220	DOE	October 24, 2022	Not applicable
7.	Wind Energy Service Contract No. 2022-09-220	DOE	October 24, 2022	October 23, 2047

R. Ingrid2 Power Corp. -

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	September 3, 2019	Not applicable
3.	By-Laws	SEC	September 3, 2019	Not applicable
4.	Business Permit No. 21188	Makati City	February 1, 2023	December 31, 2023
5.	Certificate of Registration	BIR	October 14, 2019	Not applicable
6.	Municipal Resolution No. 64, Series of 2023	Municipality of Lumban	April 24, 2023	Not applicable

S. Ingrid4 Power Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 27, 2021	Not applicable
2.	Articles of Incorporation	SEC	January 27, 2021	Not applicable
3.	By-Laws	SEC	January 27, 2021	Not applicable
4.	Certificate of Registration	BIR	February 23, 2021	Not applicable
5.	Business Permit No. 06488	Makati City	February 3, 2023	December 31, 2023

T. Ingrid6 Power Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 9, 2021	Not applicable
2.	Articles of Incorporation	SEC	March 9, 2021	Not applicable
3.	By-Laws	SEC	March 9, 2021	Not applicable
4.	Certificate of Registration	BIR	March 18, 2021	Not applicable
5.	Business Permit No. 06468	Makati City	February 3, 2023	December 31, 2023

U. SolarAce4 Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	October 14, 2019	Not applicable
3.	By-Laws	SEC	October 14, 2019	Not applicable
4.	Certificate of Registration	BIR	October 15, 2019	Not applicable
5.	Business Permit No. 21190	Makati City	February 1, 2023	December 31, 2023

V. AC La Mesa Solar, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 20, 2016	Not applicable
2.	Articles of Incorporation	SEC	September 20, 2016	Not applicable
3.	By-Laws	SEC	September 20, 2016	Not applicable
4.	Business Permit No. 21883	Makati City	February 1, 2023	December 31, 2023
5.	Solar Energy Service Contract No. 2017-05-396	DOE	February 26, 2019 (Date of Notarization)	February 08, 2044
6.	Certificate of Registration	BIR	October 20, 2016	Not applicable

W. AC Laguna Solar, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 20, 2016	Not applicable
2.	Articles of Incorporation	SEC	September 20, 2016	Not applicable
3.	By-Laws	SEC	September 20, 2016	Not applicable
4.	Business Permit No. 21187	Makati City	February 1, 2023	December 31, 2023
5.	Certificate of Registration	BIR	October 20, 2016	Not applicable
6.	Solar Energy Service Contract No. 2019-10-536	DOE	December 23, 2019	December 23, 2044
7.	Barangay Resolution No. 64-08B	Barangay Sipsipin	August 1, 2022	Not applicable
8.	ECC No. ECC-R4A-2022-09-0166	DENR	October 7, 2022	October 6, 2027
9.	Certificate of Non-Overlap No. CNO RIVA-RIZ-2021-09-015	NCIP	September 22, 2021	Not applicable
10.	System Impact Study Report No. KAP-CAD-RRA-2022-01-181	NGCP	January 17, 2022	1 year after target project commissionung

X. AC Subic Solar, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 20, 2016	Not applicable
2.	Articles of Incorporation	SEC	September 20, 2016	Not applicable
3.	By-Laws	SEC	September 20, 2016	Not applicable
4.	Business Permit No. 21186	Makati City	February 1, 2023	December 31, 2023
5.	Certificate of Registration	BIR	October 20, 2016	Not applicable
6.	Certificate of Registration	Pag-IBIG	June 22, 2023	Not applicable
7.	Solar Energy Service Contract No. 2019-10-534	DOE	December 23, 2019	December 22, 2044
8.	Request for Registration of Establishment No. 22893	DOLE	March 30, 2023	Not applicable
9.	Certificate of Registration	PhilHealth	April 28, 2023	Not applicable
10.	ECC No. ECC-R4A-2022-09-0165	DENR	October 7, 2022	October 6, 2027
11.	Barangay Resolution No. 2022-0088 (Barangay Special District)	Office of the Barangay Special District	September 2, 2022	Not applicable
12.	Barangay Resolution No. 64-08C	Office of the Sangguniang Barangay Sipsipin	August 1, 2022	Not applicable
13.	Barangay Resolution No. 2022-16	Office of the Sangguniang Barangay Second District	March 31, 2022	Not applicable
14.	Barangay Resolution No. 2022-38	Office of the Sangguniang Barangay Third District	August 4, 2022	Not applicable
15.	Certificate of Non-Overlap No. RIVA-RIZ-2021-09-014	NCIP	September 22, 2021	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
16.	System Impact Study KAP-CAD-RRA-2022-02-010	NGCP	February 4, 2022	1 year after project commissioning

Y. Amihan Renewable Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 16, 2017	Not applicable
2.	Articles of Incorporation	SEC	January 16, 2017	Not applicable
3.	By-Laws	SEC	January 16, 2017	Not applicable
4.	Business Permit No. 2023-012815000-0195	Municipality of Pagudpud	January 10, 2023	December 31, 2023
5.	Certificate of Registration	BIR	January 16, 2017	Not applicable
6.	Certificate of Registration No. 2022-038	BOI	April 5, 2022	April 5, 2032 or October 2033
7.	ECC	DENR	April 21, 2022	Not applicable
8.	Certificate of Registration No. WESC 2021-03-154	DOE	April 8, 2021	Not applicable
9.	Wind Energy Service Contract No. 2021-03-154	DOE	April 8, 2021	April 8, 2046
10.	Municipal Resolution No. 2022B-011	Municipality of Pagudpud	July 12, 2022	Not applicable
11.	Barangay Resolution No. 13-2019	Barangay Subec	September 7, 2019	Not applicable
12.	Barangay Resolution No. 05-2021	Barangay Caparispisan	July 5, 2021	Not applicable
13.	Barangay Resolution No. 2019-08	Barangay Caunayan	September 7, 2019	Not applicable
14.	Connection Agreement	NGCP	March 8, 2021	November 25, 2030
15.	Final Review of the Third Party System Impact Study	NGCP	December 14, 2015	Not applicable
16.	Registry of Establishment	DOLE	March 20, 2019	Not applicable
17.	Certificate of Registration	SSS	May 25, 2023	Not applicable
18.	Certificate of Registration	PhilHealth	June 15, 2023	Not applicable
19.	Conversion Order No. 06-14-2023-014 series of 2023(In Re: Application for Land Use Conversion)	DAR	May 31, 2023	Not applicable
20.	Provisional Forest Land Use Agreement No. RI-2022-02 (Caparispisan Phase 2 Wind Energy (CAPA2) Project)	DENR	December 27, 2022	December 27, 2024

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
21.	Certificate of Employer's Registration	Pag-IBIG	June 23, 2023	Not applicable
22.	Certificate of Registration	PhilHealth	June 15, 2023	Not applicable
23.	Facilities Study (71.4MW Caparispisan II Wind Power Plant)	NGCP	March 15, 2016	Not applicable
24.	Municipal Resolution No. 2022B-038	Municipality of Pagudpud	November 28, 2022	Not applicable

Z. Bayog Wind Power Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 13, 2010	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	December 28, 2022	Not applicable
3.	Amended Articles of Incorporation	SEC	May 19, 2021	Not applicable
4.	Certificate of Filing of Amended By-Laws	SEC	July 18, 2016	Not applicable
5.	Amended By-Laws	SEC	February 10, 2016	Not applicable
6.	Certificate of Registration of Facility – Admin Office (BIR Form 2303-F)	BIR	March 25, 2022	Not applicable
7.	Certificate of Registration – Branch (BIR Form 2303)	BIR	March 17, 2022	Not applicable
8.	Certificate of Registration No. 2016-072	BOI	April 13, 2016	Not applicable
9.	ECC No. ECC-OL-R01-2015-0049	DENR	November 20, 2015 – with first amendment dated August 15, 2016	Not applicable
10.	Certificate of Non-Coverage CNC-OL-R01-2015-11-07598	DENR	November 4, 2015	Not applicable
11.	ECC No. ECC-OL-R01-2016-0072	DENR	May 18, 2016	Not applicable
12.	ECC No. ECC-OL-R01-2021-0001	DENR	January 1, 2021	Not applicable
13.	Endorsement of Barangay Bacsil, Bangui, Ilocos Norte	Barangay Bacsil, Bangui, Ilocos Norte	November 6, 2015	Not applicable
14.	Endorsement of Barangay Ligaya, Pagudpud, Ilocos Norte	Barangay Ligaya, Pagudpud, Ilocos Norte	November 15, 2015	Not applicable
15.	Endorsement of Barangay Nagbalagan, Bangui, Ilocos Norte	Barangay Nagbalagan, Bangui, Ilocos Norte	November 16, 2015	Not applicable
16.	Endorsement of Barangay Nagbalagan, Bangui, Ilocos Norte	Barangay Nagbalagan, Bangui, Ilocos Norte	December 7, 2015	Not applicable
17.	Endorsement of Barangay Caparispisan, Pagudpud, Ilocos Norte	Barangay Caparispisan, Pagudpud, Ilocos Norte	December 15, 2015	Not applicable
18.	Endorsement of Barangay Abaca, Bangui, Ilocos Norte	Barangay Abaca, Bangui, Ilocos Norte	December 28, 2015	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
19.	Endorsement of Barangay Poblacion No. 1, Pagudpud, Ilocos Norte	Barangay Poblacion No. 1, Pagudpud, Ilocos Norte	January 15, 2016	Not applicable
20.	Endorsement of Barangay San Lorenzo, Bangui, Ilocos Norte	Barangay San Lorenzo, Bangui, Ilocos Norte	January 18, 2016	Not applicable
21.	Endorsement of Barangay Saud, Pagudpud, Ilocos Norte	Barangay Saud, Pagudpud, Ilocos Norte	March 6, 2016	Not applicable
22.	Endorsement of Barangay Burayoc, Pagudpud, Ilocos Norte	Barangay Burayoc, Pagudpud, Ilocos Norte	March 20, 2016	Not applicable
23.	Endorsement of Barangay Poblacion 2, Pagudpud, Ilocos Norte	Barangay Poblacion 2, Pagudpud, Ilocos Norte	April 3, 2016	Not applicable
24.	Endorsement of Barangay Tarrag, Pagudpud, Ilocos Norte	Barangay Tarrag, Pagudpud, Ilocos Norte	May 22, 2016	Not applicable
25.	Endorsement of Barangay Caunayan, Pagudpud, Ilocos Norte	Barangay Caunayan, Pagudpud, Ilocos Norte	June 15, 2014	Not applicable
26.	Endorsement of Barangay Caunayan, Pagudpud, Ilocos Norte	Barangay Caunayan, Pagudpud, Ilocos Norte	August 16, 2015	Not applicable
27.	Endorsement of Barangay Subec, Pagudpud, Ilocos Norte	Barangay Subec, Pagudpud, Ilocos Norte	June 15, 2014	Not applicable
28.	Endorsement of the Municipality of Pagudpud, Ilocos Norte	Municipality of Pagudpud, Ilocos Norte	December 23, 2016	Not applicable
29.	System Impact Study	NGCP	August 1, 2016	Not applicable
30.	Facilities Study	NGCP	April 2022	Not applicable
31.	Connection Agreement	NGCP	November 16, 2017	January 25, 2027
32.	Certificate of Non-Overlap	NCIP	January 15, 2007	Not applicable
33.	Certification Precondition (Certificate of Compliance to the FPIC Process and Certification that the Community has given its Consent)	NCIP	January 11, 2017	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
34.	Transfer of Forest Land use Agreement (Wind Energy Project) Flag No. 02-2009 issued to Northern Luzon Renewable Energy Corporation (NLREC) (Formerly Northern Luzon UPC Asia Corporation) in favor of Bayog Wind Power Corporation located in Balaoi, Pagudpud, Ilocos Norte, covering 277.17 hectares	DENR	April 18, 2016	Not applicable
35.	Forest Land Use Agreement (FLAg) No. 02-2016	DENR	June 24, 2016	June 24, 2041
36.	Forest Land Use Agreement (FLAg) No. 03-2016	DENR	June 24, 2016	June 24, 2041
37.	Forest Land Use Agreement (FLAg) No. 02-2009	DENR	May 20, 2009	May 20, 2034
38.	Wind Energy Service Contract No. 2014-06-073	DOE	August 18, 2014	August 18, 2039
39.	Wind Energy Service Contract No. 2010-02-038	DOE	February 1, 2010 Assignment to Bayog Wind approved by DOE on December 9, 2015	February 1, 2035
40.	Certificate of Registration No. WESC 2014-06-073	DOE	August 14, 2014	Not Applicable
41.	Certificate of Registration	BIR	March 12, 2010	Not applicable
42.	Amended Confirmation of Commerciality No. WCC-2013-10-010	DOE	December 23, 2019	Not applicable
43.	Approval of request for Second Amendment of Certificate of Confirmation of Commerciality for WESC No. 2010-02-038	DOE	August 31, 2021	Not applicable
44.	Certificate of Registration	Pag-IBIG	March 5, 2020	Not applicable
45.	Certificate of Registration	PhilHealth	February 24, 2020	Not applicable
46.	Certificate of Registration	SSS	February 17, 2020	Not applicable
47.	Certificate of Registration	DOLE	November 12, 2018	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
48.	Application with Prayer for Provisional Authority (ERC Case No. 2020-010)	ERC	July 3, 2020	Not applicable
49.	Certificate of Registration ER No. 2022-0759-3	ERC	September 7, 2022	Not applicable
50.	Certificate of Review of Regulatory Operations Service – Standards Division of the Point-to-Point application of BWPC	ERC	June 30, 2020	Not applicable
51.	Transmission Services Agreement	NGCP	February 20, 2023	February 25, 2033
52.	Metering Services Agreement	NGCP	February 20, 2023	February 25, 20233
53.	Revised Declaration of Commerciality (WESC No. 2014-06-073 and WESC No. 2010-02-038)	DOE	May 28, 2019	Not applicable
54.	Revised Declaration of Commerciality (WESC No. 2014-06-073 and WESC No. 2010-02-038)	DOE	October 29, 2018	Not applicable
55.	Special Land Use Permit No. 2021-03	DENR	September 10, 2021	September 10, 2024
56.	Certificate of Registration No. IM0008130973	BOC	December 1, 2022	December 1, 2023
57.	Business Permit No. 2023-012812000-0926	Laoag City	January 16, 2023	December 31, 2023
58.	Approval of Registration of Wind Bayog Power Corp. as Direct WESM Member and Trading Participant (Generation Company Category)	IEMOP	February 27, 2023	Not applicable
59.	WESM Registration Approval Form	IEMOP	February 8, 2023	Not applicable
60.	Market Participation Agreement	IEMOP	February 8, 2023	Not applicable
61.	Barangay Resolution No. 6-2015 supporting the establishment of the proposed wind energy project	Barangay Balaoi, Pagudpud, Ilocos Norte	August 30, 2015	Not applicable
62.	Certification of Application for renewal of ERC Certificate of Compliance	ERC	February 1, 2023	Not applicable

AA. Giga Ace 5, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	November 14, 2019	Not applicable
3.	By-Laws	SEC	November 14, 2019	Not applicable
4.	Certificate of Registration	BIR	November 29, 2019	Not applicable
5.	Business Permit No. 06526	Makati City	February 3, 2023	December 31, 2023
6.	Certificate of Registration No. WESC 2021-02-151	DOE	March 16, 2021	Not applicable
7.	Wind Energy Service Contract No. 2021-02-151	DOE	March 16, 2021	March 16, 2046

BB.Giga Ace 6, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	November 14, 2019	Not applicable
3.	By-Laws	SEC	November 14, 2019	Not applicable
4.	Certificate of Registration	BIR	November 29, 2019	Not applicable
5.	Business Permit No. 00207	Makati City	February 3, 2023	December 31, 2023
6.	Certificate of Registration No. WESC 2021-02-149	DOE	March 9, 2021	Not applicable
7.	Wind Energy Service Contract No. 2021-02-149	DOE	March 9, 2021	March 9, 2046
8.	Sangguniang Bayan Resolution No. 136-2022	Office of the Sangguniang Bayan, Municipality of Mauban, Quezon	September 27, 2022	Not applicable

CC. Giga Ace 7, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	November 14, 2019	Not applicable
3.	By-Laws	SEC	November 14, 2019	Not applicable
4.	Business Permit No. 06519	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	November 29, 2019	Not applicable
6.	Wind Energy Service Contract No. 2021-05-159	DOE	June 18, 2021	June 18, 2046
7.	Certificate of Registration No. WESC 2021-05-159	DOE	June 18, 2021	Not applicable

DD. Giga Ace 8, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2020	Not applicable
2.	Certificate of Registration	BIR	February 29, 2019	Not applicable
3.	Articles of Incorporation	SEC	November 14, 2019	Not applicable
4.	By-laws	SEC	November 14, 2019	Not applicable
5.	Business Permit No. 41878	Makati City	January 23, 2023	December 31, 2023
6.	Certificate of Registration	BOC	February 17, 2023	February 17, 2024
7.	Certificate of Registration	BOI	February 16, 2023	Not applicable
8.	Certificate of Finality	DAR	May 25, 2022	Not applicable
9.	Conversion Order	DAR	May 25, 2022	Not applicable
10	ECC No. R03-09072021-5134	DENR	September 13, 2021	Not applicable
11	ECC amendment	DENR	July 12, 2022	Not applicable
12	Certificate of Registration No. SEOC-2021-09-590	DOE	October 15, 2021	Not applicable
13	Solar Energy Operating Contract No. 2021-09-590	DOE	October 15, 2021	October 15, 2046
14	Certificate of Non-Overlap	NCIP	October 4, 2022	Not Applicable
15	Certificate of Non-Overlap	NCIP	April 4, 2023	Not Applicable
16	Permit to Drill No. 2022-354	NWRB	December 5, 2022	June 5, 2023
17	Permit to Drill No. 2022-355	NWRB	December 5, 2022	June 5, 2023

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
18	Permit to Drill No. 2022-356	NWRB	December 5, 2022	June 5, 2023
19	Barangay Endorsement (Bulawen) Resolution No. 0006 Series of 2022	Barangay Bulawen	April 2, 2022	Not applicable
20	Barangay Endorsment (Salaza) Resolution No. 23 Series of 2022	Barangay Salaza	April 4, 2022	Not applicable
21	Municipal Ordinance No. 165 on reclassification of land from agricultural to industrial use	Municipality of Palauig	August 18, 2021	Not applicable
22	Municipal Ordinance No. 171 on reclassification of land from agricultural to industrial use	Municipality of Palauig	April 27, 2022	Not applicable
23	Municipal Ordinance No. 175 on reclassification of land from agricultural to industrial use	Municipality of Palauig	October 27, 2022	Not applicable
24	Provincial Resolution No. 2022-131	Province of Zambales	June 22, 2022	Not applicable
25	Provincial Resolution No. 2023-02	Province of Zambales	January 23, 2023	Not applicable
26	Certificate of Registration	PhilHealth	April 7, 2021	Not applicable
27	Certificate of Registration	SSS	March 25, 2021	Not applicable
28	Registry of Establishment	DOLE	April 18, 2023	Not applicable
29	Certificate of Registration	Pag-IBIG	July 1, 2021	Not applicable
30	Barangay Resolution No. 006, Series of 2022	Barangay Bulawen	April 2, 2022	Not applicable
31	Barangay Resolution No. 23, Series of 2022	Barangay Salaza	April 4, 2022	Not applicable
32	DAR Conversion Order No. LUCC-0523-0835	DAR	May 22, 2023	Not applicable

EE.Giga Ace 9, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	November 14, 2019	Not applicable
3.	By-Laws	SEC	November 14, 2019	Not applicable
4.	Business Permit No. 06525	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	November 29, 2019	Not applicable
6.	ECC No. ECC-OL-R11-2022-0228	DENR	May 31, 2022	Not applicable.
7.	City Ordinance No. 0912-22 (Reclassification of property from Agro-industrial Zone to Utilities, Transportation, and Services Zone)	Davao City	March 22, 2022	Not applicable.
8.	City Resolution No. 03397-22 (Reclassification of property from Agro-industrial Zone to Utilities, Transportation, and Services Zone)	Davao City	March 15, 2022	Not applicable.
9.	DAR Order No. ARO-1100-0478-2022 (Approval of Land Use Conversion from Agro-Industrial Zone to Heavy Industrial Zone)	DAR	November 14, 2022	Not applicable.
10.	Certificate of Non-Overlap No. CNO-RXI-2023-01	NCIP	January 27, 2023	Not applicable.
11.	Systems Impact Study	NGCP	March 2021	Not applicable.
12.	Interconnection Facilities Study Report	NGCP	August 10, 2021	Not applicable.

13.	Resolution No. 08, Series of 2021 (Resolution Interposing No Objection to Giga Ace 9, Inc. For the Development, Construction & Operation of the Proposed Davao Battery Energy Storage System Project Located at the Land Owned by Buendia Christiana Holdings Corp. at Sto. Nino, Brgy. Binugao, Toril, Davao City, provided that They will Comply with All the Statutory Business and Environmental Requirements)	Barangay Binugao, Davao City	January 20, 2021	Not applicable.
14.	Resolution No. 2, Series of 2021 (A Resolution Favorably Endorsing to the Department of Energy (DOE), the Department of Environment and Natural Resources (DENR), the National Commission for Indigenous People (NCIP), and Other National Government Agencies the Intent of Giga Ace 9, Inc. To Develop, Construct and Operate the Davao Battery Energy Storage System Project in Brgy. Binugao, Toril District, Davao City, including Land Reclassification and Land Conversion by appropriate Government Agencies)	Barangay Binugao, Davao City	January 20, 2021	Not applicable.
15.	Resolution No. 9, Series of 2021 (A Resolution Favorably Endorsing the Buendia Christiana Holdings Corporation for the Proposed Project the AC Energy 9, Located at Sitio Sto. Nino, Brgy. Brgy. Binugao, Toril District, Davao City.	Barangay Binugao, Davao City	January 20, 2021	Not applicable.

FF. Giga Ace 12, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 26, 2022	Not applicable
2.	Articles of Incorporation	SEC	October 14, 2021	Not applicable
3.	By-Laws	SEC	October 14, 2021	Not applicable
4.	Certificate of Registration	BIR	November 5, 2021	Not applicable
5.	Business Permit No. 06517	Makati City	February 3, 2023	December 31, 2023
6.	Certificate of Registration No. WESC 2022-11-232	DOE	December 7, 2022	Not applicable
7.	Wind Energy Service Contract No. 2022-11-232	DOE	December 7, 2022	December 7, 2047

GG. Gigasol1, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 13, 2017	Not applicable
2.	Articles of Incorporation	SEC	March 13, 2017	Not applicable
3.	By-Laws	SEC	March 13, 2017	Not applicable
4.	Business Permit No. 06511	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	March 24, 2017	Not applicable
6.	DAR Conversion Order (DARCO Order No. 0522-0681	DAR	May 25,2022	Not applicable
7.	Solar Energy Operating Contract No. SEOC No. 2022-07-631	DOE	August 31, 2022	August 31, 2027
8.	Certificate of Registration No. SEOC No. 2022-07-631	DOE	August 31, 2022	Not applicable

HH. GigaWind1 Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	October 14, 2019	Not applicable
3.	By-Laws	SEC	October 14, 2019	Not applicable
4.	Certificate of Registration	BIR	October 15, 2019	Not applicable
5.	Business Permit No. 00209	Makati City	February 1, 2023	December 31, 2023
6.	Certificate of Registration No. WESC 2020-09-116	DOE	January 11, 2021	Not applicable
7.	Wind Energy Service Contract No. 2020-09-116	DOE	January 11, 2021	January 10, 2046

II. GigaWind2 Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
2.	Certificate of Incorporation	SEC	October 14, 2019	Not applicable
3.	Articles of Incorporation	SEC	October 14, 2019	Not applicable
3.	By-Laws	SEC	October 14, 2019	Not applicable
4.	Certificate of Registration	BIR	October 15, 2019	Not applicable
5.	Business Permit No. 06464	Makati City	February 3, 2023	December 31, 2023
8.	Certificate of Registration No. WESC 2021-07-166	DOE	August 25, 2021	Not applicable
9.	Certificate of Registration No. WESC 2021-08-169	DOE	September 6, 2021	Not applicable
10.	Wind Energy Service Contract No. 2021-07-166	DOE	August 25, 2021	August 24, 2046
11.	Wind Energy Service Contract No. 2021-07-166	DOE	September 6, 2021	September 5, 2046

JJ. GigaWind3, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	April 12, 2021	Not applicable
2.	Articles of Incporation	SEC	April 12, 2021	Not applicable
3.	By-Laws	SEC	April 12, 2021	Not applicable
4.	Certificate of Registration	BIR	August 11, 2021	Not applicable
5.	Business Permit No. 06520	Makati City	February 3, 2023	Deember 31, 2023
6.	Certificate of Registration No. WESC 2022-09-215	DOE	October 6, 2022	Not applicable
7.	Wind Energy Service Contract No. 2022-09-215	DOE	October 6, 2022	October 6, 2047

KK. GigaWind4, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 7, 2021	Not applicable
2.	Articles of Incporation	SEC	June 7, 2021	Not applicable
3.	By-Laws	SEC	June 7, 2021	Not applicable
4.	Certificate of Registration	BIR	June 8, 2021	Not applicable
5.	Business Permit No.06465	Makati City	February 3, 2023	December 31, 2023
6.	Certificate of Registration No. WESC 2022-07-210	DOE	August 31, 2022	Not applicable
7.	Wind Energy Service Contract No. 2022-07-210	DOE	August 31, 2022	August 31, 2047

LL.GigaWind5, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	April 12, 2021	Not applicable
2.	Articles of Incorporation	SEC	April 12, 2021	Not applicable
3.	By-Laws	SEC	April 12, 2021	Not applicable
4.	Business Permit No. 06461	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	May 12, 2021	Not applicable

MM. Infineum 4 Energy, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certicate of Incorporation	SEC	July 14, 2021	Not applicable
2.	Articles of Incorporation	SEC	July 14, 2021	Not applicable
3.	By-Laws	SEC	July 14, 2021	Not applicable
4.	Business Permit No. 05547	Makati City	February 23, 2023	December 31, 2023
5.	Certificate of Registration No. SEOC 2022-03-616	DOE	March 29, 2022	Not applicable
6.	BIR Certificate of Registration	BIR	October 28, 2021	Not applicable
7.	Brgy. Resolution No. 13, Series of 2021 (Resolution interposing no objection to the project proposal of Infineum 4 Energy Inc. re: Installation of floating solar power at Mapanuepe Lake)	Brgy. Aglao	November 13, 2021	Not applicable
8.	Brgy. Resolution No. 32, Series of 2021 (Resolution expressing no objection to the proposed floating solar power plant project of the Infineum 4 Energy Inc. at Lake Mapanuepe in Brgy. Buhawen, San Marcelino, Zambales)	Brgy. Buhawen	September 27, 2021	Not applicable
9.	Brgy. Resolution No. 11, Series of 2022 (Resolution interposing no objection to the project proposal of Infineum 4 Energy Inc. re: Installation of floating solar power at Mapanuepe Lake)	Brgy. San Rafael	January 3, 2022	Not applicable
10.	Brgy. Resolution No. 11, Series of 2022 (Resolution interposing no objection to the 250MW Mapanuepe Lake floating solar power project proposal of Infineum 4 Energy Inc. re: Installation of transmission line and access road at Brgy. Sta. Fe, San Marcelino, Zambales	Brgy. Sta. Fe	November 11, 2022	Not applicable
11.	City Resolution No. 2022-039 (San Marcelino Ordinance No. 2022 – 147: Affirming and declaring ownership of Lake Mapanuepe)	San Marcelino City	June 6, 2022	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
12.	City Resolution No. 2021-087 (Affirming Ownership and Entering into a Lease with Infineum 4 Energy Inc)	San Marcelino City	November 26, 2021	Not applicable
13.	City Resolution No. 2021-092 (Endorising Infineum 4 Energy Inc.)	San Marcelino City	December 16, 2021	Not applicable
14.	Clearance to undertake System Impact Study	DOE	April 22, 2022	Not applicable

NN. Itbayat Island UPC Asia Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 14, 2006	Not applicable
2.	Amended Articles of Incorporation	SEC	February 9, 2018	Not applicable
3.	Certificate of Filing of Amended Articles of Incorporation	SEC	February 9, 2018	Not applicable
4.	By-Laws	SEC	June 14, 2006	Not applicable
5.	Certificate of Registration	BIR	June 26, 2006	Not applicable
6.	Certificate of Registration No. WESC 2021-07-166	DOE	July 29, 2021	Not applicable
7.	Wind Energy Service Contract No. 2021-07-166	DOE	July 29, 2021	July 29, 2046
8.	Certificate of Non-Coverage No. CNC-OL-R02-2021-10-01318	DENR	October 25, 2021	Not applicable
9.	Certificate of Non-Overlap No. NCO-Region II-2022-82-C-037	NCIP	July 11, 2022	Not applicable
10.	Municipal Resolution No. 132, Series of 2021 (Supporting the Establishment of Wind Energy Facilities Project at Dalupiri Island, Calayan, Cagayan)	Sangguniang Bayan of Calayan, Cagayan	November 12, 2021	Not applicable

OO. Laguna Central Renewables Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 17, 2016	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	February 9, 2018	Not applicable
3.	Amended Articles of Incorporation	SEC	February 9, 2018	Not applicable
4.	By-Laws	SEC	November 17, 2016	Not applicable
5.	Certificate of Registration	BIR	December 1, 2016	Not applicable
6.	Certificate of Registration	DOE	December 20, 2019	Not applicable
7.	Solar Energy Service Contract No. 2019-11-542	DOE	December 20, 2019	December 20, 2044

PP. Natures Renewable Energy Devt. (NAREDCO) Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 25, 2015	Not applicable
2.	Articles of Incorporation	SEC	June 25, 2015	Not applicable
3.	By-Laws	SEC	June 25, 2015	Not applicable
4.	Certificate of Registration	BOC	December 21, 2022	December 21, 2023
5.	Certificate of Registration No. 2017-309	BOI	November 21, 2017	Not applicable
6.	Approval as RE Developer	BOI	September 4, 2017	Not applicable
7.	Certificate of Finality	DAR	June 21, 2022	Not applicable
8.	Order of Conversion No. LUCC-0622-07000	DAR	June 21, 2022	Not applicable
9.	Order of Conversion No. LUCC-0523-0834	DAR	May 15, 2023	Not applicable
10.	Certificate of No Appeal of DAR Order No. LUCC 0622-0700	Office of the President	August 2, 2022	Not applicable
11.	Certificate of No Appeal of DAR Order No. LUCC 0622-0700	Court of Appeals	August 11, 2022	Not applicable
12.	Certificate of No Objection for Cutting of Trees	Municipality of Lal-Lo	February 3, 2022	Not applicable
13.	Amended ECC No. ECC-R02-1711-0200	DENR	December 6, 2017	Not applicable
14.	Certificate of Non-Coverage No. CNC-OL-R02-2022-03-00339	DENR	March 17, 2022	Not applicable
15.	Certificate of Alienable & Disposable Land	DENR	January 26, 2022	Not Applicable
16.	Certificate of Alienable & Disposable Land	DENR	January 27, 2022	Not Applicable
17.	Certificate of non-NIPAS coverage	DENR	February 1, 2023	Not applicable
18.	Certificate of non-NIPAS coverage	DENR	January 19, 2023	Not applicable
19.	Certificate of non-NIPAS coverage	DENR	November 9, 2020	Not applicable
20.	Certificate of Confirmation of Commerciality	DOE	July 1, 2021	Not applicable
21.	Certificate of Registration No. SESC 2016-03-294	DOE	June 24, 2016	Not applicable
22.	Solar Energy Service Contract No. 2016-03-294	DOE	June 24, 2016	June 24, 2041
23.	Safety Officer's Permit SWEMD-2022-125	DOE	February 15, 2023	February 23, 2024
24.	Registry of Establishment	DOLE	August 9, 2022	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
25.	Certificate of Employer's Registration	Pag-IBIG	January 20, 2017	Not applicable
26.	Certificate of Registration	SSS	November 10, 2016	Not applicable
27.	Certificate of Registration	PhilHealth	November 19, 2021	Not applicable
28.	Certification of non-Irrigation Coverage	NIA	February 8, 2022	Not applicable
29.	Certificate of Non-Overlap No. CNO-2016-08-048	NCIP	August 22, 2016	Not applicable
30.	Certificate of Non-Overlap No. CNO-2016-08-047	NCIP	August 22, 2016	Not applicable
31.	System Impact Study	NGCP	August 16, 2019	Not applicable
32.	Connection Agreement	NGCP	Undated	Undated
33.	Facilities Study Report	NGCP	August 11, 2020	Not applicable
34.	System Impact Study	NGCP	August 16, 2019	Not applicable
35.	Business Permit No. 2023 0867	Municipality of Cainta	January 11, 2023	December 31, 2023
36.	Zoning Certification	Municipality of Lal-lo	January 12, 2021	Not applicable
37.	Zoning Certification	Municipality of Lal-lo	May 26, 2022	Not applicable
38.	Zoning Certification	Municipality of Lal-lo	July 8, 2022	Not applicable
39.	Zoning Certification	Municipality of Lal-lo	November 15, 2022	Not applicable
40.	Municipal Ordinance No. 49, Series of 2021 to reclassify land	Municipality of Lal-lo	December 2, 2021	Not applicable
41.	Barangay Business Clearance	Barangay San Isidro	January 12, 2023	Not applicable
42.	Certification of land as industrial area	Municipality of Lal-Lo	December 9, 2022	Not applicable
43.	Certification of land as industrial area	Municipality of Lal-Lo	December 2, 2022	Not applicable
44.	Barangay Clearance	Barangay Magapit	December 16, 2021	Not applicable
45.	Barangay Clearance	Barangay Sta. Maria	December 16, 2021	Not applicable
46.	Municipal Resolution No. 27, Series of 2022	Municipality of Lal-Lo	July 27, 2022	Not applicable
47.	Municipal Resolution No. 175, Series of 2015	Municipality of Lal-Lo	September 28, 2015	Not applicable
48.	Barangay Resolution No. 7, Series of 2015	Barangay Magapit	September 12, 2015	Not applicable
49.	Barangay Resolution No. 8, Series of 2022	Barangay Magapit	November 4, 2022	Not applicable
50.	Barangay Resolution No. 14, Series of 2022	Barangay Magapit	December 16, 2022	Not applicable
51.	Barangay Resolution No. 11, Series of 2015	Barangay Sta. Maria	September 13, 2015	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
52.	Barangay Resolution No. 11, Series of 2022	Barangay Sta. Maria	November 7, 2022	Not applicable
53.	Barangay Resolution No. 12, Series of 2022	Barangay Sta. Maria	November 21, 2022	Not applicable
54.	Barangay Resolution No. 15, Series of 2022	Barangay San Mariano	October 19, 2022	Not applicable
55.	Barangay Resolution No. 19, Series of 2022	Barangay San Mariano	November 16, 2022	Not applicable
56.	Certificate of Registration for Cainta	BIR	July 31, 2015	Not applicable
57.	Certificate of Registration for Lal-lo	BIR	August 4, 2022	Not applicable
58.	Transmission Service Agreement	NGCP	May 23, 2023	April 25, 2033
59.	Connection Agreement	NGCP	May 23, 2023	April 25, 2033

QQ. Palawan55 Exploration & Production Corporation

No.	Permit / License	Approving or Issuing Government Agency / Relevant Party	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 16, 2012	Not applicable
2.	Articles of Incorporation	SEC	November 16, 2012	Not applicable
3.	By-Laws	SEC	November 16, 2012	Not applicable
4.	Business Permit No. 06474	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	December 14, 2012	Not applicable
6.	Service Contract	DOE	August 5, 2005	August 4, 2040

RR. Pangasinan UPC Asia Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 1, 2006	Not applicable
2.	Articles of Incorporation	SEC	September 1, 2006	Not applicable
3.	By-laws	SEC	September 1, 2006	Not applicable
4.	Amended Articles of Incorporation	SEC	January 10, 2011	Not applicable
5.	Certificate of Registration	BIR	September 7, 2006	Not applicable
6.	Certificate of Non-Coverage No. CNC-OL-R13-2018-02-00035 (for Lake Mainit Wind Measurement Campaign)	DENR	February 15, 2018	Not applicable
7.	ECC No. ECC-R4A-2021-02-0037 (for Laguna Bay 2 Floating Solar Power Project)	DENR	February 26, 2021	Not applicable
8.	Certificate of Non-Overlap (for Laguna Bay 2 Floating Solar Power Project)	NCIP	August 11, 2021	Not applicable
9.	Certificate of Registration No. SESC 2017-08-444	DOE	October 26, 2017	Not applicable
10.	Solar Energy Service Contract No. 2017-08-444	DOE	October 26, 2017	October 25, 2042
11.	Municipal Resolution No. 18, series of 2021	Municipality of Pililla	February 23, 2021	Not applicable
12.	Barangay Resolution No. 8	Barangay Niogan	December 15, 2018	Not applicable
13.	Barangay Resolution No. 1, series of 2019	Barangay Malaya	January 11, 2019	Not applicable
14.	Barangay Resolution No. 10, series of 2018	Barangay Quisao	December 19, 2018	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
15.	System Impact Study (300MW Laguna Bay 2 Solar Power Plant Project)	NGCP	December 2020	Not applicable
16.	Interconnection Facilities Study Report	NGCP	June 30, 2021	Not applicable
17.	System Impact Study Final Report	NGCP	April 22, 2021	Not applicable

SS. **Santa Cruz Solar Energy, Inc.**

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	July 13, 2016	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	November 16, 2022	Not applicable
3.	Amended Articles of Incorporation	SEC	November 11, 2021	Not applicable
4.	By-Laws	SEC	June 9, 2016	Not applicable
5.	Business Permit No. 40955	Makati City	January 13, 2023	December 31, 2023
6.	Certificate of Registration (Head Office)	BIR	August 10, 2016	Not applicable
7.	Certificate of Registration (Branch)	BIR	August 4, 2022	Not applicable
8.	Certificate of Registration No. 2021-129	BOI	August 5, 2021	Not applicable
9.	Certificate of Registration	BOC	January 17, 2023	January 17, 2024
10.	Solar Energy Service Contract No. 2020-10-660	DOE	February 13, 2020	February 13, 2035
11.	Declaration of Commerciality (San Marcelino Solar Power Project)	DOE	March 13, 2023	Not applicable
12.	Certificate of Registration No. SESC 2020-01-660	DOE	February 13, 2020	Not applicable
13.	Certificate of Confirmation of Commerciality No. SCC-2023-03-123	DOE	March 31, 2023	Not applicable
14.	System Impact Study	NGCP	November 6, 2020	Not applicable
15.	Facilities Study	NGCP	May 2021	Not applicable
16.	ECC No. R03-09162020-4885 (San Marcelino Solar Power Plant Project)	DENR	September 22, 2020	Not applicable

17.	Amendment to ECC No. R03-09162020-4885 dated September 22, 2020	DENR	January 21, 2021	Not applicable
18.	ECC-OL-R03-2020-0607 (San Marcelino 230kV Transmission Line Project)	DENR	December 3, 2020	Not applicable
19.	Endorsement of Municipality of San Marcelino	Municipality of San Marcelino	November 6, 2020	Not applicable
20.	Endorsement of Barangay Sta. Fe	Barangay Sta. Fe	October 9, 2020	Not applicable
21.	Endorsement of Barangay San Rafael	Barangay San Rafael	October 12, 2020	Not applicable
22.	Endorsement of Barangay San Pablo	Barangay San Pablo	October 6, 2020	Not applicable
23.	Endorsement of Municipality of San Marcelino	Municipality of San Marcelino	October 21, 2020	Not applicable
24.	Municipal Resolution No. 21-113 endorsing the development and construction of the 230 KV San Marcelino-Castillejos Transmission Line Project	Municipality of Castillejos	September 17, 2021	Not applicable
25.	Municipal Resolution No. 2022-026 endorsing the development, construction and operation of the 500MWP Solar Power Plant	Municipality of San Marcelino	March 24, 2022	Not applicable
26.	Barangay Resolution No. 002 Series of 2022 endorsing the development, construction and operation of a 500MWP Solar Power Plant	Barangay Sta. Fe	January 28, 2022	Not applicable
27.	Endorsement of Municipality of Castillejos	Municipality of Castillejos	March 4, 2022	Not applicable

28.	Barangay Certificate of No Objection (Transmission line projects of SCSEI)	Barangay Pamatawan, Municipality of Subic, Zambales	October 28, 2022	Not applicable
29.	Barangay Certification of No Objection (Transmission line projects of SCSEI)	Barangay San Pablo, Municipality of Castillejos, Zambales	October 28, 2022	Not applicable
30.	Community Based Forest Management Agreement No. 030202007	Municipality of Subic, Zambales	April 3, 2022	Not applicable
31.	Registry of Establishment	DOLE	November 23, 2020	Not applicable
32.	Conditional Water Permit	NWRB	October 10, 2022	Not applicable
33.	Special Land Use Permit No. R3-OCZ-SLUP-(TLROW)-11042024-04	DENR	November 5, 2021	November 4, 2024
34.	Special Land Use Permit No. R3-OCZ-SLUP-(TLROW)-11042024-04 (Amendment)	DENR	May 4, 2022	November 4, 2024
35.	Special Land Use Permit No. R3-OCZ-SLUP-(TLROW)-08172025-06 (New)	DENR	August 18, 2022	August 17, 2025
36.	DAR Exemption Order for A.R. Case No. LSD 0224 2022	DAR	May 11, 2022	Not applicable
37.	DAR Exemption Order for A.R. Case No. LSD 0749 2022	DAR	December 13, 2022	Not applicable
38.	DAR Exemption Order for A.R. Case No. LSD 0910 2019	DAR	August 19, 2019	Not applicable
39.	DAR Exemption Order for A.R. Case No. LSD 0544 2021	DAR	January 6, 2022	Not applicable

TT.Sinocalan Solar Power Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	April 23, 2021	Not applicable
2.	Amended Articles of Incorporation	SEC	November 24, 2022	Not applicable
3.	By-Laws	SEC	April 23, 2021	Not applicable
4.	Certificate of Registration	BIR	April 28, 2021	Not applicable
5.	Certificate of Registration No. 2022-098	BOI	July 8, 2022	Not applicable
6.	Business Permit No. 18069	Makati City	January 19, 2023	December 31, 2023
7.	ECC No. ECC-OL-R01-2022-0333	DENR	October 31, 2022	Not applicable
8.	Certificate of Registration No. SEOC-2021-11-597	DOE	November 29, 2021	Not applicable
9.	Solar Energy Operating Contract No. 2021-11-597	DOE	November 29, 2021	November 29, 2046
10.	Certificate of Non-Overlap No. CNO-ROI-2022-12	NCIP	March 29, 2022	Not applicable
11.	System Impact Study	NGCP	November 28, 2022	2025 (1 year from the Project's commissioning year considered in the study)
12.	Facilities Study	NGCP	February 2023	Not applicable
13.	Certificate of Non-Irrigation Coverage	NIA	February 2, 2022	Not applicable
14.	DAR Order No. LUCC 0123-0794, series of 2023 re: Land Use Conversion from Agricultural to Industrial Use (Solar Power Plant)	DAR	January 4, 2023	Not applicable
15.	Municipal Ordinance No. 2021-13 (Land Reclassification)	Municipality of San Manuel, Pangasinan	September 15, 2021	Not applicable
16.	Barangay Resolution No. 4-2021 (Endorsement of Barangay Sto. Domingo)	Barangay Sto. Domingo, San Manuel, Pangasinan	September 6, 2021	Not applicable
17.	Barangay Resolution No. 4-2022 (Endorsement of Barangay Sto. Domingo)	Barangay Sto. Domingo, San Manuel, Pangasinan	March 1, 2022	Not applicable
18.	Municipal Resolution No. 2022-14 (Endorsement of Municipality of San Manuel)	Municipality of San Manuel, Pangasinan	March 16, 2022	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
19.	Feasibility Study Report on Santo Domingo Solar Power Project	N/A	June 9, 2021	Not applicable
20.	Certificate of Registration No. 001030012512	PhilHealth	April 27, 2023	Not applicable
21.	Certificate of Registration No. 210520380002	Pag-IBIG	June 6, 2023	Not applicable

UU. SolarAce2 Energy Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 20, 2017	Not applicable
2.	Articles of Incorporation	SEC	March 20, 2017	Not applicable
3.	By-Laws	SEC	March 20, 2017	Not applicable
4.	Business Permit No.06493	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	March 30, 2017	Not applicable
6.	Solar Energy Operating Contract (No. 2021-05-582)	DOE	June 11, 2021	Not applicable
7.	Certificate of Registration as RE Developer	DOE	June 11, 2021	Not applicable
8.	Environmental Compliance Certificate (No. R03-08102021-5123)	DENR	September 13, 2021	Not applicable
9.	Endorsement of the Project (Resolution No. 3-2021)	Local Government Unit – Brgy. Poonbato	March 4, 2021	Not applicable
10.	Endorsement of the Project (Resolution No. 89-2021)	Local Government Unit – Muncipality of Botolan	June 22, 2021	Not applicable
11.	Municipal Ordinance for Reclassification of the Land (No. 02-2021)	Local Government Unit – Botolan	June 22, 2021	Not applicable
12.	Conversion Order	DAR	May 19, 2022	Not applicable
13.	Certificate of Finality	DAR	July 28, 2022	Not applicable

VV. SolarAce3 Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	October 14, 2019	Not applicable
3.	By-Laws	SEC	October 14, 2019	Not applicable
4.	Business Permit No. 27450	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	October 15, 2019	Not applicable
6.	DOE endorsement to DAR	DOE	May 24, 2022	Not applicable
7.	Certificate of Registration No. SEOC 2022-04-617	DOE	April 29, 2022	Not applicable
8.	Solar Energy Operating Contract SEOC No. 2022-04-617	DOE	April 29, 2022	April 29, 2047
9.	Barangay Resolution No. 2 (Endorsement)	Barangay Santa Isabel	March 19, 2022	Not applicable
10.	Barangay Resolution No. 2 (Endorsement)	Barangay Tabbacac	March 19, 2022	Not applicable
11.	BARC Certificate	Barangay Sta. Isabel and BARC	March 29, 2022	Not applicable
12.	BARC Certificate	Barangay Tabbac BARC	March 29, 2022	Not applicable
13.	Municipal Resolution (Endorsement)	Municipality of Buguey	April 1, 2022	Not applicable
14.	Municipal Ordinance No. 006-2022 (An Ordinance on Reclassification of lands from agricultural to industrial use	Municipality of Buguey	April 1, 2022	Not applicable
15.	Provincial Resolution No. 2022-10-275 (on reclassification)	Cagayan Province	June 8, 2022	Not applicable
16.	DOE Endorsement to NCIP	DOE	May 24, 2022	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
17.	Certificate of Registration	PhilHealth	October 1, 2021	Not applicable
18.	Certificate of Registration	SSS	October 1, 2021	Not applicable
19.	Registry of Establishment	DOLE	October 6, 2021	Not applicable
20.	Certificate of Registration	Pag-IBIG	August 30, 2022	Not applicable
21.	Certificate of Non-Overlap	NCIP	May 10, 2023	Not applicable

WW. Solar Philippines Central Luzon Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 2, 2017	Not applicable
2.	Articles of Incorporation	SEC	March 2, 2017	Not applicable
3.	By-Laws	SEC	March 2, 2017	Not applicable
5.	Certificate of Registration	BIR	May 12, 2017	Not applicable
7.	ECC	DENR	December 17, 2020	Not applicable
9.	Endorsement of Barangay Armenia, Tarlac	Barangay Armenia	October 11, 2019	Not applicable
10.	Endorsement of Barangay Balanti, Tarlac	Barangay Balanti	October 12, 2019	Not applicable
11.	Endorsement of the City of Tarlac	Tarlac City	January 15, 2019	Not applicable
12.	System Impact Study	NGCP	January, 2019	Not applicable
13.	Certificate of Registration	DOE	September 14, 2017	Not applicable
14.	Solar Energy Service Contract	DOE	September 20, 2017	September 20, 2042

XX. **Bataan Solar Energy, Inc**.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	July 27, 2016	Not applicable
2.	Articles of Incorporation	SEC	July 27, 2016	Not applicable
3.	By-Laws	SEC	July 27, 2016	Not applicable
4.	Business Permit No. 03025	Makati City	March 28, 2023	December 31, 2023
5.	Certificate of Registration	BIR	August 23, 2016	Not applicable
6.	Certificate of Registration	BOI	October 1, 2020	October 1, 2030
7.	Certificate of Non-Overlap	NCIP	July 26, 2019	Not applicable
8.	Certificate of Registration No. SESC 2017-06-410	DOE	September 14, 2017	Not applicable
9.	Solar Energy Service Contract No. 2017-06-410	DOE	September 14, 2017	September 14, 2042
10.	Provisional Authority to Operate	ERC	May 16, 2022	May 15, 2023
11.	Certificate of Registration	SSS	September 28, 2021	Not applicable
12.	Certificate of Registration	PhilHealth	August 2, 2021	Not applicable
13.	Certificate of Registration (Compliance with the Registration Requirements of Rule 1020 of the Occupational Safety and Health Standards of the Labor Code)	DOLE	July 5, 2022	Not applicable
14.	Business Permit No. 2023-0666	Mariveles, Bataan	January 19, 2023	December 31, 2023
15.	Distribution Asset Study	Distribution Utility – Peninsula Electric Cooperative, Inc. (“**PENELCO**”)	July 10, 2018	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
16.	Distribution Impact Study Approval	Distribution Utility - PENELCO	May 21, 2018	Not applicable
17.	Certificate of Confirmation of Commerciality No. SSC-2020-05-095-A	DOE	June 18, 2021	Not applicable
18.	Decision on ERC Case No. 2021-16 MC re: Authorizing BSEI to develop and own the dedicated point-to-point limited facility to connect its BSEPP to PENELCO	ERC	February 1, 2023	Not applicable
19.	Registration Approval Form – WESM Registration (Generator Membership Category)	IEMOP	September 22, 2021	Not applicable
20.	Barangay Resolution No. 16-2017 (Endorsing BSEI's Proposed Building and Operation of a Power Plant)	Brgy. Batangas-II, Mariveles, Bataan	August 4, 2017	Not applicable
21.	Municipal Resolution No. 145-2019 (Favorably Endorsing the Intent of Bataan Solar Energy, Inc. to Develop, Construct, and Operate a Solar Power Plant)	Sangguniang Bayan of Mariveles, Bataan	September 24, 2019	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
22.	Decision on Zoning No. DZ-2020-071 (Locational Clearance Granted)	Mariveles, Bataan	September 24, 2020	Not applicable
23.	Metering Service Agreement	NGCP	September 26, 2021 (date of effectivity)	September 25, 2031
24.	Transmission Service Agreement	NGCP	November 10, 2021 (Date of Last Notarization)	September 25, 2031
25.	Market Participation Agreement	PEMC, IEMOP	October 5, 2021 (Date of Notarization)	Automatically terminates on the earlier of: (a) date Applicant has ceased to be a WESM member; or (b) date PEMC issued a deregistration notice
26.	Connection and Operations & Maintenance Agreement	PENELCO	June 8, 2021	June 8, 2046
27.	Certificate of Confirmation of Commerciality No. SSC-2020-05-095-A	DOE	June 18, 2021	Not applicable
28.	Certificate of Employer's Registration	Pag-IBIG	June 2, 2023	Not applicable
29.	DARCO Order No. EX-0609-239, series of 2006 (Application for Exemption Clearance was granted)	DAR	September 18, 2006	Not applicable

YY. Bulacan Power Generation Corporation (formerly PHINMA Power Generation Corporation)

No.	Permit / License	Approving or Issuing Government Agency/Relevant Party	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 18, 1996	Not applicable
2.	Amended Articles of Incorporation	SEC	April 22, 2020	Not applicable
3.	Amended By-Laws	SEC	April 22, 2020	Not applicable
4.	ECC CO-9611-003-2017C for the construction and operation 83MW Diesel Engine (Bunker C-Fired) Power Plant	DENR	January 14, 1998	Not applicable
5.	Change of Name of ECC Grantee (ECC-CO-9611-003-2017C)	DENR	August 31, 2021	Not applicable
6.	Amendment to ECC-CO-9611-003-2017C	DENR	October 3, 2022	Not applicable
7.	Wastewater Discharge Permit No. DP-R03-23-01297	DENR	February 10, 2023	December 10, 2023
8.	Certificate of Accreditation No. 35100-2021G-03BU-0740	DENR	July 2, 2021	July 2, 2024
9.	HW Generator Registration Ccertificate	DENR	July 11, 2019	Not applicable
10.	Special Land Use Permit No. R3-CGB-SLUP-06142026-06	DENR	June 16, 2023	June 15, 2026
11.	Certificate of Compliance No. 18-06-M-00012L	ERC	June 20, 2018	August 4, 2023
12.	Transmission Service Agreement	NGCP	October 31, 2018	February 25, 2028
13.	Amendment to Transmission Service Agreement	NGCP	January 27, 2023	Not applicable
14.	Metering Service Agreement	NGCP	October 31, 2018	June 25, 2028
15.	Interim Connection Agreement	NGCP	July 31, 2002	Not applicable
16.	Amendment to the July 31, 2002 Interim Connection Agreement	NGCP	September 12, 2002	Not applicable

No.	Permit / License	Approving or Issuing Government Agency/Relevant Party	Issue Date	Expiration
17.	Ancillary Services Procurement Agreement	NGCP	May 2, 2023	May 2, 2025
18.	Provisional authority of the Ancillary Services Procurement Agreement	ERC	May 17, 2018	Not applicable
19.	Certificate of Compliance No. 18-06-M-00012L	ERC	June 20, 2018	June 20, 2023
20.	Certificate of Membership	SSS	November 4, 1997	Not applicable
21.	Employer's Data Form	Pag-IBIG	February 22, 2010	Not applicable
22.	Certificate of Registration	PhilHealth	October 4, 2006	Not applicable
23.	Certificate of Registration No. R0301-1710-RE-052	DOLE	October 20, 2017	Not applicable
24.	Certificate of Registration	BIR	July 9, 1998	Not applicable
25.	Market Participation Agreement	PEMC	September 8, 2006	Upon ceasing to be a WESM member.
26.	Supplemental Market Participation Agreement	IEMOP	October 23, 2018	Upon ceasing to be a WESM member.
27.	Certification regarding registration as Direct WESM Member (Generator Category)	IEMOP	August 5, 2019	Not applicable
28.	Certification of No-Objection	Barangay Matictic, Norzagaray	January 9, 1998	Not applicable
29.	Certification of No-Objection	Municipality of Norzagaray	January 8, 1996	Not applicable
30.	Business Permit No. 2023-031413000-0539	Municipality of Norzagaray	January 20, 2023	December 31, 2023
31.	Memorandum of Agreement	DOE	September 24, 2004	Not applicable
32.	Interim Connection Agreement	NGCP	July 31, 2002	Termination date blank
33.	Amendment to NGCP Interim Connection Agreement	NGCP	September 12, 2002	Not applicable
34.	Zoning Certification and Locational Clearance	Municipality of Norzagaray	May 28, 1997	Not applicable
35.	Certificate of Non-Overlap No. CNO-III-2023-0398	NCIP	May 11, 2023	Not applicable

ZZ.CIP II Power Corporation

No.	Permit / License	Approving or Issuing Government Agency / Relevant Party	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 2, 1998	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	August 29, 2014	Not applicable
3.	Amended Articles of Incorporation	SEC	August 29, 2014	Not applicable
4.	Certificate of Filing of Amended By-laws	SEC	May 16, 2012	Not applicable
5.	Amended By-Laws	SEC	May 16, 2012	Not applicable
6.	Business Permit No. B-2023-0480	Bacnotan, La Union	January 16, 2023	December 31, 2023
7.	ECC (1st Amendment)	DENR	February 21, 2011	Not applicable
8.	ECC (issued to Trans-Asia Power Generation Corp.)	DENR	August 2, 2010	Not applicable
9.	Wastewater Discharge Permit WWDP-18F-01LU03-037	DENR	July 3, 2018	July 2, 2023
10.	Certificate of Non-Coverage CNC-CO-1306-0001	DENR	June 25, 2013	Not applicable
11.	Certificate of Compliance (19-05-M-00018L)	ERC	June 8, 2019	June 7, 2024
12.	Certificate of Compliance (19-12-M-00018L)	ERC	June 8, 2019	June 7, 2024
13.	Memorandum of Agreement between DOE and CIP II	DOE	March 29, 2012	Not applicable
14.	Certitification as a registered Direct WESM Member (Generator Category)	IEMOP	August 5, 2019	Not applicable
15.	Grid Impact Study	NGCP	June 2011	Not applicable
16.	Transmission Services Agreement	NGCP	January 26, 2015	August 25, 2025
17.	Amendment to Transmission Services Agreement	NGCP	January 11, 2023	August 25, 2025

No.	Permit / License	Approving or Issuing Government Agency / Relevant Party	Issue Date	Expiration
18.	Metering Services Agreement	NGCP	January 26, 2015	January 25, 2025
19.	Connection Agreement	NGCP	November 26, 2021	November 25, 2030
20.	Dispatchable Reserve Test Report	NGCP	October 17, 2019	Not applicable
21.	Generating Unit Capability Test Report	NGCP	October 17, 2019	Not applicable
22.	Certificate of Non-Overlap (Control No. RI-LU-CNO-2020-07-122)	NCIP	July 14, 2020	Not applicable
23.	Certificate of Membership 04-0991537-2	SSS	September 22, 1998	Not applicable
24.	Certificate of Employer Registration Employer ID No. 204824460000	Pag-IBIG	April 4, 2022	Not applicable
25.	Certificate of Registration PhilHealth Employer No. 200534300379	PhilHealth	April 25, 2023	Not applicable
26.	Certificate of Registration (OSHS) 01-1406-099	DOLE	June 25, 2014	Not applicable
27.	Certificate of Registration	BIR	January 12, 1999	Not applicable
28.	Zoning Certification 2101-00038	Bacnotan	March 19, 2021	Not applicable
29.	Sangguniang Bayan Resolution No. 088-2012	Bacnotan	August 14, 2012	Not applicable
30.	Supplemental Market Participation Agreement	IEMOP	October 23, 2018	Not applicable
31.	Market Participation Agreement	PEMC	February 16, 2012	Not applicable
32.	CIP II Facility Study	NGCP	June 20, 2013	Not applicable
33.	Ancillary Services Procurement Agreement	NGCP	May 2, 2023	May 2, 2028

AAA. Giga Ace 4, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 14, 2019	Not applicable
2.	Articles of Incoporation	SEC	November 14, 2019	Not applicable
3.	By-Laws	SEC	November 14, 2019	Not applicable
4.	Certificate of Registration	BIR	November 29, 2019	Not applicable
5.	Business Permit No. 28823	Makati City	January 31, 2023	December 31, 2023
6.	Business Permit No. 2023-247	Municipality of Alaminos	January 20, 2023	December 31, 2023
7.	Barangay Resolution No. 5 Series of 2020	Barangay San Andres	June 5, 2020	Not applicable
8.	Certificate of Non-Overlap	NCIP	July 1, 2020	Not applicable
9.	ECC No. ECC-OL-R4A-2020-0394 (for the 30MW Alaminos Battery Energy Storage System Project)	DENR	September 9, 2020	Not applicable
10.	ECC No. ECC-R4A-2022-01-0004 (for the 40MW Battery Energy Storage System (BESS) Expansion Project)	DENR	January 12, 2022	Not applicable
11.	Municipal Resolution No. 96	Municipality of Alaminos	July 6, 2019	Not applicable
12.	Certificate of Registration	PhilHealth	October 6, 2020	Not applicable
13.	Registry of Establishment	DOLE	November 3, 2020	Not applicable
14.	Certificate of Registration	BOI	December 23, 2020	Not applicable
15.	Amended Articles of Incorporation	SEC	January 13, 2023	Not applicable
16.	Order of Exemption (Order No. EX-0909-305 Series of 2009)	DAR	September 1, 2009	Not applicable
17.	Certificate of Finality (of Order of Exemption)	DAR	October 26, 2009	Not applicable
18.	Municipal Resolution No. 35 (reclassification)	Municipality of Alaminos	May 20, 1997	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
19.	Connection Agreement	NGCP	April 19, 2023	July 25, 2031
20.	Metering Service Agreement	NGCP	March 16, 2023	July 25, 2031
21.	Transmission Service Agreement	NGCP	April 19, 2023	July 25, 2031
22.	Certification of WESM Registration	IEMOP	March 3, 2023 (WESM Registration since September 16, 2021)	Not applicable
23.	Market Participation Agreement	PEMC, IEMOP	July 15, 2022	None
24.	Registry of Establishment	DOLE	August 23, 2022	Not applicable
25.	Discharge Permit No. DP(N)-16(c)-2022-02081	LLDA	May 13, 2022	August 16, 2023
26.	Ancillary Services Procurement Agreement	NGCP	May 2, 2023	5 years from date of ERC approval or May 1, 2028
27.	Certificate of Registration	SSS	May 14, 2023	Not applicable
28.	Case No. 2021-017 MC (In the Matter of Application for Authority to Develop, Own and/or Operate Dedicated Point-to-Point Limited Transmission Faciltiies to Connect the 40MW Alaminos Battery Energy Storage System to the Bay 69KV Substation of the NGCP, with Prayer for Provisional Authority or Interim Relief)	ERC	May 14, 2021	Not applicable
29.	Certificate of Employer's Registration	Pag-IBIG	May 29, 2023	Not applicable

BBB. Gigasol3, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 13, 2017	Not applicable
2.	Amended Articles of Incorporation	SEC	January 27, 2023	Not applicable
3.	By-Laws	SEC	March 13, 2017	Not applicable
4.	Business Permit No. 2023-037108000-0221	Municipality of Palauig, Zambales	January 20, 2023	December 31, 2023
5.	Business Permit No. 06486	Makati City	February 3, 2023	December 31, 2023
6.	Certification (Parcels of land are not within Pampanga Sugar Milling District)	DAR	September 27, 2019	Not applicable
7.	Certificate of Inspection/Verification (Coconut lands applied for conversion to other land use matter)	DAR	September 9, 2019	Not applicable
8.	Barangay Resolution for the Endorsement of the Sangguniang Barangay of Cauyan, Palauig, Zambales	Barangay Cauyan, Palauig, Zambales	August 9, 2019	Not applicable
9.	Barangay Resolution for the Endorsement of the Sangguniang Barangay of Salaza, Palauig, Zambales	Barangay Salaza, Palauig, Zambales	August 16, 2019	Not applicable
10.	Municipal Resolution for the Endorsement of the Sangguniang Bayan of Municipality of Palauig, Zambales	Municipality of Palauig, Zambales	November 13, 2019	Not applicable
11.	Municipal Ordinance No. 161 Reclassifying Parcel of Land from Agricultural to Industrial Use	Municipality of Palauig, Zambales	November 27, 2019	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
12.	Provincial Resolution approving Municipal Ordinance No. 161	Province of Zambales	February 26, 2020	Not applicable
13.	Barangay Clearance	Barangay Cauyan	October 15, 2019	Not applicable
14.	Barangay Certificate of No Objection to proposed 60MWP DC Solar Power Plant Project	Barangay Cauyan	August 9, 2019	Not applicable
15.	Barangay Certificate of No Objection to proposed 60MWP DC Solar Power Plant Project	Barangay Salaza	August 16, 2019	Not applicable
16.	ECC No. ECC-OL-R03-2020-0059 (50MW Solar Power Project in Palauig, Zambales)	DENR	January 27, 2020	Not applicable
17.	Wastewater Discharge Permit	DENR EMB	August 9, 2022	July 9, 2023
18.	Solar Energy Operating Contract (SEOC No. 2020-02-560)	DOE	February 27, 2020	February 26, 2045
19.	Certificate of Registration No. SEOC 2020-02-560	DOE	February 27, 2020	Not applicable
20.	Amended Certificate of Registration No. SEOC 2020-02-560-A	DOE	May 11, 2021	Not applicable
21.	Application with Prayer for Provisional Authority or Interim Relief	ERC	January 12, 2021	Not applicable
22.	Extension of Provisional Authority to Operate	ERC	June 23, 2022	June 23, 2023

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
23.	Decision of ERC Case No. 2021-001 MC on Application of GigaSol3 to develop, own, and/or operate dedicated point-to-point limited facilities dated December 3, 2020	ERC	October 18, 2021	Not applicable
24.	Decision of ERC Case No. 2021-001 MC on Application of GigaSol3 to develop, own, and/or operate dedicated point-to-point limited facilities dated December 3, 2020	ERC	February 7, 2023	Not applicable
25.	Decision of ERC Case No. 2021-001 MC on Application of GigaSol3 to develop, own, and/or operate dedicated point-to-point limited facilities dated December 3, 2020	ERC	February 16, 2021	Not applicable
26.	BOI Registration (COR No. 2020-116)	BOI	July 10, 2020	Not applicable
27.	Certificate of Registration	BIR	March 24, 2017	Not applicable
28.	Certificate of Registration	SSS	December 27, 2018	Not applicable
29.	Certificate of Registration	PhilHealth	August 15, 2018	Not applicable
30.	Employer Registration	Pag-IBIG	January 23, 2020	Not applicable
31.	Registry of Establishment	DOLE	January 28, 2020	Not applicable
32.	System Impact Study	NGCP	October 28, 2020	Not applicable
33.	Certificate of Non-Overlap	NCIP	October 30, 2020	Not applicable
34.	Facilities Study of Solar Power Project in Palauig, Zambales	NGCP	October 28, 2020	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
35.	Interconnection Facilities Study Report for the 63 MWP Solar Power Plant Project of Gigasol3	NGCP	December 15, 2020	Not applicable
36.	Connection Agreement between NGCP and Gigasol3	NGCP	Undated (Agreement to take effect on date of the signature of last party to sign)	December 25, 2030
37.	Metering Service Agreement Between NGCP and Gigasol3	NGCP	December 26, 2020	December 25, 2030
38.	Transmission Service Agreement Between NGCP and Gigasol3	NGCP	Undated (Agreement to take effect on date of the signature of last party to sign)	January 25, 2031
39.	Provisional Certificate of Approval to Connect	NGCP	January 30, 2021	Not applicable
40.	Provisional Certificate of Approval to Connect	NGCP	February 12, 2021	Not applicable
41.	Approval of Registration of Gigasol3 as Direct WESM Member and Trading Participant	IEMOP	February 2, 2021	Not applicable
42.	Renewable Energy Market Participation Agreement	PEMC	April 30, 2020	Not applicable
43.	Order Granting the Application for Exclusion from CARP Coverage Involving a Parcel of Land Located at Brgy. Salaza, Palauig, Zambales with TCT No. T-33853	DAR	December 18, 2000	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
44.	Order Granting the Application for Exclusion from CARP Coverage Involving Two Parcels of Land Located at Brgy. Salaza, Palauig, Zambales	DAR	October 26, 1998	Not applicable
45.	Implementation Order	DAR	March 30, 2001	Not applicable
46.	Water Permit	NWRB	October 25, 2021	Not applicable
47.	Certificate of Compliance with Occupational Safety and Health Standards	DOLE	March 30, 2023	Not applicable
48.	Application for renewal of ERC Provisional Authority to Operate	ERC	May 3, 2023	Not applicable

CCC. Greencore Power Solutions 3, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 17, 2018	Not applicable
2.	Amended Articles of Incorporation	SEC	August 27, 2020	Not applicable
3.	By-Laws	SEC	October 17, 2018	Not applicable
4.	Business Permit No. 2022-035403000-1652	Municipality of Arayat, Pampanga	January 19, 2023	December 31, 2023
5.	DAR Order No. LUCC 1220-0470, series of 2020 re: Land Use Conversion from Agricultural to Industrial Use (Solar Power Plant)	DAR	December 17, 2020	Not applicable
6.	DAR Order No. LUCC 0321-0541, series of 2021 re: Land Use Conversion from Agricultural to Industrial Use (Solar Power Plant)	DAR	March 29, 2021	Not applicable
7.	ECC No. ECC-OL-R03-2020-0558	DENR-EMB	November 13, 2020	Not applicable
8.	ECC Amendment – Correction of project name	DENR-EMB	August 4, 2021	Not applicable
9.	Wastewater Discharge Permit No. DP-R03-22-04800	DENR-EMB	July 11, 2022	July 11, 2023
10.	Certificate of Non-Overlap No. RIII-CNO-20-09-0021	NCIP	September 17, 2020	Not applicable
11.	Municipal Ordinance No. 5- 2020 (Land Reclassification)	Municipality of Arayat, Pampanga	March 30, 2020	Not applicable
12.	Municipal Ordinance No. 15-2020 (Land Reclassification)	Municipality of Arayat, Pampanga	October 12, 2020	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
13.	Municipal Ordinance No. 10-2020 (Land Reclassification)	Municipality of Mexico, Pampanga	September 7, 2020	Not applicable
14.	Barangay Resolution No. 20-2020 (Endorsement of Barangay Buenavista, Mexico, Pampanga)	Barangay Buenavista, Mexico, Pampanga	June 29, 2020	Not applicable
15.	Barangay Resolution No. 2020-4 (Endorsement of Barangay San Antonio, Arayat, Pampanga)	Barangay San Antonio, Arayat, Pampanga	February 19, 2020	Not applicable
16.	Solar Energy Service Contract No. 2019-12-558	DOE	December 23, 2019	December 23, 2044
17.	Certificate of Confirmation of Commerciality No. SCC-2022-04-114 (Arayat Solar Power Project)	DOE	April 22, 2022	Not applicable
18.	Certificate of Registration	BIR	October 17, 2018	Not applicable
19.	Certificate of Registration No. SESC 2019-12-558-AFI	DOE	February 24, 2021	Not applicable
20.	Certificate of Registration No. 2020-221	BOI	November 20, 2020	Not applicable
21.	Certificate of Registration No. 2022-109	BOI	July 26, 2022	Not applicable
22.	Provisional Authority to Operate	ERC	June 21, 2022	June 20, 2023
23.	Connection Agreement	NGCP	April 21, 2022	July 25, 2031
24.	Metering Service Agreement	NGCP	July 26, 2021	July 25, 2031
25.	Transmission Service Agreement	NGCP	April 21, 2022	July 25, 2031

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
26.	Decision in ERC Case No. 2021-029 MC - ERC Approval of Dedicated, Point-to-Point, Limited Transmission Facilities	ERC	October 20, 2022	Not applicable
27.	Facilities Study for Arayat Solar Energy Power Plant	NGCP	November 6, 2020	Not applicable
28.	System Impact Study for Arayat Solar Power Plant	NGCP	June 2020	Not applicable
29.	Market Participation Agreement	PEMC	October 28, 2021	Upon ceasing to be a WESM member
30.	Municipal Resolution No. 57-2020 (Endorsement of Municipality of Arayat, Pampanga)	Municipality of Arayat, Pampanga	June 22, 2020	Not applicable
31.	Municipal Resolution No. 82-2020 (Endorsement of Municipality of Mexico, Pampanga)	Municipality of Mexico, Pampanga	July 20, 2020	Not applicable
32.	Provincial Resolution No. 6409 (Endorsement of Province of Pampanga)	Pampanga Province	September 14, 2020	Not applicable
33.	Provincial Resolution No. 6550 (Land Reclassification – Arayat)	Pampanga Province	November 23, 2020	Not applicable
34.	Provincial Resolution No. 6241 (Land Reclassification – Arayat)	Pampanga Province	June 16, 2020	Not applicable
35.	Provincial Resolution No. 6485 (Land Reclassification – Mexico)	Pampanga Province	October 12, 2020	Not applicable
36.	Registration as a WESM member	PEMC	February 1, 2022	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
Phase 2 (Development Stage)				
37.	Certificate of Registration	BIR	October 24, 2018	Not applicable
38.	Business Permit No. 2022-035403-00114	Municipality of Arayat	January 19, 2023	December 31, 2023
39.	Order of Conversion Docket No. 304-102621 LUCF No. 2021-210	DAR	November 2, 2021	Not applicable
40.	Order of Conversion DARCO Order No. LUCC-0622-0701	DAR	June 21, 2022	Not applicable
41.	Order of conversion Docket No. 304-102621 LUCF No. 2021-215	DAR	October 29, 2021	Not applicable
42.	Order of conversion Docket No. 304-102621 LUCF No. 2021-212	DAR	October 29, 2021	Not applicable
43.	ECC No. ECC-OL-R03-2021-0669	DENR	November 18, 2021	Not applicable
44.	Certificate of Registration No. SEOC 2022-04-623	DOE	May 5, 2022	Not applicable
45.	Solar Energy Operating Contract No. 2022-04-623	DOE	May 5, 2022	May 5, 2047
46.	Provisional Certificate of Approval to Connect	NGCP	March 21, 2023	Not applicable
47.	Municipal Resolution No. 29-2021(Endorsement of Municipality of Arayat, Pampanga)	Municipality of Arayat	September 27, 2021	Not applicable
48.	Barangay Resolution No. 22-2021 (Endorsement of Barangay Buenavista, Mexico, Pampanga)	Barangay Buenavista	August 31, 2021	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
49.	Barangay Resolution No. 2021-003 (Endorsement of Barangay San Antonio, Arayat, Pampanga)	Barangay San Antonio	August 15, 2021	Not applicable
50.	Municipal Resolution No. 107-2021(Endorsement of Municipality of Mexico, Pampanga)	Municipality of Mexico	October 11, 2021	Not applicable
51.	Provincial Resolution No. 7129	Pampanga Province	December 6, 2021	Not applicable
52.	Municipal Ordinance No. 04-2021(Land Reclassification)	Municipality of Arayat	September 14, 2021	Not applicable
53.	Municipal Ordinance No. 11-2021 (Land Reclassification)	Municipality of Mexico	October 11, 2021	Not applicable
54.	Provincial Resolution No. 7104 (Land Reclassification)	Pampanga Province	November 22, 2021	Not applicable
55.	Zoning Certificate	Municipality of Arayat	August 9, 2021	Not applicable
56.	Locational Clearance No. LC-10-28-2021-52	Municipality of Arayat	October 28, 2021	Not applicable
57.	Land Use and Zoning Certificate	Municipality of Mexico	September 15, 2021	Not applicable
58.	Business Permit No. 20203-035413000-0493	Municipality of Mexico	January 13, 2023	December 31, 2023
59.	Registration as a WESM member	PEMC	February 1, 2022	Not applicable
60.	System Impact Study	NGCP	February 2022	Not applicable
61.	Market Participation Agreement	PEMC	October 28, 2021	Upon ceasing to be a WESM member
62.	Certificate of Non-Overlap No. RII-CNO-20-09-0021	NCIP	September 17, 2020	Not applicable
63.	Connection Agreement	NGCP	April 24, 2023	January 25, 2033

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
64.	Facilities Study	NGCP	March 2022	Not applicable

DDD. Guimaras Wind Corporation (formerly PHINMA Renewable Energy Corporation)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 2, 1994	Not applicable
2.	Amended Articles of Incorporation	SEC	June 13, 2017	Not applicable
3.	Amended By-Laws	SEC	June 13, 2017	Not applicable
4.	Amended Articles of Incorporation	SEC	April 30, 2020	Not applicable
5.	Amended By-Laws	SEC	April 30, 2020	Not applicable
6.	Barangay M. Chavez Endorsement	Brgy. M. Chavez, San Lorenzo, Guimaras	December 10, 2011	Not applicable
7.	Barangay Suclaran Endorsement	Brgy. Suclaran, San Lorenzo, Guimaras	December 1, 2011	Not applicable
8.	Barangay Cabano Endorsement	Brgy. Cabano, San Lorenzo, Guimaras	December 8, 2011	Not applicable
9.	Barangay Cabungahan Endorsement	Brgy. Cabungahan, San Lorenzo, Guimaras	November 19, 2011	Not applicable
10.	Municipality of San Lorenzo, Guimaras Endorsement	San Lorenzo, Guimaras	January 25, 2012	Not applicable
11.	Business Permit No. BP-2023-492	Municipality of San Lorenzo, Guimaras	January 18, 2023	December 31, 2023
12.	Province of Guimaras Endorsement	Guimaras	January 30, 2013	Not applicable
13.	Certificate of Registration	DOE	October 23, 2009	Not applicable
14.	Amended Certificate of Registration	DOE	October 30, 2020	Not applicable
15.	Wind Energy Service Contract No. 2009-10-009	DOE	October 23, 2009	October 23, 2034

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
16.	Memorandum of Agreement between DOE and Trans-Asia Renewable Energy Corporation	DOE	March 24, 2015	Not applicable
17.	Certificate of Endorsement	DOE	April 7, 2015	Not applicable
18.	Certificate of Endorsement for Feed-in Tariff Eligibility	DOE	June 10, 2015	Not applicable
19.	ECC No. R6-0912-380-4220	DENR-EMB	February 19, 2010	Not applicable
20.	ECC No. R6-0912-380-4220	DENR-EMB	October 27, 2020	Not applicable
21.	ECC No. R6-1203-092-9999	DENR-EMB	May 14, 2012	Not applicable
22.	ECC No. R6-1203-092-9999A	DENR-EMB	November 5, 2020	Not applicable
23.	Wastewater Discharge Permit No. DP-R06-23-03061	DENR-EMB	April 3, 2023	July 3, 2024
24.	Certificate of Compliance No. 20-02-M-00029V	ERC	February 18, 2020	March 1, 2025
25.	Certificate of Compliance No. 21-05-5-04292V	ERC	May 31, 2021	May 31, 2026
26.	Certificate of Registration	ERC	April 12, 2023	Not applicable
27.	Certificate of Non-Overlap	NCIP Region VI/VII	July 23, 2010	Not applicable
28.	ERC Case No. 2014-032MC Decision (point to point limited facilites)	ERC	October 15, 2014	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
29.	ERC Case No. 2015-013MC Decision	ERC	December 10, 2015	Not applicable
30.	Connection Agreement	NGCP	November 4, 2013	November 4, 2033
31.	System Impact Study	NGCP	January 2013	Not applicable
32.	Confirmation of Commerciality No. WCC-2013-04-002	DOE	May 16, 2013	Not applicable
33.	Certificate of Registration	BIR	July 9, 1998	Not applicable
34.	Certificate of Registration	PhilHealth	July 20, 2017	Not applicable
35.	Market Participation Agreement	PEMC	TAREC - August 15, 2014 PEMC – October 31, 2014	Not applicable
36.	Registry of Establishment	DOLE	December 18, 2015	Not applicable
37.	Notice of Results (Routine Inspection) showing compliance with general labor standards and OSHS	DOLE	October 18, 2022	Not applicable
38.	Certificate of Accreditation (OSH Practitioner in the field of Power Generation)	DOLE	November 8, 2021	Not applicable
39.	Transmission Service Agreement	NGCP	May 15, 2015	October 25, 2024
40.	Final Certificate of Approval to Connect	NGCP	May 4, 2015	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
41.	Metering Service Agreement	NGCP	May 4, 2015	October 25, 2024
42.	Amendment to Transmission Service Agreement in Compliance with OATS Rules 2022	NGCP	January 27, 2023	October 25, 2024
43.	Certificate of Employer's Registration	Pag-IBIG	March 16, 2021	Not applicable
44.	Employer Data Form in the name of Trans-Asia Renewable Energy Corporation	Pag-IBIG	August 1, 2013	Not applicable
45.	Employer's Change of Name from Trans-Asia Renewable Energy Corporation to Phinma Renewable Energy Corporation	Pag-IBIG	November 26, 2017	Not applicable
46.	Certificate of Registration	SSS	March 17, 2021	Not applicable
47.	Employer Data Change Request	SSS	November 16, 2017	Not applicable
48.	Certificate of Registration	BOI	June 15, 2011	Not applicable

EEE. Ingrid Power Holdings, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 7, 2018	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	August 4, 2021	Not applicable
3.	Amended Articles of Incorporation	SEC	August 4, 2021	Not applicable
4.	Certificate of Filing of Amended By-Laws	SEC	August 4, 2021	Not applicable
5.	Amended By-Laws	SEC	August 4, 2021	Not applicable
6.	Business Permit No. 28824	Makati City	January 31, 2023	December 31, 2023
7.	Certificate of Registration	BIR	June 20, 2018	Not applicable
8.	ECC No. ECC-CO-1809-0026	DENR-EMB	February 26, 2019	Not applicable
9.	Certificate of Endorsement No. 2021-10-227	DOE	October 20, 2021	Not applicable
10.	Certificate of Non-Overlap No. CNO RIV-RIZ-2019-02-08	NCIP	February 27, 2019	Not applicable
11.	LLDA Clearance	LLDA	April 22, 2019	Not applicable
12.	Endorsement of Barangay Malaya	Sangguniang barangay of Malaya, Pililla, Rizal	March 20, 2018	Not applicable
13.	Endorsement of the Municipality of Pililla	Sangguniang Bayan of Pililla, Rizal	August 13, 2019	Not applicable
14.	No Objection Certification	Rizal Province	March 9, 2020	Not applicable
15.	Sangguniang Panlalawigan Resolution (No Objection)	Rizal Province	July 6, 2020	Not applicable
16.	Development Permit	Municipality of Pililla	July 28, 2020	Not applicable
17.	Zoning Certification	Municipality of Pililla	May 25, 2018	Not applicable
18.	Market Participation Agreement	IEMOP	Date of approval of WESM registration	Not applicable
19.	Certification of WESM Registration (Generation Company Category)	IEMOP	March 3, 2023 (Member since May 12, 2021)	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
20.	Facility Study	NGCP	April 12, 2019	Not applicable
21.	Amendment to the Facility Study	NGCP	December 15, 2020	Not applicable
22.	System Impact Study	NGCP	January 24, 2019	Not applicable
23.	Amendment to the System Impact Study	NGCP	January 19, 2021	Not applicable
24.	Connection Agreement between NGCP and Ingrid Power Holdings, Inc.	NGCP	February 9, 2021	September 25, 2030
25.	Transmission Service Agreement between NGCP and Ingrid Power Holdings, Inc.	NGCP	November 24, 2022	March 25, 2031
26.	Metering Service Agreement	NGCP	March 26, 2021	March 25, 2031
27.	ERC Approval of Dedicated, Point-to-Point, Limited Transmission (ERC Case No. 2020-007 MC)	ERC	September 15, 2021	Not applicable
28.	Registry of Establishment	DOLE	January 28, 2020	Not applicable
29.	Certificate of Registration	Pag-IBIG	February 14, 2020	Not applicable
30.	Certificate of Registration	SSS	January 30, 2020	Not applicable
31.	Certificate of Registration	PhilHealth	January 30, 2020	Not applicable

FFF. Monte Solar Energy, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	July 25, 2014	Not applicable
2.	Amended Articles of Incorporation	SEC	March 11, 2016	Not applicable
3.	Amended By-Laws	SEC	March 11, 2016	Not applicable
4.	Certificate of Registration	DOLE	February 9, 2017	Not applicable
5.	Endorsement of the Sangguniang Barangay of Tamisu, City of Bais, Negros Oriental	Barangay Tamisu	June 3, 2014	Not applicable
6.	Endorsement of the Sangguniang Panlungsod of the City of Bais	Bais City	September 17, 2014	Not applicable
7.	Certificate of Non-Overlap (R7-2015-08-0023)	NCIP	August 4, 2015	Not applicable
8.	Certification of Exclusion from DAR Coverage	DAR	September 7, 2015	Not applicable
9.	System Impact Study	NGCP	February 16, 2016	Not applicable
10.	WESM Registration	PEMC	February 24, 2016	Not applicable
11.	Certificate of Registration	BIR	October 24, 2014	Not applicable
12.	BIR Importer Clearance Certificate	BIR	September 15, 2015	Not applicable
13.	Pag-IBIG Registration	Pag-IBIG	February 6, 2015	Not applicable
14.	SSS Employer Registration	SSS	December 2, 2015	Not applicable
15.	BOI Registration	BOI	October 14, 2015	October 13, 2025
16.	ERC Decision re: Approval of Operation of Point-to-Point Limited Facilities	ERC	June 6, 2017	Not applicable
17.	Certificate of Approval to Connect	NGCP	April 5, 2017	Not applicable
18.	Confirmation of Commerciality	DOE	December 9, 2015	Not applicable
19.	Solar Energy Service Contract (SESC No. 2014-09-090) between DOE and SACASOL	DOE	September 15, 2014	September 14, 2039
20.	Certificate of Approval of Increase of Capital Stock	SEC	June 22, 2020	Not applicable
21.	BOI granting Advanced Authority to Import	BOI	October 7, 2015	Not applicable
22.	Certificate of Registration No. 2015-218	BOI	October 15, 2015	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
23.	MARO Certification (Excluded from CARP Coverage)	DAR	August 26, 2015	Not applicable
24.	Order of Exclusion	DAR	January 13, 1997	Not applicable
25.	Letter of Approval of Amendment of ECC	DENR	August 25, 2017	Not applicable
26.	Wastewater Discharge Permit (Renewal)	DENR	March 3, 2023	March 3, 2024
27.	ECC (ECC-RO7-1411-0225)	DENR	December 2, 2014	Not applicable
28.	Amendment of ECC dated July 7, 2016	DENR	August 25, 2017	Not applicable
29.	Clearance to Undertake System Impact Study	DOE	July 20, 2016	Not applicable
30.	Certificate of Registration	DOE	May 26, 2015	Not applicable
31.	Certificate of Endorsement for Feed-in Tariff Eligibility	DOE	June 03, 2016	Not applicable
32.	Notice of Results	DOLE	July 13, 2022	Not applicable
33.	NWPC Form 1	DLE-NWPC-RTWPB	January 5, 2018	Not applicable
34.	Certification of issuance of Provisional Authority to Operate with validity from July 14, 2021 to July 14, 2022	ERC	September 8, 2022	Not applicable
35.	Certification that an extension of Provisional Authority to Operate for Feed-In Tariff-Eligible 17.998 MWp Bais Solar Power Plan is being requested on May 30, 2022	ERC	May 19, 2023	November 19, 2023 or until the resolution of COC-FIT renewal application, whichever comes earlier
36.	Certificate of Compliance	ERC	April 30, 2021	April 29, 2026
37.	Business Permit No. 2023-0796	Bais City	February 10, 2023	December 31, 2023
38.	Bais City Zoning Board of Appeals Resolution	Bais City	May 18, 2015	Not applicable
39.	Barangay Resolution endorsing Monte Solar Energy	Barangay Tamisu	June 3, 2014	Not applicable
40.	Certification of Land Use & Zoning Reclassification	Bais City	September 19, 2013	Not applicable
41.	Certification Bais City is endorsing the project	Bais City	May 19, 2015	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
42.	Certification	Bais City-City Planning and Development Office and Office of the Zoning Administrator	April 13, 2015	Not applicable
43.	Certificate of Non-Overlap (R7-2016-11-042)	NCIP	November 10, 2016	Not applicable
44.	Market Participant Agreement for Direct WESM Members	PEMC	February 16, 2006	Not applicable
45.	Certificate of Registration	PhilHealth	March 17, 2021	Not applicable
46.	Certificate of Confirmation of Commerciality	DOE	December 9, 2015	Not applicable
47.	NGCP Connection Agreement	NGCP	August 30, 2016 (Date of Notarization)	February 25, 2026
48.	ERC approval of dedicated point-to-point limited transmission facilities	ERC	June 6, 2017	Not applicable
49.	Wastewater Discharge Permit	DENR-EMB	March 3, 2023	March 3, 2024
50.	Metering Services Agreement	NGCP	September 29, 2016 (Date of Notarization)	February 25, 2026 *Coterminus with the Transmission Service Agreement, unless terminated sooner by NGCP
51.	Transmission Services Agreement	NGCP	October 20, 2016 (Date of Notarization)	February 25, 2026
52.	City Resolution No. 291, Series of 2014 approving the construction and operation of the solar plant	Bais City	September 17, 2014	Not applicable
53.	DOE Approval of the Assignment of Solar Energy Service Contract (SESC No. 2014-09-090) between DOE and SACASOL to MONTESOL	DOE	May 20, 2015	Not applicable

GGG. Negros Island Solar Power, Inc. (ISLASOL)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 5, 2014	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	January 10, 2023	Not applicable
3.	Amended Articles of Incorporation	SEC	January 10, 2023	Not applicable
4.	Certificate of Filing of Amended By-laws	SEC	January 11, 2016	Not applicable
5.	Amended By-laws	SEC	January 11, 2016	Not applicable
6.	ECC No. ECC-R6-1406-0216-4220A	DENR	July 11, 2014	Not applicable
7.	ECC No. ECC-R6-1504-0168-4220A	DENR	April 24, 2015	Not applicable
8.	Letter approval of amendment of project proponent in connection with ECC dated April 24, 2015	DENR	July 27, 2016	Not applicable
9.	Certificate of Non-coverage CNC-OL-R06-2015-09-05878	DENR	September 11, 2015	Not applicable
10.	Certification (Negros Island Solar Power Incorporated shall install 3 kilometers transmission line)	DENR	September 15, 2015	Not applicable
11.	Conditional Water Permit	DENR	May 24, 2022	May 24, 2023
12.	Certificate of Registration (San Carlos)	BIR	July 2, 2015	Not applicable
13.	Certificate of Registration (Manapla)	BIR	June 30, 2016	Not applicable
14.	Certificate of Registration (Capacity amended from 18MW to 32MW)	BOI	October 3, 2014	Not applicable
15.	Certificate of Registration (La Carlota City)	BOI	November 4, 2015	Not applicable
16.	Certificate of Registration (Manapla)	BOI	November 4, 2015	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
17.	Certificate of Registration No. SESC 2015-04-220 (in the name of SACASOL)	DOE	April 17, 2015	Not applicable
18.	Certificate of Registration No. SESC 2016-03-290	DOE	March 14, 2016	Not applicable
19.	Certificate of Registration No. SESC 2015-04-220 (in the name of ISLASOL pursuant to approval of assignment of SESC)	DOE	September 11, 2015	Not applicable
20.	Approval of Assignment of Solar Energy Service Contract from SACASOL to ISLASOL	DOE	August 27, 2015	Not applicable
21.	Certificate of Registration No. SESC 2014-05-080	DOE	June 10, 2014	Not applicable
22.	Certificate of Registration No. SESC 2014-05-080 (in the name of ISLASOL pursuant to approval of assignment of SESC)	DOE	September 11, 2015	Not applicable
23.	Solar Energy Service Contract No. 2015-04-220	DOE	April 17, 2015	April 15, 2040
24.	Confirmation of Commerciality No. SCC-2015-10-030	DOE	December 9, 2015	Not applicable
25.	Confirmation of Commerciality No. SCC-2016-03-051	DOE	March 14, 2016	Not applicable
26.	Confirmation of Commerciality No. SCC-2015-10-033	DOE	November 10, 2015	Not applicable
27.	Confirmation of Commerciality	DOE	September 11, 2015	Not applicable
28.	Certification (San Carlos Energy is a RE Developer)	DOE	May 22, 2015	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
29.	Decision approving the application of Negros Island Solar Power Inc. to develop and own or operate dedicated point to point limited facilities to connect the 27.2 MW Solar Power Plant to the Bacolod-San Enrique 69kV Line	ERC	June 6, 2017	Not applicable
30.	Decision approving the application of Negros Island Solar Power Inc. to develop and own and/or operate dedicated point to point limited facilities to connect the 240.7MW Solar Power Plant to the Visayas Grid	ERC	June 20, 2017	Not applicable
31.	Connection Agreement between NGCP and ISLASOL	NGCP	[2015]	November 25, 2025
32.	Connection Agreement between NGCP and ISLASOL	NGCP	May 24, 2016 (Date of Notarization)	January 25, 2026
33.	Metering Service Agreement between NGCP and ISLASOL	NGCP	September 29, 2016	
34.	Transmission Service Agreement between NGCP and ISLASOL	NGCP	October 20, 2016	November 25, 2025
35.	PEMC Approval of Registration of Negros Island Solar Power Inc.	PEMC	February 29, 2016	Not applicable
36.	Market Participation Agreement for Direct WESM Members	PEMC	February 16, 2016 (Date of Notarization)	Automatically terminates on the earlier of: (a) date Applicant has ceased to be a WESM member; or (b) date PEMC issued a deregistration notice

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
37.	Approval of WESM Registration of ISLASOL III Solar Power Plant as Additional Facility of ISLASOL	PEMC	March 2, 2016	Not applicable
38.	Metering Service Agreement between NGCP and ISLASOL	NGCP	October 7, 2016 (Date of Notarization)	November 25, 2025
39.	Metering Service Agreement between NGCP and ISLASOL	NGCP	September 29, 2016 (Date of Notarization)	November 25, 2025
40.	Transmission Service Agreement between NGCP and ISLASOL	NGCP	October 20, 2016 (Date of Notarization)	November 25, 2025
41.	Transmission Service Agreement between NGCP and ISLASOL	NGCP	October 20, 2016 (Date of Notarization)	November 25, 2025
42.	MARO Certification that lots were not subjected to the coverage of CARPER	DAR	March 9, 2015	Not applicable
43.	MARO Certification that lot is within Agro-Industrial Zone	DAR	May 18, 2015	Not applicable
44.	MARO Certification that lot is within Agro-Industrial Zone	DAR	August 11, 2015	Not applicable
45.	MARO Certification that lot is within Agro-Industrial Zone	DAR	August 19, 2015	Not applicable
46.	Clearance (Granting a retention area)	DAR	July 11, 2012	Not applicable
47.	Wastewater Discharge Permit	DENR	February 16, 2023	January 16, 2024
48.	Business Permit No. 2023-03063-0	San Carlos City, Negros Occidental	February 2, 2023	December 31, 2023

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
49.	Business Permit No. 2023-064516000-1314	La Carlota City, Negros Occidental	February 2, 2023	December 31, 2023
50.	City Ordinance (Re-zoning/reclassification as Agro-industrial Zone)	La Carlota City, Negros Occidental	January 27, 2014	Not applicable
51.	Certificate on Zoning Compliance for Business	La Carlota City, Negros Occidental	January 13, 2021	Not applicable
52.	Certification (Lots are outside of the Strategic Agriculture Fisheries Development Zone and the Network of Protected Areas for Agricultural Land and Agro-industrial Development)	La Carlota City, Negros Occidental	February 6, 2015	Not applicable
53.	Certification (Lot is within Agro-Industrial Zone)	La Carlota City, Negros Occidental	August 10, 2015	Not applicable
54.	City Resolution (Favorably endorsing the construction of an additional 14MW DC Solar Power Project in Brgy. Cubay, La Carlota City)	La Carlota City, Negros Occidental	February 2, 2015	Not applicable
55.	Barangay Resolution (Endorsing the proposed 14MWp DC Solar Power Plant to the Office of the City Mayor, DENR EMB and other government agencies)	Barangay Cubay, La Carlota City, Negros Occidental	December 3, 2014	Not applicable
56.	Certification (Lots are located outside the urban center or populated area and are considered locationally viable for development into agro-industrial sites)	La Carlota City, Negros Occidental	September 4, 2013	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
57.	Certification (Lots are located outside the urban center or populated area and are considered locationally viable for development into agro-industrial sites)	La Carlota City, Negros Occidental	May 19, 2014	Not applicable
58.	Certification (Lots are located outside the urban center or populated area and are considered locationally viable for development into agro-industrial sites)	La Carlota City, Negros Occidental	January 8, 2015	Not applicable
59.	Zoning Certification (Lots are located outside the urban center or populated area and are considered locationally viable for development into agro-industrial sites)	La Carlota City, Negros Occidental	August 10, 2015	Not applicable
60.	Certificate of Zoning Compliance	La Carlota City, Negros Occidental	May 19, 2016	Not applicable
61.	Certificate of Zoning Compliance	La Carlota City, Negros Occidental	June 10, 2016	Not applicable
62.	Business Permit No. 2023-064518000-0212	Manapla, Negros Occidental	January 30, 2023	December 31, 2023
63.	Barangay Resolution (Fully endorsing the proposed 22 MWp DC Solar Power Plant to the Sangguniang Bayan, DENR EMB and other government agencies)	Barangay Sta. Teresa, Manapla, Negros Occidental	May 5, 2014	Not applicable
64.	Barangay Resolution (Fully endorsing the proposed 48 MWp DC Solar Power Plant to the Sangguniang Bayan, DENR EMB and other government agencies)	Barangay Sta. Teresa, Manapla, Negros Occidental	March 5, 2015	Not applicable
65.	Zoning Certification	Manapla, Negros Occidental	February 7, 2014	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
66.	Municipal Resolution (Favorably endorsing for approval by the DOE and the DENR the intent of SACASOL III to construct and operate a 22MWp DC Solar Power Plant)	Manapla, Negros Occidental	May 7, 2014	Not applicable
67.	Municipal Resolution (Favorably endorsing for approval by the DOE and the DENR the intent of SACASOL III to construct and operate a 33MWp DC Solar Power Plant)	Manapla, Negros Occidental	January 28, 2015	Not applicable
68.	Municipal Resolution (Favorably endorsing for approval by the DOE and the DENR the intent of SACASOL III to construct and operate a 48MWp DC Solar Power Plant)	Manapla, Negros Occidental	June 3, 2015	Not applicable
69.	Certification (Lot is outside the urban center or populated area and considered locationally viable)	Manapla, Negros Occidental	April 25, 2014	Not applicable
70.	Certificate of Registration (Rule 1020)	DOLE	May 17, 2019	Not applicable
71.	Certificate of Registration (Rule 1020)	DOLE	May 11, 2021	Not applicable
72.	Certificate of Non-overlap	NCIP	May 18, 2015	Not applicable
73.	Certificate of Employer's Registration	Pag-IBIG	July 16, 2020	Not applicable
74.	Certificate of Registration	PhilHealth	March 17, 2021	Not applicable
75.	Certificate of Registration	SSS	July 22, 2020	Not applicable
76.	System Impact Study	NGCP	June 2015	Not applicable
77.	18/32 MW La Carlota Solar PV Plant Facilities Study	NGCP	May 28, 2015	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
78.	San Carlos Solar Energy Inc. 40.5 MW Solar Power Plant Facilities Study	NGCP	July 15, 2016	Not applicable
79.	PARO Certification (Lot is within an Agro-Industrial Zone)	DAR	August 19, 2015	Not applicable
80.	PARO Certification (Lot is within an Agro-Industrial Zone)	DAR	August 19, 2015	Not applicable
81.	Order Approving the Application for Conversion from Agricultural to Agro-Industrial Use Involving Two Parcels of Land in Brgy. Santa Teresa, Manapla, Negros Occidental	DAR	October 23, 2015	Not applicable
82.	Wastewater Discharge Permit	DENR	February 22, 2023	November 22, 2023

HHH. North Luzon Renewable Energy Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	May 31, 2006	Not applicable
2.	Amended Articles of Incorporation	SEC	August 10, 2016	Not applicable
3.	Amended By-Laws	SEC	February 17, 2014	Not applicable
4.	Certificate of Business Retirement	Makati City	April 12, 2022	Not applicable
5.	Business Permit No. N-012815-00008	Municipality of Pagudpud, Ilocos Norte	January 24, 2023	December 31, 2023
6.	ECC No. ECC-R1-0907-138-9999	DENR	July 23, 2009 First Amendment dated July 26, 2013	Not applicable
7.	Water Permit No. 024972 (other use – washing/firefighting)	NWRB	September 26, 2019	Not applicable
8.	Water Permit No. 024971 (other use – firefighting)	NWRB	September 26, 2019	Not applicable
9.	Conditional Water Permit No. 07-27-22-027	NWRB	July 27, 2022	July 27, 2023
10.	Barangay Resolution No. 15, Series of 2013	Barangay San Juan, Pasuquin, Ilocos Norte	September 10, 2013	Not applicable
11.	Barangay Resolution No. 001, Series of 2013	Barangay 55-A Barit, Laoag, Ilocos Norte	January 5, 2013	Not applicable
12.	Barangay Resolution No. 2013-22	Barangay Sta. Matilde, Pasuquin, Ilocos Norte	September 21, 2013	Not applicable
13.	Barangay Resolution No. 2009-007	Barangay Tanap, Burgos, Ilocos Norte	July 21, 2009	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
14.	Barangay Resolution No. 02-2009	Barangay 55-B Salet-Bulangon, Laoag, Ilocos Norte	June 9, 2009	Not applicable
15.	Unnumbered Barangay Resolution	Barangay Caparispisan, Pagudpud, Ilocos Norte	September 3, 2006	Not applicable
16.	Barangay Resolution No. 10, Series of 2013	Barangay Carusikin, Pasuquin, Ilocos Norte	September 16, 2013	Not applicable
17.	Barangay Resolution No. 07, Series of 2013	Barangay Santa Catalina, Pasuquin, Ilocos Norte	September 14, 2013	Not applicable
18.	Barangay Resolution No. 027-13	Barangay Tadao, Pasuquin, Ilocos Norte	September 21, 2013	Not applicable
19.	Municipal Resolution No. 2009-130	Municipality of Bacarra, Ilocos Norte	October 1, 2009	Not applicable
20.	Municipal Resolution No. 7-12-09	Municipality of Bangui, Ilocos Norte	June 15, 2009	Not applicable
21.	Municipal Resolution No. 2006-079	Municipality of Burgos, Ilocos Norte	December 11, 2006	Not applicable
22.	Municipal Resolution No. 019-07	Municipality of Pagudpud, Ilocos Norte	February 23, 2007	Not applicable
23.	City Resolution No. 2013-013, Series of 2013	City of Laoag, Ilocos Norte	June 26, 2013	Not applicable
24.	Provincial Resolution No. 052-2014	Province of Ilocos Norte	August 11, 2014	Not applicable
25.	Market Participation Agreement	PEMC	August 6, 2014	Terminates upon ceasing to be a WESM member or PEMC issues a deregistration notice.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
26.	Supplemental Market Participation Agreement	PEMC; IEMOP	NLREC – October 17, 2018 PEMC – December 3, 2018 IEMOP – December 3, 2018	Not applicable
27.	Approval of Registration in WESM	PEMC	November 3, 2014	Not applicable
28.	Grid Impact Study	NGCP	January 2009	Not applicable
29.	System Impact Study	NGCP	June 2013	Not applicable
30.	81MW Caparispisan Wind Energy Project Facilities Study Amendment	ATEA, Inc.	June 30, 2014	Not applicable
31.	Transmission Service Agreement	NGCP	December 15, 2015 Effective Date: November 26, 2014	November 25, 2024
32.	Amendment to Transmission Service Agreement	NGCP	January 27, 2023	November 25, 2024
33.	Metering Service Agreement	NGCP	May 15, 2015 Effective Date; November 26, 2014	November 25, 2024
34.	Connection Agreement	NGCP	January 4, 2011	February 28, 2037

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
35.	Decision in ERC Case No 2013-057 MC – In the Matter of the Application for Authority to Develop, Own and Operate Dedicated Point-to-Point Facilities from Northern Luzon UPC Asia Corporation (NLUPC) Wind Energy Project in Pagudpud, Ilocos Norte to Laoag City Substation of the NGCP, with Prayer for Provisional Authority	ERC	June 2, 2014	Not applicable
36.	Provisional Certificate of Approval to Connect	NGCP	November 7, 2014	Not applicable
37.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-05	NCIP	January 15, 2007	Not applicable
38.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-03	NCIP	January 15, 2007	Not applicable
39.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-04	NCIP	January 15, 2007	Not applicable
40.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-06	NCIP	January 15, 2007	Not applicable
41.	Certificate of Non-Overlap Control No. R1-IN-CNO-07-01-07	NCIP	January 15, 2007	Not applicable
42.	Certificate of Non-Overlap Control No. R1-INPO-CNO-07-04-13	NCIP	April 10, 2007	Not applicable
43.	Certificate of Non-Overlap Control No. R1-INPO-CNO-2009-11-22	NCIP	November 5, 2009	Not applicable
44.	Certificate of Non-Overlap No. R1-PPO-CNO-07-12-32	NCIP	December 12, 2007	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
45.	Forest Land Use Agreement No. 01-2009 Caparispisan	DENR	May 20, 2009	May 20, 2034
46.	Forest Landuse Agreement Transmission Line Right-of-Way (TLROW) (FLAg) No. 01-2010	DENR	June 11, 2010	June 10, 2035
47.	Forest Landuse Agreement Transmission Line Right-of-Way (TLROW) (FLAg) No. 01-2010 (Amended 1)	DENR	September 6, 2013	June 10, 2035
48.	Forest Landuse Agreement Transmission Line Right-of-Way (TLROW) (FLAg) No. 04-2013	DENR	September 24, 2013	September 25, 2038
49.	Wastewater Discharge Permit No. DP-R01-21-02971	DENR	May 21, 2021	May 21, 2026
50.	Certificate of Non-Coverage No. CNC-R01-1011-0015	DENR	November 22, 2010	Not applicable
51.	Certificate of Non-Coverage No. CNC-R01-1102-0020	DENR	February 17, 2011	Not applicable
52.	Wind Energy Service Contract No. 2009-09-005	DOE	September 14, 2009	September 14, 2034
53.	Certificate of Registration WESC 2009-09-005	DOE	October 23, 2009	Not applicable
54.	Certificate of Registration WESC 2009-09-005-A	DOE	November 7, 2016	Not applicable
55.	Declaration of Commerciality	DOE	June 17, 2013	Not applicable
56.	Confirmation of Commerciality	DOE	July 2, 2013	Not applicable
57.	Certificate of Registration	SSS	October 17, 2019	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
58.	Certificate of Employer's Registration	Pag-IBIG	December 9, 2016	Not applicable
59.	Certificate of Registration	PhilHealth	June 16, 2014	Not applicable
60.	Certificate of Registration	DOLE	March 26, 2015	Not applicable
61.	Certificate of Accreditation as OSH Practitioner	DOLE	March 25, 2021	February 22, 2024
62.	Certificate of Registration for Makati Location	BIR	June 9, 2014	Not applicable
63.	Certificate of Registration for Pagudpud Location	BIR	June 7, 2006	Not applicable
64.	Certificate of Registration	ERC	April 12, 2023	Not applicable
65.	Certificate of Registration	BOC	November 16, 2022	November 16, 2023
66.	Amended Certificate of Registration No. 2011-128	BOI	June 21, 2011	Not applicable
67.	Permit to Construct Private Port Facility	PPA	February 20, 2014	Not applicable

III. Northwind Power Development Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 15, 2000	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	January 10, 2018	Not applicable
3.	Amended Articles of Incorporation	SEC	January 10, 2018	Not applicable
4.	Certificate of Filing of Amended By-Laws	SEC	April 11, 2008	Not applicable
5.	Amended By-Laws	SEC	April 11, 2008	Not applicable
6.	Certificate of Business Retirement (Power Generation)	Makati City	April 12, 2022	Not applicable
7.	Locational Clearance	Makati	December 19, 2017	Not applicable
8.	Business Permit No. 2023-012804000-0210	Municipality of Bangui	January 20, 2023	December 31, 2023
9.	Conditional Water Permit	NWRB	June 22, 2022	June 21, 2023
10.	Certificate of Registration	BIR	December 12, 2008	Not applicable
11.	Certificate of Registration	BIR	October 13, 2000	Not applicable
12.	Certificate of Registration (Phase 3)	BOI	January 10, 2014	Not applicable
13.	Certificate of Registration (Phase 1 & 2)	BOI	September 20, 2004	Not applicable
14.	Certificate of Registration (Phase 3) – Change of Office Address	BOI	January 10, 2014	Not applicable
15.	Certificate of Registration (Phase 1 & 2) – Change of Office Address	BOI	September 20, 2004	Not applicable
16.	Letter of Approval (Application as RE Developer – Phase III)	BOI	December 17, 2013	Not applicable
17.	ECC No. 010012-180036-1405	DENR	December 18, 2000 First Amendment issued on March 4, 2013	Not applicable
18.	ECC No. R01-1311-0192	DENR	November 11, 2013	Not applicable
19.	ECC No. 010404-2300027-0802	DENR	April 23, 2004	Not applicable
20.	ECC No. 010404-230024-1404	DENR	April 23, 2004	Not applicable
21.	Special Permit to Construct	PPA	October 14, 2004	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
22.	Special Permit to Discharge	PPA	October 16, 2004	Not applicable
23.	Endorsement of Barangay Masikil, Bangui, Ilocos Norte (Resolution No. 14-2000)	Barangay Masikil, Bangui, Ilocos Norte	November 13, 2000	Not applicable
24.	Endorsement of Barangay Baruyen, Bangui, Ilocos Norte (Resolution No. 02-2000)	Barangay Baruyen, Bangui, Ilocos Norte	November 13, 2000	Not applicable
25.	Endorsement of Barangay Taguiporo, Bangui, Ilocos Norte (Resolution No. 14-2000)	Barangay Taguiporo, Bangui, Ilocos Norte	November 13, 2000	Not applicable
26.	Endorsement of Barangay Manayon, Bangui, Ilocos Norte (Resolution No. 18-00)	Barangay Manayon, Bangui, Ilocos Norte	November 13, 2000	Not applicable
27.	Endorsement of Barangay Abaca, Bangui, Ilocos Norte (Resolution No. 13-2000)	Barangay Abaca, Bangui, Ilocos Norte	November 13, 2000	Not applicable
28.	Approval of WESM Registration of Additional Facility Ref No. MLO/PEMC-2014/718	PEMC	October 27, 2014	Not applicable
29.	Membership Registration Form	PEMC	April 23, 2018	Not applicable
30.	Market Participation Agreement	PEMC	April 25, 2008	Not applicable
31.	System Impact Study	NGCP	April 2014	Not applicable
32.	Transmission Service Agreement (Phase III)	NGCP	November 26, 2014	November 25, 2024
33.	Transmission Service Agreement (Phase I and II)	NGCP	January 26, 2019	February 25, 2030
34.	Metering Services Agreement (Phase III)	NGCP	November 26, 2014	November 25, 2024
35.	Metering Services Agreement (Phase I and II)	NGCP	January 26, 2019	January 25, 2029
36.	Connection Agreement (Phase I-II)	NGCP	April 5, 2005	Not stated
37.	Connection Agreement (Phase III)	NGCP	November 17, 2014	November 16, 2024
38.	Certificate of Approval to Connect	NGCP	October 2, 2015	Not applicable
39.	Provisional Certificate of Approval to Connect	NGCP	October 10, 2014	Not applicable
40.	Amendment to Transmission Service Agreement (Phase I & II)	NGCP	January 27, 2023	November 25, 2024
41.	Amendment to Transmission Service Agreement (Phase III)	NGCP	January 27, 2023	November 25, 2024
42.	Decision in ERC Case No. 2010-062 MC	ERC	April 10, 2012	Not applicable
43.	Certificate of Non-Overlap	NCIP	July 18, 2013	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
44.	Foreshore Lease Agreement	DENR	September 19, 2003	September 19, 2028 (Lease for 25 years from and including the 19th day of September 2003)
45.	Wind Energy Service Contract No. 2012-07-058	DOE	February 26, 2013	February 26, 2033
46.	Confirmation of Commerciality No. WCC-2013-10-008 (Phase III)	DOE	October 30, 2013	Not applicable
47.	Amended Confirmation of Commerciality No. WCC-2013-10-008-A (Phase III)	DOE	September 10, 2014	Not applicable
48.	Certificate of Registration No. WESC 2012-07-058	DOE	February 26, 2013	Not applicable
49.	Certificate of Endorsement (2005-03-03)	DOE	March 3, 2005	Not applicable
50.	Certificate of Endorsement (2014-09- 004)	DOE	October 10, 2014	Not applicable
51.	Certificate of Endorsement for Feed-In Tariff Eligibility	DOE	November 10, 2014	Not applicable
52.	Certificate of Registration Registration No. 01-1602-021	DOLE	February 22, 2016	Not applicable
53.	Letter to ERC (Additional Documents for 3rd Provisional Authority to Operate)	ERC	Submitted on October 18, 2022	Not applicable
54.	Certification of Evaluation for Extension of PAO-FIT or Conversion to COC	ERC	February 15, 2023	Not applicable
55.	Amendment of Certificate of Registration	ERC	April 12, 2023	Not applicable
56.	Order (ERC Case No. 2011-060 RC)	ERC	November 7, 2017	Not applicable
57.	Decision (2011-60 RC)	ERC	June 30, 2014	Not applicable
58.	Certification Letter (PAO-FIT)	ERC	February 15, 2023	Not applicable
59.	Decision (ERC Case No. 2021-023)	ERC	June 20, 2022	Not applicable
60.	Certificate of Registration	BIR	October 13, 2020	Not applicable
61.	Wastewater Discharge Permit	DENR	November 8, 2019	November 8, 2024
62.	Employer's Data Form/ Registration as Employer	Pag-IBIG	Undated	Not applicable

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
63.	Certificate of Registration	PhilHealth	October 16, 2019	Not applicable
64.	Registration as Employer	PhilHealth	Undated	Not applicable
65.	Certificate of Registration	SSS	October 17, 2019	Not applicable
66.	Registration as Employer	SSS	September 2004	Not applicable
67.	Facilities Study for Phase III	NGCP	undated	Not applicable
68.	System Impact Study for Phase III	NGCP	July 31, 2014	Not applicable
69.	Grid Impact Study	NGCP	January 2008	Not applicable
70.	Letter from the Sangguniang Bayan of Bangui Confirming CLUP Inclusion and Reclassification of Lots as Industrial (Phase III)	Municipality of Bangui	June 2, 2023	Not applicable

JJJ. One Subic Power Generation Corporation

No.	Permit / License	Approving or Issuing Government Agency / Relevant Party	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	August 4, 2010	Not applicable
2.	Amended Articles of Incorporation	SEC	June 19, 2017	Not applicable
3.	By-Laws	SEC	August 4, 2010	Not applicable
4.	Certificate of Registration and Tax Exemption	Subic Bay Metropolitan Authority	November 25, 2021	November 24, 2024
5.	Amendment to Facilities Lease Agreement between SBMA and One Subic Power Generation Corp.	Subic Bay Metropolitan Authority	July 20, 2010	Not applicable
6.	Exemption Certificate	DENR	*Undated*	Not applicable
7.	Memorandum of Agreement between DOE and Udenna Management & Resources Corp.	DOE	*Date illegible*	Not applicable
8.	Certification as Registered Direct WESM Member (Generator Category)	PEMC	August 5, 2019	Not applicable
9.	Market Participation Agreement for Direct WESM Members	PEMC	September 3, 2014	Not applicable
10.	Supplemental Market Participation Agreement	PEMC	October 23, 2018	Not applicable
11.	Certification of Recognition of Assignment of the Transmission Services Agreement and Metering Services Agreement	NGCP	October 6, 2015	Not applicable
12.	Transmission Services Agreement	NGCP	July 26, 2020	July 25, 2030
13.	Metering Services Agreement	NGCP	July 26, 2020	July 25, 2030
14.	Connection Agreement between	NGCP	July 26, 2020	July 25, 2030
15.	Certification regarding compliance with all the technical requirements necessary for the connection of its power plant to the grid	NGCP	December 14, 2010	Not applicable
16.	Certificate of Approval to Connect	NGCP	December 6, 2010	Not applicable

No.	Permit / License	Approving or Issuing Government Agency / Relevant Party	Issue Date	Expiration
17.	Amendment to Transmission Service Agreement in Compliance with OATS Rules 2022	NGCP	January 27, 2023	Not applicable
18.	Certification as a registered Direct WESM Member (Generator Category)	IEMOP	August 5, 2019	Not applicable
19.	Ancillary Services Procurement Agreement	NGCP	May 2, 2023	May 2, 2028
20.	Certificate of Registration	Pag-IBIG	May 4, 2011	Not applicable
21.	Certificate of Registration	PhilHealth	January 19, 2011	Not applicable
22.	Registration Plate	SSS	August 2010	Not applicable
23.	Certificate of Registration	DOLE	April 11, 2011	Not applicable
24.	Certificate of Registration	BIR	October 8, 2010	Not applicable
25.	Certification re: 1st Extension of Provisional Authority to Operate	ERC	February 8, 2023	Not Applicable
26.	Certificate of Endorsement for the Renewal of the ERC Certificate of Compliance	DOE	September 21, 2021	Not applicable
27.	ECC No. 9304-006-207C	DENR	August 11, 1993	Not applicable
28.	Grant of Change of Name of ECC Grantee	DENR	June 25, 2020	Not applicable
29.	Wastewater Discharge Permit	DENR	January 11, 2023	January 11, 2024
30.	Certification of pending application for renewal of Provisional Authority to Operate	ERC	February 8, 2023	Not applicable
31.	Notice of Award to winning bidders for procurement of ancillary services to the grid (One Subic Power Generation Corp.)	NGCP	April 18, 2023	Not applicable
32.	Certificate of Compliance with Occupational Safety and Health Standards	DOLE	April 27, 2023	Not applicable

KKK. San Carlos Solar Energy, Inc. (SACASOL)

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	April 17, 2013	Not applicable
2.	Amended Articles of Incorporation	SEC	May 20, 2021	Not applicable
3.	Amended By-laws	SEC	October 5, 2015	Not applicable
4.	Business Permit No. 2023-03062-0	San Carlos City	February 2, 2023	December 31, 2023
5.	Barangay Resolution No. 13-006 (Phase 1AB)	Barangay Punao	February 21, 2013	Not applicable
6.	City Resolution No. 13-65 (Phase 1AB)	San Carlos City	March 7, 2013	Not applicable
7.	City Resolution No. 14-19 (Phase 1AB)	San Carlos City	January 23, 2014	Not applicable
8.	Certificate of Registration No. SESC 2013-09-037	DOE	October 29, 2013	Not applicable
9.	Certificate of Confirmation of Commerciality (Phase 1AB)	DOE	March 3, 2014	Not applicable
10.	Amended Certificate of Confirmation of Commerciality (Phase 1AB)	DOE	January 12, 2015	Not applicable
11.	Certificate of Non-Overlap	NCIP	January 17, 2014	Not applicable
12.	Certificate of Compliance No. 21-04-05-02750v (Diesel)	ERC	April 30, 2021	April 29, 2026
13.	Connection Agreement (Phase 1AB)	NGCP	April 23, 2014	April 22, 2024
14.	Certificate of Compliance No. 19-05-M-00001V (Phase 1A)	ERC	May 28, 2019	June 8, 2024
15.	Metering Service Agreement (Phase 1AB)	NGCP	July 31, 2014	July 30, 2024
16.	Certificate of Compliance No. 19-05-M-00002V (Phase 1B)	ERC	May 28, 2019	September 7, 2024
17.	Approval of WESM Registration (Phase 1AB)	PEMC	May 20, 2014	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
18.	Market Participation Agreement (Phase 1AB)	PEMC	March 4, 2014	None
19.	Supplemental Market Participation Agreement (Phase 1AB)	PEMC, IEMOP	November 23, 2018	None
20.	Barangay Resolution No. 14-016 (Phase 1CD)	Barangay Punao	July 7, 2014	Not applicable
21.	City Resolution No. 14-219 (Phase 1CD)	San Carlos City	August 14, 2014	Not applicable
22.	ECC (23MW Solar Power Plant) (Phase 1CD)	DENR	August 29, 2014	Not applicable
23.	ECC (19.99MW Solar Power Plant) (Phase 1AB)	DENR	July 11, 2013	Not applicable
24.	Amended ECC (25MW Solar Power Plant) (Phase 1AB)	DENR	September 23, 2013	Not applicable
25.	Certificate of Confirmation of Commerciality (Phase 1CD)	DOE	December 11, 2014	Not applicable
26.	Solar Energy Service Contract No. 2013-09-037	DOE	October 30, 2013	October 30, 2038
27.	Grid Interconnection Agreement	VMC Rural Electroci Services Cooperative, Inc.	June 21, 2013	June 20, 2038
28.	Amendment to Grid Interconnection Agreement (Phases 1A, 1B, 1C, 1D)	Northern Negros Electric Cooperative, Inc.	May 27, 2015	
29.	Transmission Service Agreement (Phase 1CD)	NGCP	October 22, 2015	July 25, 2025
30.	Amendment to Transmission Servce Agreement (Phase 1CD)	NGCP	January 27, 2023	July 25, 2025
31.	Transmission Service Agreement (Phase 1AB)	NGCP	June 2, 2014	June 1, 2024
32.	Amendment to Transmission Servce Agreement (Phase 1AB)	NGCP	January 27, 2023	June 1, 2024
33.	Metering Service Agreement (Phase 1CD)	NGCP	November 3, 2015	July 25, 2025
34.	Approval of WESM Registration (Phase 1CD)	PEMC	September 17, 2015	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
35.	Certificate of Registration	BIR	June 19, 2013	Not applicable
36.	Registry of Establishment	DOLE	April 25, 2014	Not applicable
37.	Certificate of Employer's Registration	Pag-IBIG	July 16, 2020	Not applicable
38.	Certificate of Registration	SSS	July 22, 2020	Not applicable
39.	Certificate of Non-Overlap	NCIP	May 18, 2015	Not applicable
40.	Certificate of Non-Overlap	NCIP	May 25, 2015	Not applicable
41.	System Impact Study	NGCP	March 6, 2014	Not applicable
42.	Certificate of Registration	PhilHealth	March 17, 2021	Not applicable
43.	Notice of Approval of BOI Application as RE Developer	BOI	November 13, 2014	Not applicable
44.	Certificate of Registration No. 2014-209 (23MW Solar Power Plant) (Phase 1CD)	BOI	November 20, 2014	Not applicable
45.	Certificate of Registration No. 2014-004 (22MW Solar Power Plant) (Phase 1AB)	BOI	January 7, 2014	Not applicable
46.	Order (Case No. 2015-021 MC) (approving authority to develop, own and operate dedicated point-to-point limited transmission facilities) (Phase 1CD)	ERC	September 28, 2015	Not applicable
47.	Order (Case No. 2014-020 MC) (approving authority to develop, own and operate dedicated point-to-point limited transmission facilities) (Phase 1AB)	ERC	December 15, 2014	Not applicable
48.	Order (In re: Application for Exemption from CARP Coverage)	DAR	October 29, 1997	Not applicable
49.	Zoning Certification	San Carlos City	May 7, 2013	Not applicable
50.	Zoning Certification	San Carlos City	August 15, 2014	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
51.	Zoning Certification	HLURB	January 14, 2000	Not applicable
52.	Zoning Certification	HLURB	March 30, 1995	Not applicable
53.	Zoning Certification	HLURB	February 3, 1995	Not applicable
54.	Wastewater Discharge Permit	DENR	April 13, 2023	April 12, 2028

LLL. SolarAce1 Energy Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 20, 2017	Not applicable
2.	Amended Articles of Incorporation	SEC	October 15, 2020	Not applicable
3.	By-Laws	SEC	March 20, 2017	Not applicable
4.	Certificate of Registration No. 2020-027	BOI	February 4, 2020	Not applicable
5.	Business Permit No. 2023-246	Municipality of Alaminos, Laguna	January 20, 2023	December 31, 2023
6.	Business Permit No. 06472	Makati City	February 3, 2023	December 31, 2023
7.	Certificate of Registration	BIR	March 30, 2017	Not applicable
8.	Barangay Certificate of No Objection	Barangay San Andres, Alaminos, Laguna	April 10, 2018	Not applicable
9.	Barangay Certificate of No Objection	Barangay San Juan, Alaminos, Laguna	November 16, 2018	Not applicable
10.	Barangay Resolution No. 003-2018 (Endorsement of Barangay San Andres, Alaminos, Laguna)	Barangay San Andres, Alaminos, Laguna	February 19, 2018	Not applicable
11.	Barangay Resolution No. 6-2018 (Endorsement of Barangay San Juan, Alaminos, Laguna)	Barangay San Juan, Alaminos, Laguna	April 8, 2018	Not applicable
12.	ECC No. ECC-R4A-1807-0211	DENR	July 30, 2018	Not applicable
13.	Amended ECC No. ECC-R4A-1807-0211	DENR	September 14, 2020	Not applicable
14.	Municipal Resolution No. 109-2019 (Endorsement of the Municipality of Alaminos, Laguna)	Municipality of Alaminos, Laguna	September 9, 2019	Not applicable
15.	Certificate of Non-Overlap No. CNO RIV-LAG-2019-11-54	NCIP	November 7, 2019	Not applicable

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
16.	Solar Energy Operating Contract No. 2020-11-572 (formerly SESC No. 2019-09-527)	DOE	January 11, 2021	November 5, 2044
17.	DAR Exemption Order No. Ex-0909-305	DAR	September 1, 2009	Not applicable
18.	Registry of Establishment No. NCR-MPFO-2001-0067	DOLE	January 28, 2020	Not applicable
19.	Certificate of Registration (Employer No. 03-9564259-7-000)	SSS	January 30, 2020	Not applicable
20.	Certificate of Registration (Employer No. 001030007475)	PhilHealth	August 15, 2018	Not applicable
21.	Certificate of Registration (Employer No. 207221780009)	Pag-IBIG	February 14, 2020	Not applicable
22.	System Impact Study	NGCP	May 12, 2020	Not applicable
23.	Metering Service Agreement	NGCP	September 8, 2021	May 25, 2031
24.	Transmission Service Agreement	NGCP	September 8, 2021	April 25, 2031
25.	Interconnection Facility Study	NGCP	June 22, 2020	Not applicable
26.	Municipal Resolution No. 35-1997 (Endorsement of the Municipality of Alaminos, Laguna)	Municipality of Alaminos, Laguna	May 20, 1997	Not applicable
27.	Decision in ERC Case No. 2020-011 MC – In the matter of the application for authority to develop, own, and/or operate dedicated to point-to-point limited facilities to connect the 120MWp DC Alaminos solar power plant project to the Bay 69 KV substation of the NGCP with prayer for provisional authority or interim relief	ERC	May 31, 2021	Not applicable
28.	Registration as a WESM Member	PEMC	May 23, 2021	Not applicable
29.	Market Participation Agreement	PEMC	May 23, 2021 (effective date of registration in the WESM as notified by IEMOP)	Upon ceasing to be a WESM member

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
30.	Certificate of Compliance No. 22-09-M-00243L	ERC	August 18, 2021	August 17, 2026
31.	Certificate of Registration No. SESC 2019-09-527	DOE	November 6, 2019	Not applicable
32.	Certificate of Compliance with Occupational Safety and Health Standards	DOLE	May 6, 2022	Not applicable
33.	Connection Agreement	NGCP	August 26, 2020	August 25, 2030
34.	Zoning Certification	Municipality of Alaminos, Laguna	March 16, 2018	Not applicable

MMM. ACTA Power Corporation

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	February 9, 2012	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	December 29, 2017	Not applicable
3.	Amended Articles of Incorporation	SEC	December 29, 2017	Not applicable
4.	By-laws	SEC	February 9, 2012	Not applicable
5.	Business Permit No. 06495	Makati City	February 3, 2023	December 31, 2023
6.	Certificate of Registration	BIR	March 7, 2012	Not applicable

NNN. **ACE Shared Services, Inc.**

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	December 5, 2019	Not applicable
2.	Certificate of Registration	BIR	December 19, 2019	Not applicable
3.	Business Permit No. 06494	Makati City	February 3, 2023	December 31, 2023
4.	Certificate of Filing Amended Articles of Incorporation	SEC	September 2, 2021	Not applicable
5.	By Laws	SEC	December 5, 2019	Not applicable
6.	Registry of Establishment No. NCR-MPFO-2001-0004	DOLE	January 3, 2023	Not applicable
7.	Certificate of Registration No. 2-0937309000-1	Pag-IBIG	February 27, 2023	Not applicable
8.	Certificate of Registration No. 001000064703	PhilHealth	January 22, 2023	Not applicable
9.	Certificate of Registration No. 80-0146408-7-000	SSS	January 28, 2020	Not applicable

OOO. Buendia Christiana Holdings Corp.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Registration	BIR	May 16, 2019	Not applicable
2.	Certificate of Incorporation	SEC	May 10, 2019	Not applicable
3.	Certificate of Filing of Amended Articles of Incorporation	SEC	August 20, 2020	Not applicable
4.	Certificate of Approval of Increase of Capital Stock	SEC	August 20, 2020	Not applicable
5.	Certificate of Filing of Amended By-Laws	SEC	October 27, 2020	Not applicable
6.	Business Permit No. 27440	Makati City	February 3, 2023	December 31, 2023

PPP. HDP Bulk Water Supply Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 20, 2017	Not applicable
2.	Articles of Incorporation	SEC	October 20, 2017	Not applicable
3.	By-Laws	SEC	October 20, 2017	Not applicable
4.	Business Permit No. 2023-02845-0	San Carlos City	January 31, 2023	December 31, 2023
5.	Water Permit	NWRB	April 7, 2011	Not applicable
6.	Certificate of Registration	BIR	October 20, 2017	Not applicable
7.	Registry of Establishment	DOLE	May 17, 2018	Not applicable
8.	Certificate of Employer's Registration	Pag-IBIG	July 16, 2020	Not applicable
9.	Employer Data Record	PhilHealth	April 23, 2018	Not applicable
10.	Certificate of Registration	SSS	July 22, 2020	Not applicable
11.	Certificate of Registration	PhilHealth	April 23, 2018	Not applicable
12.	ECC No. ECC-OL-R06-2021-0472	DENR	December 15, 2021	Not applicable
13.	Zoning Certification	Office of the City Planning and Development Coordinator of the Province of Negros Occidental	January 26, 2021	Not applicable

QQQ. Ingrid3 Power Corp.

No.	Permit / License	Approving or Issuing Government Agency / Relevant Party	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 14, 2019	Not applicable
2.	Articles of Incorporation	SEC	October 14, 2019	Not applicable
3.	By-Laws	SEC	October 14, 2019	Not applicable
4.	Business Permit No. 06470	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	October 14, 2019	Not applicable

RRR. Laguna West Renewables Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 17, 2016	Not applicable
2.	Certificate of Filing of Amended Articles of Incorporation	SEC	February 9, 2018	Not applicable
3.	Amended Articles of Incorporation	SEC	February 9, 2018	Not applicable
4.	By-Laws	SEC	November 17, 2016	Not applicable
5.	Certificate of Registration	BIR	December 1, 2016	Not applicable
6.	Employer's Data Form	Pag-IBIG	April 26, 2023	Not applicable
7.	Certificate of Registration	PhilHealth	April 28, 2023	Not applicable

SSS. LCC Bulk Water Supply, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1	Certificate of Incorporation	SEC	January 21, 2014	Not applicable
2	Articles of Incorporation	SEC	January 21, 2014	Not applicable
3	By-Laws	SEC	January 21, 2014	Not applicable
4	Business Permit No. BP-2023-02839-0	San Carlos City, Negros Occidental	January 31, 2023	December 31, 2023
5	Business Permit No. 2023-064516000-1380	La Carlota City	February 7, 2023	December 31, 2023
6	ECC No. ECC-OL-R06-2018-0142	DENR	April 22, 2018	Not applicable
7	Certificate of Registration	BIR	February 4, 2014	Not applicable
8	Certificate of Employer's Registration (Employer No. 209279510007)	Pag-IBIG	July 16, 2020	Not applicable
9	Registry of Establishment	DOLE	October 8, 2020	Not applicable
10	Certificate of Registration (Employer No. 011010013874)	PhilHealth	March 17, 2021	Not applicable
11	Water Permit No. 025764	NWRB	December 9, 2021	Not applicable
12	Water Permit No. 025765	NWRB	December 9, 2021	Not applicable
13	Water Permit No. 025765	NWRB	December 9, 2021	Not applicable
14	Zoning Certification	La Carlota City	January 23, 2018	Not applicable
15	Certificate of Registration No. 80-0139159-000	SSS	July 22, 2020	Not applicable

TTT. MCV Bulk Water Supply, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 21, 2014	Not applicable
2.	Articles of Incorporation	SEC	January 21, 2014	Not applicable
3.	By-Laws	SEC	January 21, 2014	Not applicable
4.	Business Permit No. BP-2023-02840-0	San Carlos City, Negros Occidental	January 31, 2023	December 31, 2023
5.	Endorsement of Brgy. Sta. Teresa, Manapla, Negros Occidental	Brgy. Sta. Teresa, Manapla, Negros Occidental	February 5, 2020	Not applicable
6.	ECC No. ECC-OL-R06-2018-0331	DENR	August 17, 2018	Not applicable
7.	Certificate of Registration	BIR	February 5, 2014	Not applicable
8.	Registry of Establishment	DOLE	January 27, 2020	Not applicable
9.	Certificate of No Objection	Santa Teresa, Manapla, Negros Occidental	February 5, 2018	Not applicable
10.	Certificate of Registration	Pag-IBIG	July 16, 2020	Not applicable
11.	Certificate of Registration	PhilHealth	November 28, 2019	Not applicable
12.	Employer Registration	SSS	Received: October 11, 2019	Not applicable
13.	Zoning Certification	Municipality of Mananpla	September 25, 2017	Not applicable
14.	Water Permit No. 025486	NWRB	May 28, 2021	Not applicable
15.	Water Permit No. 026047	NWRB	May 4, 2022	Not applicable

UUU. Manapla Sun Power Development Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	December 16, 2014	Not applicable
2.	Articles of Incorporation	SEC	December 16, 2014	Not applicable
3.	By-Laws	SEC	December 16, 2014	Not applicable
4.	Certificate of Registration	BIR	February 12, 2015	Not applicable
5.	Business Permit No. 202320474	Bacolod City	April 27, 2023	December 31, 2023

VVV. San Julio Land Development Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 20, 2014	Not applicable
2.	Amended Articles of Incorporation	SEC	March 6, 2015	Not applicable
3.	By-Laws	SEC	June 20, 2014	Not applicable
4.	Business Permit No. 06463	Makati City	February 3, 2023	December 31, 2023
5.	Certificate of Registration	BIR	July 7, 2014	Not applicable

WWW. SCC Bulk Water Supply, Inc.

No.	Permit / License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	September 9, 2015	Not applicable
2.	Articles of Incorporation	SEC	September 9, 2015	Not applicable
3.	By-Laws	SEC	September 9, 2015	Not applicable
4.	Business Permit No. BP-2023-02843-0	San Carlos City, Negros Occidental	January 31, 2023	December 31, 2023
5.	Certificate of Registration	BIR	October 9, 2015	Not applicable
6.	Registry of Establishment	DOLE	January 27, 2020	Not applicable
7.	Employer Registration	SSS	Received: March 7, 2018	Not applicable
8.	Certificate of Registration	PhilHealth	March 17, 2021	Not applicable
9.	ECC No. ECC-OL-R06-2021-0376	DENR	October 6, 2021	Not applicable

XXX. Solienda Incorporated

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 29, 2016	Not applicable
2.	Articles of Incorporation	SEC	November 29, 2016	Not applicable
3.	By Laws	SEC	November 29, 2016	Not applicable
4.	Certificate of Registration	BIR	December 14, 2016	Not applicable
5.	Business Permit No. BP-2023-02041-0	San Carlos City Mayor's Office	January 25, 2023	December 31, 2023

YYY. Buduan Wind Energy Co., Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 12, 2010	Not applicable
2.	Certificate of Filing Amended Articles of Incorporation	SEC	May 2, 2011	Not applicable
3.	Amended Articles of Incorporation	SEC	May 2, 2011	Not applicable
4.	By-laws	SEC	January 12, 2010	Not applicable
5.	Certificate of Registration	BIR	March 12, 2010	Not applicable
6.	Business Permit	Laoag City	January 16, 2023	December 31, 2023

ZZZ. Giga Ace 11, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 26, 2021	Not applicable
2.	Articles of Incorporation	SEC	October 26, 2021	Not applicable
3.	By-laws	SEC	October 26, 2021	Not applicable
4.	Certificate of Registration	BIR	November 5, 2021	Not applicable
5.	Business Permit No. 21184	Makati City	February 1, 2023	December 31, 2023

AAAA. Giga Ace 14, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 28, 2021	Not applicable
2.	Articles of Incorporation	SEC	October 28, 2021	Not applicable
3.	By-Laws	SEC	October 28, 2021	Not applicable
4.	Certificate of Registration	BIR	November 5, 2021	Not applicable
5.	Business Permit No. 06522	Makati City	February 3, 2023	December 31, 2023

BBBB. Giga Ace 15, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	October 28, 2021	Not applicable
2.	Articles of Incorporation	SEC	October 28, 2021	Not applicable
3.	By-laws	SEC	October 28, 2021	Not applicable
4.	Certificate of Registration	BIR	November 5, 2021	Not appplicable
5.	Business Permit No. 06521	Makati City	February 23, 2023	December 31, 2023

CCCC. Gigasol5, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	April 12, 2021	Not applicable
2.	Articles of Incorporation	SEC	April 12, 2021	Not applicable
3.	By-laws	SEC	April 12, 2021	Not applicable
4.	Certificate of Registration	BIR	May 12, 2021	Not appplicable
5.	Business Permit No. 06489	Makati City	February 23, 2023	December 31, 2023

DDDD. Gigasol8, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 11, 2021	Not applicable
2.	Articles of Incorporation	SEC	November 11, 2021	Not applicable
3.	By-Laws	SEC	November 11, 2021	Not applicable
4.	Certificate of Registration	BIR	November 25, 2021	Not applicable
5.	Business Permit No. 35424	Makati City	February 7, 2023	December 31, 2023
6.	Notice of Results – Proof of Compliance with Occupational Safety and Health Standards	DOLE	March 30, 2023	Not applicable

EEEE. Gigasol9, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 11, 2021	Not applicable
2.	Amended Articles of Incorporation	SEC	November 11, 2021	Not applicable
3.	By-Laws	SEC	November 11, 2021	Not applicable
4.	Certificate of Registration	BIR	November 25, 2021	Not applicable
5.	Business Permit No. 06510	Makati City	February 3, 2023	December 31, 2023

FFFF. Gigasol10, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 11, 2021	Not applicable
2.	Articles of Incorporation	SEC	November 11, 2021	Not applicable
3.	By-Laws	SEC	November 11, 2021	Not applicable
4.	Certificate of Registration	BIR	November 25, 2021	Not applicable
5.	Business Permit No. 06509	Makati City	February 3, 2023	December 31, 2023

GGGG. GigaWind6, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 16, 2022	Not applicable
2.	By-laws	SEC	March 16, 2022	Not applicable
3.	Articles of Incorporation	SEC	March 16, 2022	Not applicable
4.	Certificate of Registration	BIR	June 27, 2022	Not applicable

HHHH. GigaWind7, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 23, 2022	Not applicable
2.	Articles of Incorporation	SEC	June 23, 2022	Not applicable
3.	By-laws	SEC	June 23, 2022	Not applicable
4.	Certificate of Registration	BIR	July 5, 2022	Not applicable

IIII. GigaWind8, Inc.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	January 30, 2023	Not applicable
2.	Articles of Incorporation	SEC	January 30, 2023	Not applicable
3.	By-laws	SEC	January 30, 2023	Not applicable
4.	Certificate of Registration	BIR	February 3, 2023	Not applicable

JJJJ. Caraballo Mountains UPC Asia Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	June 20, 2006	Not applicable
2.	Certificate of Filing Amended Articles of Incorporation	SEC	February 12, 2018	Not applicable
3.	Amended Articles of Incorporation	SEC	February 12, 2018	Not applicable
4.	By-Laws	SEC	June 20, 2006	Not applicable
5.	Certificate of Registration	BIR	July 19, 2011	Not applicable

KKKK. Sapat Highlands Wind Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	April 8, 2010	Not applicable
2.	Articles of Incorporation	SEC	April 8, 2010	Not applicable
3.	By-laws	SEC	April 8, 2010	Not applicable
4.	Amended Articles of Incorporation	SEC	February 9, 2018	Not applicable
5.	Certificate of Registration	BIR	May 26, 2010	Not applicable

LLLL. Suyo UPC Asia Corporation

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	November 3, 2006	Not applicable
2.	Articles of Incorporation	SEC	November 3, 2006	Not applicable
3.	Amended Articles of Incorporation	SEC	February 9, 2018	Not applicable
4.	By-laws	SEC	November 3, 2006	Not applicable
5.	Certificate of Registration	BIR	July 19, 2011	Not applicable

MMMM. UPC Mindanao Wind Power Corp.

No.	Permit or License	Approving or Issuing Government Agency	Issue Date	Expiration
1.	Certificate of Incorporation	SEC	March 18, 2021	Not applicable
2.	Articles of Incorporation	SEC	March 18, 2021	Not applicable
3.	By-Laws	SEC	March 18, 2021	Not applicable
4.	Certificate of Registration	BIR	March 23, 2021	Not applicable

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	7730-6300	09278370863

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,246	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	(632) 7-730-6300	–

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 **March 31, 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 of common stock outstanding	**39,677,394,773 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 May 9, 2023.

ACEN CORPORATION

JOHN ERIC T. FRANCIA
President & Chief Executive Officer

MARIA CORAZON G. DIZON
Chief Financial Officer

ANNEX A

ACEN CORPORATION
and Subsidiaries

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

ACEN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 24)	**₱34,963,879**	₱34,630,011
Accounts and notes receivable - net (Notes 5, 22 and 24)	**27,162,993**	30,503,231
Fuel and spare parts	**1,030,981**	806,986
Financial assets at fair value through profit or loss (FVTPL)	**786,534**	42,863
Current portion of:		
Input value added tax (VAT)	**2,142,682**	2,132,179
Creditable withholding taxes	**1,282,857**	940,403
Other current assets (Notes 11 and 24)	**994,311**	966,907
Total Current Assets	**68,364,237**	70,022,580
Noncurrent Assets		
Investments in:		
Associates and joint ventures (Note 6)	**25,400,841**	24,766,433
Other financial assets at amortized cost (Note 7)	**20,802,848**	21,260,907
Financial assets at FVTPL	**1,307,480**	1,260,023
Financial assets at fair value through other comprehensive income (FVOCI)	**723,712**	366,844
Property, plant and equipment (Note 8)	**65,959,872**	58,398,228
Right-of-use assets (Note 9)	**4,386,270**	3,726,647
Accounts and notes receivable - net of current portion (Notes 5, 22 and 24)	**12,467,334**	16,387,729
Goodwill and other intangible assets (Note 10)	**22,736,364**	23,268,743
Net of current portion:		
Input VAT	**2,874,937**	2,336,747
Creditable withholding taxes	**777,700**	752,317
Deferred income tax assets - net (Note 21)	**1,950,214**	1,730,194
Other noncurrent assets (Notes 11 and 24)	**5,900,551**	8,495,171
Total Noncurrent Assets	**165,288,123**	162,749,983
TOTAL ASSETS	**₱233,652,360**	₱232,772,563

LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 12, 22 and 24)	**₱11,695,335**	₱13,322,569
Short-term loans (Notes 13 and 24)	**2,300,000**	2,900,000
Current portion of:		
Long-term loans (Notes 13 24 and 25)	**1,086,180**	719,385
Lease liabilities (Notes 9, 24 and 25)	**338,016**	258,562
Income and withholding taxes payable	**333,760**	479,435
Due to stockholders (Note 22)	**16,585**	16,585
Total Current Liabilities	**15,769,876**	17,696,536

(Forward)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Noncurrent Liabilities		
Notes payable (Notes 13, 24 and 25)	**₱31,554,877**	₱32,093,314
Long-term loans - net of current portion (Notes 13, 24 and 25)	**36,792,572**	28,051,903
Lease liabilities - net of current portion (Notes 9, 24 and 25)	**4,599,432**	4,206,459
Pension and other employee benefits	**75,963**	76,997
Deferred income tax liabilities – net (Note 21)	**310,625**	226,268
Other noncurrent liabilities (Note 14)	**640,955**	827,643
Total Noncurrent Liabilities	**73,974,424**	65,482,584
Total Liabilities	**89,744,300**	83,179,120
Equity		
Capital stock (Note 15)	**39,691,895**	39,691,895
Additional paid-in capital (Note 15)	**107,492,243**	107,492,243
Other equity reserves (Note 15)	**(59,450,345)**	(56,585,740)
Unrealized fair value loss on equity instruments at FVOCI	**(128,358)**	(114,566)
Unrealized fair value gain on derivative instruments designated as hedges – net of tax (Note 24)	**114,724**	326,676
Remeasurement gain (loss) on defined benefit plans – net of tax	**7,817**	(43,910)
Accumulated share in other comprehensive loss of associates and joint ventures (Note 6)	**(8,890)**	(5,794)
Cumulative translation adjustments	**4,755,179**	7,449,690
Retained earnings (Note 15)	**21,577,745**	19,551,839
Treasury shares (Note 15)	**(28,657)**	(28,657)
Total equity attributable to equity holders of the Parent Company	**114,023,353**	117,733,676
Non-controlling interests (Note 15)	**29,884,707**	31,859,767
Total Equity	**143,908,060**	149,593,443
TOTAL LIABILITIES AND EQUITY	**₱233,652,360**	₱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 March 31 (Unaudited)	
	2023	**2022**
REVENUE		
Revenue from sale of electricity (Note 16)	**₱9,023,014**	₱7,358,378
Rental income	**17,213**	17,053
Dividend income	**–**	3,635
Other revenues (Note 22)	**95,475**	23,540
	9,135,702	7,402,606
COSTS AND EXPENSES		
Costs of sale of electricity (Note 17)	**8,119,401**	7,868,135
General and administrative expenses (Note 18)	**1,180,387**	284,969
	9,299,788	8,153,104
INTEREST AND OTHER FINANCE CHARGES (Note 19)	**(664,414)**	(504,313)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES (Note 6)	**978,485**	344,473
OTHER INCOME - NET (Note 20)	**2,074,185**	1,219,806
INCOME BEFORE INCOME TAX	**2,224,170**	309,468
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 21)		
Current	**71,245**	41,722
Deferred	**(289,311)**	(484,700)
	(218,066)	(442,978)
NET INCOME	**₱2,442,236**	₱752,446
Net Income Attributable To:		
Equity holders of the Parent Company	**₱2,025,906**	₱405,027
Non-controlling interests	**416,330**	347,419
	₱2,442,236	₱752,446
Basic/Diluted Earnings Per Share (Note 23)	**₱0.05**	₱0.01

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 March 31 (Unaudited)	
	2023	2022
NET INCOME	**₱2,442,236**	₱752,446
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		
Cumulative translation adjustment	**(2,845,913)**	1,460,272
Unrealized fair value(loss) gain on derivative instruments designated as hedges - net of tax	**(211,952)**	92,199
	(3,057,865)	1,552,471
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	**(13,792)**	(13,457)
Remeasurement loss on defined benefit plans, net of tax	**51,727**	(755)
	37,935	(14,212)
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		
Unrealized fair value gain (loss) on derivative instruments designated as hedges - net of tax	**2,656**	15,490
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods		
Remeasurement loss on defined benefit plans, net of tax	**(5,752)**	24,338
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME - NET OF TAX	**(3,023,026)**	1,578,087
TOTAL COMPREHENSIVE (LOSS) INCOME	**(₱580,790)**	₱2,330,533
Total Comprehensive (Loss) Income Attributable To:		
Equity holders of the Parent Company	**(₱845,718)**	₱1,946,767
Non-controlling interests	**264,928**	383,766
	(₱580,790)	₱2,330,533

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												
	Capital Stock (Note 15)	Additional Paid-in Capital (Note 15)	Other Equity Reserves (Note 15)	Unrealized Fair Value Loss on Equity Instruments at FVOCI	Unrealized Fair Value Gain on derivative instruments designated as hedge – net of tax (Note 24)	Remeasurement Loss 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 three-month period ended March 31, 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	–	–	–	–	–	–	–	–	**2,025,906**	–	**2,025,906**	**416,330**	**2,442,236**
Other comprehensive income (loss)	–	–	–	**(13,792)**	**(211,952)**	**51,727**	**(3,096)**	**(2,694,511)**	–	–	**(2,871,624)**	**(151,402)**	**(3,023,026)**
Total comprehensive income (loss)	–	–	–	**(13,792)**	**(211,952)**	**51,727**	**(3,096)**	**(2,694,511)**	**2,025,906**	–	**(845,718)**	**264,928**	**(580,790)**
Dividends Declared	–	–	–	–	–	–	–	–	–	–	–	**(379,911)**	**(379,911)**
Acquisition of non-controlling interest in a subsidiary	–	–	**(2,864,605)**	–	–	–	–	–	–	–	**(2,864,605)**	**(1,860,077)**	**(4,724,682)**
	–	–	**(2,864,605)**	–	–	–	–	–	–	–	**(2,864,605)**	**(2,239,988)**	**(5,104,593)**
Balances at March 31, 2023	**₱39,691,895**	**₱107,492,243**	**(₱59,450,345)**	**(₱128,358)**	**₱114,724**	**₱7,817**	**(₱8,890)**	**₱4,755,179**	**₱21,577,745**	**(₱28,657)**	**₱114,023,353**	**₱29,884,707**	**₱143,908,060**
	For the three-month period ended March 31, 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	–	–	–	–	–	–	–	–	405,027	–	405,027	347,419	752,446
Other comprehensive income (loss)	–	–	–	(13,457)	50,092	(755)	39,828	1,466,032	–	–	1,541,740	36,347	1,578,087
Total comprehensive income (loss)	–	–	–	(13,457)	50,092	(755)	39,828	1,466,032	405,027	–	1,946,767	383,766	2,330,533
Dividends declared	–	–	–	–	–	–	–	–	–	–	–	(352,344)	(352,344)
Issuance of capital stock	1,320,746	9,237,832	–	–	–	–	–	–	–	–	10,558,578	–	10,558,578
Non-controlling interest arising from a business combination	–	–	–	–	–	–	–	–	–	–	–	(9,381)	(9,381)
Acquisition of non-controlling interest in a subsidiary	–	–	(110,489)	–	–	–	–	–	–	–	(110,489)	15,140	(95,349)
	1,320,746	9,237,832	(110,489)	–	–	–	–	–	–	–	10,448,089	(346,585)	10,101,504
Balances at March 31, 2022	₱39,659,273	₱107,281,663	(₱56,715,021)	(₱103,546)	₱56,320	(₱25,191)	₱69,551	₱1,106,122	₱9,112,328	(₱28,657)	₱100,412,842	₱29,987,957	₱130,400,799

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Three-Month Period Ended March 31 (Unaudited)	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱2,224,170**	₱309,468
Adjustments for:		
Interest and other finance charges (Note 19)	**664,414**	504,313
Depreciation and amortization (Notes 17 and 18)	**420,823**	554,262
Provision for (reversal of) expected credit losses (Notes 5, 7 and 18)	**236,848**	(32,807)
Foreign exchange losses - net	**164,593**	87,276
Pension and other employee benefits	**50,694**	13,017
Dividend income	**–**	(3,635)
Equity in net income of associates and joint ventures (Note 6)	**(978,485)**	(344,473)
Interest and other financial income (Note 20)	**(1,592,597)**	(1,094,251)
Provision for (reversal of):		
Impairment loss on:		
Property, plant and equipment - net (Notes 8, 18 and 20)	**655**	26,485
Advances to contractors (Notes 11, 18 and 20)	**112**	(5,462)
Deferred exploration costs (Notes 10 and 18)	**–**	584
Loss (gain) on:		
Settlement of development loan (Notes 5 and 20)	**(515,000)**	–
Fair value adjustment on financial asset at FVTPL (Note 20)	**(84,966)**	–
Sale of financial asset at FVTPL (Note 20)	**(28,634)**	–
Sale of property and equipment (Notes 8 and 20)	**3,531**	–
Sale of inventories and by-product (Note 20)	**–**	60,359
Sale of noncurrent assets held for sale	**–**	4,200
Operating income before working capital changes	**566,158**	79,336
Decrease (increase) in:		
Accounts receivable	**3,264,186**	4,462,285
Fuel and spare parts	**(223,995)**	(301,620)
Other current assets	**(134,409)**	(995,500)
Increase in accounts payable and other current liabilities	**(2,239,807)**	679,179
Cash generated from operations	**1,232,133**	3,923,680
Interest received	**255,484**	469
Income and withholding taxes paid	**(7,169)**	(3,401)
Net cash flows from operating activities	**1,480,448**	3,920,748
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment (Note 8)	**(5,866,556)**	(2,422,209)
Loans to related parties (Note 22)	**(1,502,669)**	(15,867,255)
Investments in redeemable preferred shares (Note 7)	**(743,688)**	(1,824,745)
Investments in associates and joint venture, net (Note 6)	**(367,579)**	(7,485,347)
Financial assets at FVTPL	**(325,203)**	(786,366)
Investments in subsidiaries, net of cash acquired	**(114,000)**	(5,167)
Subscription deposits (Note 7)	**(27,320)**	(50,548)
Other intangible assets (Note 10)	**(13,439)**	–
Short-term investments	**–**	(128,401)
Deferred exploration costs (Note 10)	**–**	(775)

(Forward)

	Three-Month Period Ended March 31 (Unaudited)	
	2023	2022
Proceeds from:		
Collection of loans to related parties (Note 22)	**₱5,556,316**	₱10,425,626
Sale of financial assets at FVTPL	**130,076**	–
Redemption of redeemable preferred shares (Note 7)	**74,752**	–
Sale of noncurrent assets held for sale	–	148,598
Dividends received from:		
Investments in associates and joint ventures (Note 6)	**369,531**	233,650
Financial assets at FVOCI	–	3,635
Interest received	**413,616**	691,107
Increase in other noncurrent assets, non-current portion of input VAT and CWT (Note 24)	**(639,679)**	(1,226,577)
Net cash flows used in investing activities	**(3,055,842)**	(18,294,774)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of long-term debts (Notes 13 and 27)	**9,533,898**	2,000,000
Availment of short-term debts (Notes 13 and 27)	**2,300,000**	3,237,020
Payments of:		
Short-term loans (Notes 13 and 27)	**(2,900,000)**	–
Interest on short-term and long-term loans (Note 27)	**(688,484)**	(492,178)
Cash dividends (Notes 15 and 27)	**(379,911)**	(352,344)
Lease liabilities (Notes 9 and 27)	–	(4,530)
Long-term loans (Notes 13 and 27)	**(138,636)**	(114,136)
Interest on lease liabilities (Notes 9 and 27)	**(29,058)**	(56,514)
Debt issue cost (Note 13)	**(41,250)**	(15,000)
Increase in other noncurrent liabilities	**(524,679)**	618,375
Acquisition of non-controlling interest (Notes 1 and 15)	**(4,724,682)**	(95,350)
Issuance of capital stock (Note 15)	–	10,558,577
Net cash flows from financing activities	**2,407,198**	15,283,920
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(497,936)**	341,943
NET INCREASE IN CASH AND CASH EQUIVALENTS	**333,868**	1,251,837
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**34,630,011**	26,445,429
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱34,963,879**	₱27,697,266

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 47.91% owned by Mermac, Inc. (ultimate parent company), and the rest by the public. AC is a listed entity incorporated in the Philippines.

As at March 31, 2023, ACEIC owns 57.74% of ACEN's total outstanding shares of stock.

The accompanying unaudited interim condensed consolidated financial statements of ACEN and its subsidiaries ("the Group") as at March 31, 2023, and for the three-month periods ended March 31, 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 Board of Directors (BOD)) on May 9, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The unaudited interim condensed consolidated financial statements as at March 31, 2023 and for the three-month periods ended March 31, 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 may 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

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

- 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.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- 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 three-month period ended March 31, 2023, the sole change in the Parent Company's ownership in its subsidiaries is:

		Percentage of Ownership (%)			
		March 31, 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**

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

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

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

Investment in UPC Philippines

On March 18, 2022, ACEN, 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 BPWC, ACEN indirectly owned 60.00% interest through its wholly owned subsidiary, Pagudpud Wind Power Corp. The acquisition resulted to 100.00% interest in BPWC and is accounted for as an acquisition of non-controlling interest.

Prior to the acquisition of 30.00% in SolarAce4, ACEN indirectly owned 70.00% interest through its wholly owned subsidiary, 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.

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

(Forward)

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.

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.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in 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 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 three-month periods ended March 31, 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 is appropriate because it has undergone due process of approval by the ERC.

The adjustment of the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction price changed. For the three months period ended March 31, 2023, and 2022, while waiting for the approval of the respective years FIT rates management assessed that the approved 2020 FIT rate represents the best estimate of the transaction price the Group will be entitled to in exchange of delivered energy.

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

Purchase Price Allocation and Goodwill
The Group made several acquisitions for the three-month period ended March 31, 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).

4. Cash and Cash Equivalents

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and in banks	**₱16,207,000**	₱11,205,281
Cash equivalents	**18,756,879**	23,424,730
	₱34,963,879	₱34,630,011

Interest income from cash in banks and cash equivalents for the three-month period ended March 31, 2023 and 2022 amounted to ₱245.73 million and ₱11.55 million, respectively.

5. Accounts and Notes Receivable

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Accounts and other receivable	**₱8,324,825**	₱11,938,538
Notes receivable (Note 22)		
Debt replacement loans	**19,920,552**	20,094,774
Development loans	**3,209,565**	8,299,937
Other loans	**2,162,534**	1,552,543
Accrued interest receivable	**6,174,079**	5,173,012
	39,791,555	47,058,804
Allowance for expected credit losses	**161,228**	167,844
	39,630,327	46,890,960
Less noncurrent portion	**12,467,334**	16,387,729
Current portion	**₱27,162,993**	₱30,503,231

Accounts and other receivable
This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables		
Third party		
Independent Electricity Market Operator of the Philippines ("IEMOP")	**₱2,422,824**	₱3,995,641
RES Buyer	**1,702,267**	3,630,872
National Transmission Corporation ("TransCo")	**1,409,283**	1,772,553
National Grid Corporation of the Philippines ("NGCP")	**226,048**	146,922

(Forward)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Philippine Electricity Market Corporation ("PEMC")	**₱35,173**	₱51,025
Others	**56,451**	63,258
Other receivables		
Third party	**1,116,002**	1,387,897
Related party (Note 22)	**1,356,777**	890,370
	8,324,825	11,938,538
Allowance for expected credit losses	**161,228**	167,844
	8,163,597	11,770,694
Less noncurrent portion	**1,425,261**	1,507,126
Current portion	**₱6,738,336**	₱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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Debt replacement - related party (Note 22)	**₱19,920,552**	₱20,094,774
Development loans:		
Third party	**816,798**	5,845,766
Related party (Note 22)	**2,392,767**	2,454,171
Other loans:		
Third party	**1,009,077**	1,009,077
Related party (Note 22)	**1,153,457**	543,466
	25,292,651	29,947,254
Less noncurrent portion	**7,614,021**	11,974,612
Current portion	**₱17,678,630**	₱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 8.00% to 12.00% 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. Consequently, on January 25, 2023, Provincia drew additional ₱125.00 million from its development loan facility.

The Group recognized ₱515.00 million gain from the partial settlement of development loan for the three-month period ended March 31, 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.

Accrued interest receivable:
This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Debt replacements:		
Related party (Note 22)	**₱1,330,524**	₱1,072,045
Development loans:		
Third party	**99,568**	43,705
Related party (Note 22)	**422,611**	389,231
Other financial assets at amortized cost - related party (Note 22)		
Redeemable preferred shares	**2,983,033**	2,487,852
Convertible loans	**1,189,007**	1,071,551
Other loans:		
Third party	**26,648**	31,846
Related party (Note 22)	**25,173**	11,042
Trade receivables		
Third party	**97,515**	60,332
Related party (Note 22)	–	5,408
	6,174,079	5,173,012
Less noncurrent portion	**3,428,052**	2,905,991
Current portion	**₱2,746,027**	₱2,267,021

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

	March 31, 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	**₱4,029,073**	**₱185,507**	**₱400,689**	**₱258,444**	**₱901,969**	**₱76,364**	**₱5,852,046**
Due from related parties	**24,853,929**	**140,781**	**476,347**	**4,909,574**	**392,370**	**300**	**30,773,301**
Others	**1,085,374**	**78,959**	**47,152**	**392,074**	**1,478,085**	**84,564**	**3,166,208**
	₱29,968,376	**₱405,247**	**₱924,188**	**₱5,560,092**	**₱2,772,424**	**₱161,228**	**₱39,791,555**

	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:

	March 31, 2023 (Unaudited)	March 31 2022 (Unaudited)
Debt replacements		
Related Party		
Vietnam Wind Energy Limited (VWEL)	**₱7,359**	₱18,276
Greencore Power Solutions 3, Inc. (Greencore 3)	**76,104**	38,735
Asia Wind Power 2 HK (Asia Wind 2)	**64,196**	29,155
BIM Wind	**93,433**	87,367
Wind Power Lac Hoa (Lac Hoa)	**80,855**	–
Wind Power Hoa Dong (Hoa Dong)	**71,071**	–
BIM Renewable Energy Joint Stock Company (BIM RE)	**–**	9,663
Asia Wind Power 1 HK (Asia Wind 1)	**81,387**	58,255
	474,405	241,451
Development Loans		
Third Party		
Provincia Investments Corporation (Provincia)	**2,959**	2,959
BIM Energy Holdings (BIMEH)	**7,523**	–
BEHS Joint Stock Company (BEHS)	**10,617**	10,106
NEFIN Solar Asset Limited (NEFIN)	**10,792**	4,362
UPC Renewables Asia Pacific Holdings Ltd. (UPCAPH)	**3,079**	31,917
Related Party		
AC Energy and Infrastructure Corporation (ACEIC)	**–**	59,024
UPC Solar Asia Pacific Ltd. (UPC-ACE Solar)	**30,510**	25,172
The Blue Circle (TBC)	**–**	17,266
Yoma Strategic Investments (Yoma)	**12,991**	12,147
	78,471	162,953
Other Loans		
Third Party	**878**	863
Related Party		
Ingrid Power Holdings, Inc. (Ingrid)	**22,280**	–
BrightNight India B.V. (BrightNight)	**734**	–
Infenium 4 Energy, Inc. (Infenium 4)	**857**	102
	24,749	965
Accounts and other Receivables		
Third Party	**23,907**	22,511
	₱601,532	₱427,880

6. Investments in Associates and Joint Ventures

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

	Percentage of ownership		Carrying amount	
	March 31, 2023	December 31, 2022	**March 31, 2023**	December 31, 2022
Investments in associates:				
Star Energy Geothermal B.V. (Salak-Darajat)	**19.80**	19.80	**₱11,568,513**	₱11,550,597
Maibarara Geothermal, Inc. (MGI)	**25.00**	25.00	**847,224**	823,357
Others	**various**	various	**35,959**	40,423
			12,451,696	12,414,377
Investments in joint ventures:				
Philippine Wind Holdings Corporation (PhilWind)	**69.81**	69.81	**5,822,819**	5,779,741
North Luzon Renewable Energy Corp. (NLR)	**33.30**	33.30	**2,329,855**	2,306,315
BIM Renewable Energy Joint Stock Company (BIMRE)	**30.00**	30.00	**1,832,206**	1,802,627
Ingrid Power Holdings, Inc. (Ingrid)	**50.00**	50.00	**1,131,302**	1,168,629
NEFIN Limited (NEFIN)	**50.00**	50.00	**494,645**	520,173
Greencore Power Solutions 3, Inc. (Greencore 3)	**50.00**	50.00	**264,969**	216,729
BrightNight India B.V. (BrightNight)	**50.00**	–	**233,552**	–
BIM Wind Joint Stock Company (BIM Wind)	**65.00**	65.00	**217,622**	101,622
AMI AC Renewables Corporation (AAR)	**50.00**	50.00	**204,705**	128,577
BIM Energy Joint Stock Company (BIME)	**30.00**	30.00	**110,060**	116,179
Monsoon Wind B.V. (Monsoon)*	**50.00**	–	**79,891**	–
Others	**various**	various	**227,519**	211,464
			12,949,145	12,352,056
			₱25,400,841	₱24,766,433

**Economic interest at 24%; voting interest at 50%.*

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

	March 31, 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	**367,579**	7,575,323
Conversion from subscription deposits	**27,320**	134,228
Acquired from business combination	**–**	41,866
Reclassification from other noncurrent asset	**–**	22,997

(Forward)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Acquisition of control	**₱–**	(₱7,005,539)
Divestment	**–**	(94,339)
Cumulative translation adjustment	**(366,349)**	1,974,366
Balance at end of period	**22,585,582**	22,557,032
Accumulated equity in net earnings (losses):		
Balance at beginning of period	**2,216,754**	1,422,007
Equity in net earnings	**978,485**	937,834
Acquisition of control	**–**	1,984,930
Dividends received	**(369,531)**	(2,222,356)
Divestment	**–**	94,339
Balance at end of period	**2,825,708**	2,216,754
Accumulated share in other comprehensive income:		
Balance at beginning of period	**(5,794)**	29,723
Unrealized fair value gain (loss) on derivative instruments designated as hedges - net of tax	**2,656**	45,224
Remeasurement loss on defined benefit plans - net of tax	**(5,752)**	7,628
Effect of business combinations	**–**	(88,369)
Balance at end of period	**(8,890)**	(5,794)
Accumulated impairment losses		
Balance at beginning of period	**(1,559)**	(1,559)
Divestment	**–**	–
Balance at end of period	**(1,559)**	(1,559)
Total investments	**₱25,400,841**	₱24,766,433

The Group received dividends amounting to:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
PhilWind	**₱311,000**	₱233,650
NLR	**58,531**	–
	₱369,531	₱233,650

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 March 31, 2023, the Group infused US$3.80 million (₱206.37 million).

b. Monsoon

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 in Southern Loa PDR. The 600MW power plant is the first cross-border wind project in Southeast Asia and is expected to achieve commercial operations before the end of 2025. As of March 31, 2023, the Group infused $1.47 million (₱82.32 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 March 31, 2023, the Group subscribed to IWIL's Party B Financing Bonds amounting to $5.81 million (₱315.60 million; see Note 7).

7. Investments in Other Financial Assets at Amortized Cost

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Redeemable preferred shares		
AAR	**₱6,816,977**	₱6,991,917
UPC Solar	**4,223,772**	4,332,163
BIM Wind	**2,022,774**	2,074,683
BIMRE	**1,325,659**	1,359,678
UPC Renewables Asia III Ltd. (UPC Asia III)	**1,188,547**	1,219,047
NEFIN	**1,113,836**	1,142,420
BIME	**231,312**	237,248
Impact Wind Investment Limited (IWIL) (Note 6)	**315,597**	–
	17,238,474	17,357,156
Subscription deposits		
BIM Wind	**286,136**	293,479
Suryagen Capital Pte. Ltd. (Suryagen)	**135,900**	139,388
	422,036	432,867
Convertible loans		
Asian Wind 1	**1,413,360**	1,449,630
Asian Wind 2	**1,157,275**	1,186,973
VWEL	**2,099,580**	2,118,690
	4,670,215	4,755,293
	22,330,725	22,545,316
Less: Allowance for expected credit loss	**1,527,877**	1,284,409
Balance at end of period	**₱20,802,848**	₱21,260,907

Investments in redeemable preferred shares and subscription deposits

The rollforward analysis of this account follows:

	March 31, 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	**743,688**	3,571,739
Conversion of subscription deposits	–	(1,899,834)
Conversion to redeemable preferred shares	–	1,899,834
Collection/ redemption of redeemable preferred shares	**(74,752)**	–
Reclassification to FVOCI	**(353,340)**	–
Conversion to investment in joint venture (Note 7)	**(27,320)**	(134,228)
Cumulative translation adjustment	**(445,109)**	1,405,581
Balances at end of period	**₱17,660,510**	₱17,790,023

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

Convertible loans

The rollforward analysis of this account follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Balance at beginning of period	**₱3,470,884**	₱13,319,476
Allowance for impairment	**(243,468)**	(1,284,409)
Additions	–	2,807,214
Reclassified from receivables from a related party	–	74,446
Redemptions	–	(14,508)
Effect of business combination	–	(12,951,246)
Cumulative translation adjustment	**(85,078)**	1,519,911
Balance at end of period	**₱3,142,338**	₱3,470,884

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

For the three-month ended March 31, 2023, the Group recognized additional allowance for impairment loss in convertible loan to Vietnam Wind Energy amounting to ₱243.47 million.

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

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Redeemable preferred shares		
AAR	**₱217,927**	₱193,608
BIM Wind	**73,907**	4,038
UPC Solar	**132,525**	73,130
UPC Asia III	**61,324**	51,490
BIMRE	**42,865**	40,306
BIME	**7,496**	7,049
NEFIN	**24,934**	–
IWIL	**1,433**	–
	562,411	₱369,621
Convertible loans		
VWEL	**91,562**	–
Asian Wind 1	**46,607**	45,429
Asian Wind 2	**44,755**	45,529
UPC-ACE Australia	–	194,240
	182,924	285,198
	₱745,335	₱654,819

8. **Property, Plant and Equipment**

The Group invested significant capital expenditures related to the following projects amounting to ₱6,203.81 million and ₱18,854.56 million for the three months ended March 31, 2023 and for the year ended December 31, 2022, respectively:

Project	Capacity (MW)	Location	% Completion March 31, 2023 (Unaudited)	December 31, 2023 (Audited)
Pagudpud Wind	160	Ilocos Norte, Philippines	93%	90%
Arayat-Mexico Solar (Phase 2)	44	Pampanga, Philippines	90%	81%
San Marcelino Solar (Phase 1)	283	Zambales, Philippines	84%	68%
Cagayan North Solar (Phase 1)	133	Lal-lo Cagayan, Philippines	76%	60%
Palauig 2 Solar	300	Zambales, Philippines	12%	5%
Capa Wind	70	Caparispisan, Pagudpud, Ilocos Norte, Philippines	4%	<1%
Pangasinan Solar	60	Sinocalan, San Manuel, Pangasinan, Philippines	6%	<1%
New England Solar Farm 1	521	Uralla, New South Wales, Australia	88%	79%

Project	Capacity (MW)	Location	% Completion March 31, 2023 (Unaudited)	December 31, 2023 (Audited)
Stubbo Solar	520	Central Western Tablelands, New South Wales, Australia	11%	2%

As at March 31, 2023 and 2022, unpaid property, plant and equipment acquisitions amounted to ₱1,253.77 million and ₱114.15 million, respectively.

Borrowing cost capitalized to property, plant, and equipment amounted to ₱352.92 million and ₱86.58 million for the three-month period ended March 31, 2023 and 2022, respectively. The capitalization rate used to determine the borrowing cost eligible for capitalization is 5.02% and 4.99% in 2023 and 2022, respectively.

For the three-month periods ended March 31, 2023 and 2022, depreciation and amortization included in the cost of sale of electricity amounted to ₱299.37 million and ₱525.48 million, respectively (see Note 17), while depreciation and amortization included as part of general and administrative expenses amounted to ₱121.45 million and ₱28.79 million, respectively (see Note 18).

The Group's property, plant, and equipment with carrying value of ₱3,448.26 million, and ₱3,650.50 million as at March 31, 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 Group's Right-of-Use Assets arise from the lease agreements of the following entities:

- ACEN - rental of office space in 34th, 35th and 36th Floor of Ayala Triangle Gardens Tower 2 with 69 parking slots.
- ACES - for the lease of office unit located at the 4th Floor 6750 Ayala Avenue Office Tower and a total of eighteen appurtenant parking slots.
- One Subic Power - facilities and lease agreement with SBMA for the Land in Subic including the 116 MW Diesel Powerplant.
- Guimaras Wind - lease commitments from various landowners in Guimaras for land, easement rights and rights of way use to connect to the grid.
- SACASOL - lease of land for its solar power facility and office building.
- MONTESOL - lease of land for its solar power facility.
- NorthWind - lease of land for its wind power facility (Phase I-II) in Bangui, Ilocos Norte through a Foreshore Lease Agreement granted by the DENR on September 19, 2003 valid for 25 years.
- Solarace1 - lease of land for the construction and operation of its solar power facility.
- MCV - lease of land as site for its water supply system.
- LCC - lease of land as site for its water supply system.
- ISLASOL - lease of land for its solar power facility.
- BCHC - lease of land for its solar power facility

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

In 2022, BCHC entered into a 10-year lease agreement with a third party for parcels of land situated in Brgy. Malaya Pililla, Rizal.

For the three-month period ended March 31, 2023, and 2022, the total cash outflow in respect of leases amounted to ₱29.06 million and ₱61.04 million, respectively. Interest expense in relation to lease liabilities in the current period 2022 and 2021 amounted to ₱86.85 million and ₱56.51 million, respectively, and is presented as part of "Interest and Other Finance Charges" in the consolidated statements of income (see Note 19).

Moreover, the Group recognized amortization expense for its right-of-use asset amounting to ₱95.49 million and ₱40.19 million and is presented as part of Depreciation and amortization in the consolidated statements of income for the three-month period ended March 31, 2023 and 2022, respectively (see Notes 17 and 18).

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

10. Goodwill and Other Intangible Assets

The rollforward of this account follows:

	March 31, 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**
Acquired from business combination (Note 2)	**114,000**	–	–	–	**114,000**
Additions/Cash calls	–	–	–	**13,439**	**13,439**
Currency translation adjustment	**(619,889)**	–	–	–	**(619,889)**
Balance at end of period	**20,684,653**	**143,212**	**185,347**	**2,314,905**	**23,328,117**
Accumulated amortization:					
Balance at beginning of period	**₱–**	**₱–**	**₱48,877**	**₱416,886**	**₱465,763**
Amortization (Notes 17 and 18)	–	–	**2,030**	**37,899**	**39,929**
Balance at end of period	–	–	**50,907**	**454,785**	**505,692**
Accumulated impairment:					
Balance at beginning and end of period	–	**86,061**	–	–	**86,061**
Net book value	**₱20,684,653**	**₱57,151**	**₱134,440**	**₱1,860,120**	**₱22,736,364**

	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/Cash calls	21,665,700	1,471	–	88,648	21,755,819
Acquired from business combination	–	–	–	19,006	19,006
Currency 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
Accumulated 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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Derivative asset (Note 24)	**₱514,899**	₱617,139
Prepaid expenses	**309,826**	202,565
Advances to contractors	**171,165**	145,163
Short-term investments	**–**	528
Other current assets	**24,714**	27,693
	1,020,604	993,088
Less allowance for impairment loss (Note 18)	**26,293**	26,181
	₱994,311	₱966,907

Derivative asset pertains to the coal and fuel commodity swaps contracts maturing within 12-month period (see Notes 12 and 26). ACEN had unrealized ₱1.65 million losses on coal swaps (see Note 23). The account also includes hedge transactions from UPC-ACE Australia amounting to $9.97 million (₱555.87 million).

Other noncurrent asset

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Development costs	**₱2,835,335**	₱5,723,562
Advances to suppliers	**1,799,858**	1,722,023
Advances for land acquisition	**1,048,192**	809,975
Deposits	**111,761**	109,718
Performance bond for land conversion	**64,073**	–
Investment properties	**13,085**	13,085
Others	**28,247**	116,808
	₱5,900,551	₱8,495,171

12. Accounts Payable and Other Current Liabilities

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade	**₱2,913,272**	₱3,701,024
Accrued expenses	**2,551,011**	4,710,091
Due to related parties (Note 22)	**2,120,317**	1,782,157
Nontrade	**1,999,163**	1,231,305
Output VAT - net	**1,363,091**	1,280,631
Accrued interest expenses	**353,077**	210,510
Retention payables	**177,982**	158,105
Others	**217,422**	248,746
	₱11,695,335	₱13,322,569

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

Short-term Loans

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Balance at beginning of period	**₱2,900,000**	₱–
Availments	**2,300,000**	23,259,020
Payments	**(2,900,000)**	(20,359,020)
Balance at end of period	**₱2,300,000**	₱2,900,000

As at March 31, 2023, the Group’s outstanding short-term loans from various local banks bear interest ranging from 5.94% to 6.00%. (2.20% to 4.25% in 2022).

Total interest expense recognized on short-term loans amounted to ₱28.75 million and ₱1.00 million for the three-month period ended March 31, 2023 and 2022.

Long-term Loans

This account consists of:

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**March 31, 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-annual *On August 24, 2022, lender approved amendment to financial covenants. Previously, covenant included minimum DSCR 1.00x; maximum DE ratio of 1.50x; and minimum current ratio of 1.00x.	**₱651,869**	₱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-annual	**4,842,105**	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	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-annual	**6,949,000**	4,476,000

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**March 31, 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-annual	**4,500,000**	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-annual	**6,000,000**	3,000,000
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 annually at year end.	**1,939,360**	1,939,360

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
Guimaras Wind								
₱4,300.00 million loan	₱4,300.00 million	December 18, 2013	February 14, 2029	6.25%-6.50% fixed rate)	Principal and interest payable semi-annual	Minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Based on the standalone balances of the borrower. Tested annually at year end.	**1,071,422**	1,142,502
ACEN Australia Pty Ltd. ("ACEN Australia")								
AU$212.50 million Loan	AU$157.78 million	February 11, 2021	December 22, 2025	BBSY + margin - Construction Facility/Term Facility	Principal Repayment based on agreed schedule. Interest payments 3 or 6 months or any such shorter period agreed.	DSCR Ratio of 1.15 to 1.00x Secured by Property Based on the ACEN consolidated year-end balances. Tested semi-annual	**6,219,990**	5,933,641
AU$100 million Loan	AU$34.54 million	August 18, 2022	August 18, 2027	Floating Rate. Reuters screen BBSW + margin	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 semi-annual	**1,267,946**	1,299,044
AU$140 million Loan	AU$28.36 million	September 16, 2022	September 16, 2027	Floating Rate. BBSY + margin	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 semi-annual	**1,954,528**	1,066,513

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**March 31, 2023 (Unaudited)**	December 31, 2022 (Audited)
AU$75.00 million Loan	AU$0.38 million	October 28, 2022	October 28, 2027	Fixed rate. Base rate + margin	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	**13,630**	14,101
AU$277.00 million Loan	AU$72.61 million	January 6, 2023	January 6, 2028	Floating Rate. BBSY + margin	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	**2,639,733**	–
Totals							**₱38,049,583**	₱28,905,691
Less unamortized debt issue cost							**170,831**	134,403
							37,878,752	28,771,288
Less current portion							**1,086,180**	719,385
Long-term loans, net of current portion							**₱36,792,572**	₱28,051,903

The rollforward of this account follows:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
As at beginning of period	**₱28,905,691**	₱21,154,114
Availment	**9,533,898**	22,753,475
Payment	**(138,636)**	(7,387,050)
Assumed through business combination	–	5,758,990
Change due to loss of control	–	(13,594,700)
Cumulative translation adjustments	**(251,370)**	220,862
	38,049,583	28,905,691
Less unamortized debt issue cost	**170,831**	134,403
	₱37,878,752	₱28,771,288

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
As at beginning of period	**₱134,403**	₱211,893
Additions	**41,250**	261,443
Derecognition	–	(97,864)
Change due to loss of control	–	(214,360)
Amortization/accretion (Note 19)	**(4,822)**	(26,709)
As at end of period	**₱170,831**	₱134,403

Compliance with covenants
The Group has complied with the covenants required by the long-term loans payable as at March 31, 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 ₱399.11 million and ₱394.43 million for the three-month period ended March 31, 2023 and 2022, respectively.

Notes payable

The rollforward of this account follows:

	March 31, 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)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Debt issue cost		
Balance at beginning of period	**198,773**	114,939
Additions	**–**	128,622
Amortization (Note 19)	**(14,271)**	(44,788)
Balance at end of period	**184,502**	198,773
Cumulative translation adjustment	**1,355,779**	1,908,487
	₱31,554,877	₱32,093,314

For the three-months period ended March 31, 2023 and 2022, total interest expense and other financing charges recognized on the US dollar Green Bonds amounted to US$4.31 million (₱236.29 million) and US$4.10 million (₱210.34 million), respectively, while ₱150.99 million and nil for the Peso Green Bonds, respectively (see Note 19).

14. **Other Noncurrent Liabilities**

This account consists of:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Asset retirement obligation	**₱235,887**	₱176,056
Retention payable	**110,070**	77,180
Contract liabilities	**101,916**	68,875
Deposit payable	**70,858**	83,199
Provision for employee benefits / long service leave	**53,696**	88,486
Derivative liability (Note 24)	**7,160**	37,500
Accrued expenses	**2,166**	280,724
Others	**59,202**	15,623
	₱640,955	₱827,643

15. **Equity**

Capital Stock

This account consists of:

	Number of Shares	
	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Authorized capital stock – ₱1 par value	**48,400,000,000**	48,400,000,000
Issued shares:		
Balance at beginning of the period	**39,691,894,773**	38,338,527,174
Issuance of new shares	**–**	1,353,368,499
Adjustment in grants through Employee Stock Ownership Plan	**–**	(900)
Balance at end of the period	**39,691,894,773**	39,691,894,773

The issued and outstanding shares as at March 31, 2023 and December 31, 2022 are held by 3,246 and 3,182 equity holders, respectively.

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

Year Approval	No. of shares Registered	No. of shares Issued	Par Value
Prior to 2005*	1,000,000,000	**840,601,987	₱0.01/1.00
2005	1,000,000,000	264,454,741	1.00
2007	–	552,528,364	1.00
2008	–	4,713,558	1.00
2009	–	304,419	1.00
2010	–	2,022,535	1.00
2011	2,200,000,000	1,165,237,923	1.00
2012	4,200,000,000	2,027,395,343	1.00
2013	–	6,603,887	1.00
2014	–	1,283,332	1.00
2016	–	20,751,819	1.00
2017	–	3,877,014	1.00
2019	–	2,632,000,000	1.00
2020	16,000,000,000	6,185,182,288	1.00
2021	24,000,000,000	24,623,380,967	1.00
2022	–	1,361,556,596	1.00
Total	48,400,000,000	39,691,894,773	

**On April 7, 1997, par value was increased from ₱0.01 to ₱1.00.*
***Equivalent number of shares at ₱1.00 par.*

Amendment to Articles of Incorporation
On March 8, 2023, the BOD of ACEN approved the amendment of the Seventh Article of the Articles of Incorporation to reclassify 100.00 million unissued common shares with a par value of ₱1.00 per share to 100.00 million preferred shares with par value of ₱1.00 per share (the "Preferred Shares"). On April 24, 2023, the proposed amendment was approved by stockholders representing at least 2/3 of ACEN's authorized capital stock.

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 ₱38,676.61 million and ₱43,529.36 as at March 31, 2023 and December 31, 2022, respectively and (b) the cost of treasury shares amounted to ₱28.66 million as at March 31, 2023 and December 31, 2022.

As at March 31, 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$613.13 million (₱26,660.44 million) and US$927.32 million (₱27,983.63 million) as at March 31, 2023 and December 31, 2022, respectively.

Dividends
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 (nil for the three-month period ended March 31, 2023).

Non-controlling Interest (NCI)

The rollforward of this account is as follows:

	March 31, 2023 (Unaudited)	March 31, 2022 (Unaudited)
Balance at beginning of period	**₱31,859,767**	₱29,950,776
Net income attributable to NCI	**416,330**	1,542,769
OCI attributable to NCI	–	42,108
Cumulative translation adjustments	**(151,402)**	(28,690)
Dividends	**(379,911)**	(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	**₱29,884,707**	₱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	$85,391	₱4,724,682
Carrying amount of NCI	33,618	1,860,077
Excess of consideration	$51,773	₱2,864,605

The transaction resulted into the acquisition of remaining 20% ownership interest in UPC-ACE Australia. The excess of consideration over the carrying amount of the non-controlling interest is recognized under equity reserves.

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.

Dividends
For the three-month periods ended March 31, 2023 and 2022, ACEN Cayman declared to its shareholder, AC Energy Finance International Limited $6,871 (₱379.91 million) and $6,871 (₱352.34 million), respectively.

Other Equity Reserves

This account consists of:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Effect of:		
Common control business combinations	**(₱53,269,303)**	(₱53,269,303)
Purchase of:		
20.00% in UPC-ACE Australia shares	**(2,864,605)**	–
20.00% in SLTEC	**(2,229,587)**	(2,229,587)
32.21% in NorthWind	**(723,974)**	(723,974)
34.00% in MSPDC	**(261,728)**	(261,728)
25.18% in ENEX	**(130,854)**	(130,854)
40.00% in BWPC	**(110,398)**	(110,398)
30.00% in SolarAce4	**(65)**	(65)
25.00% 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 March 31	
	2023 (Unaudited)	2022 (Unaudited)
Revenue from power supply contracts	**₱4,900,238**	₱4,531,803
Revenue from power generation	**4,122,776**	2,826,575
	₱9,023,014	₱7,358,378

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 three-month periods ended March 31, 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 March 31	
	2023 (Unaudited)	2022 (Unaudited)
Costs of purchased power	**₱7,243,731**	₱5,399,347
Depreciation and amortization (Notes 8, 9 and 10)	**299,374**	525,476
Fuel	**169,685**	1,287,326
Repairs and maintenance	**123,183**	183,468
Taxes and licenses	**119,238**	175,505
Salaries and directors' fees	**39,496**	94,675
Insurance	**30,843**	100,772
Contractor's fee	**23,772**	41,292
Transmission costs	**20,505**	18,039
Rent	**16,365**	14,490
Communication	**3,208**	3,993
Transportation and travel	**2,640**	2,229
Pension and other employee benefits	**1,887**	5,261
Filing fees	**1,413**	3,264
Others	**24,061**	12,998
	₱8,119,401	₱7,868,135

18. General and Administrative Expenses

This account consists of:

	For the three-month period ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
Management and professional fees	**₱326,333**	₱52,474
Salaries and directors' fees	**251,888**	39,636
Provision for (reversal of) expected credit losses (Notes 5 and 7)	**236,848**	(32,807)
Depreciation and amortization (Notes 8, 9 and 10)	**121,449**	28,786
Taxes and licenses	**93,692**	44,370
Insurance, dues and subscriptions	**26,845**	6,373
Transportation and travel	**18,770**	3,528
Building maintenance and repairs	**15,271**	2,152
Advertisements	**11,417**	4,127
Contractor's fee	**9,217**	6,461
Rent	**8,918**	1,924
Pension and other employee benefits	**6,827**	5,354

(Forward)

	For the three-month period ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
Corporate social responsibilities	**₱5,641**	₱41,947
Office supplies	**4,785**	3,005
Meeting and conferences	**3,174**	1,595
Communication	**1,940**	1,519
Others	**37,372**	74,525
	₱1,180,387	₱284,969

19. **Interest and Other Finance Charges**

This account consists of:

	For the three-month period ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
Interest expense on:		
Notes payable (Note 13)	**₱387,273**	₱210,338
Lease obligations (Note 9)	**86,849**	56,514
Short-term loans (Note 13)	**28,751**	999
Long-term loans (Note 13)	**11,840**	184,093
Amortization of debt issue cost (Note 13)	**10,326**	26,935
Asset retirement obligation	**8,378**	1,857
Other finance charges	**130,997**	23,577
	₱664,414	₱504,313

Other finance charges include bank and other finance charges.

20. **Other Income - Net**

This account consists of:

	For the three-month period ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
Interest and other financial income	**₱1,592,597**	₱1,094,251
Gain on settlement of development loan (Note 5)	**515,000**	–
Fair value gain on financial asset at FVTPL	**84,966**	–
Gain on sale of financial asset at FVTPL	**28,634**	–
Guarantee fee income	**24,416**	86,150
Foreign exchange (loss) gain - net	**(254,357)**	60,049
Others	**82,929**	(20,644)
	₱2,074,185	₱1,219,806

Fair value gain on financial assets at FVTPL is comprised of marked-to-market gains of listed SPNEC shares amounting to ₱186.86 million and loss of unlisted shares Masaya Solar Energy Private Limited amounting to ₱101.22 million for the three-month ended March 31, 2023.

Interest and Other Financial Income
The details of interest and other financial income are as follows:

	For the three-month period ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
Interest income on:		
Cash in banks and short-term deposits (see Note 4)	**₱245,730**	₱11,552
Accounts and notes receivables (Notes 5 and 22)	**601,532**	427,880
Other financial assets at amortized cost (Note 7)	**745,335**	654,819
	₱1,592,597	₱1,094,251

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 three-month periods ended March 31, 2023 and 2022. Therefore, the obligation related to the guarantee extended by ACRI is nil.

There is no new material guarantee provided for the three-month period ended March 31, 2023.

21. Income Taxes

Current income tax pertains to the following:

	For the three-month period ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
RCIT	**₱66,562**	₱39,829
MCIT	**33**	1,547
Final income tax	**4,650**	346
	₱71,245	₱41,722

Net deferred tax liabilities amounted to ₱310.63 million and ₱226.27 million as at March 31, 2023 and December 31, 2022, respectively.

Net deferred tax assets amounted to ₱1,950.21 million and ₱1,730.19 million as at March 31, 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 March 31, 2023 and December 31, 2022 and for the twelve-month period ended December 31, 2022 and 2021 are:

a. Transaction with ACEIC, the Parent Company

	Amount/Volume		**Outstanding Balance Receivable (Payable)**		
Nature	**March 31, 2023**	March 31, 2022	**March 31, 2023**	December 31, 2022	
Interest income / receivable	**₱–**	₱59,023	**₱–**	₱–	30-day, non-interest bearing
Management fee income	**6,229**	–	**2,891**	10,002	30-day, non-interest bearing
Management fees expense	**228,809**	15,510	**(40,098)**	(23,421)	30-day, non-interest bearing
Due from related parties	**–**	–	**167,136**	167,572	Due and demandable
Due to related parties	**–**	–	**(274,814)**	(80,194)	Due and demandable

b. Notes Receivables

Nature & Relationship	**Related Party**	**Outstanding Balance** March 31, 2023	December 31, 2022	**Terms / Conditions**
Development loans				
Joint Venture				
	UPC-AC Energy Solar Limited (UPC-ACE Solar)	**₱1,087,200**	₱1,115,100	Due in 2023; interest bearing; unsecured; no impairment
	Greencore 3	**–**	–	Due in 2022; interest bearing; unsecured; no impairment
Associate				
	TBC	**–**	–	Due in 2022; interest bearing; unsecured; no impairment
Affiliate				
	Yoma Strategic Investments Ltd (“Yoma”)	**1,305,567**	1,339,071	Due in 2023; interest bearing; unsecured; no impairment
		₱2,392,767	₱2,454,171	
Debt replacements				
Joint Venture				
	BIM Wind	**₱4,630,657**	₱4,749,490	Due in 2030 interest bearing; unsecured; no impairment
	Greencore 3	**4,339,062**	4,225,946	Due in 2023; interest bearing; unsecured; no impairment
	Asian Wind 1	**2,974,776**	3,087,433	Due in 2023; interest bearing; unsecured; no impairment
	Lac Hoa	**2,577,265**	2,643,403	Due in 2024; interest bearing; unsecured; no impairment
	Asian Wind 2	**2,364,882**	2,435,262	Due 2045 interest bearing; unsecured; no impairment
	Hoa Dong	**2,260,775**	2,318,792	Due in 2024; interest bearing; unsecured; no impairment

(Forward)

Nature & Relationship	Related Party	Outstanding Balance March 31, 2023	Outstanding Balance December 31, 2022	Terms / Conditions
	NEFIN Solar	**₱560,452**	₱574,834	Due in 2024; interest bearing; unsecured; no impairment
	VWEL	**212,683**	59,614	Due in 2022; interest bearing; unsecured; no impairment
	BIMRE	**–**	–	Due in 2022; interest bearing; unsecured; no impairment
		₱19,920,552	₱20,094,774	
Other Loan				
Joint Venture	Ingrid	**₱800,000**	₱500,000	Due in 2023; interest bearing; unsecured; no impairment
Joint Venture	Infineum 4 Energy, Inc.	**43,466**	43,466	Due in 2024; interest bearing; unsecured; no impairment
Joint Venture	Brightnight	**309,991**	–	Due in 2024; interest bearing; unsecured; no impairment
		₱1,153,457	₱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, 2021, to December 31, 2022.

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 Energy, Inc.
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 (2) 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:

Related Party	Amount/Volume **March 31, 2023**	Amount/Volume March 31, 2022	Outstanding Balance Receivable (Payable) **March 31, 2023**	Outstanding Balance Receivable (Payable) December 31, 2022	Terms
Other Financial Assets at Amortized Cost (Note 7)					
Redeemable preferred shares	**₱562,411**	₱369,621	**₱2,983,033**	₱2,487,852	various dates
Convertible loans	**182,924**	285,198	**1,189,007**	1,071,551	various dates
Development Loans					
Joint Venture					
UPC Solar	**30,510**	25,172	**267,054**	242,890	various dates
UPC-ACE Australia	–	–	**155,557**	–	various dates
Associate					
TBC	–	17,266	**–**	–	various dates
Affiliate					
Yoma	**12,991**	12,147	**–**	146,341	various dates
Debt replacements					
Joint Venture					
VWEL	**7,359**	18,276	**421,093**	431,899	various dates
Greencore 3	**76,104**	38,735	**351,147**	276,357	30-day, non-interest bearing
Asian Wind 2	**64,196**	29,155	**110,322**	67,648	various dates
BIM Wind	**93,433**	87,367	**84,381**	88,657	various dates
Lac Hoa	**80,855**	–	**175,592**	97,896	various dates
Hoa Dong	**71,071**	–	**155,762**	87,504	various dates
NEFIN Solar	–	–	**32,227**	22,084	various dates

(Forward)

Related Party	Amount/Volume March 31, 2023	March 31, 2022	Outstanding Balance Receivable (Payable) March 31, 2023	December 31, 2022	Terms
BIMRE	**₱–**	₱9,663	**₱–**	₱–	various dates
Asian Wind 1	**81,387**	58,255	**–**	–	various dates
Others					
Ingrid	**22,280**	–	**21,726**	9,167	30-day, non-interest bearing
Infenium 4	**857**	102	**2,734**	1,875	30-day, non-interest bearing
Brightnight	**734**	–	**714**		
Trade Receivables					
Affiliates	**10,071**	–	**–**	5,408	30-day, non-interest bearing
	₱1,297,183	₱950,957	**₱ 5,950,349**	₱ 5,037,129	

d. Loans Payable

Related Party	Amount/Volume March 31, 2023	March 31, 2022	Outstanding Balance Receivable (Payable) March 31, 2023	December 31, 2022	Terms
Bank of the Philippines Island					
Interest Expense/Interest Payable	**₱28,374**	₱27,800	**(₱36,506)**	(₱8,834)	30 days, unsecured
Short-term loans (Note 13)			**(2,000,000)**		Due in May 2023, interest bearing
Long-term loans (Note 13)	–	–	**(1,767,007)**	(1,766,487)	Due in May 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.

Related Party	Amortization / Interest Expense March 31, 2023	March 31, 2022	Right-of-use assets / (Lease Liabilities) March 31, 2023	December 31, 2021	Terms
ALI					
Right of use Assets (Note 9)	**₱33,346**	₱29,364	**₱893,410**	₱926,451	10 years, unsecured
Lease Liabilities (Note 9)	**10,681**	9,867	**(1,027,632)**	(1,008,858)	10 years, unsecured
FBDC					
Right of use Assets	–	2,307	–	4,573	3 years, unsecured
Lease Liabilities	–	64	–	(9,771)	3 years, unsecured

f. Other Related Party Transactions

	Amount/Volume March 31, 2023	March 31, 2022	Outstanding Balance Receivable (Payable) March 31, 2023	December 31, 2022	Terms
Management fee income	**₱ 75,625**	13,533	**₱ 8,800**	₱ 8,019	30-days, unsecured
Rental income	**4,334**	3,490	**4,302**	2,118	30-days, unsecured
Revenue from power supply contracts	**123,983**	–	**–**	–	30-days, unsecured
Cost of sale of electricity	**246,416**	103,160	**(91,248)**	(92,591)	30-days, unsecured
Dividends Receivables (Note 6)	**369,531**	–	**369,531**	–	30-days, unsecured
Due from related parties	**–**	3,465	**501,451**	422,796	On demand, Unsecured
Due to related parties	**–**	–	**(1,714,157)**	(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 ₱302.67 million and ₱301.17 million as at March 31, 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)		
	March 31, 2023	March 31, 2022	**March 31, 2023**	December 31, 2022	**Terms**
Accrued director's and annual incentives (Note 12)					
Directors' fee and annual incentives	**₱3,302**	₱3,277	**(₱55,205)**	(₱58,507)	On demand, Unsecured
Due to stockholders (Note 15)					
Cash dividends	-	-	**(16,585)**	(16,585)	On demand, Unsecured

<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:

(In Thousands, Except for Number of Shares and Per Share Amounts)

	For the three-month period ended March 31	
	2023 (Unaudited)	2022 (Unaudited)
(a) Net income attributable to equity holders of Parent Company	**₱2,025,906**	₱405,026
Common shares outstanding at beginning of period (Note 15)	**39,677,394,773**	38,324,027,174
Weighted average number of:		
Shares issued during the period	**–**	132,074,583
Shares buyback during the period	**–**	–
(b) Weighted average common shares outstanding	**39,677,394,773**	38,456,101,757
Basic/Diluted earnings (loss) per share (a/b)	**₱0.05**	₱0.01

For the three-months ended March 31, 2023 and 2022, except for ESOWN, the Parent Company does not have any material potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings per share is the same as basic earnings per share for the three-months ended March 31, 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:

	March 31, 2023 (Unaudited) U.S. Dollar (US$)	December 31, 2022 (Audited) U.S. Dollar (US$)
Financial Assets		
Cash and cash equivalents	**$430,710**	$433,954
Other receivables	**473,397**	492,919
	904,107	926,873
Financial Liabilities		
Accounts payable and other current liabilities	**(58,424)**	(64,476)
Notes payable and loans-term loans	**(611,891)**	(284,620)
	(670,315)	(349,096)
Net foreign currency-denominated assets (liabilities)	**$233,792**	$577,777
Peso equivalent	**₱12,725,299**	₱32,424,845

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱54.43 to US$1.00 March 31, 2023 and ₱56.12 to US$1.00 as at December 31, 2022.

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

Pertinent Period	Increase (Decrease) in Foreign Exchange Rate	US$
March 31, 2023	**(₱0.50)**	**(₱116,896)**
	(1.00)	**(233,792)**
	0.50	**116,896**
	1.00	**233,792**
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.

	March 31, 2023 (Unaudited)	
	Peso	**US$**
Cash and cash equivalents	**₱15,384,938**	**$283,019**
Receivables	**25,383,828**	**466,958**
Investments in:		
Associates and joint ventures	**14,758,734**	**271,500**
Other financial assets at amortized cost	**20,802,848**	**382,687**
Financial asset at FVTPL	**2,070,470**	**38,088**
	78,400,818	**1,442,252**
Accounts payable and other current liabilities	**(2,347,068)**	**(43,176)**
Notes payable	**(33,262,409)**	**(611,891)**
Net foreign currency position	**₱42,791,341**	**$787,185**

	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**
March 31, 2023	**USD**	**($0.50)**	**(₱393,593)**
		(1.00)	**(787,185)**
		0.50	**393,593**
		1.00	**787,185**

		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.

	March 31, 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	**₱3,533,400**	**₱881,620**	**₱2,796**	**₱194,121**	**₱60,433**	**₱4,672,370**
Due from related parties	**20,319,404**	**128**	**1,785**	**228,554**	**–**	**20,549,871**
Others	**127,211**	**14,839**	**31,982**	**333,176**	**1,578,841**	**2,086,049**
Noncurrent						
Trade receivables	**166,825**	**–**	**223,965**	**758,357**	**15,931**	**1,165,078**
Due from related parties	**9,935,379**	**8,674**	**–**	**294,575**	**–**	**10,238,628**
Receivables from third Parties	**709**	**–**	**812,941**	**265,909**	**–**	**1,079,559**
	₱34,082,928	**₱905,261**	**₱1,073,469**	**₱2,074,692**	**₱1,655,205**	**₱39,791,555**

	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	₱46,913,509

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

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

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

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

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

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

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

The gross carrying amount of financial assets not subject to impairment also represents the Group's maximum exposure to credit risk which mainly pertains to financial assets at FVOCI amounting to ₱723.71 million and ₱366.84 million as at March 31, 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:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Financial Assets at Amortized Cost (Portfolio 1)		
Cash and cash equivalents	**₱34,963,879**	₱34,630,011
Short-term investments	**–**	528
Under “Receivables” account		
Current:		
Trade receivables	**4,672,370**	9,649,612
Due from related parties	**20,549,871**	14,947,017
Others	**507,208**	7,315,267
Noncurrent:		
Trade receivables	**1,149,147**	1,230,172
Due from related parties	**10,238,628**	14,094,201
Receivables from third parties	**1,079,559**	1,063,355
Other financial assets at amortized cost	**22,296,825**	22,545,316
Under “Other Noncurrent Assets” account		
Deposits	**111,761**	109,718
	₱95,569,248	₱105,585,197

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

	March 31, 2023 (Unaudited)				
		Lifetime ECL			
Grade	**12-month Stage 1**	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
High	₱23,896,050	₱–	₱–	₱24,507	₱23,920,557
Standard	–	–	–	945,183	945,183
Substandard	–	–	–	–	–
Default	–	–	–	–	–
Gross carrying amount	23,896,050	–	–	969,690	24,865,740
Less loss allowance	–	–	–	–	–
Carrying amount	₱23,896,050	₱–	₱–	₱ 969,690	₱ 24,865,740

	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.

	March 31, 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	**₱ 3,581,983**	**₱ 940,582**	**₱ 377,775**	**₱ 12,095**	**₱–**	**₱ 4,912,435**
Retention payable	**39,290**	**22,060**	**116,632**	**109,510**	**560**	**288,052**
Accrued expenses [a]	**735,245**	**367,825**	**1,447,941**	**2,166**	**–**	**2,553,177**
Accrued interest	**7,616**	**66,404**	**279,057**	**–**	**–**	**353,077**
Due to related parties	**903,889**	**28,886**	**1,187,542**	**–**	**–**	**2,120,317**
Others	**104,321**	**3,753**	**109,348**	**231,976**	**–**	**449,398**
Derivative Liability	**–**	**–**	**–**	**7,160**	**–**	**7,160**
Short-term loans	**2,000,000**	**-**	**300,000**	**–**	**–**	**2,300,000**
Due to stockholders	**–**	**–**	**16,585**	**–**	**–**	**16,585**
Lease liabilities [b]	**–**	**74,410**	**291,056**	**1,559,191**	**3,072,058**	**4,996,715**
Long-term loans [c]	**–**	**424,989**	**1,492,099**	**21,592,277**	**26,455,839**	**49,965,204**
Notes payable	**–**	**–**	**–**	**–**	**35,321,611**	**35,321,611**
Other noncurrent liabilities [d]	**–**	**–**	**–**	**172,774**	**–**	**172,774**
	₱ 7,372,344	**₱ 1,928,909**	**₱ 5,618,035**	**₱ 23,687,149**	**₱ 64,850,068**	**₱ 103,456,505**

[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 March 31, 2023 and December 31, 2022, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	March 31, 2023 (Unaudited)				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Over 12 Months**	**Total**
Loans and receivables:					
Current:					
Cash and cash equivalents	**₱34,963,879**	**₱–**	**₱–**	**₱–**	**₱34,963,879**
Short-term investments	–	–	–	–	–
Accounts and Notes Receivables:					
Accounts and other Receivable	**5,185,580**	**904,495**	**2,234,750**	–	**8,324,825**
Notes receivable	**18,994,513**	**5,139,062**	**1,159,076**	–	**25,292,651**
Interest receivable	**5,788,284**	**100,470**	**285,325**	–	**6,174,079**
Noncurrent:					
Receivables:					
Accounts and other receivable	–	–	–	**1,425,261**	**1,425,261**
Notes receivable	–	–	–	**7,614,021**	**7,614,021**
Interest receivable	–	–	–	**3,428,052**	**3,428,052**
Derivative assets		–	–	**514,899**	**514,899**
Other financial assets at amortized cost	–	–	–	**20,802,848**	**20,802,848**
Financial assets at FVOCI:					
Quoted	–	–	–	**1,822**	**1,822**
Unquoted	–	–	–	**721,890**	**721,890**
	₱64,932,256	**₱6,144,027**	**₱3,679,151**	**₱34,508,793**	**₱109,264,227**

	December 31, 2022 (Unaudited)				
	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 March 31, 2023							
Foreign exchange forward contracts							
Notional amount ($000)	$17,194	$726	$–	$–	$–	$–	$17,920
Average forward rate ($/₱)	54.55	54.57	–	–	–	–	
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 March 31, 2023				
Foreign exchange forward contracts	**$17,920**	**(₱3,435)**	**Accounts payable and other current liabilities**	**(₱3,435)**
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 March 31, 2023			
Highly probable forecast purchases	**(₱3,435)**	**₱–**	**₱–**
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 March 31, 2023						
Foreign exchange forward contracts	**₱–**	**(₱3,435)**	**Other income (expense)**	**₱–**	**₱–**	**₱–**
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.

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Short-term debt (Note 13)	**₱2,300,000**	₱2,900,000
Long-term debt (Note 13)	**69,433,629**	60,864,602
Total debt	**71,733,629**	63,764,602
Less:		
Cash and cash equivalent (Note 4)	**34,963,879**	34,630,011
Short-term investments (Note 11)	**–**	528
Restricted cash (Note 4)	**–**	–
Net debt	**36,769,750**	29,134,063
Total equity	**143,908,060**	149,593,443
Debt to equity	**49.85%**	42.63%
Net debt to equity	**25.55%**	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 March 31, 2023 and December 31, 2022:

	March 31, 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	**₱2,094,014**	**₱744,744**	**₱1,349,270**	**₱–**
Financial assets at FVOCI	**723,712**		**723,712**	**–**
Other financial assets at amortized cost	**20,802,848**	**–**	**–**	**15,182,844**
Derivative asset*	**514,899**	**–**	**514,899**	**–**
Refundable deposits**	**111,761**	**–**	**–**	**117,363**
Trade receivables***	**845,356**	**–**	**–**	**874,354**
Receivables from third parties****	**1,116,003**	**–**	**–**	**1,116,003**
	₱26,208,593	**₱744,744**	**₱2,587,881**	**₱17,290,564**
Liabilities				
Notes payable	**₱31,554,877**	**₱–**	**₱–**	**₱29,115,662**
Long-term debt	**37,878,752**	**–**	**–**	**38,786,258**
Deposit payables and other liabilities*****	**–**	**–**	**–**	**–**
Derivative liability******	**7,160**	**–**	**7,160**	**–**
Lease liabilities	**4,937,448**	**–**	**–**	**3,538,945**
	₱74,378,237	**₱–**	**₱7,160**	**₱71,440,865**

** 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 1.03% to 9.13% and 4.40% to 7.10% as at December 31, 2022 and 2021, 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 6.47% and 4.40% as at December 31, 2022 and 2021 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 ₱2,694.66 million and ₱2,095.00 million for the three-month period ended March 31, 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 three-month period ended March 31, 2023 and 2022 and assets and liabilities as at March 31, 2023 and December 31, 2022:

	For the three months ended March 31, 2023 (Unaudited)			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	**₱8,965,569**	**₱57,445**	**₱–**	**₱9,023,014**
Rental income	**17,213**	**–**	**–**	**17,213**
Other revenues	**3,621**	**6,516**	**85,338**	**95,475**
	8,986,403	**63,961**	**85,338**	**9,135,702**
Costs and expenses				
Costs of sale of electricity	**8,119,401**	**–**	**–**	**8,119,401**
General and administrative expenses	**30,123**	**503,206**	**647,058**	**1,180,387**
	8,149,524	**503,206**	**647,058**	**9,299,788**
Interest and other finance charges	**(119,710)**	**(375,568)**	**(169,136)**	**(664,414)**
Equity in net income of associates and joint ventures	**462,042**	**516,443**	**–**	**978,485**
Other income – net	**408,659**	**1,503,524**	**162,002**	**2,074,185**
Net income (loss) before income tax	**1,587,870**	**1,205,154**	**(568,854)**	**2,224,170**
Provision for (benefit from) income tax	**51,161**	**(266,536)**	**(2,691)**	**(218,066)**
Segment net income (loss)	**₱1,536,709**	**₱1,471,690**	**(₱566,163)**	**₱2,442,236**
Other disclosures				
Depreciation and amortization	**326,299**	**15,480**	**79,044**	**420,823**
Capital expenditures	**5,866,556**	**–**	**–**	**5,866,556**
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	**767**	**–**	**–**	**767**

	As at March 31, 2023 (Unaudited)			
Operating assets	**₱27,945,507**	**₱86,543,694**	**₱119,163,159**	**₱233,652,360**
Operating liabilities	**₱4,104,259**	**₱44,838,726**	**₱40,801,315**	**₱89,744,300**
Other disclosures:				
Investments in associates and joint ventures	**₱10,822,698**	**₱14,578,143**	**₱–**	**₱25,400,841**
Pension & other employment benefits	**37,770**	**–**	**38,193**	**75,963**

	For the three months ended March 31, 2022 (Unaudited)			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱7,358,378	₱–	₱–	₱7,358,378
Rental income	17,053	–	–	17,053
Dividend income	–	3,635	–	3,635
Other revenues	7,797	6,339	9,404	23,540
	7,383,228	9,974	9,404	7,402,606
Costs and expenses				
Costs of sale of electricity	7,868,134	–	–	7,868,134
General and administrative expenses	220,030	29,064	35,876	284,970
	8,088,164	29,064	35,876	8,153,104
Interest and other finance charges	(243,217)	(22,552)	(238,545)	(504,314)
Equity in net income of associates and joint ventures	216,209	128,264	–	344,473
Other income - net	8,268	1,088,439	123,099	1,219,806
Net income (loss) before income tax	(723,676)	1,175,061	(141,917)	309,468
Provision for (benefit from) income tax	(295,945)	(21,163)	(125,870)	(442,978)
Segment net income (loss)	(₱427,731)	₱1,196,224	(₱16,047)	₱752,446
Other disclosures				
Depreciation and amortization	527,449	27	26,787	554,263
Capital expenditures	1,981,533	–	461,787	2,443,320
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	26,485	–	–	26,485

	As at December 31, 2022 (Audited)			
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

<u>Adjustments and Eliminations</u>

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 three-month period ended March 31, 2023 and 2022 are as follow:

	Three-Month Period Ended March 31 (Unaudited)	
	2023	2022
Non-cash additions to property, plant and equipment	**₱–**	₱33,334
Reclassifications to (from):		
Property, plant and equipment	**2,982,377**	9,420
Investments in associates and joint ventures	**27,320**	–
Investments in other financial assets at amortized cost	**(27,320)**	–
Creditable withholding taxes	**(342,454)**	(160,731)
Noncurrent assets held for sale	**–**	68,512

Movements in the Group's liabilities from financing activities for the three-month period ended March 31, 2023 and 2022 are as follows:

	January 1, 2023	Availments/ Proceeds	Payments	Others	March 31, 2023
Current portion of:					
Short-term loans	₱2,900,000	₱2,300,000	(₱2,900,000)	₱–	₱2,300,000
Long-term loans	719,385	–	(138,636)	505,431	1,086,180
Lease liabilities	258,562	–	(29,058)	108,512	338,016
Interest payable	483,090	–	(688,484)	558,471	353,077
Due to stockholders	16,585	–	(379,911)	379,911	16,585
Noncurrent portion of:					
Notes payable	32,093,314	–	–	(538,437)	31,554,877
Long-term loans	28,051,903	9,533,898	–	(793,229)	36,792,572
Lease liabilities	4,206,459	–	–	392,973	4,599,432
Other noncurrent liabilities	827,643	–	(370,129)	183,441	640,955
Total liabilities from financing activities	₱69,556,941	₱11,833,898	(₱4,506,218)	₱797,073	₱77,681,694

	January 1, 2022 (Audited)	Availments/ Proceeds	Payments	Others	March 31, 2022 (Unaudited)
Current portion of:					
Short-term loans	₱–	₱3,237,020	₱–	₱–	₱3,237,020
Long-term loans	824,488	–	(114,136)	120,643	830,995
Lease liabilities	536,950	–	(61,044)	(283,269)	192,637
Interest payable	448,919	–	(492,178)	431,351	388,092
Due to stockholders	16,585	–	(352,344)	352,344	16,585
Noncurrent portion of:					
Notes payable	20,195,054	–	–	481,338	20,676,392
Long-term loans	20,117,733	2,000,000	–	(79,418)	22,038,315
Lease liabilities	2,159,302	–	–	225,388	2,384,690
Other noncurrent liabilities	2,736,920	618,375	–	217,304	3,572,599
Total liabilities from financing activities	₱47,035,951	₱5,855,395	(₱1,019,702)	₱1,465,681	₱53,337,325

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 May 9, 2023, the CIR's motion for reconsideration has not been resolved by the CTA *en banc*.

Claims for tax refund

a. On May 19, 2022, Guimaras Wind received a copy of the Decision of the CTA En Banc dated May 17, 2022 denying Guimaras Wind 's Petition for Review for lack of merit. The CTA en banc affirmed the decision dated January 3, 2020 and Resolutions dated July 1, 2020 and September 23, 2020, both rendered by the CTA Third Division, which partially granted Guimaras Wind 's claim for the refund of or the issuance of a tax credit certificate in the reduced amount of ₱16,149,514, 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. The case remains pending with the CTA En Banc.

   On January 17, 2023, the CTA EB issued a Resolution reiterating its Decision dated May 17, 2022, which in turn affirmed the CTA Third Division's Decision limiting the Guimaras Wind's entitlement to refund to a reduced amount of ₱16,149,514.

   The CTA EB 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 VAT zero-rating incentives. The CTA EB also rejected the Guimaras Wind's position that its application for COC should be deemed "provisionally approved" six months from the filing of its application for a COC with the ERC.

   On February 3, 2023, Guimaras Wind filed a Motion for Extension of Time to File Petition for Review on Certiorari with the Supreme Court. On March 6, 2023, the Company filed the Petition.

b. In 2017, SACASOL filed a Petition for Review with the CTA regarding the disallowed claim of 2015 input VAT amounting to ₱40.62 million. On February 3, 2021, CTA Third Division denied the Petition of SACASOL. Subsequently, SACASOL filed a Motion for Reconsideration (MR), a Supplement to the MR, and a Second Supplement to the MR. On September 22, 2021, CTA Third Division issued a resolution denying the Motion for Reconsideration.

   As of April 12, 2022, the Petition for Review is already submitted for Decision. On February 2, 2023, SACASOL elevated and filed a Petition for Review before the CTA En Banc.

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

On October 28, 2020 and August 17, 2021, the PEMC Board cleared CIP and found no breaches from August 2014 to December 2015. On June 3, 2022, the PEMC Board cleared OSPGC and found no breaches for the period May to December 2014 period. In the May 2022 meeting, PEMC met with trading participants with pending investigations and discussed a shortened process in the investigation while at the same time ensuring due process for all participants. The shortened process will adopt the current PEMC process of frequently flagging the trading participant of the intervals under investigation and requesting for immediate replies and dispensing with lengthy discussions in its investigation reports. At present, the PEMC is still finishing all its investigations.

Refund of Market Transaction Fee from PEMC
On July 9, 2020, the ERC issued its Decision on ERC Case 2015-160 RC ordering PEMC to refund the over collection in the Market Transaction Fee (MTF) in 2016 and 2017. The ERC determined the over collection by getting the variance between the MTF collected in 2016 and 2017, and the ERC-Approved Budget of PEMC for the same period. The total refund was determined at ₱433.20 million which shall be apportioned among all the Luzon and Visayas participants. The ERC has directed PEMC to implement the refund over twelve (12) months beginning the next billing month upon receipt of the relevant Decision.

The PEMC filed a motion for reconsideration with the ERC. In an Order promulgated on June 11, 2021, the ERC resolved to deny the motion for reconsideration filed by the. The market level fee approved by the ERC in its Decision of July 2020 was implemented by the Independent Electricity Market Operator of the Philippines for the WESM market fee collection for the calendar year 2021.

29. **Events After the Reporting Period**

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 its 500 kV transmission line in the Sekong and Attapeu provinces located in southeastern provinces of the Lao PDR. Monsoon Wind is also the first cross-border wind project in Southeast Asia.

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

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

Amendment of Articles of Incorporation
On March 7, 2023, during the regular meeting, the Parent Company's 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.

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 March 31, 2023, for the three-month period ended March 31, 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 Solutions LLC, signed a Purchase and Sale Agreement with GlidePath Power Solutions LLC 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.

- 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:

- ACEN currently has ~4,200 MW (megawatts) of attributable capacity of operational and projects under construction in the Philippines and across the region, of which ~4,100 MW, or 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 renewables output showed double-digit growth, rising 20% to 1,058 GWh in the first quarter. Renewables generation from Philippine operations increased by a significant 31% to 310 GWh with the absence of the prior year's curtailment in the Visayas, driven by new operating solar capacity and a stronger wind regime in the north. On the other hand, greater wind resources in Vietnam drove the 15% increase in International output to 748 GWh, with contributions from the partial commissioning of New England Solar Phase 1 in Australia and improved geothermal availability in Indonesia

Financial Highlights:

- The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to **₱2,025.91 million** for the first quarter of 2023 compared to **₱405.03 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 first quarter ended March 31, 2023 and 2022.

Revenues

	Jan - Mar		Increase (Decrease)	
In thousand Pesos	**2023**	**2022**	**Amount**	**%**
Revenue from sale of electricity	9,023,014	7,358,378	1,664,636	23%
Rental income	17,213	17,053	160	1%
Dividend income	−	3,635	(3,635)	(100%)
Other revenue	95,475	23,540	71,935	306%

- **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 includes the impact of curtailment in the Visayas plants and payment of customer buy-out fee.
- **Rental income** increased mainly coming from BCHC.
- **Dividend Income** in Q1 2022 came from UPC Sidrap, which is recognized as financial asset at FVOCI.
- **Other revenue** consists of management fees earned by ACEN from its joint venture and bulk water sales.

Costs and Expenses

	Jan - Mar		Increase (Decrease)	
In thousand Pesos	**2023**	**2022**	**Amount**	**%**
Cost of sale of electricity	8,119,401	7,868,135	251,266	3%
General and administrative	1,180,387	284,969	895,418	314%

- **Cost of sale of electricity** slightly increased by 3% 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.

Other Income and Expenses

	Jan – Mar		Increase (Decrease)	
In thousand Pesos	2023	2022	Amount	%
Interest and other finance charges	(664,414)	(504,313)	(160,101)	32%
Equity in net income of associates and joint ventures	978,485	344,473	634,012	184%
Other income – net	2,074,185	1,219,806	854,379	70%

- **Interest and other finance charges** went up from last year due to new borrowings in the second half of 2022 as well as 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 investments in redeemable preferred shares, debt replacements, and development loans which increased by ₱498.35 million. This also includes gain from partial settlement of development loan, net fair value gains on investments in FVTPL, partly offset foreign exchange losses for the period (₱254.36 million).

Provision for (benefit from) income tax

	Jan – Mar		Increase (Decrease)	
In thousand Pesos	2023	2022	Amount	%
Current	**71,245**	41,722	29,523	71
Deferred income tax	**(289,311)**	(484,700)	195,389	(40)

- The increase in **provision for income tax - current** due to higher taxable income for the period.
- **Deferred income tax benefit** decreased mainly driven by 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	March 31, 2023	December 31, 2022	Increase (Decrease) Amount	%
Current Assets				
Cash and cash equivalents	**₱34,963,879**	₱34,630,011	₱333,868	1
Accounts and notes receivable	**27,162,993**	30,503,231	(3,340,238)	(11)
Fuel and spare parts	**1,030,981**	806,986	223,995	28
Financial assets at fair value through profit or loss (FVTPL)	**786,534**	42,863	743,671	1,735
Current portion of:				
Input value added tax (VAT)	**2,142,682**	2,132,179	10,503	1
Creditable withholding taxes	**1,282,857**	940,403	342,454	36
Other current assets	**994,311**	966,907	27,404	3
Noncurrent Assets				
Investments in:				
Associates and joint ventures	**25,400,841**	24,766,433	634,408	3
Other financial assets at amortized cost	**20,802,848**	21,260,907	(458,059)	(2)
Financial assets at FVTPL	**1,307,480**	1,260,023	47,457	4
Financial assets at fair value through other comprehensive income (FVOCI)	**723,712**	366,844	356,868	97
Plant, property and equipment	**65,959,872**	58,398,228	7,561,644	13
Right-of-use assets	**4,386,270**	3,726,647	659,623	18
Accounts and notes receivable - net of current portion	**12,467,334**	16,387,729	(3,920,395)	(24)
Goodwill and other intangible assets	**22,736,364**	23,268,743	(532,379)	(2)
Net of current portion:				
Input VAT	**2,874,937**	2,336,747	538,190	23
Creditable withholding tax	**777,700**	752,317	25,383	3
Deferred income tax assets – net	**1,950,214**	1,730,194	220,020	13
Other noncurrent assets	**5,900,551**	8,495,171	(2,594,620)	(31)

- Increase in **Cash and cash equivalents** is attributed to cash generated from operations and availments of both short-term and long-term debts which used for investing activities for the period.
- Decrease in **Accounts and notes receivable** is mainly due to improved collections in trade receivables and loan repayments. This is partially offset by a loan extension of ₱4 billion to Greencore.
- **Fuel and spare parts** went up as a result of purchases in bunker fuels.
- Increase in **current portion of input VAT** mainly driven by input tax from purchases of various materials needed for construction and maintenance of various plants and services procured.
- **Creditable withholding tax** went up with increased revenues and minimal utilization of tax credits.
- **Other current assets** increased primarily due to prepaid taxes for permits and licenses to be amortized over the year.
- **Investments in associates and joint ventures** increased mainly due to investments in BrightNight, Monsoon, and UPC Power Solutions LLC with a total subscription of ₱367.58 million. Accumulated equity in net earnings increased by ₱978.48 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 was reduced by dividends received from Phiwind/NLR (₱369.53 million) and CTA losses (₱366.37 million) with the appreciation of Philippine peso vs US dollar during the period.

- **Investments in other financial assets at amortized cost** include redeemable preferred shares and convertible loans. During the period, new investment was made in Impact Wind Investment amounting to ₱315.60 million. This is offset by the translation loss of US dollar denominated investments (Philippine peso appreciated) and recognition of impairment in Vietnam Wind.
- **Current and Noncurrent financial assets at FVTPL** pertains to Compulsorily Convertible Debentures (CCDs) from Masaya Solar. Masaya Solar is currently constructing the 420MW solar farm in the Central Indian state of Madhya Pradesh. The increase is mainly from listed shares received from the partial settlement of development loans.
- **Noncurrent financial assets at FVOCI** are largely the investment in UPC Sidrap and also include golf club shares and listed equity instruments. The increase is attributable to a reclassification of redeemable preferred shares of UPC-AC Energy Solar Limited.
- **Plant, property and equipment's** increase is from construction of Balaoi, San Marcelino, Cagayan, and New England Solar Farm 1. 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, mainly ACEN Australia.
- **Receivables - net of current portion** decreased primarily due to a Greencore debt replacement being reclassified to current following maturity date.
- **Goodwill & other intangible assets** decreased following translation loss 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			Increase (Decrease)	
	March 31, 2023	**December 31, 2022**	**Amount**	**%**
Current Liabilities				
Accounts payable and other current liabilities	**₱11,695,335**	₱13,322,569	(₱1,627,234)	(12)
Short-term loans	**2,300,000**	2,900,000	(600,000)	(21)
Current portion of:				
Long-term loans	**1,086,180**	719,385	366,795	51
Lease liabilities	**338,016**	258,562	79,454	31
Income and withholding taxes payable	**333,760**	479,435	(145,675)	(30)
Due to stockholders	**16,585**	16,585	–	–
Noncurrent Liabilities				
Notes payable	**31,554,877**	32,093,314	(538,437)	(2)
Long-term loans - net of current portion	**36,792,572**	28,051,903	8,740,669	31
Lease liabilities - net of current portion	**4,599,432**	4,206,459	392,973	9
Pension and other employee benefits	**75,963**	76,997	(1,034)	(1)
Deferred tax income liabilities - net	**310,625**	226,268	84,357	37
Other noncurrent liabilities	**640,955**	827,643	(186,688)	(23)
Equity				
Capital Stock	**39,691,895**	39,691,895	–	–
Additional paid-in capital	**107,492,243**	107,492,243	–	–
Other equity reserves	**(59,450,345)**	(56,585,740)	(2,864,605)	5
Unrealized fair value loss on equity instruments at FVOCI	**(128,358)**	(114,566)	(13,792)	12
Unrealized fair value gain on derivative instruments designated as hedges – net of tax	**114,724**	326,676	(211,952)	(65)
Remeasurement gain (loss) on defined benefit plans – net of tax	**7,817**	(43,910)	51,727	(118)
Accumulated share in other comprehensive loss of associates and joint ventures	**(8,890)**	(5,794)	(3,096)	53
Cumulative translation adjustments	**4,755,179**	7,449,690	(2,694,511)	(36)
Retained earnings	**21,577,745**	19,551,839	2,025,906	10
Treasury shares	**(28,657)**	(28,657)	–	–
Non-controlling interests	**29,884,707**	31,859,767	(1,975,060)	(6)

- **Accounts payable and other current liabilities** decrease following settlement of various obligations (trade payables and accrued expenses).
- **Short-term loans** are outstanding loans from local banks (₱2.3 billion).
- **Current portion of long-term loans** increased with the currently maturing amortization.
- **Current portion of lease liability** increased with the currently maturing amortization.
- 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 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.
- The increase in **unrealized FV loss on equity instruments at FVOCI** came from mark-to-market loss for UPC Sidrap for the current period.
- **Unrealized fair value gain on derivative instruments designated as hedges** increased substantially due to equity hedge.
- **Remeasurement loss on defined benefit plan** decreased parallel to various actuarial gain and gain on return on plan assets.
- The decrease in **accumulated share in other comprehensive loss of associates and joint ventures** came from share in remeasurement loss from defined benefit obligation of associate and joint venture.
- **Retained earnings** increased from resulting net income earned for the period.
- **Treasury shares** has 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 ₱416.33 million, which was offset by dividends totaling ₱379.91 million.

Key Performance Indicators

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

Key Performance Indicator	Formula	31-Mar-23 (Unaudited)	31-Dec-22 (Audited)	Increase (Decrease) Amount	Increase (Decrease) %
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**4.34**	3.96	0.38	10%
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**3.99**	3.68	0.31	8%
Solvency Ratios					
Debt/Equity ratio	Total liabilities / Total equity	**0.62**	0.56	0.06	11%
Asset-to-equity ratio	Total assets / Total equity	**1.62**	1.56	0.06	4%
Interest Coverage Ratio	Earnings before interest & tax (EBIT) / Interest expense	**4.35**	6.91	(2.56)	(37%)
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**0.26**	0.19	0.07	37%
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	**3.92%**	17.45%	(13.53%)	(77.55%)

**computed on annual basis*

Current ratio & Acid test ratio

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

Debt/Equity ratio & Asset-to-equity ratio

D/E ratio 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

Lower net income before interest and taxes coupled with higher interest expense following additional loan availments yield to lower interest coverage ratio for the current period.

Net bank debt to equity ratio

Increased from year-end 2022 due to additional availments of 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")
1ST Quarter 2023

1. January 6, 2023 – Attendance of Directors in the meetings for year 2022
2. January 9, 2023 – Issuance of Corporate Guarantee in Support of the Company's Australia Projects
3. January 9, 2023 – Disposition of 1,170,000 ACEN shares of Irene S. Maranan
4. January 9, 2023 – Press Release: ACEN secures its largest syndicated green term loan facility for Australia platform
5. January 10, 2023 – The Company's acquisition of subscription rights in Sinocalan Solar Power Corp.
6. January 10, 2023 – Press release: ACEN Australia appoints PCL as EPC contractor and issues Notice to Proceed for 520MWdc (400MWac) Stubbo Solar Project
7. January 10, 2023 – Loan Agreement with BDO Unibank, Inc.
8. January 16, 2023 – Public Ownership Report as of December 31, 2022
9. January 16, 2023 – Disbursements of the proceeds generated from the Company's Stock Rights Offering as of December 31, 2022
10. January 16, 2023 – List of Top 100 Stockholders as of December 31, 2022
11. January 16, 2023 – Acquisition of 608,773 ACEN shares of Sherisa P. Nuesa
12. January 18, 2023 – Press release: ACEN and BIM Group's Vietnam wind farm gets US$107 million financing boost
13. January 19, 2023 – Matters approved at the special board meeting held January 18, 2023:
    a. Appointment of Mr. Jonathan Back as Chief Strategy Officer effective January 18, 2023;
    b. Memorandum of Agreement with subsidiary North Luzon Renewable Energy Corp. for the implementation of a conservation estate program;
    c. The Company's information security policies;
    d. The Company's foreign exchange management policy;
    e. Issuance of a standby letter of credit in favor of Maibarara Geothermal Inc., of which the Company has a 25% ownership interest;
    f. Investment for and construction of access road and transmission line for wholly owned subsidiaries Gigasol1, Inc. and SolarAce2 Energy Corp., respectively, for a solar plant power project to be developed in Botolan, Zambales;
    g. Updates to delegation of authority for international investments; and
    h. Terms of funding for renewable energy projects in the US through ACEN's joint venture company, UPC Power Solutions, LLC.
14. January 19, 2023 – Appointment of Jonathan P. Back as Chief Strategy Officer of the Company
15. January 19, 2023 – Press release: ACEN Australia welcomes NSW Government support for long duration renewable energy storage facility
16. January 19, 2023 – Submission of SEC Form 23-A of Jonathan P. Back as the newly elected Chief Strategy Officer
17. January 23, 2023 – ACEN Change in Stock Transfer Agent effective February 1, 2023
18. January 25, 2023 – Press release: ACEN adds 300 MW renewables capacity in Palauig Solar
19. January 25, 2023 – Update on the Company's up to Php 1 billion Omnibus Loan and Security Agreement ("OLSA") with Provincia Investments Corporation ("PIC") and Solar Philippines Power Project Holdings, Inc. ("Solar PH")
20. January 26, 2023 – Report by ACEN CORPORATION as owner of 500,000,000 common shares in SP New Energy Corporation (SPNEC), or 5% of SPNEC's equity
21. January 26, 2023 – Press release: ACEN set to commence construction of 60 MW Pangasinan Solar
22. January 27, 2023 – Submission of the 2022 amended General Information Sheet

23. February 2, 2023 – Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited (“UPCAPH”) and Mr. Anton Rohner ("Rohner”) in ACEN Australia (formerly, UPC-AC Renewables Australia)
24. February 2, 2023 – Amendment: Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited (“UPCAPH”) and Mr. Anton Rohner in ACEN Australia (formerly, UPC-AC Renewables Australia)
25. February 2, 2023 – Press release: ACEN completes acquisition of Australia development platform
26. February 7, 2023 – Changes in percentage ownership of AC Energy and Infrastructure Corporation as of January 31, 2023
27. February 10, 2023 – Notice of Briefing on FY 2022 Financial and Operating Results for Analysts and Investors on 9 March 2023
28. March 8, 2023 – Notice of Conduct of the Annual Stockholders’ Meeting
29. March 8, 2023 – Amendment to Article VII of the Articles of Incorporation of the Company to create preferred shares via reclassification of 100 million unissued common shares into preferred shares
30. March 8, 2023 – Schedule of the Annual Stockholders’ Meeting
31. March 8, 2023 – Matters approved at the regular board meeting held on March 7, 2023
    a. Schedule, mode of conduct, and agenda of the 2023 annual stockholders’ meeting ("ASM")
    b. Designation of proxy for ENEX Energy Corp.’s 2023 ASM
    c. Revisions to the Corporate Governance Manual
    d. Revisions to the Sustainability Committee Charter
    e. Delegation of certain investment/capital investment decisions to the Executive Committee
    f. Increase in Philippine revolving development fund
    g. Increase in land acquisition budget and expansion of use to include Australia and Indonesia
    h. Issuance of credit support for the Laos-Vietnam wind project of Company’s wholly-owned subsidiary, ACEN Renewables International Pte. Ltd.
    i. The Company’s 2022 audited financial statements
    j. Procurement of additional credit facilities of up to Php 32 billion
    k. Modifications and entry into a sustainability-linked loan facility with Asian Development Bank and Bank of Philippine Islands, subject to finalization of loan terms
    l. Modifications to the foreign exchange management policy
    m. Re-appointment of SGV & Co. as the Company’s external auditor for 2023 and endorsement thereof to the stockholders for approval at the 2023 ASM
    n. Amendment of Articles of Incorporation to create preferred shares via reclassification of 100 million unissued common shares into preferred shares and endorsement thereof to the stockholders for approval at the 2023 ASM
    o. Offering/issuance, and/or private placement, and listing of preferred shares, subject to stockholders’ and regulatory approvals 2023 key results areas
    p. The Company’s Net Zero greenhouse gas emissions by 2050 strategy and roadmap, which include assessments on potential emission reduction activities, and the establishment of near-erm targets aligned with a science-based 1.5°C pathway across the core business units
    q. Execution of a keep whole agreement with Axia Power Holdings Philippines Corporation in relation to the proposed participation by Ingrid Power Holdings, Inc. (their joint venture company) in a bidding for ancillary services with the National Grid Corporation of the Philippines
32. March 9, 2023 – Press release: ACEN registers Php13.1 billion net income in 2022
33. March 13, 2023 – Press release: ACEN partners with BrightNight to develop over 1.2 GW hybrid renewable energy portfolio in India
34. March 16, 2023 – Detailed Notice and Agenda of the 2023 Annual Stockholders' Meeting
35. March 16, 2023 – Press release: ACEN acquires portfolio of eight operating wind projects in Texas, USA
36. March 17, 2023 – Acquisition of 100,000 ACEN shares of Solomon M. Hermosura

37. March 20, 2023 – Resignation of Michael E. Limbo as Chief Audit Executive effective 30 March 2023
38. March 20, 2023 – Press release: New England Solar, one of Australia's largest solar projects, officially opened
39. March 21, 2023 – Sale by ACEN CORPORATION of 100,000 common shares in SP New Energy Corporation (SPNEC), reducing its ownership to less than 5%
40. March 24, 2023 – Clarification of the news article in BusinessWorld (Online Edition) on March 22, 2023 entitled, "PSALM says qualified bidders for Casecnan now down to seven"
41. March 28, 2023 – Notice of Company's Definitive Information Statement to be uploaded at https://acenrenewables.com/disclosures/2023-dis/
42. March 30, 2023 – Subscription by the Company to shares in Santa Cruz Solar Energy Inc.
43. March 31, 2023 – Annual Certification of the Department of Energy

C O V E R   S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

0	6	9	-	0	3	9	2	7	4	

C O M P A N Y   N A M E

ACEN CORPORATION (Formerly AC ENERGY CORPORATION) AND SUBSIDIARIES

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

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

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	SEC	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	7730-6300	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,182	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	ascalon.at@acenergy.com.ph	(02) 7730-6300	–

CONTACT PERSON's ADDRESS

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

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

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

ACEN

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **ACEN CORPORATION,** formerly AC Energy Corporation, **and Subsidiaries**, (the "Group") is responsible for the preparation and fair presentation of the consolidated financial statements, including the schedules attached therein, as at December 31, 2022 and 2021, and for the years ended December 31, 2022, 2021 and 2020, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

DELFIN L. LAZARO
Chairman of the Board

JOHN ERIC T. FRANCIA
President and Chief Executive Officer

MARIA CORAZON G. DIZON
Treasurer and Chief Financial Officer

Signed this 7th day of March 2023

SUBSCRIBED AND SWORN to before me this MAR 24 2023 at Makati City, affiants exhibiting to me their Passport, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Delfin L. Lazaro	P7392634B	13 Aug 2021	DFA Manila
John Eric T. Francia	P3923362B	21 Nov 2019	DFA Manila
Maria Corazon G. Dizon	P6253635A	2 Mar 2018	DFA NCR East

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Book No. XII
Series of 2023

JORDAN MAE T. CHUA
Notary Public for Makati City
Appointment No. M-148 valid until 31 December 2023
Attorney's Roll No. 63561; 8 May 2014
PTR No. MKT 9566244/ 03 January 2023/Makati City IBP
Lifetime No. 012851/2 April 2015/Quezon City
MCLE Compliance No. VII-0017361 valid until 14 April 2025
35/F Ayala Triangle Gardens Tower 2
Makati Avenue corner Paseo de Roxas, Makati City
Tel No. 77306300

JORDAN MAE T. CHUA
NOTARY PUBLIC
ROLL NO. 63561
MAKATI CITY, PHILIPPINES

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

Notarial DST pursuant to Sec. 61 of the TRAIN Act (amending Sec. 188 of the NIRC) affixed on Notary Public's copy.

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of ACEN CORPORATION (formerly AC Energy Corporation) and its Subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Key Audit Matters

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

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

Accounting for Acquisition of UPC-AC Energy Australia HK Ltd.

On March 21, 2022, the Group, through its subsidiary, ACEN Renewables International (ACRI) acquired additional 30% interest in UPC-AC Energy Australia HK Ltd. (UPC-ACE Australia) increasing ACRI's ownership to 80%. However, by virtue of agreed governance structure between UPC Renewables Asia Pacific Holdings (UPC APH) and ACRI, the investment was treated as joint venture and accounted for using equity method. On November 8, 2022, the Group and UPCAPH executed a proxy-rights assignment in favor of ACRI which resulted in ACRI gaining control over UPC-ACE Australia. Accordingly, the Group recognized a gain of ₱10,921.03 million from the remeasurement of its previously held interest in UPC-ACE Australia.

Also, the Group performed a notional purchase price allocation using the provisional fair values of the underlying assets and liabilities of UPC-ACE Australia which resulted in the recognition of goodwill amounting to ₱21,544.49 million.

This matter is important to our audit because the amounts involved are material and it required significant management judgment in determining the date when the control is obtained and thus for the previously held interest to be remeasured. It also required significant estimation in the determination of acquisition date fair value of previously held interest, and the determination of the fair values of the underlying acquired assets and liabilities of UPC-ACE Australia for the purchase price allocation.

The Group's disclosure are included in Notes 3 and 23 to the consolidated financial statements.

Audit Response

We sent instructions to the statutory auditors of ACRI to perform an audit on the relevant financial information of ACRI for the purpose of our audit of the consolidated financial statements of the Group. These audit instructions contained a discussion of their scope of work, risk assessment procedures and reporting requirements. We discussed with the statutory auditors of ACRI their identified key audit areas, including the significant areas of estimation and judgment, planning and execution of audit procedures, and results of their work for the year ended December 31, 2022.

We reviewed the audit working papers of the statutory auditor of ACRI particularly the audit procedures performed in relation to this transaction. We also reviewed the procedures performed in assessing the competence, capabilities and objectivity of the external specialist who prepared the purchase price allocation report.

For the gain on remeasurement of previously held interest, we reviewed the procedures performed by the statutory auditor on the determination of the basis of acquisition date and the previously held interest to be remeasured based on support such as Sale and Purchase Agreement, proxy rights assignment, pricing spreadsheet and consideration paid by ACRI. We also recomputed the gain on remeasurement, and reviewed the presentation and disclosures related to this transaction in the consolidated financial statements.

For the notional purchase price allocation and goodwill recognition, we reviewed the procedures performed on the identification of UPC-ACE Australia's underlying assets and liabilities and the methodologies and assumptions used in determining their fair values. We recomputed the Group's share in the net fair values of UPC-ACE Australia's identifiable assets and liabilities and the resulting goodwill from the total consideration transferred. We also reviewed the presentation and disclosures related to this transaction in the consolidated financial statements.

Accounting for the Divestment of South Luzon Thermal Energy Corporation (SLTEC)

In 2021, the Board of Directors of ACEN approved and authorized management to work towards the early retirement of SLTEC coal plant by 2040 using an Energy Transition Mechanism (ETM), which includes the redemption, retirement and sale of common and redeemable preferred shares held by ACEN. In 2022, SLTEC executed the notice of retirement of common shares and notice of redemption of preferred shares. In addition, ACEN and ETM Philippines Holdings Inc. (EPHI) executed the Deed of Absolute Sale over the SLTEC common shares and preferred shares to qualified third-party investors (the "Transaction"). In addition, option agreements over the SLTEC shares were executed, which entitled ACEN and the investors, severally, to exercise the call and put options, respectively, based on certain pre-agreed conditions.

The Transaction was accounted for as a loss of control transaction which resulted in the deconsolidation of the assets and liabilities of SLTEC in the Group's consolidated financial statements as at the date of loss of control. The Group recognized loss on deconsolidation amounting to ₱121.11 million. We considered the accounting for the Transaction as a key audit matter due to the complexity and financial impact of the Transaction to the Group.

The Group's disclosures about the divestment of SLTEC are included in Note 2 to the consolidated financial statements.

Audit Response

We obtained and reviewed the relevant contracts and agreements pertaining to the Transaction. We obtained and reviewed management's assessment of ACEN's loss of control over SLTEC considering the control criteria under Philippine Financial Reporting Standard 10, *Consolidated Financial Statements*. We traced the proceeds received by ACEN from the sale, retirement and redemption of the SLTEC common and preferred shares to supporting documents such as bank statements. We tested management's accounting for the loss of control transaction by checking the deconsolidation of SLTEC's assets and liabilities as at the date of loss of control. We recomputed the loss on deconsolidation based on proceeds received against the carrying amount of net assets of SLTEC as at the date of loss of control. We also reviewed the presentation and disclosures in the notes to consolidated financial statements.

Recoverability of Deferred Tax Assets

The Parent Company recognized deferred tax assets of ₱1,228.29 million as at December 31, 2022 on net operating loss carry over (NOLCO) which resulted in an equivalent amount of benefit from deferred income tax in the consolidated statement of income in 2022. The recognition of deferred tax assets is significant to our audit because it requires significant judgment and is based on assumptions such as availability of future taxable income that are affected by expected future market or economic conditions and the expected performance of the Parent Company.

The disclosures in relation to deferred tax assets are included in Notes 3 and 24 to the consolidated financial statements.

Audit Response

We evaluated management's assessment on the availability of future taxable income in reference to financial forecast and tax strategies. We obtained and reviewed revenue contracts with its customers and forecasted volume. We evaluated management's financial forecast by testing the assumptions used by management. These assumptions include forecasted revenue growth rates and gross margin and prices in the energy spot market. We compared the key assumptions used against the historical performance of the Parent Company and other relevant external data. We re-performed the calculation of the deferred tax assets. We also assessed the timing of the reversal deferred tax assets on NOLCO.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 111562-SEC (Group A),
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A),
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 9566017, January 3, 2023, Makati City

March 7, 2023

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 29)	**₱34,630,011**	₱26,445,429
Accounts and notes receivable - net (Notes 5, 26 and 29)	**30,503,231**	33,309,297
Fuel and spare parts	**806,986**	1,490,559
Financial assets at fair value through profit or loss (FVTPL) (Note 9)	**42,863**	–
Current portion of:		
Input value added tax (VAT)	**2,132,179**	1,173,169
Creditable withholding taxes	**940,403**	837,472
Other current assets (Notes 14 and 29)	**966,907**	812,579
	70,022,580	64,068,505
Noncurrent assets held for sale (Note 6)	–	203,464
Total Current Assets	**70,022,580**	64,271,969
Noncurrent Assets		
Investments in:		
Associates and joint ventures (Note 7)	**24,766,433**	21,358,301
Other financial assets at amortized cost (Note 8)	**21,260,907**	26,085,959
Financial assets at FVTPL (Note 9)	**1,260,023**	406,739
Financial assets at fair value through other comprehensive income (FVOCI) (Note 10)	**366,844**	354,868
Property, plant and equipment (Note 11)	**58,398,228**	36,038,563
Right-of-use assets (Note 12)	**3,726,647**	2,135,479
Accounts and notes receivable - net of current portion (Notes 5, 26 and 29)	**16,387,729**	13,191,314
Goodwill and other intangible assets (Note 13)	**23,268,743**	2,375,980
Net of current portion:		
Input VAT	**2,336,747**	524,733
Creditable withholding taxes	**752,317**	726,804
Deferred income tax assets - net (Note 24)	**1,730,194**	512,366
Other noncurrent assets (Notes 14 and 29)	**8,495,171**	3,178,312
Total Noncurrent Assets	**162,749,983**	106,889,418
TOTAL ASSETS	**₱232,772,563**	₱171,161,387

(Forward)

	December 31	
	2022	2021
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 15, 26 and 29)	**₱13,322,569**	₱6,280,829
Short-term loans (Notes 16 and 32)	**2,900,000**	–
Current portion of:		
Long-term loans (Notes 16, 29 and 30)	**719,385**	824,488
Lease liabilities (Notes 12, 29 and 30)	**258,562**	536,950
Income and withholding taxes payable	**479,435**	169,920
Due to stockholders (Note 26)	**16,585**	16,585
Total Current Liabilities	**17,696,536**	7,828,772
Noncurrent Liabilities		
Notes payable (Notes 16, 29 and 30)	**32,093,314**	20,195,054
Long-term loans – net of current portion (Notes 16, 29 and 30)	**28,051,903**	20,117,733
Lease liabilities – net of current portion (Notes 12, 29 and 30)	**4,206,459**	2,159,302
Pension and other employee benefits (Note 25)	**76,997**	80,422
Deferred income tax liabilities - net (Note 24)	**226,268**	74,422
Other noncurrent liabilities (Note 17)	**827,643**	2,736,920
Total Noncurrent Liabilities	**65,482,584**	45,363,853
Total Liabilities	**83,179,120**	53,192,625
Equity		
Capital stock (Notes 1 and 18)	**39,691,895**	38,338,527
Additional paid-in capital (Notes 1 and 18)	**107,492,243**	98,043,831
Other equity reserves (Note 18)	**(56,585,740)**	(56,604,532)
Unrealized fair value loss on equity instruments at FVOCI (Note 10)	**(114,566)**	(90,089)
Unrealized fair value gain on derivative instruments designated as hedges – net of tax (Note 29)	**326,676**	6,228
Remeasurement loss on defined benefit plans – net of tax (Note 25)	**(43,910)**	(24,436)
Accumulated share in other comprehensive (loss) gain of associates and joint ventures (Note 7)	**(5,794)**	29,723
Cumulative translation adjustments	**7,449,690**	(359,910)
Retained earnings (Note 18)	**19,551,839**	8,707,301
Treasury shares (Note 18)	**(28,657)**	(28,657)
Total equity attributable to equity holders of the Parent Company	**117,733,676**	88,017,986
Non-controlling interests (Note 18)	**31,859,767**	29,950,776
Total Equity	**149,593,443**	117,968,762
TOTAL LIABILITIES AND EQUITY	**₱232,772,563**	₱171,161,387

See accompanying Notes to Consolidated Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Figures)

	Years Ended December 31		
	2022	2021	2020
REVENUES			
Revenue from sale of electricity (Note 19)	**₱34,995,488**	₱25,878,039	₱20,283,303
Rental income	**68,469**	61,466	86,622
Dividend income	**3,635**	11,725	14,034
Other revenues	**170,959**	130,211	104,276
	35,238,551	26,081,441	20,488,235
COSTS AND EXPENSES			
Costs of sale of electricity (Note 20)	**34,183,239**	21,469,733	13,420,538
General and administrative expenses (Note 21)	**3,901,817**	2,785,549	3,017,665
	38,085,056	24,255,282	16,438,203
INTEREST AND OTHER FINANCE CHARGES (Note 22)	**(2,357,531)**	(1,694,380)	(1,988,086)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES (Note 7)	**937,834**	1,952,753	1,490,192
OTHER INCOME - NET (Note 23)	**18,201,992**	5,723,640	3,551,889
INCOME BEFORE INCOME TAX	**13,935,790**	7,808,172	7,104,027
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)			
Current	**415,325**	297,689	404,053
Deferred	**(1,077,423)**	(155,552)	297,823
	(662,098)	142,137	701,876
NET INCOME	**₱14,597,888**	₱7,666,035	₱6,402,151
Net Income Attributable To:			
Equity holders of the Parent Company	**₱13,055,119**	₱5,250,972	₱4,288,102
Non-controlling interests	**1,542,769**	2,415,063	2,114,049
	₱14,597,888	₱7,666,035	₱6,402,151
Basic/Diluted Earnings Per Share (Note 27)	**₱0.33**	₱0.18	₱0.40

See accompanying Notes to Consolidated Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Figures)

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱14,597,888**	₱7,666,035	₱6,402,151
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Cumulative translation adjustment	**7,780,911**	3,155,451	(3,552,333)
Unrealized fair value (loss) gain on derivative instruments designated as hedges - net of tax	**362,555**	(47,029)	72,151
	8,143,466	3,108,422	(3,480,182)
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	**(24,477)**	(44,909)	92,821
Remeasurement loss on defined benefit plans – net of tax	**(25,265)**	(17,437)	35
	(49,742)	(62,346)	92,856
	8,093,724	3,046,076	(3,387,326)
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES (Note 7)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Unrealized fair value gain (loss) on derivative instruments designated as hedges - net of tax	**45,224**	104,994	(32,997)
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on defined benefit plans - net of tax	**7,628**	(54,608)	(28,693)
	52,852	50,386	(61,690)
TOTAL OTHER COMPREHENSIVE INCOME	**8,146,576**	3,096,462	(3,449,016)
TOTAL COMPREHENSIVE INCOME	**₱22,744,464**	₱10,762,497	₱2,953,135
Total Comprehensive Income Attributable To:			
Equity holders of the Parent Company	**₱21,188,277**	₱8,281,629	₱841,484
Non-controlling interests	**1,556,187**	2,480,868	2,111,651
	₱22,744,464	₱10,762,497	₱2,953,135

See accompanying Notes to Consolidated Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 18)	Additional Paid-in Capital	Other Equity Reserves (Note 18)	Unrealized Fair Value Loss on Equity Instruments at FVOCI	Unrealized Fair Value Gain on derivative instruments designated as hedge – net of tax (Note 29)	Remeasurement Loss On Defined Benefit Plans – net of tax	Accumulated Share in Other Comprehensive Income (Loss) gain of Associates and Joint Ventures (Note 7)	Cumulative Translation Adjustments	Retained Earnings (Note 18)	Treasury Shares (Note 18)	Total	Non-controlling Interests (Note 18)	Total Equity
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 (loss)	–	–	–	–	–	–	–	–	**13,055,119**	–	**13,055,119**	**1,542,769**	**14,597,888**
Other comprehensive income (loss)	–	–	–	**(24,477)**	**320,448**	**(25,265)**	**52,852**	**7,809,600**	–	–	**8,133,158**	**13,418**	**8,146,576**
Total comprehensive income (loss)	–	–	–	**(24,477)**	**320,448**	**(25,265)**	**52,852**	**7,809,600**	**13,055,119**	–	**21,188,277**	**1,556,187**	**22,744,464**
Dividends declared (Note 18)	–	–	–	–	–	–	–	–	**(2,298,950)**	–	**(2,298,950)**	**(1,504,247)**	**(3,803,197)**
Issuance of capital stock (Note 18)	**1,320,746**	**9,237,832**	–	–	–	–	–	–	–	–	**10,558,578**	–	**10,558,578**
Grants through Employee Stock Ownership Plan (Note 18)	**32,623**	**210,586**	–	–	–	–	–	–	–	–	**243,209**	–	**243,209**
Adjustment in grants through Employee Stock Ownership Plan	**(1)**	**(6)**	–	–	–	–	–	–	–	–	**(7)**	–	**(7)**
Changes due to loss of control	–	–	–	–	–	**5,791**					**5,791**	–	**5,791**
Business combination during the year	–	–	–	–	–	–	**(88,369)**	–	**88,369**	–	–	–	–
Non-controlling interest arising from a business combination (Note 18)	–	–	–	–	–	–	–	–	–	–	–	**1,947,104**	**1,947,104**
Effects of common control business combination (Note 18)	–	–	**121,830**	–	–	–	–	–	–	–	**121,830**	**(105,192)**	**16,638**
Acquisition of non-controlling interest in a subsidiary (Note 18)	–	–	**(110,463)**	–	–	–	–	–	–	–	**(110,463)**	**15,139**	**(95,324)**
*Others	–	–	**7,425**	–	–	–	–	–	–	–	**7,425**	–	**7,425**
	1,353,368	**9,448,412**	**18,792**	–	–	**5,791**	**(88,369)**	–	**(2,210,581)**	–	**8,527,413**	**352,804**	**8,880,217**
Balances at December 31, 2022	**₱39,691,895**	**₱107,492,243**	**(₱56,585,740)**	**(₱114,566)**	**₱326,676**	**(₱43,910)**	**(₱5,794)**	**₱7,449,690**	**₱19,551,839**	**(₱28,657)**	**₱117,733,676**	**₱31,859,767**	**₱149,593,443**
Balances at January 1, 2021	13,706,957	8,692,555	28,662,357	143,625	57,409	(6,999)	(229,844)	(3,453,708)	6,349,082	(40,930)	53,880,504	50,398,831	104,279,335
Net income (loss)	–	–	–	–	–	–	–	–	5,250,972	–	5,250,972	2,415,063	7,666,035
Other comprehensive income (loss)	–	–	–	(44,909)	(51,181)	(17,437)	50,386	3,093,798	–	–	3,030,657	65,805	3,096,462
Total comprehensive income (loss)	–	–	–	(44,909)	(51,181)	(17,437)	50,386	3,093,798	5,250,972	–	8,281,629	2,480,868	10,762,497
Dividends declared (Note 18)	–	–	–	–	–	–	–	–	(1,195,787)	–	(1,195,787)	(2,231,038)	(3,426,825)

(Forward)

	Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 18)	Additional Paid-in Capital	Other Equity Reserves (Note 18)	Unrealized Fair Value Loss on Equity Instruments at FVOCI	Unrealized Fair Value Gain on derivative instruments designated as hedge – net of tax (Note 29)	Remeasurement Loss On Defined Benefit Plans – net of tax	Accumulated Share in Other Comprehensive Income (Loss) gain of Associates and Joint Ventures (Note 7)	Cumulative Translation Adjustments	Retained Earnings (Note 18)	Treasury Shares (Note 18)	Total	Non-controlling Interests (Note 18)	Total Equity
Issuance of capital stock (Note 18)	24,623,381	89,851,457	–	–	–	–	–	–	–	–	114,474,838	–	114,474,838
Reissuance of treasury shares (Note 18)	–	127,746	–	–	–	–	–	–	–	67,457	195,203	–	195,203
Grants through Employee Stock Ownership Plan (Note 18)	8,189	52,360	–	–	–	–	–	–	–	–	60,549	–	60,549
Stock issuance costs (Note 18)	–	(680,287)	–	–	–	–	–	–	–	–	(680,287)	–	(680,287)
Acquisition of treasury shares (Note 18)	–	–	–	–	–	–	–	–	–	(55,184)	(55,184)	–	(55,184)
Reversal of unrealized fair value gain upon redemption (Note 10)	–	–	–	(25,906)	–	–	–	–	–	–	(25,906)	–	(25,906)
Acquisition of non-controlling interest in a subsidiary (Note 18)	–	–	(985,702)	–	–	–	–	–	–	–	(985,702)	(313,598)	(1,299,300)
Capital redemption of non-controlling interest in a subsidiary (Note 18)	–	–	–	–	–	–	–	–	–	–	–	(20,386,275)	(20,386,275)
Capital infusion of non-controlling interest in a subsidiary (Note 18)	–	–	–	–	–	–	–	–	–	–	–	1,988	1,988
Effects of common control business combination	–	–	(84,281,187)	(162,899)	–	–	209,181	–	(1,696,966)	–	(85,931,871)	–	(85,931,871)
	24,631,570	89,351,276	(85,266,889)	(188,805)	–	–	209,181	–	(2,892,753)	12,273	25,855,853	(22,928,923)	2,926,930
Balances at December 31, 2021	₱38,338,527	₱98,043,831	(₱56,604,532)	(₱90,089)	₱6,228	(₱24,436)	₱29,723	(₱359,910)	₱8,707,301	(₱28,657)	₱88,017,986	₱29,950,776	₱117,968,762
Balances at January 1, 2020	7,521,775	83,768	41,570,060	(26,546)	(14,742)	9,254	(168,154)	96,227	3,943,403	(27,704)	52,987,341	39,371,962	92,359,303
Net income (loss)	–	–	–	–	–	–	–	–	4,288,102	–	4,288,102	2,114,049	6,402,151
Other comprehensive income (loss)	–	–	–	92,821	72,151	35	(61,690)	(3,549,935)	–	–	(3,446,618)	(2,398)	(3,449,016)
Total comprehensive income (loss)	–	–	–	92,821	72,151	35	(61,690)	(3,549,935)	4,288,102	–	841,484	2,111,651	2,953,135
Dividends declared	–	–	–	–	–	–	–	–	(546,751)	–	(546,751)	(1,961,062)	(2,507,813)
Issuance of capital stock	6,185,182	8,473,700	–	–	–	–	–	–	–	–	14,658,882	–	14,658,882
Stock issuance costs		(94,782)	–	–	–	–	–	–	–	–	(94,782)		(94,782)
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	(28,657)	(28,657)	–	(28,657)
Reissuance of treasury shares		71,402								15,431	86,833		86,833
Reversal of unrealized fair value gain upon redemption	–	–	–	(11,105)	–	–	–	–	–	–	(11,105)	–	(11,105)
Capital infusion of non-controlling interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	9,776,936	9,776,936
Non-controlling interest arising from a business combination	–	–	–	–	–	–	–	–	–	–	–	1,099,344	1,099,344
Effects of common control business combinations	–	158,467	(12,907,703)	88,455	–	(16,288)	–	–	(1,335,672)	–	(14,012,741)	–	(14,012,741)
	6,185,182	8,608,787	(12,907,703)	77,350	–	(16,288)	–	–	(1,882,423)	(13,226)	51,679	8,915,218	8,966,897
Balances at December 30, 2020	₱13,706,957	₱8,692,555	₱28,662,357	₱143,625	₱57,409	(₱6,999)	(₱229,844)	(₱3,453,708)	₱6,349,082	(₱40,930)	₱53,880,504	₱50,398,831	₱104,279,335

See accompanying Notes to Consolidated Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱13,935,790**	₱7,808,172	₱7,104,027
Adjustments for:			
Interest and other finance charges (Note 22)	**2,357,531**	1,694,380	1,988,086
Depreciation and amortization (Notes 20 and 21)	**2,178,408**	2,005,865	1,810,743
Employee stock ownership plan expense (Note 18)	**31,161**	3,553	–
Interest and other financial income (Note 23)	**(5,639,184)**	(4,376,158)	(2,060,084)
Equity in net income of associates and joint ventures (Note 7)	**(937,834)**	(1,952,753)	(1,490,192)
Foreign exchange (gains) losses - net	**(100,538)**	49,230	(45,759)
Pension and other employee benefits	**(19,463)**	12,056	(20,071)
Dividend income	**(3,635)**	(11,725)	(14,034)
Provision for (reversal of):			
Impairment loss on:			
Other financial assets at amortized cost (Notes 8 and 21)	**1,284,409**	–	–
Property, plant and equipment - net (Notes 11, 21 and 23)	**41,444**	211,405	381,105
Advances to contractors, net (Notes 14, 21 and 23)	**(1,256)**	(22,447)	49,884
Investments in associates and joint ventures (Note 21)	**–**	–	186,513
Probable losses on deferred exploration costs (Notes 13 and 21)	**584**	23,379	–
Expected credit losses (Notes 5, 21 and 23)	**(13,755)**	873	(32)
Loss (gain) on:			
Remeasurement of previously held interest (Notes 23 and 28)	**(10,921,026)**	–	–
Divestment of investment in associate (Notes 7 and 23)	**(734,672)**	(37,635)	–
Settlement of derivatives (Notes 23 and 31)	**(297,342)**	(41,802)	3,414
Sale of inventories and by-product (Note 23)	**(32,953)**	(24,733)	(15,354)
Unrealized commodity swaps (Note 23)	**(1,647)**		
Bargain purchase (Note 23)	**(138)**	–	(49,970)
Fair value adjustment on financial asset at FVTPL (Notes 9 and 23)	**124,513**	–	–
Change due to loss of control (Note 2, 7, and 23)	**121,107**	(21,808)	–
Discount on long-term receivables (Note 23)	**82,508**	–	–
Sale of noncurrent assets held for sale (Notes 6 and 23)	**8,400**	–	–
Sale of property and equipment (Note 23)	**7,049**	(1,095)	4,280
Write-off of FVOCI (Notes 23)	**500**		–
Recovery of tax credit certificate on real property tax (Note 23)	**–**	(69,154)	–
Sale of investments (Note 23)	**–**	–	(867,067)
Operating income before working capital changes	**1,469,961**	5,249,603	6,965,489
Decrease (increase) in:			
Accounts and other receivable	**(998,413)**	(1,120,936)	(3,292,512)
Fuel and spare parts	**(139,581)**	(74,486)	(426,969)
Other current assets	**(1,945,311)**	(606,418)	182,026
Increase in accounts payable and other current liabilities	**3,772,606**	324,303	(353,687)
Cash generated from operations	**2,159,262**	3,772,066	3,074,347
Interest received	**202,706**	124,485	294,313
Income and withholding taxes paid	**(66,062)**	(472,425)	(244,917)
Net cash flows from operating activities	**2,295,906**	3,424,126	3,123,743
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Loans to related parties (Note 26)	**(20,319,739)**	(27,374,988)	(11,488,821)
Property, plant and equipment (Note 11)	**(20,717,831)**	(5,816,321)	(6,259,461)
Investments in subsidiaries, net of cash acquired (Note 28)	**(4,033,180)**	–	(4,026,861)
Investments in redeemable preferred shares (Note 8)	**(3,571,739)**	(866,258)	(2,899,776)
Investments in associates and joint venture, net (Note 7)	**(2,996,379)**	(536,189)	(2,853,713)
Issuance of convertible loans (Notes 8 and 28)	**(2,807,214)**	(6,542,561)	(5,983,388)
Financial assets at FVTPL (Note 9)	**(912,534)**	(402,680)	(5,474,708)

(Forward)

	Years Ended December 31		
	2022	2021	2020
Subscription deposits (Note 8)	**(₱180,448)**	(₱3,150,370)	(₱2,087,275)
Deferred exploration costs (Note 13)	**(1,471)**	(19,766)	(13,836)
Investment properties	–	(109,910)	(44,605)
Short-term investments	–	(68,310)	–
Right-of-use assets	–	–	(378,492)
Proceeds from:			
Collection of loans to related parties (Note 26)	**25,251,588**	7,488,683	3,523,334
Change due to loss of control, net of cash surrender (Note 2)	**5,494,611**	–	–
Divestment of investment in associate (Note 7)	**734,672**	–	–
Sale of noncurrent assets held for sale (Notes 6)	**193,525**	4,963	–
Termination of short-term investments (Note 14)	**67,782**	–	100,000
Redemption of convertible loan (Note 8)	**14,508**	791,328	–
Sale of property, plant and equipment (Note 11)	**3,933**	19,445	2,627
Redemption of financial assets at FVOCI (Note 10)	–	12,687,858	7,275,900
Sale of investments in financial assets at FVTPL	–	–	6,346,901
Insurance claim	–	–	35,282
Dividends received from:			
Investments in associates and joint ventures (Note 7)	**2,222,356**	1,693,682	2,162,400
Financial assets at FVOCI (Note 10)	**3,635**	11,725	14,034
Interest received	**4,200,750**	1,599,069	1,508,615
Increase in other noncurrent assets, non-current portion of input VAT and CWT	**(6,984,890)**	(2,478,046)	(1,766,093)
Net cash flows used in investing activities	**(24,338,065)**	(23,068,646)	(22,307,936)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Availment of short-term debts (Notes 16 and 32)	**23,259,020**	3,000,000	14,184,275
Availment of long-term debts (Notes 16 and 32)	**23,012,509**	848,276	3,807,614
Issuance of capital stock (Notes 18 and 32)	**10,558,578**	27,581,162	–
Issuance of notes payable (Note 16)	**10,000,000**	20,383,600	–
Reissuance of treasury shares	–	195,202	86,833
Capital infusion of non-controlling interest in subsidiaries (Note 18)	–	1,988	9,776,936
Payments of:			
Short-term loans (Notes 16 and 32)	**(20,359,020)**	(7,635,000)	(9,630,319)
Long-term loans (Notes 16 and 32)	**(7,387,050)**	(2,188,811)	(4,602,920)
Cash dividends (Notes 18 and 32)	**(3,803,197)**	(3,410,239)	(2,507,813)
Interest on short-term and long-term loans (Note 32)	**(1,955,949)**	(1,165,047)	(1,682,101)
Debt issue cost (Note 16)	**(390,065)**	(133,396)	(28,500)
Interest on lease liabilities (Notes 12 and 22)	**(198,050)**	(164,416)	(171,097)
Acquisition of non-controlling interest (Note 18)	**(95,324)**	(280,500)	–
Lease liabilities (Notes 12 and 32)	**(93,035)**	(285,855)	(68,670)
Capital redemption of non-controlling interest in subsidiary (Note 18)	–	(20,386,275)	–
Stock issuance costs	–	(680,287)	(94,782)
Treasury shares (Note 18)	–	(55,184)	(28,657)
Decrease in due to stockholders	–	(18,272)	1,678
Increase in other noncurrent liabilities	**(1,040,364)**	1,016,196	27,263
Net cash flows from financing activities	**31,508,053**	16,623,142	9,069,740
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(1,281,312)**	1,389,636	(1,438,672)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,184,582**	(1,631,742)	(11,553,125)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**26,445,429**	28,077,171	39,630,296
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱34,630,011**	₱26,445,429	₱28,077,171

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

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

The direct parent company (or intermediate parent company) of ACEN is AC Energy and Infrastructure Corporation ("ACEIC"), a wholly owned subsidiary of Ayala Corporation ("AC"). AC is a publicly listed company which is 47.91% owned by Mermac, Inc. (ultimate parent company), and the rest by the public. AC is a listed entity incorporated in the Philippines.

As at December 31, 2022 and 2021, ACEIC owns 57.74% and 64.65%, respectively, of ACEN's total outstanding shares of stock.

On December 15, 2021, during a Special Stockholders' Meeting, stockholders representing at least 2/3 of the ACEN's outstanding capital stock, approved the following:

i) Amendment to the Articles of Incorporation ("Articles") to change the corporate name from "AC Energy Corporation" to "ACEN CORPORATION".
ii) Amendment to the Articles to remove oil exploration, mining and related businesses from the Primary Purpose and Secondary Purposes and to specify retail electricity supply and provision of guarantees as part of the Primary Purpose.
iii) Amendment to the Articles to change the principal office of the Parent Company from "4th Floor, 6750 Office Tower, Ayala Avenue, Makati City 1226, Philippines," to "35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue, Makati City 1226, Philippines".

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

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

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

The consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on March 7, 2023.

2. Summary of Significant Accounting Policies

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

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022. The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring its accounting policies in line with the Parent Company's accounting policies.

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

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

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

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

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

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

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

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

		Percentage of Ownership (%)			
		2022		2021	
Subsidiaries	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
ACEN International, Inc. ("ACEN International"; formerly AC Energy International, Inc.)	International investment holding	**100.00**	**–**	100.00	–
ACEN Renewables International Pte. Ltd.("ACRI"; formerly AC Renewables International Pte. Ltd.)[a]	International investment holding	**–**	**100.00**	–	100.00
ACEN Cayman Limited ("ACEC"; formerly AC Energy Cayman)[b]	International investment holding	**–**	**100.00**	–	100.00
ACEN Investments HK Limited ("ACEN HK", formerly ACE Investments HK Limited)[c]	International investment holding	**–**	**100.00**	–	100.00
UPC-AC Energy Australia (HK) Ltd. ("UPC-ACE Australia")	Power generation	**–**	**80.00**	–	–
ACEN Finance Limited ("ACEN Finance")[b]	Investment holding	**100.00**	**–**	100.00	–
Bulacan Power Generation Corporation ("Bulacan Power")	Power generation	**100.00**	**–**	100.00	–
CIP II Power Corporation ("CIPP")	Power generation	**100.00**	**–**	100.00	–
Guimaras Wind Corporation ("Guimaras Wind")	Wind power generation	**100.00**	**–**	100.00	–
One Subic Oil Distribution Corporation	Distribution of petroleum products	**100.00**	**–**	100.00	–
One Subic Power Generation Corporation ("One Subic Power")	Power generation	**–**	**100.00**	–	100.00
ENEX Energy Corp. ("ENEX"; formerly ACE Enexor, Inc.)	Oil, gas, and geothermal exploration	**75.92**	**0.40**	75.92	0.40
Palawan55 Exploration & Production Corporation ("Palawan55")	Oil and gas exploration	**30.65**	**52.93**	30.65	52.93
South Luzon Thermal Energy Corporation ("SLTEC")	Power generation	**–**	**–**	100.00	–
Buendia Christiana Holdings Corp. ("BCHC")	Investment holding	**100.00**	**–**	100.00	–
ACE Shared Services, Inc. ("ACES")	Shared services	**100.00**	**–**	100.00	–
Giga Ace 1, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 2, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 3, Inc. ("Giga Ace 3")	Power generation	**100.00**	**–**	100.00	–
Giga Ace 4, Inc. ("Giga Ace 4")	Power generation	**100.00**	**–**	100.00	–
Giga Ace 5, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 6, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 7, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 8, Inc. ("Giga Ace 8")	Power generation	**100.00**	**–**	100.00	–
Giga Ace 9, Inc. ("Giga Ace 9")	Power generation	**100.00**	**–**	100.00	–
Giga Ace 10, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 11, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 12, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 14, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 15, Inc.	Power generation	**100.00**	**–**	100.00	–
Negros Island Solar Power, Inc. ("ISLASOL")	Solar power generation	**–**	**60.00**	–	60.00
San Carlos Solar Energy, Inc. ("SACASOL")	Solar power generation	**–**	**100.00**	–	100.00
Monte Solar Energy, Inc. ("MONTESOL")	Solar power generation	**96.00**	**4.00**	96.00	4.00
ACE Endevor, Inc. ("ACE Endevor")	Investment holding and management	**94.00**	**6.00**	94.00	6.00
Visayas Renewables Corp. ("VRC")	Investment holding	**–**	**100.00**	–	100.00
San Julio Land Development Corporation	Leasing and land development	**–**	**100.00**	–	100.00
LCC Bulk Water Supply, Inc.	Water supply and distribution	**–**	**100.00**	–	100.00
MCV Bulk Water Supply Inc.	Water supply and distribution	**–**	**100.00**	–	100.00
SCC Bulk Water Supply Inc.	Water supply and distribution	**–**	**100.00**	–	100.00
HDP Bulk Water Supply Inc.	Water supply and distribution	**–**	**100.00**	–	100.00
Ingrid2 Power Corp.	Advisory/Consultancy	**–**	**100.00**	–	100.00
Ingrid3 Power Corp. ("Ingrid3")	Advisory/Consultancy	**–**	**100.00**	–	100.00
Ingrid4 Power Corp.	Advisory/Consultancy	**100.00**	**–**	100.00	–
Ingrid5 Power Corp.	Advisory/Consultancy	**100.00**	**–**	100.00	–
Ingrid6 Power Corp.	Advisory/Consultancy	**100.00**	**–**	100.00	–
Solienda Inc.	Leasing and land development	**–**	**100.00**	–	100.00
Gigasol 2, Inc.	Power generation	**–**	**100.00**	–	100.00
Gigasol 1, Inc.	Power generation	**–**	**100.00**	–	100.00
Gigasol 3, Inc. ("Gigasol 3")	Power generation	**–**	**100.00**	–	100.00
Gigasol 4, Inc.	Power generation	**100.00**	**–**	100.00	–
Gigasol 5, Inc.	Power generation	**100.00**	**–**	100.00	–
Gigasol 6, Inc.	Power generation	**100.00**	**–**	100.00	–

		Percentage of Ownership (%)			
		2022		2021	
Subsidiaries	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
Gigasol 7, Inc.	Power generation	**100.00**	**–**	100.00	–
Gigasol 8, Inc.	Power generation	**100.00**	**–**	100.00	–
Gigasol 9, Inc.	Power generation	**100.00**	**–**	100.00	–
Gigasol 10, Inc.	Power generation	**100.00**	**–**	100.00	–
GigaWind1 Inc.	Power generation	**–**	**100.00**	–	100.00
GigaWind2 Inc.	Power generation	**–**	**100.00**	–	100.00
GigaWind3 Inc.	Power generation	**100.00**	**–**	100.00	–
GigaWind4 Inc.	Power generation	**100.00**	**–**	100.00	–
GigaWind5 Inc.	Power generation	**100.00**	**–**	100.00	–
GigaWind6 Inc. [d]	Power generation	**100.00**	**–**	–	–
GigaWind7 Inc. [e]	Power generation	**100.00**	**–**	–	–
SolarAce1 Energy Corp. (“SolarAce1”)	Power generation	**95.00**	**5.00**	95.00	5.00
SolarAce2 Energy Corp. (“SolarAce2”)	Power generation	**–**	**100.00**	–	100.00
SolarAce3 Energy Corp.	Power generation	**–**	**100.00**	–	100.00
SolarAce4 Energy Corp. [f]	Power generation	**–**	**100.00**	**–**	**100.00**
AC Subic Solar, Inc.	Power generation	**–**	**100.00**	–	100.00
AC Laguna Solar, Inc.	Power generation	**–**	**100.00**	–	100.00
AC La Mesa Solar, Inc.	Power generation	**–**	**100.00**	–	100.00
Bataan Solar Energy, Inc. (“BSEI”)	Power generation	**–**	**100.00**	–	100.00
Santa Cruz Solar Energy, Inc. (“SCSE”)	Power generation	**–**	**100.00**	–	100.00
Pagudpud Wind Power Corp. (“PWPC”)	Investment holding	**–**	**100.00**	–	100.00
Bayog Wind Power Corp. (“BWPC”)	Power generation	**40.00**	**60.00**	–	60.00
Manapla Sun Power Development Corporation (“MSPDC”)	Leasing and land development	**36.37**	**63.63**	36.37	63.63
ACE Renewables Philippines, Inc.	Investment holding	**100.00**	**–**	100.00	–
NorthWind Power Development Corporation (“NorthWind”)	Wind power generation	**51.73**	**48.27**	51.73	48.27
Viage Corporation	Investment holding	**100.00**	**–**	100.00	–
ACTA Power Corporation	Coal power generation	**100.00**	**–**	100.00	–
UAC Energy Holdings Pty Ltd	Investment holding	**–**	**100.00**	–	75.00
Buduan Wind Energy Co, Inc.	Power generation	**–**	**100.00**	–	–
Caraballo Mountains UPC Asia Corporation	Power generation	**–**	**100.00**	–	–
Pangasinan UPC Asia Corporation	Power generation	**–**	**100.00**	–	–
Sapat Highlands Wind Corporation	Power generation	**–**	**100.00**	–	–
UPC Mindanao Wind Power Corp.	Power generation	**–**	**100.00**	–	–
Itbayat Island UPC Asia Corporation	Power generation	**–**	**100.00**	–	–
Laguna Central Renewables, Inc.	Power generation	**–**	**100.00**	–	–
Laguna West Renewables, Inc.	Power generation	**–**	**100.00**	–	–
Suyo UPC Asia Corporation	Power generation	**–**	**100.00**	–	–
Natures Renewable Energy Devt. Corporation (“NAREDCO”)	Power generation	**60.00**	**–**	–	–
Sinocalan Solar Power Corp. (“SSPC”)	Power generation	**100.00**	**–**	–	–

[a] *Incorporated in Singapore*
[b] *Incorporated in Cayman Islands*
[c] *Incorporated in Hong Kong*
[d] *Incorporated on March 16, 2022*
[e] *Incorporated on June 23, 2022*
[f] *70% effective ownership in 2021, with pending application of increase in Authorized Capital Stock and issuance of shares to minority owners.*

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

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

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

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

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

On March 21, 2022, ACRI, UPCAPH, and Mr. Rohner signed separate instruments of transfer for the transfer to ACRI of UPCAPH's 7,150 ordinary shares in UPC-ACE Australia for US$78.34 million (₱4,070.40 million) and Rohner's 1,000,054 ordinary class B shares in UPC-ACE Australia for US$9.36 million (₱486.42 million), thereby completing the first tranche of the acquisition. The aggregate consideration paid by ACRI to UPCAPH and Mr. Rohner is US$87.70 million (₱4,556.82 million) (see Note 9).

On November 8, 2022, UPC Renewables, executed proxy rights in favor of ACRI, providing ACRI with 100% voting rights in the consolidated group of UPC-ACE Australia.

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

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

The Group remeasured its previously held interest in UPC-ACE Australia based on its acquisition date fair value which resulted in a remeasurement gain of USD$189.67 million (₱10,921.03 million) (see Note 13).

A series of transactions entered into by ACRI together with UPCAPH and Mr.Rohner for the investment UPC-ACE Australia were accounted for as a single transaction and resulted in control acquisition. Detailed information on the accounting for ownership interest in UPC-ACE Australia is disclosed in Note 28.

On November 8, 2022, UPCAPH, executed proxy rights in favor of the Group, providing the ACRI with 100% voting rights in the consolidated group of UPC-ACE Australia (see Note 28)

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

On March 18, 2022, ACEN, its wholly owned subsidiary ACE Endevor, UPC Philippines Wind Investment Co. BV ("UPC Philippines"), and Ms. Stella Marie L. Sutton ("Sutton") signed a Share Purchase Agreement for the Group's acquisition of the 100% ownership interest of UPC Philippines and Ms. Sutton's in their Philippine renewable companies and businesses see Note 28).

Acquisition of 60% interest in NAREDCO

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

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

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

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

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

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

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

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

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

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

a. Divestment in SLTEC

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

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

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

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

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

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

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

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

SLTEC accounts have been classified in the Group's consolidated financial statement as at December 31, 2022 as follows:
a. Balance sheet accounts were deconsolidated.
b. Income statement accounts for the period January 1 to October 31, 2022 are included in the consolidated statement of income.

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

Assets	
Cash and cash equivalents	₱1,671,439
Accounts and notes receivable	1,080,420
Fuel and spare parts	857,660
Other current assets	7,33,748
Property, plant and equipment (Note 11)	14,221,341
Other noncurrent assets	442,220
	19,006,828
Liabilities	
Accounts payable and other current liabilities	1,759,669
Income and withholding taxes payable	30,090
Long-term loans (Note 16)	13,380,340
Deferred income tax liabilities	45,911
Pension and other employee benefits	9,227
Equity	
Remeasurement loss on defined benefit plans	(5,791)
	15,219,446
Total identifiable net assets	3,787,382
Add redemption of ACEN shares	6,947,775
Less:	
GSIS investments	(2,200,000)
InLife investments	(1,000,000)
EPHI investments	(248,000)
Net assets attributable to ACEN	7,287,157
Less cash consideration	7,166,050
Loss on deconsolidation (Note 23)	(₱121,107)

After the sale to EPHI, the Group has fully divested its interest in SLTEC. The acquisition resulted in a loss which is recognized under “Other income - net” account in the consolidated statement of income (see Note 23).

Net cash inflow on acquisition is as follows:

Cash consideration	₱7,166,050
Less cash surrendered with the subsidiary[a]	1,671,439
Net cash inflow	₱5,494,611

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

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

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

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

The Option Agreements entitle ACEN and the Investors, severally, to exercise call and put options, respectively, based on certain pre-agreed conditions, to enable the early retirement of the coal plant by 2040, and its transition to cleaner technology. The call options for common and redeemable preferred shares are exercisable only beginning 2031 to 2040, while the put option on redeemable preferred shares is exercisable only on 2040. Both options are accounted as derivative asset and liability. As at December 31, 2022, derivative asset on call options on common and redeemable preferred shares amounted to ₱16.43 million and the derivative liability on put options on redeemable preferred shares amounted to ₱7.16 million.

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

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

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

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

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

Acquisition of shares 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 (see Note 13).

The following were the changes in the Group structure in 2021:

Acquisitions of ACEIC's investee companies through share swap

On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for subscription by ACEIC to, and the issuance to ACEIC of 16,685,800,533 common shares at a subscription price of ₱5.15 per common share, or an aggregate subscription price of ₱85,931.87 million in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in ACE International which holds ACEIC's international renewable assets. The closing date of the share swap transaction was on June 7, 2021.

On June 27, 2021, the transfer value was approved by the SEC together with its approval of the application for the increase in ACEN's capital stock. The closing date of the transaction was June 27, 2021 (see Note 28).

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

Acquisition of non-controlling interest in MSPDC

On October 28, 2021, BCHC acquired the 34.00% ownership interest of the minority stockholders of MSPDC at an aggregate amount ₱280.50 million. Effective October 31, 2021, MSPDC became a wholly-owned subsidiary of ACEN.

The excess of consideration over carrying amount of non-controlling interest, recognized under other equity reserves, amounted to ₱261.73 million (see Note 21).

Acquisition of non-controlling interest in NorthWind

On October 18, 2021, the BOD of ACEN approved the acquisition of the 32.2% ownership interest of the minority stockholders of NorthWind (the "NW Minorities") for up to ₱1,093.00 million. Moreover, the BOD approved the issuance of up to 90 million of ACEN common shares to the owners, affiliate, and/or partners of the NW Minorities at up to ₱11.32 per share.

On November 12 and 15, 2021, the Share Purchase Agreement and Subscription Agreements, respectively, were signed by ACEN and the NW Minorities for 90,000,000 million shares in ACEN at a price of ₱11.32 per share:

Effective November 15, 2021, NorthWind became a wholly-owned subsidiary of ACEN. The subscribed shares were issued to the above shareholders on November 29, 2021.

The excess of consideration over carrying amount of non-controlling interest, recognized under other equity reserves, amounted to ₱723.97 million (see Note 18).

Material partly-owned subsidiaries with material economic ownership interest

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

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

ISLASOL

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

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

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

ACEC

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

BWPC

BWPC's principal and registered office address is 4F Delgado-Adiarte Building, Rizal Street corner Gen. Segundo Avenue, Laoag City, 2900, Ilocos Norte.

UACH

UACH, a subsidiary of ACRI, is a company incorporated and domiciled in Australia, with principal address Suite 2, Level 2, 13-17 Castray Esplanade, Battery Point TAS 7004. Following ACRI's gaining control over UPC-ACE Australia, the Parent Company resulted to owning 100% indirect interest in UACH which resulted to increase in NCI amounting to ₱105.19 million (Note 18).

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

2022	**ISLASOL**	**UPC-ACE Australia**	**ACEC**
Proportion of equity interests held by NCI	**40.00%**	**20.00%**	**99.99%**
Voting rights held by NCI	**34.00%**	**20.00%**	**–**
Accumulated balances of NCI	**₱1,199,461**	**₱1,894,901**	**₱28,784,436**
Net income (loss) allocated to NCI	**81,936**	**(51,752)**	**1,528,770**
Comprehensive income (loss) allocated to NCI	**81,936**	**(51,108)**	**1,499,431**
Dividends paid to NCI	**–**	**–**	**1,504,247**

2021	**BWPC**	**ISLASOL**	**UACH**	**ACEC**
Proportion of equity interests held by NCI	**40.00%**	**40.00%**	**25.00%**	**99.99%**
Voting rights held by NCI	**40.00%**	**34.00%**	**25.00%**	**–**
Accumulated balances of NCI	**(₱67,154)**	**₱1,117,524**	**₱105,172**	**₱28,789,252**
Net income (loss) allocated to NCI	**(10,122)**	**61,450**	**10,467**	**2,234,317**
Comprehensive income (loss) allocated to NCI	**(5,970)**	**61,450**	**10,523**	**2,295,915**
Dividends paid to NCI	**–**	**–**	**–**	**2,141,568**

Summarized financial information of these subsidiaries are as follows:

2022	ISLASOL	UPC-ACE Australia	ACEC
	(In Thousands)		
Statements of financial position			
Current assets	₱1,111,093	₱771,997	₱234,037
Noncurrent assets	2,531,400	24,590,707	31,277,680
Current liabilities	(176,574)	(9,825,777)	–
Noncurrent liability	(4,260,882	(5,297,215)	–
Statements of comprehensive income (loss)			
Revenues	650,196	–	–
Cost and expenses	410,834	(362,929)	–
Other income (expenses)	2,553	(235,899)	–
Provision for (benefit from) income tax	490	259,553	–
Profit (loss) attributable to:			
Equity holders of the parent	159,490	(344,889)	(29,017)
Non-controlling interests	81,936	(51,752)	1,528,770
Total comprehensive income (loss) attributable to:			
Equity holders of the parent	159,490	(325,115)	(29,020)
Non-controlling interests	81,936	(51,108)	1,499,431
Statements of cash flows			
Operating activities	447,009	3,387,349	(539)
Investment activities	(12,781)	(10,935,711)	1,529,342
Financing activities	(812,970)	4,455,262	(1,529,339)
Net increase (decrease) in cash and cash equivalents	(₱378,742)	(₱3,093,100)	(₱536)

2021	BWPC	ISLASOL	UACH	ACEC
		(In Thousands)		
Statements of financial position				
Current assets	₱391,476	₱1,460,466	₱9,234	₱210,322
Noncurrent assets	2,598,920	2,782,655	–	28,078,022
Current liabilities	79,746	358,046	8,978	–
Noncurrent liability	1,785	4,142,951	–	–
Statements of comprehensive income (loss)				
Revenues	262	584,169	62,078	2,296,944
Cost and expenses	30,871	460,113	1,627	975
Other income (expenses)	16,553	(1,549)	2,110	–
Provision for (benefit from) income tax	–	(1,068)	18,769	–
Profit (loss) attributable to:				
Equity holders of the parent	(3,934)	62,125	33,325	61,652
Non-controlling interests	(10,122)	61,450	10,467	2,234,317
Total comprehensive income (loss) attributable to:				
Equity holders of the parent	2,294	62,125	33,493	61,655
Non-controlling interests	(5,970)	61,450	10,523	2,295,915
Statements of cash flows				
Operating activities	5,797	3,220,217	227,563,498	(974,005)
Investment activities	(2,290,451)	(2,819,911)	(218,517,586)	2,522,677,052
Financing activities	2,646,334	863,711	–	(2,359,374,541)
Net increase in cash and cash equivalents	₱361,680	₱1,264,017	₱9,045,912	₱162,328,506

2020	BWPC	ISLASOL	UACH	ACEC
	(In Thousands)			
Statements of financial position				
Current assets	₱9,768	₱830,148	₱6,182,605	₱43,798
Noncurrent assets	277,682	2,855,627	–	45,778,308
Current liabilities	8,692	232,475	13,983	–
Noncurrent liability	420,810	3,875,453	–	–
Statements of comprehensive income (loss)				
Revenues	₱27	₱224,726	₱868,958	₱1,872,815
Cost and expenses	41,850	332,219	213,856	829
Other income (expenses)	15,948	(624)	–	–
Provision for income tax	–	57	–	–
Profit (loss) attributable to:				
Equity holders of the parent	(10,406)	(64,904)	531,096	(2,357)
Non-controlling interests	(15,469)	(43,270)	124,006	1,874,343
Total comprehensive income (loss) attributable to:				
Equity holders of the parent	(10,406)	(64,904)	531,096	(2,357)
Non-controlling interests	(15,469)	(43,270)	124,006	1,871,945
Statements of cash flows				
Operating activities	(₱20,367)	₱82,640	₱–	(₱805)
Investment activities	(58,997)	(2,024)	8,450,360	(26,776,897)
Financing activities	73,316	153,044	(8,228,176)	7,147,274
Net increase (decrease) in cash and cash equivalents	(₱6,048)	₱233,660	₱222,184	(₱19,630,428)

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2022. Unless otherwise indicated, adoption of the new standard did not have an impact on the consolidated financial statements of the Group.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach".

The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

<u>Standards Issued but not yet Effective</u>

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

Effective beginning on or after January 1, 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

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023.

Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group

- 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.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- 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.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*
  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

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

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial and Sustainability Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

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

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

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

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

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

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

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

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

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

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

Remeasurement of Previously Held Interest
In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate.

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

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

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

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

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current or noncurrent classification. An asset is current when it is:
- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve (12) months after the reporting period; or,
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period.

All other assets are classified as noncurrent.

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

The Group classifies all other liabilities as noncurrent.

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

Cash and Cash Equivalents
Cash and cash equivalents in the consolidated statement of financial position is composed of cash in banks and on hand and short-term deposits with a maturity of three (3) months or less, which are subject to an insignificant risk of changes in value.

Short-term Investments
Short-term investments represent investments that are readily convertible to known amounts of cash with original maturities of more than three (3) months to one (1) year.

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

- Investment properties (see Note 14)
- Quantitative disclosures of fair value measurement hierarchy (see Note 32)
- Financial instruments (including those carried at amortized cost, see Note 32)

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described in Note 32, based on the lowest level input that is significant to the fair value measurement as a whole.

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

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

Financial Instruments – Classification and Measurement

Classification of Financial Assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets. The Group classifies its financial assets into the following measurement categories:
- financial assets measured at amortized cost
- financial assets measured at FVTPL
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are reclassified to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

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

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

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

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

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

As at December 31, 2022 and 2021, the Group's financial assets at amortized cost includes cash and cash equivalents, short-term investments, accounts and other receivable, development loans, debt replacements, other loan and interest receivable under Accounts and notes receivable, Other financial assets at amortized cost and deposits under Other Noncurrent Assets (see Notes 4, 5, 8, 14 and 31).

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

As at December 31, 2022 and 2021, the Group does not have debt instruments at FVOCI.

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

Dividends are recognized in profit or loss only when:

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

As at December 31, 2022 and 2021, the Group's investments in quoted and unquoted equity securities and golf club shares are classified as financial asset at FVOCI (see Notes 10 and 31).

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

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

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

As at December 31, 2022 and 2021, the Group has Compulsorily Convertible Debentures accounted as FVTPL (Note 9).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Group entered into fuel and coal swap contracts as a hedge of its exposure to price risk on its purchases (see Note 29).

Classification of Financial Liabilities

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

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:
- if a host contract contains one or more embedded derivatives; or
- if a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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

As at December 31, 2022 and 2021, the Group has not designated any financial liability at FVTPL.

The Group's accounts payable and other current liabilities (excluding derivative liability and statutory payables), due to stockholders, short-term and long-term loans, deposit payables and other noncurrent liabilities are classified as financial liabilities measured at amortized cost under PFRS 9 (see Notes 15, 16, 17 and 31).

Derecognition of Financial Assets and Financial Liabilities

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

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

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

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

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

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

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

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

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

There are no offsetting of financial assets and financial liabilities and any similar arrangements that warrants disclosure in the Group's consolidated financial statements as at December 31, 2022 and 2021.

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

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

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

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

Stage 1: 12-month ECL
For credit exposures where there have not been significant increases in credit risk since initial recognition and that are not credit-impaired upon origination, the portion of lifetime ECLs that represent the ECLs that result from default events that are possible within the 12-months after the reporting date are recognized.

Stage 2: Lifetime ECL – not credit-impaired
For credit exposures where there have been significant increases in credit risk since initial recognition on an individual or collective basis but are not credit-impaired, lifetime ECLs representing the ECLs that result from all possible default events over the expected life of the financial asset are recognized.

Stage 3: Lifetime ECL – credit-impaired
Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of those financial assets have occurred. For these credit exposures, lifetime ECLs are recognized and interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset.

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

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

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

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

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

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

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

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

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

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

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

Non-current Assets Held for Sale
The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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

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

Property, Plant and Equipment

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

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

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

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

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

Category	In Years
Land improvements	40
Buildings and improvements	6-25
Machinery and equipment:	
Wind towers and equipment	25
Power plant	20
Power barges	10
Others	10-15
Tools and other miscellaneous assets	5-10
Transportation equipment	3-5
Office furniture, equipment and others	3-10

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

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

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

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

<u>Leases</u>
The Group applied PFRS 16, *Leases* on January 1, 2019.

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

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

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

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

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

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

The Group has elected to use the two exemptions proposed by the standard on the following contracts:
a. Lease contracts for which the lease terms ends within 12 months from the date of initial application
b. Lease contracts for which the underlying asset is of low value

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

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

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

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

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

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

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

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

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

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

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

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

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is collectively assessed for impairment.

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

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

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

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

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

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

The consolidated financial statements include additional information about associates and joint ventures that are material to the Group (see Note 7). Management determined material associates and joint ventures as those associates and joint ventures where the Group's carrying amount of investments is greater than 5% of the total investments and advances in associates and joint ventures as at the end of the year.

Investment Properties

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

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

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

Leasehold and water rights

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

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

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

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

Deferred Exploration Costs

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

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

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

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

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

Advances for Land Acquisitions

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

Impairment of Non-financial Assets

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

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

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased.

If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income.

The following assets have specific characteristics for impairment testing:

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

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

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

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

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

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

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

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

Provisions

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

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

Asset Retirement Obligation

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

Pensions and Other Post-employment Benefits

Defined Benefit Plan

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

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

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

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

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

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

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

Past service costs are recognized in the consolidated statement of income on the earlier of:
- the date of the plan amendment or curtailment; or,
- the date that the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the reporting period. The calculation also takes into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The Group recognizes the following changes in the net defined benefit obligation under "Cost of sale of electricity" and "General and administrative expenses" accounts in the consolidated statement of income:
- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- net interest expense or income

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

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

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

Stock Options and Grants

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

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

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

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

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

Additional Paid-in Capital (APIC)

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

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

Treasury Shares

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

Other Equity Reserves

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

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

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

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

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

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

Sale of Electricity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deferred income tax assets are recognized for all deductible temporary differences, including carryforward benefits of unused net operating loss carryover (NOLCO) and excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) which can be deducted against future RCIT due to the extent that it is probable that future taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from unused NOLCO can be utilized, except:
- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

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

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

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

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

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

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

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

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

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

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

Previously, the operating businesses are organized and managed separately according to its related services. Financial information on operating segments and the restatement following a change in composition of reportable segments are presented in Note 33 to the consolidated financial statements.

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

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

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

3. Significant Accounting Judgment, Estimates and Assumptions

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

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

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

Determination of Acquisition Date in Business Combinations
The acquisition date is the date the acquirer obtains control of the acquiree, generally the specified closing or completion date of the business combination.

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

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

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

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

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

The following were also considered:

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

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

- It does not any have voting and economic rights over SLTEC
- The call option is considered non-substantive as it exercisable beginning only 2031-2040
  The AMA and O&M agreements are considered service contracts arrangements (see Note 28)

As at December 31, 2022, the Group lost its control over SLTEC following the sale of SLTEC's common and preferred shares to qualified third-party investors (Note 28).

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

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

The acquisitions of the Group were accounted for as business combinations (see Note 28).

Assessment of Joint Control over Joint Ventures
The Group's investments in joint ventures are structured in separate incorporated entities. The investments in Philippine Wind Holdings Corp.("PhilWind"), North Luzon Renewable Energy Corp. (NLR) and BIM Wind Joint Stock Company ("BIM Wind") are accounted for as investments in joint venture since the fundamental business and operational matters requires unanimous consent from all parties (see Note 7).

Even though the Group holds 69.81%, 33.30% and 65.00% ownership interests in PhilWind, NLR and BIM Wind, respectively, their joint arrangement agreement requires unanimous consent from all parties for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the terms of the contractual arrangements.

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

With the Supreme Court's denial, the management deemed to write off the Group's claims from PEMC Multilateral Agreements which include noncurrent receivable amounting to ₱1,193.36 million, net of ₱17.75 million allowance for credit losses (see Note 5), booked as additional cost of purchased power for the net buyer position, while noncurrent payable amounting ₱115.07 million booked as additional revenue for the net seller position.

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

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

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

Classification as Other Financial Assets at Amortized Cost
Other financial assets at amortized cost include redeemable preferred shares and convertible loans which the Group has assessed as debt instruments. These are held by the Group within a business

model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows which are reflective of basic lending arrangements (see Notes 5 and 8).

Management's Use of Estimates

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

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

The Group remeasured its interest in UPC-ACE Australia, previously a joint venture, to fair value as a result of its step-acquisition upon obtaining control (see Note 28).

Purchase Price Allocation and Goodwill Impairment Assessment
The Group made several acquisitions in 2022 accounted for using the acquisition method which require extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at acquisition date. It also requires the acquirer to recognize gain on bargain purchase or goodwill. The Group's acquisitions have resulted in goodwill. See Note 28 for related balances.

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

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

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

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

The Group has evaluated the conditions and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. In doing this, the Group has reviewed the key assumptions in its previous annual impairment assessment to assess whether any changes to the assumptions within that impairment assessment would result in an impairment loss as at December 31, 2022. Except for the matters discussed in Notes 12 and 13, based on the Group's review of key assumptions, management has assessed that there were no significant changes in the assumptions used and therefore no impairment losses were recognized in 2022 and 2021 (see Notes 7, 11, 12 and 14).

Fair Value Measurement of Financial Assets at FVTPL and FVOCI
In the estimation of fair value of investments recorded as financial assets at FVTPL and FVOCI, management need to determine the appropriate techniques and inputs for fair value measurements. Management uses the discounted cash flow technique and quoted prices for publicly traded shares in estimating the fair value of the financial assets at FVTPL and FVOCI (see Notes 9 and 10).

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

As at December 31, 2022 and 2021, the Group assessed that for its financial assets such as cash and cash equivalents, there has been no SICR since origination and is assessed as low credit risk based on published information of comparable entities. For accounts and other receivable, the Group used provision matrix in estimating its ECL. A broad range of forward-looking information were considered as economic inputs, such as GDP growth, inflation rates, unemployment rates, interest rates and BSP statistical indicators. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. While these model inputs including forward-looking information are revised, the ECL models, and definitions of default remain consistent with prior periods (see Notes 5 and 8).

Recognition of Deferred Tax Assets
The Group reviewed its business and operations including its estimated impact on macroeconomic environment, the market outlook and the Group's operations. As such, the Group assessed its ability to generate sufficient taxable income in the future that will allow realization of net deferred tax assets. As a result, the carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax assets will be

applied. The Group assessed that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized (see Note 24).

Estimation of Pension and Other Employee Benefits Liabilities
The cost of defined benefit pension plans and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates of the country. Further details about the assumptions used are provided in Note 25.

Assessment of Contingencies
The Group is currently involved in various legal proceedings and assessments for local and national taxes (see Note 35). The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The final settlement of these may result in material adverse impact on the Group's consolidated financial statements. The Group also invokes limited disclosures on certain matters due to their prejudicial nature.

4. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand and in banks	**₱11,205,281**	₱22,990,899
Cash equivalents	**23,424,730**	3,454,530
	₱34,630,011	₱26,445,429

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

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

Interest income earned on cash and cash equivalents in 2022, 2021 and 2020 at the range of 1.25% to 5.55%, 0.90% to 1.21%, and 0.99% to 3.20%, respectively, amounted to ₱285.20 million, ₱129.55 million and ₱253.97 million, respectively (see Note 23).

Cash equivalents include SLTEC's debt service accrual account (DSAA) amounted to nil and ₱56.98 million as at December 31, 2022 and 2021, respectively.

5. Accounts and Notes Receivable

This account consists of:

	2022	2021
Accounts and other receivable	**₱11,938,538**	₱8,880,659
Notes receivable (Note 26)		
Debt replacement loan	**20,094,774**	17,253,756
Development loan	**8,299,937**	15,549,644
Other loan	**1,552,543**	1,060,868
Accrued interest receivable	**5,173,012**	3,937,283
	47,058,804	46,682,210
Allowance for expected credit losses	**167,844**	181,599
	46,890,960	46,500,611
Less noncurrent portion	**16,387,729**	13,191,314
Current portion	**₱30,503,231**	₱33,309,297

Accounts and other receivable
This account consists of:

	2022	2021
Trade receivables		
Third party		
Independent Electricity Market Operator of the Philippines ("IEMOP")	**₱3,995,641**	₱2,219,536
RES Buyer	**3,630,872**	2,002,655
National Transmission Corporation ("TransCo")	**1,772,553**	1,727,488
National Grid Corporation of the Philippines ("NGCP")	**146,922**	179,076
Philippine Electricity Market Corporation ("PEMC")	**51,025**	75,752
PEMC Multilateral Agreements	**–**	1,137,262
Others	**63,258**	268,267
Other Receivables		
Third party	**1,387,897**	1,008,996
Related party (Note 26)	**890,370**	261,627
	11,938,538	8,880,659
Allowance for expected credit losses	**167,844**	181,599
	11,770,694	8,699,060
Less noncurrent portion	**1,507,126**	2,093,042
Current portion	**₱10,263,568**	₱6,606,018

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

Noncurrent trade receivables consist of FIT system adjustment that is expected to be realized beyond 12 months after the end of the reporting period. FIT system adjustments are discounted using the PHP BVAL reference rates on transaction date ranging from 2.06%-6.50%.

Trade receivables consists of both noninterest-bearing and interest-bearing receivables. The term is generally thirty (30) to sixty (60) days. Noncurrent trade receivables which consist of the refundable amount from PEMC as well as FIT system adjustments that are expected to be realized beyond 12 months after the end of reporting period. FIT system adjustments are discounted using the PHP BVAL Reference rates on transaction date ranging from 5.21%-6.47%.

Receivables from NGCP
Receivables from NGCP are from the sale of transmission assets and submarine cable. These are non-interest-bearing and are collectible within 3 years. This is discounted using PHP BVAL reference rates on transaction date ranging from 2.14%-4.56%.

Receivables from PEMC Multilateral Agreements
In December 2013, there were elevated WESM prices because of a Malampaya outage. As a result, ERC issued an Order imposing Administered/Regulated Pricing, which was lower than the WESM rates at the time. The receivables from PEMC Multilateral Agreements is the refundable amount from the PEMC arising from recalculation of November and December 2013 spot prices as directed by the ERC. In 2014, ACEN, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN Group recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.51 million. Collections are presented as “Trade payables” under “Other noncurrent liabilities” (Note 17).

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

The ERC has not yet issued guidance on the method of implementation of these adjustments. Consequently, the Group has reversed its receivables amounting to ₱1,123.51 million and recorded additional cost of purchased power of equivalent amount. The unpaid cost of purchased power is presented as “Trade payables” under accounts payable and other current liabilities.

Other Receivables
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:

	2022	2021
Debt replacement - related party (Note 26)	**₱20,094,774**	₱17,253,756
Development loan:		
Third party	**5,845,766**	2,847,976
Related party (Note 26)	**2,454,171**	12,701,668
Other loans:		
Third party	**1,009,077**	1,060,868
Related party (Note 26)	**543,466**	–
	29,947,254	33,864,268
Less noncurrent portion	**11,974,612**	9,586,187
Current portion	**₱17,972,642**	₱24,278,081

Debt replacement
Debt replacement facilities are provided to related parties to fund investment requirements for renewable power plants while under construction and undergoing implementation or release of project financing from financial institutions (see Note 26).

a. BIM Wind (Joint Venture)

In 2020, the Group and BIM Wind entered into an interest-bearing debt replacement facility to provide bridge financing to fund the construction of 88MW wind project in Vietnam for an aggregate principal for an aggregate principal amount of USD$45.00 million. This loan is repayable upon maturity. The loan is repayable upon maturity on the 5th month from initial utilization date. On May 19, 2021, the short-term debt replacement facility was refinanced to a long-term facility with an aggregate principal amount of USD$91.00 million and a 10-year maturity from the utilization date. On August 12, 2021, the long-term debt replacement facility was amended to increase in aggregate principal amount to USD$102.00 million.

As at December 31, 2022 and 2021, outstanding balance of the interest-bearing loan amounted to US$ 85.19 million (₱4,749.49 million) and to US$ 75.79 million (₱4,325.18 million), respectively.

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

On February 4, 2021, the Group and Greencore 3, entered into an interest-bearing Omnibus Agreement amounting to ₱2,680.00 million in order to finance a 50MW solar power plant in Mexico, Pampanga (Arayat Phase 1). On February 9, 2022, the Omnibus Agreement was amended to increase the loan facility to ₱2,860.00 million and extend the maturity from March 1, 2023 to June 30, 2023. This loan is repayable upon maturity.

On May 25, 2022, the Group and Greencore entered into an interest-bearing Omnibus Agreement amounting to ₱1,990.00 million in order to finance a 30MW solar power plant in Mexico, Pampanga (Arayat Phase 2).

As at December 31, 2022 and 2021, outstanding balance of the interest-bearing loan amounted to ₱4,225.95 million and ₱2,290.69 million, respectively.

c. Asia Wind Power 1 HK (Asia Wind 1) (Joint venture)

In 2020, the Group and Asia Wind 1 entered into an interest-bearing debt replacement facility to provide bridge financing during the construction of Dai Phong Wind Project in Vietnam for an aggregate principal amount of USD$61.00 million. The loan is repayable on earlier of 12 months from commissioning date or upon project financial close. On December 29, 2021, the debt replacement facility maturity date was amended to June 30, 2022. On September 5, 2022, the debt replacement facility maturity date was amended to June 30, 2023.

As at December 31,2022 and 2021, outstanding balance of the interest-bearing loan amounted to US$55.38 million (₱3,087.43 million) and US$56.80 million (₱2,883.96 million) respectively.

d. Asia Wind Power 2 HK (Asia Wind 2) (Joint venture)

In 2020, the Group entered into an interest-bearing Pref B Facility with Asia Wind 2 provide bridge financing to fund the construction of 42MW wind project in Vietnam, for an aggregate principal amount of USD$54.00 million. The loan is repayable on earlier of Project Financial

Close, or 5 business days from the date from drawdown of Debt Replacement Facility, or 25th anniversary from drawdown date.

As at December 31, 2022 and 2021, outstanding balance of the interest-bearing loan amounted to US$ 43.68 million (₱2,435.26 million) and US$ 21.55 million (₱2,414.15 million), respectively.

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

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

As at December 31, 2022 the outstanding balance of the interest-bearing loan receivables from Hoa Dong and Lac Hoa amounted to US$ 41.59 million (₱2,318.79 million) and US$ 47.41 million (₱2,643.40 million), respectively.

f. NEFIN Limited (Joint Venture)

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

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

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

In 2020, the Group and VWEL entered into an interest-bearing facility with an aggregate principal of USD$56.00 million, to provide bridge financing to fund the construction of 67MW wind project in Vietnam. The loan is repayable on earlier of June 30, 2021 or 5 days from issuance of certificate of registration for Debt Replacement from State Bank of Vietnam. On June 25, 2021, the facility agreement was amended to increase the aggregate principal amount to USD$86.00 million and extend maturity date to December 31, 2021. On December 31, 2021, the loan facility was further amended to increase the principal aggregate amount to USD$89.00 million and extend the maturity date to June 30, 2022.

As at December 31, 2022 and 2021, the outstanding balance of the interest-bearing loan receivables is US$1.07 million (₱59.61 million) and US$ 71.64 million (₱3,637.88 million) , respectively.

h. BIM Renewable Energy Joint Stock Company (BIMRE) (Joint venture)

In 2020, the Group and BIMRE entered into an interest-bearing debt replacement facility to provide bridge financing and partially fund the construction of the solar power plant expansion in Ninh Thuan Province Vietnam for an aggregate principal amount of up to USD$40.00 million. The loan is repayable on earlier of 12 months from drawdown date or 10 days from BIMRE's availment of additional senior debt for Project 18Nx.

As at December 31, 2022 and 2021, the outstanding balance of the interest-bearing loan receivables is nil and US$37.70 million (₱1,921.15 million), respectively

Debt replacement bear interest ranging from 8.00% to 12.00% per annum in 2022 and 7.00% to 12.00% in 2021.

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

a. UPC Solar Asia Pacific Ltd. (UPC-ACE Solar) (Related Party)

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

   As at December 31, 2022 and 2021, outstanding balance of the interest-bearing loan amounted to US$ 20.00 million (₱1,115.10 million) and USUS 20.00 million (₱1,015 million) respectively.

b. Yoma Strategic Investments (Related Party)

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

   As at December 31, 2022 and 2021, outstanding balance of the interest-bearing loan amounted to US$24.01 million (₱1,339.07 million) and US$24.01 million (₱1,219.17 million), respectively.

c. The Blue Circle (Related Party)

   In 2018, the Group and TBC entered into an interest-bearing loan agreement to fund the development costs for the pipeline projects of TBC. The development loan facility has an initial aggregate principal amount of up to USD$10.00 million which was further extended to USD$20.00 million in February 2019. The loan is repayable upon maturity on June 30, 2022. Total drawdowns and payments made in 2022 amounted to US$10.13 million (₱564.80 million) and US$23.1 million (₱1,287.82 million), respectively.

   As at December 31, 2022 and 2021, outstanding balance of the interest-bearing loan amounted to nil and 12.97 million (₱658.44 million), respectively.

d. AC Energy and Infrastructure Corporation (ACEIC) (Related Party)

   On May 14, 2021, ACEN and ACEIC entered into an uncommitted interest-bearing short-term loan facility. The principal and interest are payable within one year from the drawdown date. First drawdown was made on May 17, 2021.

As at December 31, 2021, the outstanding balance of interest-bearing loan amounted to US$189.00 million (₱9,596.29 million). This was fully settled on May 27, 2022.

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

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

As at December 31, 2022, the receivable amount is USD$6.53 million (₱364.23 million) and USD$9.80 million (₱497.59 million), respectively.

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

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

As at December 31, 2022, the receivable amount is USD$10.23 million (₱570.76 million and USD$9.00 million (₱456.97 million), respectively.

g. Provincia Investments Corporation (PIC) (Third Party)

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

As at December 31, 2022 and 2021, the outstanding loans receivable amounts to ₱150.00 million.

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

In 2019, the Group and UPCAPH entered into an interest-bearing loan facility agreement to fund the development of renewable energy and energy storage projects in the Asia Pacific, with an aggregate principal amount of USD$33.00 million. The loan is repayable upon maturity on January 31, 2023. As at December 31, 2022 and 2021, the outstanding loans receivable amount is nil and US$29.3 million (₱1,489.56 million), respectively.

In 2022, the Group and UPCAPH entered into an interest-bearing loan facility to fund the payment of UPCAPH Subscription Agreement, with an aggregate principal amount of USD$85.40 million. The loan is repayable on completion of the second and final tranche of ACRI's acquisition of ACEN Australia. As at December 31, 2022, the receivable amount is $85.40 million (₱4,760.97 million).

i. NEFIN Solar Asset Limited (NEFIN Solar) (Third Party)

In 2021, the Group and NEFIN Solar entered into an interest-bearing loan facility to fund rooftop solar power projects of NEFIN in SouthEast Asia, with an aggregate principal amount of USD$5.00 million. The loan is is repayable upon maturity, 12 months after the drawdown date of the first tranche. As at December 31, 2022 and 2021, the outstanding loans receivable amount is nil and US$5.00 million (₱253.87 million), respectively.

Development loans bear interest ranging from 4.00% to 10.85% per annum in 2022 and 4.00% to 10.50% in 2021.

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

Accrued interest receivable:

This account consists of:

	2022	2021
Debt replacements:		
Third party	**₱–**	₱5,786
Related party (Note 26)	**1,072,045**	1,033,005
Development loans:		
Third party	**43,705**	118,898
Related party (Note 26)	**389,231**	305,360
Other financial assets at amortized cost – related party (Note 26)		
Redeemable preferred shares	**2,487,852**	946,559
Convertible loans	**1,071,551**	1,421,565
Other loans:		
Third party	**31,846**	100,557
Related party (Note 26)	**11,042**	–
Trade receivables		
Third party	**60,332**	5,553
Related party (Note 26)	**5,408**	–
	5,173,012	3,937,283
Less noncurrent portion	**2,905,991**	1,512,085
Current portion	**₱2,267,021**	₱2,425,198

Interest income

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

	2022	2021	2020
Debt replacements			
Related Paty			
BIM Wind	**380,250**	248,334	3,036
Asian Wind Power 1 HK Ltd (Asian Wind 1)	**269,291**	208,839	207,462
Greencore 3	**228,241**	57,387	–
Asian Wind Power 2 HK Ltd (Asian Wind 2)	**199,560**	233,424	13,440
Lac Hoa	**96,629**	–	–
Hoa Dong	**86,371**	–	–
VWEL	**59,043**	306,768	22,441
NEFIN Solar	**26,480**	–	–
BIMRE	**10,370**	186,173	54,751
	1,356,235	1,240,925	301,130
Development Loans			
Third Party			
Provincia	**12,000**	5,786	–
BIMEH	**9,982**	78,590	56,903
BEHS	**49,887**	34,868	24,387
NEFIN Solar	–	5,665	–
UPCAPH	**60,203**	118,988	120,937
Related Party			
ACEIC	**107,000**	141,568	–
UPC Solar	**95,725**	80,211	47,269
UPC-ACE Australia	**7,087**	–	–
TBC	**60,390**	56,572	58,110
Yoma	**52,427**	48,324	33,757
	454,701	570,572	341,363
Other Loans			
Third Party			
Various (for Land Acquisition)	**15,802**	11,220	13,740
Related Party			
Ingrid Power Holdings, Inc. (Ingrid)	**12,367**	–	–
Infenium 4 Energy, Inc. (Infenium 4)	**1,876**	–	–
	30,045	11,220	13,740
Accounts and other Receivables			
Third Party	**38,096**	125,075	55,183
	₱1,879,077	₱1,947,792	₱711,416

6. **Noncurrent Assets Held for Sale**

In 2021, the Group classified the power barge assets as noncurrent assets held for sale under PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, as result of the assessment that the assets' carrying amount will be recovered principally through a sale transaction rather than through continuing use. Power Barge ("PB") 101 and 102 were commissioned in 1981 while PB 103 in 1985.

On September 16, 2021, the Asset Purchase Agreement for the sale of PB 102 and 103 was signed. An impairment loss amounting to ₱8.71 million was recognized for the year ended December 31, 2021, to bring down the carrying amounts of PB 102 and 103 to their estimated net realizable values.

On December 21, 2021, ACEN signed the Asset Purchase Agreement for the sale of PB 101 to MORE Power Barge, Inc. An impairment loss amounting to ₱69.15 million was recognized for the year ended December 31, 2021, to bring down the carrying amount of PB 101 to its estimated net realizable value.

On January 21, 2022, ACEN and MORE Power Barge, Inc. executed the Deed of Absolute Sale and Assignment implementing the sale of PB 101 at carrying amount for ₱126.00 million, inclusive of VAT.

On February 22, 2022, ACEN and SPC Island Power Corporation executed the Deed of Absolute Sale and Assignment implementing the sale of PB 102 for ₱39.20 million, inclusive of VAT. Conditions precedent to closing of the transaction include the approval of PSALM of the assignment of the Lease Agreement covering the mooring site of PB 102. The sale resulted in a loss of ₱4.20 million.

On April 18, 2022, ACEN and SPC Power Corporation executed the Deed of Absolute Sale and Assignment implementing the sale of PB 103 for ₱39.20 million, inclusive of VAT. The sale resulted to a loss of ₱4.20 million.

7. Investments in Associates and Joint Ventures

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

	Percentage of ownership		Carrying amount	
	2022	2021	**2022**	2021
Investments in associates:				
Star Energy Geothermal (Salak-Darajat) B.V. (Salak-Darajat)	**19.80**	19.80	**₱11,550,597**	₱10,652,033
Maibarara Geothermal, Inc. (MGI)	**25.00**	25.00	**823,357**	785,042
Others	**various**	various	**40,423**	631
			12,414,377	11,437,706
Interests in joint ventures:				
Philippine Wind Holdings Corporation (PhilWind)	**69.81**	69.81	**5,779,741**	5,765,677
North Luzon Renewable Energy Corp. (NLR)	**33.30**	–	**2,306,315**	–
BIM Renewable Energy Joint Stock Company (BIMRE)	**30.00**	30.00	**1,802,627**	1,597,533
Ingrid Power Holdings, Inc. (Ingrid)	**50.00**	50.00	**1,168,629**	1,210,658
NEFIN Limited (NEFIN)	**50.00**	–	**520,173**	–
Greencore Power Solutions 3, Inc. (Greencore 3)	**50.00**	–	**216,729**	–
AMI AC Renewables Corporation (AAR)	**50.00**	50.00	**128,577**	275,573
BIM Energy Joint Stock Company (BIME)	**30.00**	30.00	**116,179**	111,825
UPC-ACE Australia (Note 28)	**–**	50.00	**–**	903,333
Others			**313,086**	55,996
			12,352,056	9,920,595
			₱24,766,433	₱21,358,301

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

	2022	2021
Investment in associates and joint ventures		
Acquisition costs:		
Balance at beginning of year	**₱19,908,130**	₱18,015,097
Additions	**7,575,323**	536,189
Conversion from subscription deposits (Note 8)	**134,228**	–
Acquired from business combination (Note 28)	**41,866**	–
Reclassification from other noncurrent asset	**22,997**	–
Acquisition of control (Note 28)	**(7,005,539)**	–
Divestment	**(94,339)**	(186,738)
Cumulative translation adjustment	**1,974,366**	562,682
Interest retained in a former subsidiary	–	980,900
Balance at end of year	**22,557,032**	19,908,130
Accumulated equity in net earnings (losses):		
Balance at beginning of year	**1,422,007**	1,197,907
Acquisition of control	**1,984,930**	–
Equity in net earnings	**937,834**	1,952,753
Dividends received	**(2,222,356)**	(1,693,682)
Divestment	**94,339**	(34,971)
Balance at end of year	**2,216,754**	1,422,007
Accumulated share in other comprehensive income (loss):		
Balance at beginning of year	**29,723**	(229,844)
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	**45,224**	104,994
Remeasurement gain (loss) on defined benefit plans - net of tax	**7,628**	(54,608)
Effect of business combinations (Note 28)	**(88,369)**	–
Effect of business combinations under common control	–	209,181
Balance at end of year	**(5,794)**	29,723
Accumulated impairment losses		
Balance at beginning of year	**(1,559)**	(188,072)
Divestment	–	186,513
Balance at end of year	**(1,559)**	(1,559)
Total investments	**₱24,766,433**	₱21,358,301

Investments in Associates

a. Salak-Darajat

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

The Group received dividends from Salak-Darajat amounting to US$26.53 million (₱1,479.29 million) and US$6.93 million (₱336.41 million) in 2022 and 2021, respectively.

b. MGI

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

The Group received dividends amounting to ₱20.00 million in 2021 (nil in 2022).

c. TBC *(included under "Others" in 2021)*

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

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

Interest in Joint Ventures

a. PhilWind and NLR

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

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

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

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

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

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

The Group received dividends from PhilWind amounting to ₱542.32 million and ₱1,062.16 million in 2022 and 2021, respectively.

The Group received dividends from NLR amounting to ₱30.46 million in 2022 (nil in 2021).

b. BIMRE and BIME

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

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

The Group received dividends from BIMRE and BIME amounting to US$2.76 million (₱156.35 million) and US$4.06 million (₱205.79 million) in 2022 and 2021, respectively.

c. Ingrid

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

Ingrid is currently operating a 150MW diesel power plant.

d. NEFIN and NEFIN Asset Management Pte. Ltd.

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

Total capital of USD $10.00 million (₱517.44 million). was infused to the joint venture for the development and construction of near-term projects over the coming years.

e. Greencore 3

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

f. AAR

In 2018, the Group entered into a 50-50 joint venture agreement with AMI Renewables Energy Joint Stock Company to develop, construct, and operate renewable power projects in Vietnam. Its principal place of business and country of incorporation is in Vietnam.

The three renewable operating projects under AAR are a (1) 252MW wind power plant in Quang Binh, (2) 50MW solar power plant in Khanh Hoa, and (3) 30MW solar power plant in Dak Loak.

The Group received dividends from AAR amounting to USD$0.24 million (₱13.93 million) in 2022 (nil in 2021).

g. UPC-ACE Australia and UPC-ACE Australia (HK) Limited ("UPC-ACE Australia")

On May 23, 2018, ACEIC participated in the Australian renewables market through a joint venture with international renewable energy developer, UPC Renewables. The Group has invested US$30.00 million (₱1,519.1 million) for 50% ownership in UPC's Australian business and is also providing US$200.0 million facility (see Note 8) to fund project equity.

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

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

On November 8, 2022, UPC Renewables, executed proxy rights in favor of ACRI, providing ACRI with 100% voting rights in the consolidated group of UPC-ACE Australia. Consequently, the Group consolidated UPC-ACE Australia (see Note 28).

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

2022 (Amounts in millions, except otherwise stated)

	PhilWind	NLR	Ingrid	BIMRE	Salak-Darajat	MGI
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Associate	Associate
Functional currency	PHP₱	PHP₱	PHP₱	VND (in billions)	US$	PHP₱
Dividends received	₱542.32	₱30.46	₱–	₫66.98	$26.53	₱–
Summarized Statements of Financial Position:						
Current assets	₱3,963.06	₱1,524.13	₱2,569.11	₫805.58	$324.56	₱956.19
Noncurrent assets	7,641.90	9,946.35	1,177.90	5,418.33	2,495.76	4,730.37
Total assets	11,604.96	11,470.48	3,747.01	₫6,223.91	2,820.32	5,686.56
Current liabilities	811.46	796.62	1,940.47	451.22	93.59	766.58
Noncurrent liabilities	7,176.19	7,178.25	42.42	4,611.65	1,693.44	1,609.66
Equity	₱3,617.31	₱3,495.61	₱1,764.12	₫1,161.04	$ 1,033.29	₱3,310.32
Share in equity	₱2,515.12	₱1,122.12	₱882.92	₫348.31	$204.59	₱ 823.36
Notional goodwill	3,264.62	1,184.20	285.71	363.00	2.04	–
Carrying value of investments in functional currency	₱5,779.74	₱2,306.32	₱1,168.63	₫711.31	$206.63	₱823.36
Carrying value of investments in Philippine Peso	₱5,779.74	₱2,306.32	₱1,168.63	₱0.73	₱11,383.82	₱823.36
CTA	–	–	–	1.07	166.78	–
Carrying value of investments in reporting currency	₱5,779.74	₱2,306.32	₱1,168.63	₱1.80	₱11,550.60	₱823.36
Summarized Statements of Comprehensive Income:						
Revenue	₱2,170.93	₱2,222.16	₱3,328.21	₫1,204.47	$ 371.77	₱972.92
Cost and expenses	1,183.65	1,245.55	3,412.20	922.60	252.94	826.49
Net income (loss)	987.28	976.61	(83.99)	281.87	118.83	146.43
Other comprehensive income	–	–	–	–	0.29	–
Total comprehensive income (loss) at functional currency	₱987.28	₱976.61	(₱83.99)	₫281.87	$119.12	₱146.43
Group's share in total comprehensive income (loss) at functional currency	₱556.39	₱51.39	(₱42.03)	₫83.95	$23.91	₱38.32
Total comprehensive income (loss) in Philippine Peso	₱987.28	₱976.61	(₱83.99)	₱0.65	₱6,641.61	₱146.43
Group's share in total comprehensive income (loss) in Philippine Peso	₱556.39	₱51.39	(₱42.03)	₱0.19	₱1,306.48	₱38.32

2021 (Amounts in millions, except otherwise stated)

	PhilWind	Ingrid	UPC-ACE Australia	AAR	Salak-Darajat	BIMRE
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Associate	Joint venture
Functional currency	PHP₱	PHP₱	US$	VND (in billions)	US$	VND (in billions)
Dividends received	₱1,062.16	₱–	US$–	₫–	$6.93	₫33.48
Summarized Statements of Financial Position:						
Current assets	₱1,856.92	₱1,057.81	$ 2.60	₫979.21	$360.53	₫ 722.00
Noncurrent assets	7,252.95	1,293.16	207.27	9,056.26	2,501.69	5,703.73
Total assets	9,109.87	2,350.97	$209.87	₫10,035.47	$2,862.22	₫6,425.73
Current liabilities	596.32	458.89	11.17	471.15	88.22	1,329.41
Noncurrent liabilities	4,930.89	42.19	178.20	9,473.99	1,724.76	3,994.03
Equity	₱3,582.66	₱1,849.89	$20.50	₫ 90.33	$1,049.24	₫1,102.29
Share in equity	₱2,501.05	₱924.95	$10.25	(₫14.39)	$207.75	₫330.69
Notional goodwill	3,264.62	285.71	7.54	73.91	2.04	363.00
Carrying value of investments in functional currency	₱5,765.68	₱1,210.66	$17.79	₫59.52	$209.79	₫693.69
Carrying value of investments in Philippine Peso	₱5,765.68	₱1,210.66	₱847.86	₱0.26	₱10,046.10	₱1.51
CTA	–	–	55.47	0.01	605.93	0.09
Carrying value of investments in reporting currency	₱5,765.68	₱1,210.66	₱903.33	₱0.28	₱10,652.03	₱1.60
Summarized Statements of Comprehensive Income:						
Revenue	₱2,892.55	₱451.08	$-	₫525.07	$349.70	₫1,165.48
Cost and expenses	1,127.22	483.99	15.70	554.65	234.61	704.23
Net income (loss)	1,765.33	(32.91)	(15.70)	(29.58)	115.09	461.25
Other comprehensive income	648.77	–	(1.82)	–	(5.54)	–
Total comprehensive income (loss) at functional currency	₱2,414.10	(₱32.91)	($17.52)	(₫29.58)	$109.54	₫461.25
Group's share in total comprehensive income (loss) at functional currency	₱974.01	(₱16.46)	($8.76)	(₫14.79)	$21.69	₫138.37
Total comprehensive income (loss) in Philippine Peso	₱2,414.10	(₱32.91)	(₱880.36)	(₱0.07)	₱5,504.25	₱1.06
Group's share in total comprehensive income (loss) in Philippine Peso	₱974.01	(₱16.46)	(₱439.64)	(₱0.02)	₱1,052.08	₱0.32

2020 (Amounts in millions, except otherwise stated)

	PhilWind	UPC-ACE Australia	AAR	Salak-Darajat	BIMRE
Classification	Joint venture	Joint venture	Joint venture	Associate	Joint venture
Functional currency	PHP₱	US$	VND (in billions)	US$	VND (in billions)
Summarized Statements of Comprehensive Income:					
Revenue	₱ 2,826.10	$0.61	₫258.27	$338.24	₫1,052.16
Cost and expenses	1,293.27	2.16	298.85	266.47	610.90
Net income	1,532.83	(1.55)	(40.58)	71.77	441.26
Other comprehensive loss	–	–	–	1.89	–
Total comprehensive income at functional currency	₱1,532.83	($1.55)	(₫40.58)	$73.66	₫441.26
Group's share in total comprehensive income at functional currency	₱826.04	($0.78)	(₫20.29)	$14.58	₫132.38
Total comprehensive income in Philippine Peso	₱1,532.83	(₱77.08)	(₱82.72)	₱3,538.38	₱991.11
Group's share in total comprehensive income in Philippine Peso	₱826.04	(₱308.62)	(₱41.36)	₱667.90	₱284.02

Aggregate net (loss)income of other associates and joint ventures as at December 31, 2022 and 2021 amounted to (₱1,167.37 million) and ₱136.95 million, respectively.

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

8. Investments in Other Financial Assets at Amortized Cost

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

	2022	2021
Redeemable preferred shares		
AAR	**₱6,991,917**	₱6,202,339
UPC-AC Energy Solar Limited (UPC Solar)	**4,332,163**	1,599,381
BIM Wind Energy JSC (BIM Wind)	**2,074,683**	390,113
BIM Renewable Energy Joint Stock Company (BIMRE)	**1,359,678**	1,238,209
UPC Renewables Asia III Ltd. (UPC Asia III)	**1,219,047**	1,110,141
NEFIN Limited (NEFIN)	**1,142,420**	–
BIM Energy Joint Stock Company (BIME)	**237,248**	216,053
	17,357,156	10,756,236
Subscription deposits		
BIM Wind	**293,479**	1,895,364
Suryagen Capital Pte. Ltd. ("Suryagen")	**139,388**	–
AAR	–	114,883
	432,867	2,010,247

(Forward)

	2022	2021
Convertible loans		
Asian Wind 1	**₱1,449,630**	₱1,247,771
Asian Wind 2	**1,186,973**	1,094,332
Vietnam Wind Energy Limited (VWEL)	**2,118,690**	1,929,412
UPC-AC Energy Australia (HK) Ltd. (UPC-ACE Australia)	–	9,047,961
	4,755,293	13,319,476
	22,545,316	26,085,959
Allowance for expected credit loss	**1,284,409**	–
Balance at end of year	**₱21,260,907**	₱26,085,959

Investments in redeemable preferred shares and subscription deposits

The rollforward analysis of this account follows:

	2022	2021
Balances at beginning of year	**₱12,766,483**	₱8,181,268
Subscription deposits	**180,448**	3,150,370
Subscription to redeemable preferred shares	**3,571,739**	866,258
Conversion of subscription deposits	**(1,899,834)**	(3,416,093)
Conversion to redeemable preferred shares	**1,899,834**	3,417,430
Conversion to investment in joint venture (Note 7)	**(134,228)**	–
Cumulative translation adjustment	**1,405,581**	567,250
Balances at end of year	**₱17,790,023**	₱12,766,483

Investments in redeemable preferred shares

a. AAR

Redeemable Class A and Class B preference shares in AAR are entitled to dividends at fixed base rate annually, commencing from January 22, 2018. The shares are redeemable only by cash at the issuer's option on "first in first out" basis but no earlier than the 5th year from subscription date. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commercial operations.

AAR owns a combined 80 MW of Solar Farm in Khan Hoa and Dak Lak Province, Vietnam

In 2019, the Group subscribed to an additional 1,514,000 redeemable Class A preference shares and 13,171,640 redeemable Class B preference shares in AAR. In 2022 and 2021, the Group converted its subscription deposits to Class A preferred shares for a total of US$3.25 million (₱168.79 million) and US$55.84 million (₱2,835.19 million), respectively.

b. UPC Solar

In 2021 and 2020, the Group entered into different Share Subscription Agreement with UPC-ACE Solar to subscribe the latter's Class A redeemable preferred shares. The redeemable Class A Preferred shares are non-voting shares entitled to dividends at fixed, cumulative, and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in, first out" basis. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years from commercial operations.

UPC Solar is currently developing solar farms with combined capacity of 210 MW in the Provinces of Rajasthan and Gujarat, India.

In 2022 and 2021, the Group subscribed to Class A Redeemable preferred shares for a total of $46.20 million (₱2,417.40 million) and $17.50 million (₱866.17 million), respectively.

c. BIM Wind

On December 21, 2021, the Group converted deposit for future equity in BIM Wind into 300,000 redeemable preference shares. The redeemable preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis no later than the end of the operations of the project which is expected in 20 years from commercial operations.

BIM Wind owns and operates an 88 MW wind project in the Province Ninh Thuan, Vietnam.

In 2022 and 2021, the Group converted its subscription deposits to redeemable preferred shares for a total of $29.53 million (₱1,731.04 million) and $7.68 million (₱390.11 million), respectively.

d. BIM RE

On November 4, 2019, the Group converted deposit for future equity in BIMRE into 3,437,000 redeemable Class A preference shares and 3,437,000 redeemable Class B preference shares. The redeemable Class A and Class B preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date and no later than the end of the operations of the project which is expected in 20 years from commercial operations. In 2020, the Group converted its subscription deposit to 928,093 Redeemable Class A and 928,093 Redeemable Class B shares.

BIMRE owns 300 MW of Solar Farm in Ninh Thuan Province, Vietnam.

In 2021, the Group subscribed to redeemable Class B for a total of US$0.01 million (₱0.03 million), while US$3.96 million (₱192.12 million) subscription deposits were converted to redeemable Class A and Class B preferred shares.

e. UPC Asia III

Redeemable Class A preference shares in UPC Asia III are non-voting shares and are redeemable at the holder's option within 30 days from earlier of July 15, 2035 or date as soon as funds are realised by UPC Asia III or its subsidiaries. The shares are entitled to dividends at fixed, cumulative and compounding rate annually, commencing from January 11, 2017.

UPC Asia III owns 75 MW Wind Farm in South Sulawesi, Indonesia.

f. NEFIN

Construction Equity RPS in NEFIN Limited are non-voting shares entitled to a fixed, cumulative compounding dividends annually and are not entitled to any additional dividends. The shares are redeemable only by cash at the issuer's option.

g. BIME

On November 4, 2019, the Group also converted deposit for future equity in BIME into 343,700 redeemable Class A preference shares and 343,700 redeemable Class B preference shares. The redeemable Class A and Class B preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commercial operations.

BIME owns 30 MW of Solar Farm in Ninh Thuan Province, Vietnam.

In 2021, the Group subscribed to redeemable Class B for a total of US$0.01 million (₱0.06 million).

Subscription Deposits

a. BIM Wind

On July 7, 2020, the Group entered into a Share Subscription and Deposit Agreement for non-interest deposit with BIM Wind. In 2021, the Group made subscription deposit amounting to $13.04 million (₱642.32 million). Subscriptions amounting to $7.68 million (₱390.11 million) was partially converted in 2021.

As at December 31, 2022 and 2021, remaining unconverted subscription deposit amounted to $5.26 million (₱293.48 million) and $37.33 million (₱1,895.36 million), respectively.

In 2022, subscriptions amounting to $2.54 million (₱134.23 million) was reclassified to investments in joint venture (see Note 7).

b. Suryagen

On March 10, 2022, Framework Agreement Term Sheet Between ACRI and PT Puri Usaha Kencana, Pt Trisurya Mitra Bersama, PT Griya Usaha, PT Suryagen Griya Intitama and PT Puri Energi Kencana was entered into for the joint development of projects in Indonesia. Pursuant to the term sheet, ACRI infused $2.50 million (₱129.90 million) to Suryagen Capital Pte Ltd as a non-refundable subscription deposit convertible into common shares investment upon execution of the investment definitive documentation.

As at December 31, 2022, $2.50 million (₱139.39 million) of deposits remain outstanding.

c. AAR

On April 16, 2022, the Group entered into a Share Subscription and Deposit Agreement for additional Class A Preferred Shares of AAR. In 2022, the Group subscribed for a total of 2,230,000 (2021: 115,383,300) future Class A Preferred Shares of AAR.

The Group partially converted the deposits amounting to $3,248,488 (2021 : $55,852,756) to Class A Redeemable Preferred Shares of AAR. As at December 31, 2022, $Nil (2021 : $2,262,635) of deposits remains outstanding.

Convertible loans

The rollforward analysis of this account follows:

	2022	2021
Balance at beginning of year	**₱13,319,476**	₱7,115,837
Additions (Note 28)	**2,807,214**	6,542,561
Reclassified from receivables from a related party	**74,446**	–
Effect of business combination (Note 28)	**(12,951,246)**	–
Allowance for impairment (Note 21)	**(1,284,409)**	–
Redemptions	**(14,508)**	(791,328)
Cumulative translation adjustment	**1,519,911**	452,406
Balance at end of year	**₱3,470,884**	₱13,319,476

a. Asian Wind Power 1 HK Ltd (Asian Wind 1)

On April 12, 2019, the Group entered into an agreement with Asian Wind 1 to make available a convertible term loan facility in aggregate principal amount not exceeding US$26.00 million (₱1,260.09 million). The Group, from time to time until 25th anniversary of drawdown date, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years of drawn down date.

In 2022, convertible loan amounting to US$1.43 million (₱74.45 million) was reclassified to debt replacement loans.

b. Asian Wind Power 2 HK Ltd (Asian Wind 2)

On March 25, 2020, the Group entered into an agreement with Asian Wind 2, to make available a convertible term loan facility in an aggregate amount not exceeding US$23.00 million (₱1,114.70 million). The Group, from time to time until 25th anniversary of drawdown date, has an irrevocable right to convert all or part of the conversion amount into Class A redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, Class A redeemable preference shares with no voting rights. Class A redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preference shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 25 years of drawn down date.

In 2022, redemptions amounted to US$0.26 million (₱14.51 million), while in 2021, drawdown from the loan amounted to US$0.80 million (₱40.62 million).

c. Vietnam Wind Energy Limited

On April 17, 2020, the Group entered into an agreement with VWEL, to make available a convertible term loan facility in an aggregate amount of US$38.00 million (₱1,841.67 million). The Group, from time to time until maturity date, has an irrevocable right to convert all or part of the conversion amount into redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. The redeemable preferred shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends, redeemable at the issuer's option. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years of drawn down date.

In determining the ECL, the Group has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

As at December 31, 2022, the Group provided ECL provision amounting to $23.04 million (₱1,284.41 million) (see Note 21).

d. Investment in UPC-ACE Australia

On April 22, 2020, the Group entered into an agreement with UPC-ACE Australia, to make available a convertible term loan facility in an aggregate principal amount of $48.50 million (₱ 2,350.55 million) for NESF Project. On January 6, 2021, the Group entered an amended the convertible loan facility to increase the principal amount by $111,500,000 for Facility B Limit and $160,000,000 for Facility C limit. The Group, from time to time until maturity date, has an irrevocable right to convert all or part of the conversion amount into redeemable preference shares at $1 per redeemable preference share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. The redeemable preference shares shall earn a coupon which is fixed, cumulative and compounding annually and are not entitled to any additional dividends. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 30 years of drawn down date.

In 2022, total amount drawn from the loan amounted to US$50.78 million (₱2,807.21 million) which was subsequently reclassified as part of the Group's interest upon acquisition of control over UPC-ACE Australia (see Note 28). Loan drawdowns in 2021 amounted to US$129.72 million (₱6,501.94 million).

Convertible loans amounting to US$228.98 million (₱12,951.25 million) was eliminated as effect of the Group's acquisition of control over UPC-ACE Australia (see Note 28).

Convertible loan facilities bear interest ranging from 8.50% to 12.00% per annum.

Interest income

The Group earns interest income from its investments in redeemable preferred shares and convertible loans amounting to:

	2022	2021	2020
Redeemable preferred shares			
AAR	**₱842,187**	₱580,140	₱209,413
BIM Wind	**510,227**	60,311	–
UPC Solar	**427,498**	125,539	11,235
UPC Asia III	**231,016**	201,851	187,843
BIMRE	**175,757**	156,615	123,581
BIME	**30,736**	27,439	25,165
NEFIN	**33,724**	–	–
	2,251,145	1,151,895	557,237
Convertible loans			
UPC-ACE Australia	**847,085**	600,198	87,630
Asian Wind 1	**206,486**	170,716	243,117
Asian Wind 2	**170,195**	133,736	77,743
VWEL	**–**	242,268	128,973
	1,223,766	1,146,918	537,463
	₱3,474,911	₱2,298,813	₱1,094,700

9. **Investments in Financial Assets at FVTPL**

	2022	2021
Current	**₱42,863**	₱–
Noncurrent	**1,260,023**	406,739
	₱1,302,886	₱406,739

The roll forward of this account follows:

	2022	2021
As at beginning of year	**₱406,739**	₱–
Subscriptions	**912,534**	402,680
Fair value adjustment (Note 23)	**(124,513)**	–
Cumulative translation adjustment	**108,126**	4,059
As at end of year	**₱1,302,886**	₱406,739

Compulsory Convertible Debenture of Masaya Solar Energy Private Limited ("Masaya Solar")
On November 16, 2021 and December 9, 2021, the Group subscribed to 21,561,291 and 32,799,307 shares, respectively, Compulsorily Convertible Debentures (CCDs) of Masaya Solar. Masaya Solar is currently constructing the 420MWp solar farm in the Central Indian state of Madhya Pradesh. Total cost of subscription amounted to US$8.01 million (₱402.68 million).

In various dates in 2022, the Group subscribed to 133,650,300 shares, with total subscription amount of US$17.60 million (₱912.53 million)

The CCDs are unsecured and have a maturity date of 28 years from the date of allotment. Unless earlier converted, CCDs shall be converted into equity shares immediately after maturity date. Prior to maturity, Masaya Solar, has the option to convert the CCDs into equity shares in the ratio of 1:1.

10. Investments in Financial Assets at FVOCI

	2022	2021
Noncurrent:		
UPC Sidrap HK Limited	**₱364,332**	₱353,657
Golf club shares	**690**	1,190
Listed shares of stock	**1,822**	21
	₱366,844	₱354,868

UPC Sidrap HK Limited
On January 11, 2017, the Group subscribed to 1,130 redeemable Class B preference shares of UPC Sidrap HK. The unquoted equity investments represent investment in the Sidrap Project that is engaged in wind power generation and operation.

In 2022 and 2021, dividend income earned from UPC Sidrap amounted to \$0.07 million (₱3.64 million) and \$0.24 million (₱11.73 million).

No dividend income was earned from AYCFL in 2021 and 2020.

The movements in net unrealized (loss) gain on financial assets at FVOCI for the years ended are as follows:

	2022	2021
Balance at beginning of year	**(₱90,089)**	₱143,625
Unrealized loss recognized during the year	**(24,477)**	(44,909)
Reversal of unrealized fair value gain upon redemption	–	(25,906)
Effect of business combinations under common control (Note 29)	–	(162,899)
Balance at end of year	**(₱114,566)**	(₱90,089)

11. **Property, Plant and Equipment**

The details and movements of this account for the years ended December 31 are shown below:

	2022							
	Land and Land Improvements	**Buildings and Improvements**	**Machinery and Equipment**	**Transportation Equipment**	**Tools and Other Miscellaneous Assets**	**Office Furniture, Equipment and Others**	**Construction in Progress**	**Total**
Cost								
Balance at beginning of year	**₱1,606,519**	**₱8,248,059**	**₱31,518,952**	**₱102,770**	**₱827,755**	**₱215,878**	**₱4,289,097**	**₱46,809,030**
Additions	**418,717**	**176,150**	**469,146**	**77,681**	**1,085,429**	**65,110**	**19,892,534**	**22,184,767**
Acquisition from business combination (Note 28)	**155,040**	**–**	**48,922**	**17,846**	**–**	**3,143**	**14,487,778**	**14,712,729**
Transfer from advances to contractors	**–**	**–**		**–**	**–**	**–**	**189,721**	**189,721**
Transfer from other noncurrent assets	**–**	**–**	**–**	**–**	**–**	**–**	**1,441**	**1,441**
Transfers to assets held for sale	**–**	**–**	**(14)**	**–**	**–**	**–**	**–**	**(14)**
Transfer to other current assets	**–**	**–**	**–**	**–**	**(4,465)**	**–**	**–**	**(4,465)**
Disposals and retirement	**–**	**–**	**(6,870)**	**(7,408)**	**(29)**	**(3,784)**	**–**	**(18,091)**
Change due to loss of control (Notes 2 and 32)	**(550,763)**	**(7,813,633)**	**(11,046,675)**	**(20,157)**	**(253,516)**	**(92,981)**	**(34,104)**	**(19,811,829)**
Reclassification	**–**	**136,032**	**230,434**	**(1,443)**	**(73,604)**	**11,670**	**(303,089)**	**–**
Currency translation adjustments	**1,129**	**–**	**11,393**	**2,411**	**–**	**1,076**	**1,380,095**	**1,396,104**
Balance at end of year	**1,630,642**	**746,608**	**21,225,288**	**171,700**	**1,581,570**	**200,112**	**39,903,473**	**65,459,393**
Accumulated depreciation								
Balance at beginning of year	**31,456**	**2,034,951**	**7,658,927**	**38,851**	**429,613**	**121,854**	**–**	**10,315,652**
Depreciation (Notes 21 and 22)	**10,806**	**316,320**	**1,322,795**	**26,478**	**109,531**	**52,899**	**–**	**1,838,829**
Disposals and retirement	**–**	**–**	**(1,647)**	**(2,813)**	**–**	**(2,664)**	**–**	**(7,124)**
Change due to loss of control (Notes 2 and 32)	**(674)**	**(2,243,987)**	**(3,164,294)**	**(14,773)**	**(109,131)**	**(57,629)**	**–**	**(5,590,488)**
Reclassifications	**–**	**–**	**34,585**	**–**	**(28,237)**	**(6,348)**	**–**	**–**
Currency translation adjustments	**–**	**–**	**6,594**	**690**	**–**	**753**	**–**	**8,037**
Balance at end of year	**41,588**	**107,284**	**5,856,960**	**48,433**	**401,776**	**108,865**	**–**	**6,564,906**
Accumulated impairment loss								
Balance at beginning of year	**–**	**–**	**81,071**	**–**	**–**	**–**	**373,744**	**454,815**
Provision for impairment loss (Note 21)	**–**	**–**		**–**	**–**	**–**	**41,444**	**41,444**
Balance at end of year	**–**	**–**	**81,071**	**–**	**–**	**–**	**415,188**	**496,259**
Net Book Value	**₱1,589,054**	**₱639,324**	**₱15,287,257**	**₱123,267**	**₱1,179,794**	**₱91,247**	**₱39,488,285**	**₱58,398,228**

	2021							
	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Tools and Other Miscellaneous Assets	Office Furniture, Equipment and Others	Construction in Progress	Total
Cost								
Balance at beginning of year	₱1,202,277	₱8,270,052	₱25,179,237	₱86,949	₱339,436	₱192,269	₱6,080,900	₱41,351,120
Additions	42,877	77,775	973,074	34,733	208,637	51,719	4,159,620	5,548,435
Transfer to noncurrent assets held for sale (Note 6)	–	(26,618)	(677,477)	(2,988)	(16,191)	(4,620)	–	(727,894)
Transfer from right-of-use assets	–	–	672,133	–	–	–	–	672,133
Transfer from investment property	438,374	–	–	–	–	–	–	438,374
Transfer from advances to contractors	–	–	2,207	–	–	–	127,393	129,600
Transfer to intangibles	–	–	–	–	(243)	–	–	(243)
Change due to loss of control	–	–	–	(2,433)	–	–	(588,264)	(590,697)
Disposals and retirement	–	–	(645)	(10,079)	–	(610)	(464)	(11,798)
Reclassification	(77,009)	(73,150)	5,370,423	(3,412)	296,116	(22,880)	(5,490,088)	–
Balance at end of year	1,606,519	8,248,059	31,518,952	102,770	827,755	215,878	4,289,097	46,809,030
Accumulated depreciation								
Balance at beginning of year	16,773	1,693,436	7,045,930	47,736	101,853	90,299	–	8,996,027
Depreciation (Notes 20 and 21)	14,683	357,125	1,058,964	4,699	90,760	47,956	–	1,574,187
Transfer to noncurrent assets held for sale (Note 6)	–	(3,426)	(236,203)	(2,988)	(202)	(3,379)	–	(246,198)
Transfer to intangibles (Note 13)	–	–	–	–	(27)	–	–	(27)
Change due to loss of control	–	–	–	(463)	–	–	–	(463)
Disposals and retirement	–	–	–	(7,405)	–	(469)	–	(7,874)
Reclassifications	–	(12,184)	(209,764)	(2,728)	237,229	(12,553)	–	–
Balance at end of year	31,456	2,034,951	7,658,927	38,851	429,613	121,854	–	10,315,652
Accumulated impairment loss								
Balance at beginning of year	–	–	352,064	–	14,890	–	150,189	517,143
Provision for impairment loss (Note 21)	–	–	77,858	–	–	–	223,555	301,413
Reversals (Note 23)	–	–	(75,118)	–	(14,890)	–	–	(90,008)
Retirement	–	–	(464)	–	–	–	–	(464)
Transfer to noncurrent assets held for sale (Note 6)	–	–	(273,269)	–	–	–	–	(273,269)
Balance at end of year	–	–	81,071	–	–	–	373,744	454,815
Net Book Value	₱1,575,063	₱6,213,108	₱23,778,954	₱63,919	₱398,142	₱94,024	₱3,915,353	₱36,038,563

In 2022, the Group invested significant CAPEX related to the following projects:

Project	Capacity (MW)	Location
Pagudpud Wind	160	Ilocos Norte, Philippines
Arayat-Mexico Solar (Phase 2)	44	Pampanga, Philippines
San Marcelino Solar (Phase 1)	283	Zambales, Philippines
Cagayan North Solar (Phase 1)	133	Lal-lo Cagayan, Philippines
Palauig 2 Solar	300	Zambales, Philippines
Capa Wind	70	Caparispisan, Pagudpud, Ilocos Norte, Philippines
Pangasinan Solar	60	Sinocalan, San Manuel, Pangasinan, Philippines
New England Solar Farm	521	Urulla, New South Wales, Australia
Stubbo Solar	520	Central Western Tablelands, New South Wales, Australia

In 2021, the Group invested significant CAPEX related to the following projects in the Philippines:

Project	Capacity (MW)	Location
Pagudpud Wind	160	Ilocos Norte,
Alaminos Solar	120	Alaminos, Laguna
Alaminos Battery Energy Storage System	40	Alaminos, Laguna
Palauig Solar	60	Palauig, Zambales
Renewable Energy Laboratory Facility	4.375	Mariveles, Bataan

In 2022 and 2021, the Group acquired assets with a cost of ₱22,184.77 million and ₱5,548.43 million, respectively. Additionally, during the current year, Property, plant, and equipment acquired through business combination amounted to ₱14,712.73 million (see Note 28).

Non-cash component in the total additions amounted to ₱1,949.59 million and ₱33.33 million in 2022 and 2021, respectively (see Note 32).

Borrowing cost capitalized to property, plant, and equipment amounted to ₱747.78 million and nil for the years ended December 31, 2022 and 2021, respectively. The capitalization rate used to determine the borrowing cost eligible for capitalization is 4.99% and nil in 2022 and 2021, respectively.

Disposals
Assets (other than those classified as held for sale) with a net book value of ₱10.67 million and ₱3.92 million were disposed by the Group during 2022 and 2021, respectively. This resulted in a net loss of ₱7.05 million and net gain of ₱1.10 million in 2022 and 2021, respectively (see Note 23).

Mortgaged Property and Equipment
Guimaras Wind's wind farm with carrying value of ₱3,500.05 million and ₱3,702.37 million as at December 31,2022 and 2021, respectively, included under "Machinery and Equipment" account is mortgaged as security for the long-term loan (see Note 16).

Contractual commitments
The Group has commitments of ₱28,812.08 million for property, plant and equipment, which are contracted for but not provided for in the consolidated financial statements.

Total depreciation charged to operations amounted to ₱1,668.05 million, ₱1,495.08 million and ₱ 1,673.65 million in 2022, 2021 and 2020, respectively. The amount charged to "General and administrative expenses" account amounted to ₱170.78 million, ₱79.10 million and ₱41.58 million in 2022, 2021 and 2020, respectively (see Note 21).

The Group has no significant property, plant and equipment which are temporarily idle as at December 31, 2022 and 2021.

The Group's fully depreciated property, plant and equipment which are still in use as at December 31, 2022 and 2021 amounted to ₱1,898.23 million and ₱1,912.45 million, respectively.

12. Right-of-Use Assets and Lease Liabilities

The rollforward of these accounts follows:

	2022						
	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 (Notes 20 and 21)	**(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 22)	–	–	–	–	–	–	**198,050**
Payments	–	–	–	–	–	–	**(291,085)**
Acquired through business combination (Note 28)	–	**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**

	2021						
	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, 2021	₱357,573	₱1,923,002	₱43,112	₱19,717	₱–	₱2,343,404	₱1,916,629
New lease agreements	27,269	196,100	1,010,393	7,346	1,615	1,242,723	1,150,838
Amortization expense (Notes 20 and 21)	(9,157)	(142,690)	(118,145)	(1,433)	(538)	(271,963)	–
Transfers to Property, Plant, and Equipment (Note 11)	–	(672,133)	–	–	–	(672,133)	–
Reclassifications	(221,251)	(8,771)	–	230,022	–	–	–
Remeasurement due to lease modification	–	(8,114)	–	–	–	(8,114)	(31,119)
Capitalized Amortization/ Interest Expense	(88)	(3,438)	–	(22,055)	–	(25,581)	1,780
Change due to loss of control	–	(468,444)	–	–	–	(468,444)	(78,051)
Interest expense	–	–	–	–	–	–	164,416
Payments	–	–	–	–	–	–	(450,271)
Foreign exchange adjustments	–	–	–	(4,413)	–	(4,413)	22,030
As at December 31, 2021	₱154,346	₱815,512	₱935,360	₱229,184	₱1,077	₱2,135,479	₱2,696,252

There was no indication of impairment on the right-of-use asset of the Group as at December 31, 2022 and 2021.

Lease Commitments

SACASOL's Contract of Lease for Land Phases 1A & 1B

On March 7, 2014, SACASOL entered into a lease agreement with San Julio Realty, Inc. (SJRI) for the lease of 35 hectares of land located in Barangay Punao, San Carlos City, Negros Occidental as site for the construction and operations of the Phase 1A and Phase 1B solar power plant projects. Upon execution of the agreement, SACASOL shall hold the land area delineated for Phase 1A for a period of 25 years. The area delineated for Phase 1B shall be held for the remaining term of the agreement upon the receipt of notice by SACASOL.

On June 18, 2020, SACASOL had its lease modified with SJRI. The modification amends the timing of payment and the basis of the annual escalation rate, which is now every 10th day of January, and is based on the average of the available and published inflation rates of the CPI for the immediately preceding twelve-month period, respectively. The lease modification did not result in a separate lease.

SACASOL's Contract of Lease for Land - Phases 1C and 1D

On October 21, 2014, SACASOL entered into a lease agreement with SJRI for the lease of 32.4214 hectares of land located in Barangay Punao, San Carlos City, Negros Occidental as site for the construction and operations of Phases 1C and 1D solar power plant projects. Upon execution of the agreement, SACASOL shall hold the land area for a period of 25 years.

On June 18, 2020, SACASOL had its lease modified with SJRI. The modification amends the timing of payment and the basis of the annual escalation rate, which is now every 10th day of January, and is based on the average of the available and published inflation rates of the CPI for the immediately preceding twelve-month period. The lease modification did not result in a separate lease.

ISLASOL's Contract of Lease for Land - Phases 2A & 2B

Part of ISLASOL's acquisition of certain solar power plant projects from SACASOL is the lease agreement between SACASOL and Roberto J. Cuenca, Sr. (the Lessor) for the La Carlota A Project The lease of 24.4258 hectares of land located at La Carlota City, Negros Occidental was executed on June 5, 2014 as site for the construction and operations of Phases 2A and 2B solar power plant projects of ISLASOL. Upon issuance of the NTP to the contractor, ISLASOL shall hold the land area delineated for a period of 25 years therefrom.

ISLASOL's Contract of Lease for Land - Phase 3

On September 1, 2015, ISLASOL entered into a lease agreement with MSPDC (the Lessor) for the lease of approximately 638,193 sq.m. of land located in Barangay Sta. Teresa, Municipality of Manapla, Negros Occidental. The term of the lease shall be for a period of 25 years upon written notice served upon the Lessor by ISLASOL not earlier than one 1 year but not later than 3 months before the expiration of the original period of lease. Lease extension shall be in writing executed by both parties 3 months before the expiration of the original period of lease. ISLASOL has the sole option to extend the term of the lease.

Solarace1's Contract of Lease for Land

On September 30, 2019, Solarace1 Energy Corp. ("Solarace1") entered into a lease agreement with ALI, Crimson Field Enterprises Inc., and Red Creek Properties Inc., for 106.59 hectares of land located in Barangay San Andres, Alaminos, Laguna as site for the construction and operation of its solar power facility. The term of the lease shall be for a period of 21 years, with a fixed monthly rental payment of per square meter, exclusive of VAT. The rental fee shall be subject to annual adjustment of whichever is higher between 3% per annum and the rate of increase of real property tax where the property is located. The period of lease may be extended, under the same terms and conditions, at the sole discretion of Solarace1 for up to another 21 years.

BCHC's Contract of Lease for Land

In April 22, 2020 BCHC entered into a lease agreement with ACD Incorporated Inc. for 13.95 hectares of land located in Batangas II, Mariveles, Bataan as a site for the construction and operation of the Power Generating Facilities and its allied purposes. The term of the sublease shall be for a period of 25 years, with a fixed monthly rental payment per square meter, exclusive of VAT. The period of lease may be extended, under the same terms and conditions at the sole discretion of BCHC for up to another 25 years.

On September 2, 2020, the property was subleased by BCHC to BSEI to develop, operate and maintain a 5MW RE Laboratory facility. The term of the sublease shall be for a period of 7 years, with a fixed monthly rental payment square meter, exclusive of VAT. The period of lease may be extended, under the same terms and conditions at the sole discretion of BSEI for up to another 25 years.

On November 20, 2020, an Agreement on the Deed of Assignment of Lease was signed between BCHC and AC Energy Inc. ACEI agreed to assign its rights and obligations for the land leased with Tabangao Realty Inc (TRI) entered in March 23, 2018 for an approximately 177,774 square meters situated in Brgy. Malaya, Pililla, Rizal.

13. **Goodwill and Other Intangible Assets**

The rollforward of this account follows:

	2022				
	Goodwill	**Deferred Exploration Costs**	**Leasehold and Water Rights**	**Other Intangible Assets**	**Total**
Cost:					
Balance at beginning of year	**₱246,605**	**₱141,741**	**₱185,347**	**₱2,193,812**	**₱2,767,505**
Additions/Cash calls		**1,471**	**–**	**3,982**	**5,453**
Acquired from business combination (Note 28)	**21,665,700**	**–**	**–**	**103,672**	**21,769,372**
Currency translation adjustment	**(721,763)**	**–**	**–**	**–**	**(721,763)**
Balance at end of year	**21,190,542**	**143,212**	**185,347**	**2,301,466**	**23,820,567**
Accumulated amortization:					
Balance at beginning of year	**–**	**–**	**40,757**	**265,291**	**306,048**
Amortization (Notes 20 and 21)	**–**	**–**	**8,120**	**151,595**	**159,715**
Balance at end of year	**–**	**–**	**48,877**	**416,886**	**465,763**
Accumulated impairment:					
Balance at beginning of year	**–**	**85,477**	**–**	**–**	**85,477**
Impairment (Note 21)	**–**	**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**

	2021				
	Goodwill	Deferred Exploration Costs	Leasehold and Water Rights	Other Intangible Assets	Total
Cost:					
Balance at beginning of year	₱246,605	₱121,975	₱185,104	₱2,191,814	₱2,745,498
Additions/Cash calls	–	19,766	–	1,998	21,764
Reclass from PPE (Note 11)	–	–	243	–	243
Balance at end of year	246,605	141,741	185,347	2,193,812	2,767,505
Accumulated amortization:					
Balance at beginning of year	–	–	32,610	113,696	146,306
Amortization (Notes 20 and 21)	–	–	8,120	151,595	159,715
Reclass from PPE	–	–	27	–	27
Balance at end of year	–	–	40,757	265,291	306,048
Accumulated impairment:					
Balance at beginning of year	–	62,098	–	–	62,098
Impairment	–	23,379	–	–	23,379
Balance at end of year	–	85,477	–	–	85,477
Net book value	₱246,605	₱56,264	₱144,590	₱1,928,521	₱2,375,980

Goodwill and Leasehold water rights
In 2022, additions to goodwill are from acquisitions of UPC-ACE Australia, and UPC Philippines, amounting to ₱21,544.49 million and ₱118.36 million, respectively (see Note 28).

The considerations paid for these combinations effectively included amounts in relation to the benefits of expected synergies and future market growth. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impairment Testing of Goodwill
The Parent Company performs its impairment test annually and when circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the related CGU. The value in use calculation requires the Group to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.

The CGU of the Group are comprised of:
- Philippines
    a. Operating plants – ISLASOL and One Subic Power
    b. Development – ACE Endevor
    c. Development – UPC Philippines
- International – UPC-ACE Australia

The goodwill arising from the acquisitions in 2022, UPC-ACE Australia and UPC Philippines are from the established capabilities of its assembled workforce which include:
- Pre-development and development – involving site acquisition, permitting and studies to get the project to a shovel ready state;
- Construction – including sourcing of investors as well as managing the construction of power plants; and
- Operations – covering management of power plants in lieu of the investors for a fee

Further, the above acquisition included projects in its pipeline with a view of development projects (new and from the pipeline) for the Group. Through this acquisition, the Group is able to have the capability to develop projects end-to-end from permits and feasibility studies, all the way to construction and operations.

Currently, the assembled workforce oversees the pre-development and development of several potentail sites for its projects are within the Philippines and Australia.

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Philippines
  a. Operating plants – ISLASOL and One Subic Power
     - Forecasted revenue growth (**2022: 2%-10%**; 2021: 2%-10%)
     - EBITDA margin (**2022: 2%-10%**; 2021: 2%-10%)
     - Discount rate (**2022: 11.16%** ; 2021: 8.40%-10.40%)
  b. Development – ACE Endevor
     - Forecasted revenue growth (**2022: 2%-10%**; 2021: 2%-10%)
     - EBITDA margin (**2022: 2%-10%**; 2021: 2%-10%)
     - Discount rate (**2022: 11.16%** ; 2021: nil)
  c. Development – UPC Philippines
     - Projects in the pipeline (**2022: 2%-10%**; 2021: nil)
     - Forecasted revenue growth (**2022: 2%-10%**; 2021: nil)
     - EBITDA margin (**2022: 2%-10%**; 2021: nil)
     - Discount rate (**2022: 11.16%** ; 2021: nil)
- International – UPC-ACE Australia
  a. Projects in the pipeline (**2022: 2%-10%**; 2021: nil)
  b. Forecasted revenue growth (**2022: 2%-10%**; 2021: nil)
  c. EBITDA margin (**2022: 2%-10%**; 2021: nil)
  d. Discount rates (**2022: 8.42%-9.08%** ; 2021: nil)

- Forecasted revenue growth - Revenue forecasts are management’s best estimates considering factors such as historical/industry trend, tariffs, target market analysis, government regulations and other economic factors.
- EBITDA margin - It is a measure of a firm's profit that includes all expenses except interest, depreciation and income tax expenses. It is the difference between operating revenues and operating expenses. EBITDA was adjusted for tax, depreciation, interest expenses and changes in net working capital and maintenance capital expenditures in arriving the free cash flow.
- Discount rates - represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Based on management’s assessment, recoverable amount exceeded the carrying amount of the CGU. No impairment loss was recognized on goodwill as at December 31, 2022 and 2021.

Leasehold and Water Rights
The leasehold and water rights arose from Bulacan Power's acquisition of the entire outstanding shares of stocks of One Subic Power in 2014. One Subic Power and Subic Bay Metropolitan Authority ("SBMA") have an existing Facilities Lease Agreement (FLA) for a period of five (5) years up to July 19, 2020, as amended, with the option to extend subject to mutually acceptable terms and conditions.

On December 21, 2017, the SBMA Board approved and ratified the amendment of the Facilities Lease Agreement extending the lease term until July 19, 2030. On January 1, 2019, the leasehold rights were reclassified as right-of-use assets.

Solienda, Inc. ("Solienda") holds leasehold and water rights on its contracts of lease with San Carlos Sun Power, Inc., San Carlos Biopower Inc. and SACASOL. As at December 31, 2022 and 2021, the carrying amount of the leasehold and water rights amounted to ₱128.62 million and ₱136.74 million, respectively. There are increase in land rental fee and escalation rate from 2.54% to 4.485%.

Other Intangible Assets
Intangible assets amounting to ₱2,191.81 million arising from an identifiable FIT contract with useful life of 13 years was recognized from the acquisition of SACASOL in 2020. The carrying amount as at December 31, 2022 and 2021 amounted to ₱1,774.93 million and ₱1,926.52 million, respectively. Intangible assets also include ₱103.67 million acquired during business combination.

14. **Other Assets**

Other current asset

This account consists of:

	2022	2021
Derivative asset (Note 29)	**₱617,139**	₱241,744
Prepaid expenses	**202,565**	223,264
Advances to contractors	**145,163**	270,265
Short-term investments	**528**	68,310
Other current assets	**27,693**	36,433
	993,088	840,016
Less allowance for impairment loss (Note 21)	**26,181**	27,437
	₱966,907	₱812,579

Derivative asset pertains to the coal and fuel commodity swaps contracts maturing within 12-month period (see Notes 15 and 31). ACEN had unrealized ₱1.65 million losses on coal swaps (see Note 23). The account also includes hedge transactions from UPC-ACE Australia amounting to $9.97 million (₱555.87 million).

Prepaid expenses pertain to insurance, subscriptions, rent, taxes and other expenses paid in advance.

Advances to contractors pertain to advance payments for services and supply of repairs and maintenance.

Other noncurrent asset

This account consists of:

	2022	2021
Development costs	**₱5,723,562**	₱428,074
Advances to suppliers	**1,722,023**	2,531,010
Advances for land acquisition	**809,975**	–
Deposits	**109,718**	165,164
Investment properties	**13,085**	13,085
Others	**116,808**	40,979
	₱8,495,171	₱3,178,312

Development costs include expenditures related to the development phase of power plant project which are stated at cost less any accumulated impairment losses. These include direct expenses that will eventually be capitalized as part of property, plant and equipment upon start of construction of the project. These costs are not depreciated or amortized until such time as the relevant assets are completed and available for use. Development costs include ₱1,323.6 million acquired during business combination (see Note 28).

Advances to suppliers consist of advance payments for capital expenditures which will be capitalized to property, plant and equipment once fully rendered by the suppliers.

Advances for land acquisition pertain to partial payments to landowners and service providers related to the acquisition of various property for future projects.

15. Accounts Payable and Other Current Liabilities

This account consists of:

	2022	2021
Accrued expenses	**₱4,710,091**	₱1,274,403
Trade	**3,701,024**	2,534,044
Due to related parties (Note 26)	**1,782,157**	286,870
Output VAT - net	**1,280,631**	1,022,706
Nontrade	**1,231,305**	425,619
Accrued interest expenses	**210,510**	196,177
Retention payables	**158,105**	136,075
Accrued directors’ and annual incentives (Note 26)	**58,507**	23,352
Derivative liability (Note 29)	**3,012**	241,744
Others	**187,227**	139,839
	₱13,322,569	₱6,280,829

Accounts payable and other current liabilities are noninterest-bearing and are normally settled on thirty (30) to sixty (60)-day terms.

Trade payables refer to liabilities to suppliers of electricity and fuel oil purchased by the Group.

Accrued expenses include construction costs, insurance, sick and vacation leave accruals, station use and One Subic Power’s variable rent for lease with SBMA and accruals for incentive pay and operating expense such as security fee, plant repairs and maintenance.

Derivative liability pertains to foreign exchange forward contracts maturing within 12-month period (see Note 29).

16. Short-term Loans, Long-term Loans, and Notes Payable

Short-term Loans

This account consists of:

	2022	2021
Beginning balance	**₱–**	₱9,438,600
Availments	**23,259,020**	3,000,000
Payments	**(20,359,020)**	(12,500,800)
Foreign exchange adjustments	**–**	62,200
Ending balance	**₱2,900,000**	₱–

The Group has outstanding short-term loans availed in 2022 from various local banks amounting to ₱ 2,900.00 million with interest ranging from 2.20% to 4.25% (nil in 2021).

Total interest expense recognized on short-term loans for the years ended December 31, 2022 and 2021 amounted to ₱179.92 million and ₱52.73 million, respectively (Note 22).

Long-term Loans

This account consists of:

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**2022**	2021
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 ACEN consolidated year-end balances. Tested semi-annual *On August 24, 2022, lender approved amendment to financial covenants. Previously, covenant included minimum DSCR 1.00x; maximum DE ratio of 1.50x; and minimum current ratio of 1.00x.	**₱692,425**	₱768,813
₱5,000.00 million Loan B	₱5,000.00 million	Novembe r 15, 2019	Novembe r 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	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual	**4,842,105**	4,894,737

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**2022**	2021
				points per annum (0.90%), with the sum divided by 0.95				
₱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	Principal and interest payable semi-annual Principal and interest payable quarterly	Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual	**4,476,000**	1,500,000
₱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 ACEN consolidated year-end balances. Tested semi-annual	**4,500,000**	805,000
₱10,000.00 million Loan E	₱3,000.00 million	December 13, 2022	December 13, 2032	Floating interest rate repriced on every succeeding semi-annual period. Can be converted to fixed up to the 1st anniversary of initial drawdown.	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual	**3,000,000**	–

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**2022**	2021
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 stand-alone balances of the borrower. Tested annually at year end.	**1,939,360**	2,092,540
Guimaras Wind								
₱4,300.00 million loan	₱4,300.00 million	December 18, 2013	February 14, 2029	6.25%-6.50% fixed rate)	Principal and interest payable semi-annual	Minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Based on the stand-alone balances of the borrower. Tested annually at year end.	**1,142,502**	1,280,524
SLTEC								
₱13,700.00 syndicated loan facility	₱ 10,200.00 million	April 29, 2019	April 29, 2031	4.44% to 7.11%	Principal and interest payable semi-annual	Minimum DSCR of 1.1x, and Net Debt to Equity Ratio of (i) 80:20 during the first 3 years from the amendment effective date and (ii) 75:25 thereafter. Based on the standalone balances of the borrower.	–	9,812,500

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**2022**	2021
						Tested annually at year end.		
ACEN Australia Pty Ltd. (“ACEN Australia")								
AU$212.50 million Loan	AU$157.78 million	February 11, 2021	December 22, 2025	BBSY + 1.45% margin - Construction Facility BBSY + 2.10% - Term Facility	Principal Repayment based on agreed schedule. Interest payments 3 or 6 months or any such shorter period agreed.	DSCR Ratio of 1.15 to 1.00x Collateral, secured by Secured Property	5,933,641	–
AU$100 million Loan	AU$34.54 million	August 18, 2022	August 18, 2027	Floating Rate. Reuters screen BBSW + 1.75% margin	3 or 6 months with automatic rollover but not to exceed the maturity date	Net DE Ratio of 3.0x Tangible Net worth of AUD150mn	1,299,044	–
AU$140 million Loan	AU$28.36 million	September 16, 2022	September 16, 2027	Floating Rate. BBSY + 1.65% margin	Principal Repayment on Termination Date. Interest payments 3 or 6 months, or any other period greater than 1 month	Net DE Ratio of 3.0x Tangible Net worth of AUD150mn	1,066,513	–

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	**2022**	2021
					agreed with Lender.			
AU$75.00 million Loan	AU$0.38 million	October 28, 2022	October 28, 2027	Fixed rate. Base rate + 2% margin	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	14,102	–
Totals							**₱28,905,691**	₱21,154,114
Less unamortized debt issue cost							**134,403**	211,893
							28,771,288	20,942,221
Less current portion							**719,385**	824,488
Long-term loans, net of current portion							**₱28,051,903**	₱20,117,733

The rollforward of this account follows:

	2022	2021
As at beginning of year	**₱21,154,114**	₱22,495,027
Availment	**23,012,509**	848,276
Payment	**(7,387,050)**	(2,188,811)
Assumed through business combination (Note 28)	**5,499,956**	–
Change due to loss of control (Note 2)	**(13,594,700)**	–
Cumulative translation adjustments	**220,862**	(378)
	28,905,691	21,154,114
Less unamortized debt issue cost	**134,403**	211,893
	₱28,771,288	₱20,942,221

Movements in debt issue costs related to the long-term loans follow:

	2022	2021
As at beginning of year	**₱211,893**	₱240,873
Additions	**261,443**	7,970
Derecognition	**(97,864)**	–
Change due to loss of control (Note 2)	**(214,360)**	–
Amortization/accretion (Note 22)	**(26,709)**	(36,950)
As at end of year	**₱134,403**	₱211,893

ACEN

In 2022 and 2021, principal repayments made relative to ACEN's loans amounted to ₱153.02 million and ₱964.80 million, respectively. ACEN paid ₱72.71 million debt issue costs for the additional loans availed in 2022 (₱11.25 million in 2021).

Loan E

On December 9 2022, the Parent Company entered into a new loan agreement with a local bank for a maximum principal amount of ₱10,000.00 million.

On December 13, 2022 the Parent Company made drawdowns amounting to ₱3,000.00 million. The loan has a term of 120 months from and after the initial drawdown date. The payments shall be made in semi-annual principal installments commencing on the 60th month from initial drawdown date. Each principal installment shall be payable on the principal repayment date which shall coincide with an interest payment date.

Loan C

On June 10, 2022, the Parent Company made drawdown amounting to ₱1,000.00 million. The loan have a term of 97 months from and after the initial drawdown date. The payments shall be made in semi-annual principal installments commencing on July 15, 2022. Each principal installment shall be payable on the principal repayment date which shall coincide with an interest payment date.

On November 15, 2022, the Parent Company made drawdown amounting to ₱2,000.00 million. The loan has a term of 92 months from and after the initial drawdown date. The payments shall be made in semi-annual principal installments commencing on January 13, 2023. Each principal installment shall be payable on the principal repayment date which shall coincide with an interest payment date.

The loan facility contains a prepayment provision which allows the Company to make an optional prepayment, wholly or partially, starting the fifth (5^{th}) anniversary of the initial drawdown date and on every interest payment date thereafter. The amount payable to the bank shall consist of the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any increase in applicable gross receipts tax ("GRT") as a result of such prepayment, and any applicable prepayment premium as indicated in the loan agreement.
The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Loan D
On March 19, 2021, the Parent Company entered into a new loan agreement with a local bank for a maximum principal amount of ₱4,500.00 million.

On March 30, 2021, the Parent Company made drawdowns amounting to ₱805.00 million. The loan has a term of 120 months from and after the initial drawdown date. The payments shall be made in semi-annual principal installments commencing on the 30^{th} month from initial drawdown date. Each principal installment shall be payable on the principal repayment date which shall coincide with an interest payment date.

On February 28, 2022, the Parent Company made drawdowns amounting to ₱2,000.00 million. The loan has a term of 108 months from and after the initial drawdown date. The payments shall be made in semi-annual principal installments commencing on the 30^{th} month from initial drawdown date. Each principal installment shall be payable on the principal repayment date which shall coincide with an interest payment date.

On April 11, 2022, the Parent Company made drawdowns amounting to ₱1,695,00 million. The loan has a term of 108 months from and after the initial drawdown date. The payments shall be made in semi-annual principal installments commencing on the 30^{th} month from initial drawdown date. Each principal installment shall be payable on the principal repayment date which shall coincide with an interest payment date.

The loan is subject to floating interest rate that is repriced on every succeeding semi-annual period. The Parent Company has the option to convert the interest rate to fixed on any semi-annual payment date up to the 2^{nd} anniversary from the initial drawdown of the facility.

ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan. The management assessed that the embedded derivatives are not for bifurcation because the interest floor rate is considered clearly and closely related with the loan and the exercise price of the prepayment option approximates the amortized cost of the loan. The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Loan covenants.
ACEN has complied with all its loan covenants as at December 31, 2022, and 2021.

NorthWind

On May 29, 2020, NorthWind entered into an Omnibus Loan and Security Agreement with a local bank for a long-term loan facility amounting to ₱2,300.00 million. The proceeds of the loan were used to fully repay its senior loans. The loan shall be repaid in twenty-four (24) sculpted semi-annual amortizations as set forth in the agreement. The interest rate is fixed for the initial period of ten (10) years to be repriced after the 10th anniversary at a rate equivalent to (a) the 2-year base fixed rate plus a spread of 1.115%, or (b) 5.125% per annum, whichever is higher.

The loan facility contains a prepayment provision which allows NorthWind to make optional prepayment, wholly or partially, any time during the term of the loan. The amount payable to BPI shall be the principal amount of the loans being prepaid, accrued interest on such principal amount up to the voluntary prepayment date, any additional taxes, including additional gross receipts tax ("GRT") as a result of such prepayment, and prepayment penalty as indicated in the loan agreement. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

The loan facility is secured by NorthWind's Land, Wind Turbine Generator, Building and Machinery and Equipment account under "Property, plant and equipment" with a carrying amount of ₱2,037.48 million and ₱2,263.20 million as at December 31, 2022 and 2021 (see Note 11).

Guimaras Wind

On December 18, 2013, Guimaras Wind entered into a ₱4,300.00 million Term Loan Facility with local banks. The proceeds were used to partially finance the 54 MW San Lorenzo Wind Farm composed of 272 MW wind turbine generators and related roads, jetty, substations, transmission line facilities and submarine cable to connect to the grid. The loan facility is divided into two tranches amounting to ₱2,150.00 million each as the Tranche A lender and SBC as the Tranche B lender.

Both tranches have a term of 15 years with semi-annual interest payments starting on the date on which the loan is made. The Tranche A's interest is to be fixed at the higher of 10-year PDS Treasury Fixing ("PDST-F") plus a spread of 1.625% or a minimum interest rate of 6.25% for the first 10 years, to be repriced at higher of existing rate or 5-year PDST-F plus a spread of 1.25% for the last 5 years. The Tranche B will be fixed at higher of interpolated 15-year PDST-F plus a spread of 1.625% or a minimum interest rate of 6.5%. The interest rate floor on the loan is an embedded derivative that is required to be bifurcated. The Group did not recognize any derivative liability arising from the bifurcated interest floor rate since the fair value is not significant.

The loan facility also contains a prepayment provision which allows Guimaras Wind to make optional prepayment for both Tranche A and Tranche B in the amount calculated by the facility agent as accrued interest and other charges on the loan up to the prepayment date plus, the higher of (a) the principal amount of the loan being prepaid, or (b) the amount calculated as the present value of the remaining principal amortizations and interest payments on the loan being prepaid, discounted at the comparable benchmark tenor as shown in the Philippine Dealing and Exchange Corporation ("PDEx") Market Page, Reuters and the PDS website (www.pds.com.ph) at approximately 11:16 am on the business day immediately preceding the prepayment date. In addition, Guimaras Wind is allowed to prepay the Tranche A loan, without penalty or breakfunding cost, on the interest re-pricing date. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

The loan agreement provides loan disbursement schedule for the drawdown of the loan. Guimaras Wind made the following drawdowns during the years 2015 and 2014 with the corresponding carrying values as at December 31, 2022:

	Tranche A (DBP)		Tranche B (SBC)	
Drawdown date	Gross Amount[a]	Carrying Value[b]	Gross Amount[a]	Carrying Value[b]
February 14, 2014	₱92,317	₱92,235	₱92,317	₱91,741
May 27, 2014	163,788	163,290	163,788	162,899
August 5, 2014	163,788	163,851	163,788	162,939
September 2, 2014	148,898	148,684	148,898	148,166
July 30, 2015	71,471	69,134	71,471	69,116
	₱640,262	₱637,194	₱640,262	₱634,861

[a]*Net of prepayments made in 2016 and 2017*
[b]*Net of unamortized debt issue costs.*

Guimaras Wind made the following payments with their corresponding carrying values:

	Tranche A (DBP)		Tranche B (SBC)	
Payment date	Gross Amount	Carrying value	Gross Amount	Carrying value
February 14, 2019	27,173	25,466	27,173	26,225
August 14, 2019	29,332	27,784	29,332	28,479
February 14,2020	29,332	27,635	29,332	27,660
August 14,2020	31,401	30,497	31,401	30,498
February 14,2021	31,401	31,401	31,401	30,718
August 14,2021	33,471	33,099	33,471	32,815
February 14,2022	33,471	33,099	33,471	32,815
August 14,2022	35,540	35,191	35,540	34,926
	₱251,121	₱244,172	₱251,121	₱244,136

The loan's principal repayment is variable amount payable semi-annually; amount of principal repayment to be determined during the due diligence stage based on the required debt service coverage ratio ("DSCR") and financial projections using the Financial Model validated by an independent financial model auditor. Any incremental revenue resulting from a subsequent increase in the applicable FIT rate shall be applied to principal repayment of the loan in the inverse order of maturity. Incremental revenue is the difference in the revenue based on existing FIT rate of ₱7.40/kwh and a new base rate as defined by the relevant government agency excluding annual adjustments to account for inflation and foreign exchange movements.

Under the loan facility agreement, Guimaras Wind must maintain a debt service account into which will be paid the maximum interest forecasted to be due and payable for the next two following payment dates that will fall within the construction period and the amount of debt service after the construction period. The funds in the debt service reserves can be used by Guimaras Wind provided that thirty (30) days prior to payment, the fund is replenished. Debt service reserves are included in the consolidated statement of financial position under "Cash and cash equivalents" (see Note 4).

The loan facility is secured by Guimaras Wind's wind farm, included in "Machinery and equipment" account under "Property, plant and equipment" with carrying values amounting to ₱3,500.05 million and ₱3,702.37 million as at December 31, 2022 and 2021, respectively (see Note 11). In addition, as a security for the timely payment, discharge, observance and performance of the obligations, ACEN entered into a Pledge Agreement covering the subscriptions of stocks of ACEN and its nominees.

Loan Covenants. Guimaras Wind was in compliance with the loan covenants as at December 31, 2022 and 2021. The compliance with the debt covenants is assessed annually by the lenders.

Guimaras Wind shall maintain a minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Guimaras Wind continues to take necessary measures to ensure compliance with loan covenants

ACEN and SLTEC signing of Amended and Restated Omnibus Loan and Security Agreement, Administration and Management Agreement ("AROLSA"), and Operations and Maintenance Agreement

On April 11, 2022, ACEN, as share security grantor, and its subsidiary SLTEC, as borrower, signed an Amended and Restated OLSA for the refinancing of the 246MW SLTEC Circulating Fluidized Bed thermal power plant under an energy transition financing with the Bank of Philippine Islands and Rizal Commercial Banking Corporation as lenders.

ACEN and SLTEC also signed an Operations and Maintenance Agreement, and Administration and Management Agreement for ACEN's administration, control, and management of the entire capacity of the SLTEC power plant.

The Amended and Restated OLSA increased the facility from ₱11,000.00 million (₱9,800.00 million of which was outstanding at that time) to ₱13,700.00 million, which will be used to refinance the existing loan, finance the partial redemption of SLTEC shares held by ACEN upon regulatory approval, and fund transaction-related costs. ACEN, in turn, shall use the proceeds of the equity redemption to reinvest in renewable energy projects.

The above transactions are in line with ACEN's commitment to net-zero greenhouse gas emissions by 2050 or earlier. This goal is supported by key milestones that will bring ACEN generation output to 100% renewable energy by 2025.

Through this mechanism, the coal plant's operating life of up to 50 years will be cut in half, as ACEN commits to retire and transition the plant to a cleaner technology by 2040. This transaction shall serve as a pioneer energy transition financing in the country.

Compliance with covenants

The Group has complied with the covenants required by the long-term loans payable as at December 31, 2022 and 2021.

As disclosed in Note 11, certain property, plant, and equipment are used as collateral to long-term loans.

Total interest expense recognized on long-term loans amounted to ₱1,618.24 million and ₱1,324.12 million for the years ended December 31, 2022 and 2021, respectively.

<u>ACEN Australia</u>

Green long-term revolving loan facility

On August 18, 2022, ACEN Australia, a subsidiary under ACRI, and a bank, executed a Common Provisions Agreement and a Facility Agreement for an AU$100.00 million green long-term revolving loan facility. This green long-term revolving loan facility is part of ACEN's aim to raise an initial issuance of over AU$600.00 million to support the development of ACEN's projects in Australia.

On the same date, ACEN, as Guarantor to ACEN Australia, executed a Common Provisions Agreement and a Facility Agreement with ACEN Australia and Australia Branch of a bank for an AU$100.00 million green long-term revolving loan facility.

Total loan drawdown as at December 31, 2022 amounted to AU$34.54 million (US$23.30 million ; ₱1,299.04 million). The facility prices off the Bank Bill Swap Rate ("BBSW") interest rate benchmark plus 1.75% and will mature on August 18, 2027.

Green long-term revolving loan facility
On September 15, 2022, ACEN, as Guarantor to ACEN Australia, executed a Facility Agreement with ACEN Australia and a bank for an AU$140.00 million green term loan facility.

MUFG and ACEN Australia also entered into an Accession Letter to include the bank as a Lender under the Common Provisions Agreement dated August 18, 2022.

Total loan drawdown as at December 31, 2022 amounted to AU$28.36 million (US$19.13 million ; ₱1,066.51 million). The facility bears Bank Bill Swap Bid Rate ("BBSY") interest rate benchmark plus 1.65% and will mature on September 15, 2027.

Green long-term revolving loan facility
On October 28, 2022, ACEN, as Guarantor to ACEN Australia, executed a Facility Agreement with ACEN Australia and a bank for an AU$75 million green term loan facility.

Total loan drawdown as at December 31, 2022 amounted to AU$0.38 million (US$0.25 million ; ₱14.10 million). The facility carries a base rate interest benchmark plus 2% margin and will mature on October 28, 2027.

Notes payable

The rollforward of this account follows:

	2022	2021
Principal		
Balance at beginning of year	**₱20,383,600**	–
Additions	**10,000,000**	₱20,383,600
Balance at end of year	**30,383,600**	20,383,600
Debt issue cost		
Balance at beginning of year	**114,939**	–
Additions	**128,622**	125,425
Amortization (Note 22)	**(44,788)**	(10,486)
Balance at end of year	**198,773**	114,939
Cumulative translation adjustment	**1,908,487**	(73,607)
	₱32,093,314	₱20,195,054

Medium Term Note (MTN) Programme
On August 31, 2021, ACEN Finance established its MTN Programme with an aggregate amount of US$1,500.00 million. The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including but not limited to, working capital, funding investment activities, development of projects, refinancing and/or repayment of indebtedness and on-lending activities within the Group. Notes to be issued out of the MTN Programme designated as Green Bonds may be allocated towards the financing and/or refinancing of Eligible Green Projects in accordance with certain prescribed eligibility criteria described under ACEN's Green Bond Framework.

The Notes to be issued by ACEN Finance under its medium-term note Programme; may be distributed by way of private or public placement; and will be listed on the Singapore Exchange Securities Trading platform (SGX-ST).

As at December 31, 2022, ACEN Finance has issued US$400.00 million senior guaranteed undated notes (the "Notes") under the MTN Programme.

Senior guaranteed undated fixed-for-life notes under the MTN Programme
On September 8, 2021, ACEN Finance issued US$400.00 million (₱20,383.60 million) senior undated fixed-for-life (non-deferrable) Notes guaranteed by ACEN with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par. An amount equal to the net proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework.

On September 9, 2021, the Notes were listed with the Singapore Exchange Securities Trading platform (SGX-ST).

The Philippine SEC confirmed that the Bonds comply with the requirements under the ASEAN Green Bonds Circular and qualify as an ASEAN Green Bond Issuance.

The net proceeds from the Bonds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects, in accordance with ACEN's Green Bond Framework (GBF), which sets out well-defined guidelines for the use of proceeds for renewable energy (RE) projects, with comprehensive monitoring and reporting commitments. These RE developments can be located in the Philippines and offshore.

For the years ended December 31, 2022 and 2021, total interest expense and other financing charges recognized amounted to ₱906.45 million (US$16.62 million) and ₱263.05 million (US$5.19 million), respectively.

Redemption at the option of the issuer
Subject to applicable law, ACEN Finance may redeem the Notes (in whole but not in part) on the First Redemption Date as specified in the applicable Pricing Supplement; or any Interest Payment Date falling after the First Redemption Date, by giving notice, at redemption price equal to the principal amount of the Notes plus any accrued but unpaid interest.

Covenants
For as long as the senior guaranteed undated fixed-for-life notes remain outstanding, ACEN Finance Limited and ACEN are required to comply with certain covenants including the creation and permission to subsist only the liens created in respect of the limited recourse project financing of any project company and maintain a maximum net debt to equity ratio of 2.5 to 1.0 based on ACEN consolidated financials. These were complied with by the Group as at December 31, 2022 and December 31, 2021

<u>ACEN Fixed-Rate ASEAN Green Bonds due 2027</u>

On July 6, 2022, ACEN's Executive Committee authorized the establishment of up to 30,000.00 million debt securities (the "Debt Securities") to be offered and issued in one or more tranches under a debt securities program (the "Debt Securities Program").

The Executive Committee also authorized ACEN (1) to offer and issue, out of the Debt Securities to be shelf registered, up to 10,000.00 million Php-denominated ASEAN Green Fixed Rate 5-year Bonds (the "Bonds") as the first tranche of the Debt Securities Program, and (2) to apply for the listing of the Bonds with the Philippine Dealing & Exchange Corp.

On September 22, 2022, ACEN (the Issuer) used an unsecured-fixed rate Peso Green Bonds with an aggregate principal amounting to ₱10,000.00 million. The proceeds of the issuance will be used to finance investments in various solar power plants. The issue cost amounted to ₱126.28 million. This was capitalized as debt issue cost and amortized over the life of the liability and was offset to the carrying value of the liability.

The offer is comprised of 5-year Peso Green Bonds due on September 22, 2027 with interest rate of 6.0526% per annum. This is the first tranche offered out of the shelf registration of Peso Green Bonds in the aggregate principal amount of up to ₱20,000.00 million to be offered within a period of three (3) years. Interest on the Peso Green Bonds is payable quarterly on March 22, June 22, September 22, and December 22.

Total interest expense recognized on the Peso Green Bonds amounted to ₱166.45 million in 2022.

Redemption at the option of the Issuer

The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding PHP Green Bonds before the relevant Maturity on any one of the following Interest Payment Dates indicated below, or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

1. 12th to 15th Interest Payment Date at Call Option Price of 101.00%
2. 16th to 19th Interest Payment Date at Call Option Price of 100.50%

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants

The Peso Green Bonds provide for the Issuer to comply with covenants including incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; effecting any consolidation or merger with other entities where ACEN is not the surviving corporation in such merger or consolidation; and certain other covenants. The Peso Green Bonds requires the Issuer to maintain, for as long as any of the Peso Green Bonds remain outstanding, a Net Debt to Total Equity Ratio of not more than 3.0:1.0. These were complied with as at December 31, 2022.

17. **Other Noncurrent Liabilities**

This account consists of:

	2022	2021
Accrued interest expenses	**₱272,580**	₱252,742
Asset retirement obligation	**176,056**	168,626
Provision for Employee Benefits / long service leave	**88,486**	–
Deposit payable	**83,199**	174,581
Retention payable	**77,180**	–
Contract liabilities	**68,875**	338,489
Derivative liability (Notes 31 and 32)	**37,500**	–
Nontrade payable	**8,144**	2,598
Trade payable	**–**	1,238,581
Due to related parties (Note 26)	**–**	536,212
Others	**15,623**	25,091
	₱827,643	₱2,736,920

Accrued interest expenses mainly accounts for the interest on Green bonds issued by the Group (see Note 16).

Asset retirement obligation are from the acquisitions of ISLASOL, SACASOL and MONTESOL.

Provision for Employee Benefits, long service leave and deferred consideration from ACRI.

Deposit payables consist of security deposits from RES customers refundable at the end of the contract.

Retention payable consists of civil works billings and milestone accomplishments of SCSE.

Contract liabilities consists of the deferred connection fee related to ISLASOL and the deferred rental income from ISLASOL, SACASOL, MSPDC and Solienda.

Derivative liability pertains to fuel commodity swap contracts (see Notes 14 and 31).

Nontrade payable are payables from over remittance of business interruption claims and environmental laws compliance.

18. **Equity**

Capital Stock

This account consists of:

	Number of Shares	
	2022	2021
Authorized capital stock – ₱1 par value	**48,400,000,000**	48,400,000,000
Issued shares:		
Balance at beginning of the year	**38,338,527,174**	13,706,957,210
Issuance of new shares	**1,353,368,499**	24,631,569,964
Adjustment in grants through Employee Stock Ownership Plan	**(900)**	–
Balance at end of the year	**39,691,894,773**	38,338,527,174

The issued and outstanding shares as at December 31, 2022 and 2021 are held by 3,182 and 3,188 equity holders, respectively.

The following table presents the track record of registration of capital stock:

Year Approval	No. of shares Registered	No. of shares Issued	Par Value
Prior to 2005*	1,000,000,000	**840,601,987	₱0.01/1.00
2005	1,000,000,000	264,454,741	1.00
2007	–	552,528,364	1.00
2008	–	4,713,558	1.00
2009	–	304,419	1.00
2010	–	2,022,535	1.00
2011	2,200,000,000	1,165,237,923	1.00
2012	4,200,000,000	2,027,395,343	1.00
2013	–	6,603,887	1.00
2014	–	1,283,332	1.00
2016	–	20,751,819	1.00
2017	–	3,877,014	1.00
2019	–	2,632,000,000	1.00
2020	16,000,000,000	6,185,182,288	1.00
2021	24,000,000,000	24,623,380,967	1.00
2022	–	1,353,367,599	1.00

**On April 7, 1997, par value was increased from ₱0.01 to ₱1.00.*
***Equivalent number of shares at ₱1.00 par.*

During the Annual Stockholders' Meeting held on April 19, 2021, the stockholders of the Parent Company, by the required vote, approved, among others, the following corporate actions:

a. Amendment to the Seventh Article of the Articles of Incorporation:
b. to increase the ACS from ₱24.40 billion divided into 24.40 billion shares at par value of ₱1.00 per share, to ₱48.40 billion divided into 48.4 billion shares at par value of ₱1.00 per share; and
c. Issuance of 4 billion shares to Arran Investment Pte Ltd. (Arran)
d. Issuance of 1.58 billion primary common shares pursuant to the ACEN's FOO
e. Issuance of 16,685,800,533 common shares to ACEIC in exchange for ACEIC's International Renewable Energy Assets and Investments

f. Waiver of the requirement to Conduct a Rights or Public Offering of Shares in Relation to the Issuance of 16,685,800,533 shares to ACEIC in Exchange for ACEIC's International Renewable Energy Assets and Investments
g. Stock Ownership Plan to qualified officers, employees and consultants of the Group, and to allocate 960 million common shares from the unsubscribed portion of the ACEN's ACS for the Stock Ownership Plan.

Stock Rights Offering
On November 11, 2020, the BOD of ACEN approved the pricing for, and volume of, the shares that will be issued pursuant to ACEN's stock rights offering (SRO). ACEN will issue 2,267,580,434 shares at ₱2.37, and at an entitlement ratio of 1.11 shares:1offer share subject to requisite approval by the SEC of the details of the offer, including the offer price.

On December 11, 2020, ACEN received the confirmation letter from the SEC that the SRO is exempt from registration requirements under the Section 8 of the Code pursuant to Section 10.1 thereof.

On December 16, 2020, the PSE approved ACEN's application for the listing of additional shares of up to 2,267,580,434 common shares subject of the Rights Offer to all stockholders as of the Record Date of January 13, 2021 (the "Record Date"), at ₱2.37 per share, comprised of two rounds and a domestic institutional offer, as follows:

1. The First Round of the Offer consisting of a total of 2,267,580,434 Offer Shares, offered on a pre-emptive rights basis to eligible shareholders of ACEN as of a determined Record Date where holders of Common Shares as of the Record Date who are eligible to participate in the Rights Offer are: (i) holders located inside the Philippines and (ii) holders located outside the Philippines where it is legal to participate in the Rights Offer under the securities laws of such jurisdiction without requiring registration or the need to obtain regulatory approvals under such laws ("Eligible Shareholder"), and where each Eligible Shareholder may subscribe to one (1) Share for every 1.11 Common Shares held, as of the Record Date;
2. The Second Round of the Offer consisting of the unsubscribed Rights Shares from the First Round of the Rights Offer ("Additional Rights Shares"), which shall be offered to those shareholders that exercised their rights in the prior round and had simultaneously signified their intention to subscribe to any unsubscribed Rights Shares by tendering payment of the total Offer Price of all Rights Shares subscribed to, including all Rights Shares in excess of their entitlements; and
3. The Domestic Institutional Offer, where the Joint Lead Underwriters BPI Capital Corporation and China Bank Capital Corporation will firmly underwrite the Rights Offer in accordance with an underwriting agreement to ensure that any Offer Shares that, after the mandatory Second Round of the Rights Offer are either not taken up or subscribed to by Eligible Shareholders or not paid for by Eligible Shareholders will be fully subscribed, and that in case there are Rights Shares remaining after the mandatory Second Round of the Rights Offer, the remaining Rights Shares shall be sold by the Joint Lead Underwriters to qualified buyers, as defined in the 2015 Implementing Rules and Regulations of the Code ("SRC IRR") ("Institutional Investors"), at the same Offer Price as the Rights Shares (the "Institutional Offer"), and any shares herein not taken up by Institutional Investors shall be taken up by the Joint Lead Underwriters.

During the Rights Offer Period from January 18, 2021 to January 22, 2021, ACEN sold, by way of SRO, 2,094,898,876 shares and 172,681,558 shares in first round and second round allocation, respectively, which were subsequently listed with the PSE on January 29, 2021.

Transaction costs include documentary stamp taxes, SEC fees and other costs paid relevant to share issuance amounting to ₱24.13 million were charged to additional paid-in capital account.

Arran's Private Placement
On December 30, 2020, ACEN and ACEIC signed an Investment Agreement with Arran for the latter's investment into ACEN to acquire 17.5% ownership stake on the basis that ACEN's stock rights offering ("SRO") and follow-on offering ("FOO"), and the infusion by ACEIC of its international business into ACEN have been completed (see Note 29).

On March 18, 2021, Arran subscribed to 4 billion common shares of ACEN at a price of ₱2.97 per common share through a private placement (the "Private Placement"), for an aggregate value or consideration of ₱11.88 billion. The subscription price was offered by Arran pursuant to its binding offer on November 10, 2020, and which offer was approved by the BOD of ACEN during its meeting of November 11, 2020.

The Investment was implemented through a combination of subscription to four billion primary shares (via a private placement) and purchase of secondary shares from ACEIC, priced at ₱2.97 per share on a post-SRO basis and is subject to agreed price adjustments. The price for the private placement represents a 25% premium to the BOD-approved SRO price of ₱2.37 per share.

The closing of Arran's Private Placement is subject to contractual terms and conditions customary for transactions of a similar nature. Since the shares to be issued pursuant to the Private Placement will not exceed 35% of the resulting total subscribed capital stock, it is exempt from pre-emptive rights of existing stockholders pursuant to the second paragraph of Article Seventh of ACEN's Articles of Incorporation.

On December 10, 2021, ACEIC sold 2,689,521,681 ACEN shares to Arran pursuant to a special block sale to implement the provisions of the Investment Agreement dated December 30, 2020. The price per share (as adjusted pursuant to a pricing mechanism) was agreed upon in the Investment Agreement and is independent of future price movements.

As at December 31, 2021, Arran owns 17.46% of the ACEN's total outstanding shares of stock.

Transaction costs include documentary stamp taxes and SEC fees paid relevant to share issuance amounting to ₱68.48 million were charged to additional paid-in capital account.

Follow-On Offering
On December 17, 2020, the BOD of ACEN approved the conduct of an FOO and delegated authority to the Executive Committee to determine the final issue price for the shares to be issued.

On February 4, 2021, acting on the authority delegated by the BOD, ACEN's Executive Committee approved an FOO price range of ₱6.00-₱6.50 per share for up to 2 billion common shares (primary).

On February 16, 2021, ACEN submitted a registration statement for up to 2,430,248,617 common shares (primary and secondary shares with over-allotment) with the SEC.

On March 18, 2021, the BOD of ACEN approved the issuance of 1.58 billion primary shares for the FOO.

On April 29, 2021, the Executive Committee approved the offer price of ACEN's FOO at ₱6.50 per share. This price was determined based on a book-building process which saw significant participation from leading global long-term institutional investors, resulting in multiple times oversubscription.

On May 5, 2021, ACEN received approvals from the PSE and obtained permit to sell from the SEC.

During the retail offer period for the FOO on May 3, 2021 to May 7, 2021, ACEN completed up to 2.01 billion common shares priced at ₱6.50 per share, consisting of 1.58 billion primary shares, 330.24 million secondary shares offered by ACEIC and Bulacan Power (the "Selling Shareholders"), and an over-subscription of 100.00 million secondary shares sold by ACEIC.

About 80% of the base offer shares was offered to qualified institutional buyers. The remaining 20% was placed out to eligible trading participants of the PSE.

The primary shares were listed on the PSE on May 14, 2021.

Transaction costs include documentary stamp taxes, SEC fees and other costs paid relevant to share issuance amounting to ₱189.48 million were charged to additional paid-in capital account.

Acquisition of ACEIC's offshore subsidiaries through share swap

On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares at a subscription price of ₱5.15 per share, or an aggregate subscription price of ₱85,931,872,744.95 in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in ACEN International (share swap transaction), which holds ACEIC's international renewable assets.

On June 7, 2021, the application for the increase from 24.4 billion shares to 48.4 billion shares in the ACS of ACEN was approved by the SEC. Consequently, the closing date of the share swap was on June 7, 2021.

The Parent Company has complied with all post-approval requirements for the listing of the shares subject of the share-for-share swap transaction as described above. The number of ACEN's listed common shares were accordingly adjusted on October 22, 2021 listing date.

Subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines

On March 21, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at a price of ₱7.871 per share:

UPCAPH	869,119,204
Anton Rohner ("Rohner")	61,630,796
Total ACEN shares to be issued	930,750,000
Subscription price per share	₱7.871
Total subscription price	₱7,325,933,250

On March 22, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at a price of ₱8.2889 per share:

Estanyol Holdings Ltd.	₱153,493,200
Wind City Inc.	142,668,634
Tenggay Holdings Ltd.	70,525,763
UPC Philippines Wind Partners Ltd	19,059,423
Alan Kerr (collectively, the "UPC Philippines Group")	4,248,813
Total ACEN shares subscribed	389,995,833
Subscription price per share	8.2889
Total subscription price	₱3,232,636,460

The subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines to ACEN shares was approved by the BOD of ACEN on October 18, 2021.

The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021. On March 8, 2022, the BOD of ACEN approved a revised list of subscribers constituting the UPC Philippines, including a re-allocation of some of the shares for subscription, which was presented to the stockholders for approval during the 2022 annual stockholders' meeting of ACEN on April 25, 2022.

Acquisition of non-controlling interest in MSPDC

On October 28, 2021, the Parent Company through BCHC, a wholly-owned subsidiary, acquired the 34.00% ownership interest of the minority stockholders of MSPDC at an aggregate amount ₱280.50 million. Effective October 31, 2021, MSPDC became a wholly-owned subsidiary of ACEN.

Acquisition of non-controlling interest in NorthWind

On October 18, 2021, the BOD of ACEN approved the acquisition of the 32.2% ownership interest of the minority stockholders of NorthWind (the "NW Minorities"). On November 12 and 15, 2021, the Share Purchase Agreement and Subscription Agreements, respectively, were signed by ACEN and the NW Minorities for a total of 90 million shares in ACEN at a price of ₱11.32 per share. Effective November 15, 2021, NorthWind became a wholly-owned subsidiary of ACEN.

The subscribed shares were issued to the above shareholders on November 29, 2021. ACEN is in the process of listing the primary shares to PSE as of March 7, 2023.

Employee Stock Ownership Plan ("ESOWN")

At the Annual Stockholders' Meeting held on April 19, 2021, stockholders approved the allocation of 960 million common shares to the Employee Stock Ownership Plan (the "Plan") Plan out of the unsubscribed portion of the ACEN's capital stock, to be available to qualified employees upon achievement of the Group's goals and the determination of any variable compensation of grantee. This replaces ACEN's Stock Grants and Stock Options Plan which does not have any remaining life.

Under the Plan, qualified employees are awarded the option to subscribe to a specified number of ACEN shares based on discounted market price determined by the Personnel and Compensation Committee and are subjected to the Plan's vesting period. The subscription price is equal to the market price of the shares with a discount determined by the Personnel and Compensation Committee at the time of the grant of the option. Grants under the Plan are exercisable in three annual tranches. Any availment is payable within a maximum period of ten years.

The SEC granted the Plan's request for exemption from registration pursuant to Section 10.2 of the Securities Regulation Code (SRC) on March 4, 2022.

In 2021, stock options totaling 8,188,997 shares at a subscription price of ₱6.96 per share were granted under the Plan, of which 8,188,097 shares were issued in 2022, resulting to an adjustment of 900 shares in the grants.

On August 19, 2022, ACEN issued 32,622,666 common shares to various employees of the Group through the ESOWN.

Total expense arising from the equity-settled share-based payment transaction (included under General and administrative expenses) amounted to ₱31.16 million and ₱3.55 million in 2022 and 2021, respectively. There were no grants and availments during 2020 and 2019.

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 ₱43,529.36 million and ₱28,628.17 as at December 31, 2022 and 2021, respectively and (b) the cost of treasury shares amounted to ₱28.66 million as at December 31, 2022 and 2021.

As at December 31, 2022 and 2021, 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$927.32 million (₱27,983.63 million) and US$468.49 million (₱23,727.21 million) as at December 31, 2022 and 2021, respectively.

Dividends
On March 18, 2021, the BOD of ACEN approved the declaration of cash dividends of ₱0.06 per share on the 19,960,037,644 issued and outstanding shares, or a total dividend amount of ₱1,197.60 million paid on April 19,2021 to the shareholders on record as at April 5, 2021.

On March 8, 2022, the BOD of ACEN approved the declaration of cash dividends of ₱0.06 per share on the 38,315,838,177 outstanding shares of ACEN, or a total dividend amounting to ₱2,298.95 million, paid on April 19, 2022, to the shareholders on record as at April 5, 2022.

Non-controlling Interest (NCI)

The rollforward of this account is as follows:

	2022	2021
Balance at beginning of year	**₱29,950,776**	₱50,398,831
Net income attributable to NCI	**1,542,769**	2,415,063
OCI attributable to NCI	**42,108**	4,152
Cumulative translation adjustments	**(28,690)**	61,653
Dividends	**(1,504,247)**	(2,231,038)
Additions through business combination	**1,947,104**	–
Effects of common control business combination	**(105,192)**	–
Acquisition of NCI	**15,139**	(313,598)
Capital infusions	**–**	1,988
Capital redemption	**–**	(20,386,275)
Balance at end of year	**₱31,859,767**	₱29,950,776

Capital infusions
In 2021, UPC IV infused ₱1.80 million for its subscription to Solarace4, while UPC II infused ₱0.19 million to BWPC.

Redemptions
On August 31, 2021, the Directors and Officer of UACH approved to return surplus cash through payment of dividend and capital return to shareholders. The non-controlling interest redeemed $16.31 million (₱830.98 million or AU$25.20 million) of capital for the year ended December 31, 2021.

On September 7, 2021, the BOD of ACEC approved the redemption of various redeemable preferred shares amounting to $400.00 million (₱19,507.79 million), of which are owned by ACEFIL, recognized as non-controlling interest.

In November 2021, pursuant to ACEN's acquisition of non-controlling interest in NorthWind, the NW Minorities have redeemed their NorthWind RPS held with redemption price of ₱47.51 million.

Dividends

	in US$	In PHP
2022		
AC Energy Cayman ("ACEC")	$27,485	₱1,504,247
2021		
ACEC	$43,705	₱2,141,568
Manapla Sun Power Development Corporation ("MSPDC")	–	15,300
NorthWind Power Development Corporation ("NorthWind")	–	74,170
	$43,705	₱2,231,038

In 2022, the BOD of ACEC declared dividends to shareholders of its various redeemable preferred shares for a total of $27.49 million (₱1,504.25 million), which was paid during the year.

On January 18, 2021, May 19, 2021, July 21, 2021 and October 27, 2021, the BOD of ACEC declared dividends to shareholders of its various redeemable preferred shares for a total of $13.00 million (₱625.57 million), $10.88 million (₱517.64 million), $14.31 million (₱718.24 million) and $5.52 million (₱280.12 million), respectively, as owned by ACEFIL.

In 2021, the BOD of MSPDC approved three (3) declarations of cash dividends amounting to ₱15.00 million each, of which, ₱5.10 million was attributable to NCI. These were fully paid on March 6, 2021, June 28, 2021 and September 10, 2021.

Acquisition of non-controlling interest in BWPC and SolarAce4
On March 18, 2022, the Group acquired 40.00% ownership interest of the minority stockholders of BWPC at an aggregate amount of ₱93.55 million, and 30.00% ownership interest of the minority stockholders of SolarAce4 at an aggregate amount of ₱1.80 million.

The acquisitions resulted to 100% ownership in BWPC and SolarAce4. The excess of the consideration over the carrying amount of non-controlling interest is recognized under the equity reserves amounting to ₱110.42 million and ₱0.07 million for BWPC and SolarAce4, respectively.

Other Equity Reserves

This account consists of:

	2022	2021
Effect of:		
Common control business combinations	**(₱53,269,303)**	(₱53,276,727)
Purchase of:		
20.00% in SLTEC	**(2,229,587)**	(2,229,587)
32.21% in NorthWind	**(723,974)**	(723,974)
34.00% in MSPDC	**(261,728)**	(261,728)
ENEX shares	**(130,854)**	(130,854)
40.00% in BWPC	**(110,398)**	–
30.00% in SolarAce4	**(65)**	–
25.00% in UACH	**121,831**	–
Distribution of property dividends - ENEX shares	**1,107**	1,107
Other equity reserves from joint venture	**17,231**	17,231
	(₱56,585,740)	(₱56,604,532)

Capital Management

The primarily objective of the Group's capital management policy is to ensure that it maintains sufficient funds and equity capital in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjust it, in light of changes in economic conditions. No changes were made in the objectives, policies, or processes for the years ended December 31, 2022 and 2021. The Group considers its total equity as capital.

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guarantees, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as at December 31, 2022 and 2021.

19. **Revenue from Sale of Electricity**

The Group's revenue from rendering of services consists of:

	2022	2021	2020
Revenue from power supply contracts	**₱22,834,849**	₱17,085,312	₱13,612,505
Revenue from power generation and trading	**12,160,639**	8,792,727	6,670,798
	₱34,995,488	₱25,878,039	₱20,283,303

Power Supply Agreement with MERALCO

On September 9, 2019, the Parent Company won the bid to supply MERALCO a baseload demand of 200MW from December 26, 2019 until December 25, 2029 subject to the approval of ERC. The Parent Company received a copy of the provisional ERC approval for the contract on January 31, 2020 and the final approval on May 13, 2020 for the baseload.

On September 11, 2019, the Parent Company won the bid to supply MERALCO a baseload demand of 110MW from December 26, 2019 until December 25, 2024 subject to the approval of ERC. The Parent Company received copies of the provisional and final ERC approvals for the contract on January 31, 2020 and June 1, 2020, respectively.

Meralco Baseload PSA
On October 22, 2019, MERALCO and ACEN filed with the ERC a joint application for approval of its baseload Power Supply Agreement ("PSA"). Under the PSA, ACEN will supply, at a fixed rate, 200 MW baseload capacity to MERALCO for ten (10) years from the issuance by the ERC of a provisional approval. Hearings were conducted on January 14, 21, and 28, 2020.

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the baseload PSA between MERALCO and ACEN (the "PA Order"). Under the PA Order, the ERC granted a rate of ₱4.2366/kWh regardless of the plant capacity factor and not subject to any escalation rate.

On February 7, 2020, ACEN filed a Motion for Reconsideration and Urgent Re-evaluation of the Provisionally Approved Rates, arguing among others, for the implementation of the bid parameters of MERALCO, including the inclusion of the plant capacity factor in determining the rate, application of the proposed escalation rate, and retroactive application of the rates.

On May 13, 2020, ACEN received a copy of the Order of the ERC granting ACEN's Motion for Reconsideration ("Order Granting the MR"). The ERC, in its Order Granting the MR, approved a rate of ₱4.2366/kWh at 100% plant capacity factor, allowed 60% of the approved rate to escalate in accordance with ACEN's escalation schedule, and allowed a retroactive recovery of approved rate from December 26, 2019, among others. The Parties have already agreed on the amortization schedule and/or payment schedule for the collection of the retroactive differential adjustment amounting to ₱618.27 million.

Meralco Mid-Merit PSA
On October 22, 2019, MERALCO and ACEN filed with the ERC a joint application for approval of the mid-merit PSA. Under the PSA, ACEN will supply, at a fixed rate, 110 MW mid-merit capacity to MERALCO for five (5) years from the issuance by the ERC of a provisional approval. Hearings were conducted on December 3, 2019, January 14, 21, and 28, 2020.

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the mid-merit PSA between MERALCO and ACEN. Under the PA Order, the ERC granted a rate of ₱4.2366/kWh regardless of the plant capacity factor.

On February 07, 2020, ACEN filed a Motion for Reconsideration and Urgent Re-evaluation of the Provisionally Approved Rates, arguing among others, for the implementation of the bid parameters of MERALCO, including the inclusion of the plant capacity factor in determining the rate and retroactive application of the rates.

On June 1, 2020, ACEN received a copy of the Order of the ERC granting ACEN's Motion for Reconsideration. The ERC, in its Order Granting the MR, approved a rate of ₱4.8763/kWh at 60% plant capacity factor, and allowed a retroactive recovery of approved rate from January 30, 2020, among others. The parties have entered into an agreement for the amortization schedule and/or payment schedule for the collection of the retroactive differential adjustment amounting to ₱158.50 million. As at April 29, 2021, the amount of ₱158.50 million has already been fully collected.

Ancillary Services Procurement Agreements ("ASPA") with NGCP
ACEN and certain subsidiaries executed ASPAs with the NGCP. Under the ASPA, the power plants will provide contingency and dispatchable reserves to NGCP to ensure reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five (5) years upon the effectivity of the provisional approval or final approval issued by the ERC. Pending ERC's issuance of a final approval, the provisional approval is extended every year.

Feed-in-Tariff ("FIT")

San Lorenzo Wind
On June 10, 2015, the San Lorenzo Wind project under Guimaras Wind was issued a Certificate of Endorsement ('COE") for FIT Eligibility by the DOE.

On December 1, 2015, Guimaras Wind received its Certificate of Compliance ("COC") from the ERC which entitles Guimaras Wind to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of twenty (20) years until December 26, 2034. Outstanding receivable under the FIT system amounted to ₱485.79 million and ₱507.51 million as at December 31, 2022 and 2021, respectively.

On July 6, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, the SLWP's FIT Rate starting 2020 shall be ₱8.59/kWh.

MONTESOL
On June 13, 2016, the DOE, through its issuance of the COE, certified the MONTESOL's Solar Farm Project as an eligible project under the FIT system.

On December 28, 2016, MONTESOL received another provisional authority to operate by the ERC dated December 8, 2016 but this time, as a RE generation company, which allows MONTESOL to be entitled to a FIT rate of ₱8.69 for a period of twenty (20) years from March 11, 2016.

On February 6, 2017, MONTESOL received the COC from ERC and accordingly, measured its revenue from energy sales using FIT rate.

On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index (CPI) and foreign exchange variations through Discounted Cash Flows (DCF) Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020. MONTESOL accrued the retroactive net revenue adjustment based on the adjusted FIT rates for the years 2016 (₱8.69/kWh), 2017 (₱8.71/kWh), 2018 (₱9.04/kWh), 2019 (₱9.41/kWh) and 2020 (₱9.82/kWh).

ISLASOL
On October 3, 2014, the Board of Investments ("BOI") approved ISLASOL's registration as an RE developer of an 18 MW solar power plant (Phase2A) under Republic Act No. 9513, *An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes*, otherwise known as the Renewable Energy Act of 2008 (the "RE Act").

On October 7, 2014, the DOE issued the COE for FIT eligibility to endorse the 9MW Phase 1B solar power plant of ISLASOL as an eligible project under the FIT system pursuant to the provisions of the RE Act.

On November 4, 2015, the BOI approved ISLASOL's registration as an RE developer of a 14MW solar power plant (Phase2B) and a 48MW solar power plant (Phase3) under the Act.

The 14MW and 48MW solar power plants have been completed in 2016 and started commercial operations in March 2016.

SACASOL
On January 7, 2014, the BOI approved the SACASOL's registration as an RE developer of 22 Megawatt (MW) solar power plants (Phases 1A & 1B) under the Renewable Energy Act of 2008 (the Act).

On December 20, 2014, the BOI approved SACASOL's registration as an RE developer of 23MW solar power plants (Phases 1C & 1D) under the Act.

Pursuant to Section 7 of the RE Act and Section 5 of its IRR, the ERC adopts and promulgates the FIT Rules. All RE plants shall be deemed eligible upon issuance by the ERC of a COC authorizing them to operate as FIT-eligible RE plants. Eligible RE plants shall be entitled to the appropriate FITs as established.

On June 4, 2014, the DOE issued the COE for FIT eligibility to endorse the 13MW Phase 1A solar power plant of SACASOL as an eligible project under the FIT system pursuant to the provisions of the RE Act.

On February 9, 2015, the ERC granted the COC to Phase 1A solar power plant with a capacity of 13MW, which entitles SACASOL to the FIT rate of ₱9.68/kWh from May 15, 2014 until May 14, 2034. On the same date, ERC granted the COC to Phase 1B solar power plant with a capacity of 9MW, which entitles SACASOL to the FIT rate of ₱9.68/kWh from August 16, 2014 to August 15, 2034.

On September 11, 2015, the DOE issued the COE for FIT eligibility to endorse the 23MW Phases 1C and 1D solar power plants of SACASOL as an eligible project under the FIT system pursuant to the provisions of the Act.

On May 4, 2016, ERC granted the COC to Phases 1C and 1D solar power plants with a capacity of 23MW, which entitles SACASOL to the FIT rate of ₱8.69/kWh from September 6, 2015 to September 5, 2035.

On May 26, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, SACASOL's FIT Rate starting 2020 shall be ₱11.28/kWh for Phase 1A and 1B and ₱10.12/kWh for Phase 1C and 1D solar power plants.

NorthWind
On July 31, 2007, NorthWind and the DOE entered into a Negotiated Commercial Contract ("NCC") covering the contract area located in Bangui, Ilocos Norte. As a holder of a valid and existing NCC, NorthWind is deemed provisionally registered as a RE Developer under RA 9513. The provisional authority shall subsist until the issuance by the DOE of a Certificate of Registration.

On February 26, 2013, the DOE granted NorthWind a COR under Wind Energy Service Contract No. 2012-07-058. The COR served as the basis for its application with the BOI for the grant of incentives under RA 9513. The approval grants an income tax holiday ("ITH") incentive of seven (7) years starting September 2014.

On October 10, 2014, the DOE granted NorthWind a COE for FIT Eligibility (COE-FIT No. 2014-10-001) for its Phase III expansion project. The endorsement was the basis for the ERC to issue a FIT COC on April 13, 2015.

The tariff on the generation of the original twenty (20) turbines (Phases I & II) is a FIT rate specific to the NorthWind of ₱5.76/kWh, as approved by the ERC in its decision dated June 30, 2014. In an Order dated November 7, 2017, the ERC granted NorthWind an increase of ₱0.20/kWh, in connection with a Motion for Partial Reconsideration of the Decision dated June 30, 2014, in ERC Case No. 2011-060RC filed by NorthWind on December 5, 2014, thereby increasing the FIT rate specific to Phases I & II from ₱5.76/kWh to ₱5.96/kWh.

The FIT rate specific to NorthWind is lower than the national FIT rate and is valid for twenty (20) years, less the actual years of operation as provided for under the FIT Rules.

The tariff on the six (6) turbines (Phase III) is at ₱8.53/kWh, subject to adjustments as may be approved by the ERC under the FIT rules. The FIT period on the six turbines shall be from October 10, 2014 to October 8, 2034.

On July 6, 2020, the ERC issued Resolution No. 06, Series of 2020 increasing the FIT of eligible RE plants. The resolution provides for retroactive increase starting January 2016 up to December 2020. Based on the resolution, NPDC's rate starting 2020 shall be ₱6.52/kWh and ₱8.90/kWh for Phase I & 11 and Phase III, respectively.

Feed-in-Tariff ("FIT") adjustment
On May 26, 2020, ERC approved the adjustments to the FIT of renewable energy producers through Resolution No.06, series of 2020. FIT adjustments used 2014 as the base period calendar year for the Consumer Price Index (CPI) and foreign exchange variations through Discounted Cash Flows (DCF) Model per Renewable Energy technology, covering for the years 2016, 2017, 2018, 2019 and 2020. The resolution was published in a newspaper of general circulation in the country on November 17, 2020.

Renewable energy subsidiaries under the FIT system which include Guimaras Wind, MSEI, SACASOL, and NorthWind, accrued the retroactive net revenue adjustment amounting to ₱791.48 million. This will be recovered for a period of five (5) years.

NLR, a renewable energy producer and a joint venture through PhilWind, also accrued the retroactive net revenue adjustment amounting to ₱635.51 million.

On February 19, 2021, ERC clarified in its letter to TransCo, the Administrator of the FIT system, by specifying the timing and manner of billing the FIT Adjustment. Actual recovery of arrears shall be for a period of five (5) years. Billing for January 2016 generation period shall start in December 2020, and payment schedule shall start in January 2021, following the five-year recovery period. Moreover, pending the approval of the 2021 FIT-All rate and adjustment of FIT rates, the original approved FIT rates shall be used for the 2021 and 2022 generation billing. Revenue in 2021 and 2022 was based on 2020 approved FIT rates in the absence of the 2021 FIT rates. Currently, there's a moratorium on interest on the delayed payments. It is expected that the adjusted FIT rates applicable for 2021 will also be collected in arrears in accordance with the approval of the ERC.

Pre-termination fees
Revenues from power supply contract in 2022 were reduced by pre-termination fees of ₱605.00 million (nil in 2021 and 2020).

20. Costs of Sale of Electricity

This account consists of:

	2022	2021	2020
Costs of purchased power	**₱24,599,882**	₱12,505,904	₱6,395,200
Fuel	**4,957,516**	4,787,976	3,070,817
Depreciation and amortization (Notes 11, 12 and 13)	**1,918,307**	1,806,363	1,737,839
Repairs and maintenance	**712,770**	713,507	671,619
Taxes and licenses	**643,370**	482,929	458,701
Insurance	**444,825**	392,496	446,728
Salaries and directors' fees	**402,938**	396,608	313,639
Contractor's fee	**149,984**	153,965	125,385
Transmission costs	**129,206**	84,201	38,879
Rent	**54,572**	33,971	23,334
Transportation and travel	**18,142**	10,397	7,036
Communication	**18,068**	17,030	14,789
Pension and other employee benefits (Note 25)	**17,333**	15,087	12,567
Filing fees	**12,025**	19,687	17,398
Others	**104,301**	49,612	86,607
	₱34,183,239	₱21,469,733	₱13,420,538

Power Purchase and Supply Agreement with GNPower Dinginin Ltd. Co.
On October 25, 2022, The BOD of ACEN approved the execution of a Power Purchase and Supply Agreement ("PPSA") between ACEN and GNPower Dinginin Ltd. Co. ("GNPD") for the supply of 43 MW of capacity.

The PPSA is scheduled to commence on October 26, 2022.

GNPD is a joint venture among Aboitiz Power Corporation, Power Partners Ltd. Co., and ACEIC. ACEIC, which has a 62.43% ownership in ACEN, has an effective 20% economic interest in GNPD.

21. **General and Administrative Expenses**

This account consists of:

	2022	2021	2020
Provision for impairment of other financial assets at amortized cost (Note 8)	**₱1,284,409**	₱–	₱–
Salaries and directors' fees	**739,212**	469,000	588,812
Taxes and licenses	**533,466**	752,485	488,508
Management and professional fees	**419,312**	712,720	898,167
Depreciation and amortization (Notes 11, 12 and 13)	**260,101**	199,502	72,904
Insurance, dues and subscriptions	**147,325**	63,059	22,366
Corporate social responsibilities	**82,765**	45,273	33,216
Transportation and travel	**67,973**	17,258	14,270
Contractor's fee	**65,058**	28,308	14,201
Provision for impairment of property, plant and equipment (Notes 6 and 11)	**41,444**	301,413	382,038
Utilities	**₱34,829**	₱7,489	₱4,951
Building maintenance and repairs	**31,730**	30,127	33,554
Rent	**30,487**	13,111	15,703
Pension and other employee benefits (Note 25)	**25,744**	21,512	10,602
Meeting and conferences	**25,185**	4,936	2,703
Advertisements	**22,950**	27,781	4,932
Office supplies	**12,897**	5,450	4,408
Communication	**11,327**	5,215	12,298
Provision for probable losses on deferred exploration costs (Note 13)	**584**	23,379	–
(Reversal) provision for impairment of advances to contractors (Note 14)	**(1,256)**	–	49,884
Provision for credit losses (Note 5)	**–**	873	–
Provision for impairment of investment in an associate (Note 7)	**–**	–	186,513
Incidental expenses	**–**	–	105,479
Others	**66,275**	56,658	72,156
	₱3,901,817	₱2,785,549	₱3,017,665

22. **Interest and Other Finance Charges**

This account consists of:

	2022	2021	2020
Interest expense on:			
Long-term loans (Note 16)	**₱1,618,242**	₱1,324,122	₱1,398,522
Lease obligations (Note 12)	**198,050**	164,416	171,097
Short-term loans (Note 16)	**179,919**	52,732	257,171
Amortization of debt issue cost (Note 16)	**169,361**	47,438	44,698
Discount in accounts payable	**–**	72,533	68,591
Other finance charges	**191,959**	33,139	48,007
	₱2,357,531	₱1,694,380	₱1,988,086

23. **Other Income - Net**

This account consists of:

	2022	2021	2020
Gain on remeasurement of previously held interest (Note 28)	**₱10,921,026**	₱–	₱–
Interest and other financial income	**5,639,184**	4,376,158	2,060,084
Gain on divestment of an associate (Note 7)	**734,672**	37,635	–
Guarantee fee income	**347,894**	254,405	105,304
Gain (loss) on settlement of derivatives - net	**297,342**	41,802	(3,414)
Foreign exchange gain (loss) - net	**122,880**	420,811	14,722
Claims on insurance	**72,993**	161,942	260,385
Guaranteed performance differential	**62,287**	–	–
Gain on sale of inventories and by-product	**32,953**	24,733	15,354
Unrealized gain on commodity swaps (Note 14)	**1,647**	–	–
Gain on bargain purchase (Note 28)	**138**	–	49,970
Loss on FVOCI written-off	**(500)**	–	–
(Loss) gain on sale of property, plant and equipment (Note 11)	**(7,049)**	1,095	(4,280)
Loss on sale of noncurrent assets held for sale (Note 6)	**(8,400)**	–	–
Discount on long-term receivable	**(82,508)**	–	(18,611)
Gain (loss) on change due to loss of control (Note 2)	**(121,107)**	21,808	–

(Forward)

	2022	2021	2020
Fair value loss on financial asset at FVTPL (Note 9)	**(₱124,513)**	₱–	₱–
Reversal of allowance for impairment of property, plant and equipment (Note 11)	–	90,008	933
Tax credits on real property taxes	–	69,154	–
Gain on reversal of impairment of advances to contractors (Note 14)	–	22,447	–
Gain on sale of investments	–	–	867,067
Advisory fees	–	–	121,685
Reversal of allowance for credit losses	–	–	32
Others	**313,053**	201,642	82,658
	₱18,201,992	₱5,723,640	₱3,551,889

Gain (loss) on settlement of derivatives pertain to maturities of foreign exchange forward contracts entered by ACEN with various banks and settlement of fuel and coal hedge contracts (see Notes 14 and 17)

Claims on insurance includes claim for business interruptions due to temporary shutdown of the powerplant, as covered by an industrial all-risk (IAR) insurance covering both property damage/repair (PD) and loss of profits due to business interruption (BI). The account also includes property damage claims from the Parent Company, Gigasol3 and NorthWind.

Gain on sale of by-product includes the gain on sale of fly-ash which is a by-product from coal of SLTEC. It also includes the gain on sale of scrap from the Parent Company and One Subic Power.

Interest and Other Financial Income

Interest and other financial income arise from cash in banks and short-term deposits, investments in redeemable preferred shares of associates and joint ventures, and from debt replacement and development loans and advances extended to associates and joint ventures.

The details of interest and other financial income are as follows:

	2022	2021	2020
Interest income on:			
Cash in banks and short-term deposits (see Note 4)	**₱285,196**	₱129,553	₱253,968
Accounts and notes receivables (Notes 5 and 29)	**1,879,077**	1,947,792	711,416
Accounts and other receivable	**349,651**	526,698	304,938
Development loan	**166,067**	142,696	112,223
Other loan	**1,363,359**	1,278,398	294,255
Other financial assets at amortized cost (Note 8)	**3,474,911**	2,298,813	1,094,700
Redeemable preferred shares	**2,251,145**	1,151,895	557,237
Convertible loans	**1,223,766**	1,146,918	537,463
	₱5,639,184	₱4,376,158	₱2,060,084

ACRI Guarantee Agreement and guarantee fee income

ACRI serves as a guarantor for the following borrowings entered by its related parties which ACRI unconditionally and irrevocably guaranteed. Fees are charged for these guarantee agreements. ACRI assessed that the expected credit loss from its guaranteed obligation of the related parties is nil. Therefore, the obligation related to the guarantee extended by ACRI is nil.

Guarantee for India Solar Projects

As at December 31, 2022, the Group has an outstanding guarantee amounting to $204.63 million related to solar projects in India. The purpose of the guarantees are to secure various modules and supply agreements for the projects, performance guarantee, hedge guarantees and loan guarantees. The group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

Guarantee for NESF Solar Project

On January 15, 2021, the Group entered into a guarantee agreement with the bank for a total of AUD 260 million ($169.1 million) to guarantee the obligation of New England Solar Project to the project lender. As at December 31, 2022, total amount drawn from the loan was AU$98.98 million ($71.72 million). The Group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

Parent Corporate Guarantee for BT Wind Projects

In 2020, the Group entered into various guarantee agreements with BT1 Windfarm JSC ("BT1 Wind") and BT2 Windfarm JSC ("BT2 Wind") to provide a Parent Company Guarantee (PCG) in favour of the contractors as security for the obligations of BT1 Wind and BT2 Wind. As at December 31, 2021, the guarantee has been released upon achievement of commercial operations date of the projects.

Guarantee for BT1 Windfarm's Bank Loan

On September 30, 2020, the Group signed an agreement with a bank to guarantee BT1 Windfarm's payment obligation to the project lender on its loan amounting to $118.28 million. As at December 31, 2021, total amount drawn from the facility was $110.98 million. On December 29, 2021, the guarantee has been terminated upon completion of conditions precedent. The Group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

Guarantee for AMI Khan Hoa Solar Project's Bank Loan

On October 12, 2018, the Group has entered into a guarantee agreement with a bank for a total of $37 million to guarantee the obligation of AMI Khan Hoa Solar project to the project lender. Subsequently on October 3, 2020, loan amounting to $33.71 million was drawn by AMI Khan Hoa. On March 16, 2022, the guarantee agreement has been terminated upon completion of the necessary conditions precedent. The group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

For the years ended December 31, 2022 and 2021, the Group recognized corresponding guarantee fee income amounting to $6.27 million (₱347.89 million) and $5.18 million (₱254.41 million), respectively.

24. **Income Taxes**

a. Current income tax pertains to the following:

	2022	2021	2020
RCIT	**₱404,363**	₱271,134	₱319,876
MCIT	**10,962**	26,555	84,177
	₱415,325	₱297,689	₱404,053

b. The components of the Group's net deferred income tax assets (liabilities) as at December 31 are as follows:

Net deferred tax assets

	2022	2021
Income tax reported in consolidated statement of income		
Deferred income tax assets:		
Lease liability	**₱668,666**	₱460,512
Accrued expenses	**118,155**	142,568
MCIT	**88,800**	88,800
NOLCO	**1,135,358**	88,062
Allowance for doubtful accounts and credit losses	**29,583**	31,333
Deferred revenue	**31,651**	28,107
Pension and other employee benefits	**21,243**	19,549
Unrealized forex loss	**23,057**	18,390
Allowance for probable losses on deferred exploration costs	**1,724**	11,372
Unamortized discount on long-term receivable	**10,123**	10,497
Allowance for impairment on property and equipment	**4,758**	3,814
Asset retirement obligation	**14,257**	3,396
Unamortized past service cost	**1,671**	2,664
Allowance for inventory obsolescence	**1,526**	1,741
Impairment of Input VAT	–	536
Others	**270,215**	4,361
	2,420,787	915,702
Deferred income tax liabilities:		
Right-of-use assets	**517,215**	319,241
Unrealized foreign exchange gain	**65,775**	16,674
Accrual of bonus	**48,365**	57,824
Unamortized debt issue costs	**52,962**	14,576
Unamortized interest cost on payable to APHPC	**52**	52
Others	–	186
	684,369	408,553
	1,736,418	507,149
Income tax reported in consolidated statement of other comprehensive income		
Deferred tax asset:		
Remeasurement loss on defined benefit obligation	**(282)**	5,134
Derivative liability on forward contracts	**9,375**	83
	9,093	5,217

(Forward)

	2022	2021
Deferred tax liabilities -		
Derivative asset on hedging	**₱15,317**	₱–
		5,217
Total deferred income tax assets - net	**₱1,730,194**	₱512,366

Net deferred tax liabilities

	2022	2021
Income tax reported in consolidated statement of income		
Deferred income tax assets:		
Lease liability	**₱8,871**	₱96,391
Allowance for credit losses	**181**	181
Unrealized forex loss	**1,634**	17
Pension and other employee benefits	**2,738**	13
Accrued expenses	**2,716**	–
Inventory obsolescence	**215**	–
Others	**84,430**	13,092
	100,785	109,694
Deferred income tax liabilities:		
Right-of-use asset	**13,826**	169,626
Unamortized capitalized borrowing costs	**257,042**	–
Unamortized debt issue cost	**54,245**	110
Unrealized forex gain	**1,940**	144
Others	–	14,236
	327,053	184,116
Total deferred income tax liabilities - net	**(₱226,268)**	(₱74,422)

The Group's temporary differences and unused NOLCO for which no deferred income tax assets were recognized in the consolidated statement of financial position are as follows:

	2022	2021
Allowance for impairment loss on property and equipment	**₱–**	₱3,969,107
NOLCO	**1,639,071**	743,590
Accrued expenses	**138,568**	138,568
Allowance for probable losses	**18,469**	18,469
Allowance for credit losses	**20,000**	20,000
Excess MCIT	**27,290**	29,580
Unrealized foreign exchange loss	**3,281**	3,281
Asset retirement obligation	**(70,222)**	(70,222)
Lease liabilities	**(73,198)**	(73,198)

As at December 31, 2022 and 2021, aside from the recognition of deferred tax asset (DTA) from NOLCO amounting to ₱1,135.56 million and ₱88.06 million, respectively, DTAs on various deductible temporary differences and unused NOLCO have not been recognized as management believes it is not probable that sufficient future taxable income will be available against which the related deferred income tax assets can be used.

Temporary differences on asset retirement cost and PFRS 16 adoption are expected to reverse during the income tax holiday period of ISLASOL, SACASOL, and MONTESOL.

As at December 31, 2022 and 2021, NOLCO totaling ₱5,711.47 million and ₱1,095.84 million, respectively, can be claimed as deduction from regular taxable income and MCIT amounting to ₱26.52 million and ₱3.19 million, respectively, can be credited against future RCIT. The movement in NOLCO and MCIT is shown in the tables below:

Year Incurred	Beginning	Additions	NOLCO Application	Expiration	Ending	Expiry Date
2016[(a)]	₱129,030	₱116,549	(₱17,644)	(₱51,259)	₱176,676	2023
2017	176,676	470,941	–	(48,077)	599,540	2020
2018	599,540	1,449,379	–	(16,177)	2,032,742	2021
2019	2,032,742	1,080,806	–	(9,691)	3,103,857	2022
2020[(b)]	3,103,857	620,811	(2,589,582)	(470,941)	664,145	2025
2021[(b)]	664,145	431,693	–	–	1,095,838	2026
2022	1,095,838	5,047,595	–	(431,961)	5,711,472	2025

(a)NOLCO from renewable entities which can be carried over for the next 7 consecutive taxable years per RE Act of 2008
(b)RR-15-20 Bayanihan Act 2: NOLCO incurred for the taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five(5) consecutive years

Year Incurred	Beginning	Additions	MCIT Application	Expiration	Ending	Expiry Date
2019	₱9,539	₱748	₱–	(₱351)	₱9,936	2022
2020	9,936	2,648	(8,325)	(1,079)	3,180	2023
2021	3,180	23,885	–	–	27,065	2024
2022	27,065	–	–	(541)	26,524	2025

The reconciliation between the effective income tax rates and the statutory income tax rates follows:

	2022	2021	2020
Applicable statutory income tax rates	**25.00%**	25.00%	30.00%
Increase (decrease) in tax rate resulting from:			
Nondeductible expenses	**(7.34)**	4.33	0.88
Income of foreign subsidiary exempt from tax	**(27.06)**	(14.83)	(8.72)
Equity in net income of associates and joint ventures	**(1.60)**	(6.28)	(5.80)
Movement in temporary differences, NOLCO and MCIT for which no deferred income tax assets were recognized and others	**8.49**	(3.70)	(5.32)
Net loss (income) under tax holiday	**(1.78)**	(1.52)	(0.65)
Impact of CREATE on effective tax rates	**–**	(0.75)	–
Financial income subject to final tax	**(0.46)**	(0.39)	(0.51)
Dividend income exempt from tax	**(0.01)**	(0.04)	–
Effective income tax rates	**(4.75%)**	1.82%	9.88%

a. Applying the provisions of the CREATE Act, the Parent Company and certain subsidiaries of the Group were subjected to either a lower regular corporate income tax rate of 25% or a minimum corporate income tax rate of 1% effective July 1, 2020.

b. R.A. No. 10963 or the Tax Reform for Acceleration and Inclusion Act (TRAIN) was signed into law on December 19, 2017 and took effect January 1, 2018, making the new tax law enacted.

   The TRAIN changes the existing tax law and includes several provisions that generally affected businesses on a prospective basis. In particular, management assessed that amendment of Section 148 - Excise tax on manufactured oil and other fuels - which increases the excise tax rates of lubricating oil, diesel fuel oil and bunker fuel oil, among others that are used for the power plants, may have material impact to the operations of the Group. Management has considered the impact of TRAIN in managing the operation hours of its power plants.

c. Guimaras Wind is a duly registered renewable energy developer under Renewable Energy (RE) Act of 2008, It is entitled to income tax holiday (ITH) for the first seven years of its commercial operations on all its registered activities starting 2015. Under the RE Act, Guimaras Wind can avail a corporate tax rate of 10% after the ITH period. Since Guimaras Wind will avail the 10% after the ITH, the deferred tax asset expected to be reversed after the ITH period were set up at 10%.

d. ISLASOL is duly registered with the provisions of the Omnibus Investments Code of 1987 last March 29, 2017 which entitled the ISLASOL the incentive to avail ITH for seven years from March 2016, date of actual commercial operation under the administration of BOI. After 7 years of ITH, ISLASOL shall pay a corporate tax of ten percent (10%) on its net taxable income.

e. SACASOL is duly registered in accordance with the provisions of the Omnibus Investments Code of 1987 last April 7, 2016 which entitled the SACASOL the incentive to avail ITH for seven years from May 2014, date of actual commercial operations under administration of BOI. After 7 years of ITH, SACASOL shall pay a corporate tax of ten percent (10%) on its net taxable income.

f. MONTESOL is duly registered in accordance with the provisions of the Omnibus Investments Code of 1987 last October 15, 2015 which entitled the MONTESOL the incentive to avail ITH for seven years from March 2016, date of actual commercial operations under administration of BOI. After 7 years of ITH, SACASOL shall pay a corporate tax of ten percent (10%) on its net taxable income.

25. Pension and Other Employee Benefits

The Group has a funded, noncontributory defined benefit retirement plan covering all of its regular and full-time employees. The fund is administered by a trustee bank under the supervision of the Retirement Committee of the plan. The Retirement Committee is responsible for investment strategy of the plan. The Retirement Plan meets the minimum retirement benefit specified under Republic Act 7641.

Pension and other employee benefits consist of:

	2022	2021
Pension liability	**₱71,658**	₱67,542
Vacation and sick leave accrual	**6,986**	14,912
	78,644	82,454
Less: current portion of vacation and sick leave accrual*	**1,647**	2,032
	₱76,997	₱80,422

**Included in "Accrued expenses" under "Accounts payable and other current liabilities".*

Pension and vacation and sick leave accrual included as part of pension and other employee benefits under "Cost of sale of electricity" and "General and administrative expenses" accounts in the consolidated statements of income, consist of the following:

	2022	2021	2020
Pension expense	**₱39,757**	₱30,274	₱21,360
Vacation and sick leave accrual (reversal)	**3,320**	6,325	1,809
	₱43,077	₱36,599	₱23,169

Net Defined Benefit Liability

Changes in net defined benefit liability of funded plan in 2022 are as follows:

	Present Value of Defined Benefit Obligation	**Fair Value of Plan Assets**	**Net Defined Benefit Liability**
As at January 1, 2022	**₱174,206**	**₱106,664**	**₱67,542**
Change due to loss of control (Note 2)	**(44,711)**	**(29,692)**	**(15,019)**
Pension expense in consolidated statement of income:			
Current service cost	**36,557**	**–**	**36,557**
Net interest	**71,783**	**68,765**	**3,018**
Past service cost and other adjustments	**(594)**	**–**	**(594)**
Net acquired obligation due to employee transfers	**776**	**–**	**776**
	63,811	**39,073**	**24,738**
Change due to loss of control (Note 2)	**5,791**	**–**	**5,791**
Remeasurements in OCI:			
Experience adjustments	**(48,824)**	**–**	**(48,824)**
Actuarial changes arising from changes in financial assumptions	**(39,880)**	**–**	**(39,880)**
Return on plan assets (excluding amount included in net interest)	**–**	**(63,439)**	**63,439**
	(82,913)	**(63,439)**	**(19,474)**
Benefits paid	**(17,492)**	**(16,344)**	**(1,148)**
As at December 31, 2022	**₱137,612**	**₱65,954**	**₱71,658**

Changes in net defined benefit liability of funded plan in 2021 are as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Liability
As at January 1, 2021	₱136,828	₱98,241	₱38,587
Net transferred obligation	(170)	–	(170)
Pension expense in consolidated statement of income:			
Current service cost	73,717	–	73,717
Net interest	4,033	1,660	2,373
Past service cost and other adjustments	(7,003)	–	(7,003)
	70,577	1,660	68,917
Remeasurements in OCI:			
Experience adjustments	(2,210)	–	(2,210)
Actuarial changes arising from changes in financial assumptions	(21,817)	–	(21,817)
Return on plan assets (excluding amount included in net interest)	–	(6,590)	6,590
	(24,027)	(6,590)	(17,437)
Benefits paid	(9,172)	(4,049)	(5,123)
Contributions	–	17,402	(17,402)
As at December 31, 2021	₱174,206	₱106,664	₱67,542

The fair value of plan assets by each class as at December 31 follows:

	2022	2021
Investments	**₱65,954**	₱106,693
Receivables	**–**	35
Cash and cash equivalents	**1**	1
Liabilities	**(1)**	(65)
	₱65,954	₱106,664

Investments are diversified in government securities, mutual funds and UITFs that can be readily sold or redeemed and are assessed not to pose any concentration risk.

The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining pension and post-employment benefit obligations for the defined benefit plans are shown below:

	2022	2021
Discount rate	**7.33%**	5.11%
Salary increase rate	**5.30%**	5.25%

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

		2022		2021	
		Increase (Decrease) in Pension Liability		Increase (Decrease) in Pension Liability	
Discount rate	(Actual + 1.00%)	**8.33%**	**(₱13,673)**	6.11%	(₱15,084)
	(Actual – 1.00%)	**6.33%**	**16,010**	4.11%	20,491
Salary increase rate	(Actual + 1.00%)	**6.30%**	**₱16,935**	6.25%	₱21,090
	(Actual – 1.00%)	**4.30%**	**(14,675)**	4.25%	(15,889)

Management performs an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Group's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The Group expects to contribute ₱44.18 million to the defined benefit pension plan in 2023.

There are no minimum funding standards in the Philippines.

The following table sets forth the expected future settlements by Plan of maturing defined benefit obligation as at December 31:

	2022	2021
Less than one year	**₱16,572**	₱29,393
More than one year to five years	**76,017**	61,236
More than five years to 10 years	**137,993**	130,258
More than 10 years to 15 years	**245,537**	188,780
More than 15 years to 20 years	**316,660**	257,344
More than 20 years	**778,965**	861,992

As at December 31, 2022 and 2021, the average duration of the expected benefit payments at the end of the reporting period ranges from 8.54 to 20.47 years and 18.11 to 24.26 years, respectively.

Vacation and Sick Leave

The following tables summarize the components of vacation and sick leave expense (income) recognized in the consolidated statement of income and the amounts recognized in the consolidated statement of financial position.

	2022	2021	2020
Current service costs	**₱3,495**	₱5,639	₱4,114
Interest costs	**745**	636	485
Actuarial loss (gain)	**(920)**	50	(2,790)
	₱3,320	₱6,325	₱1,809

Changes in present value of the vacation and sick leave obligation are as follows:

	2022	2021
Balance at the beginning of year	**₱14,912**	₱14,183
Change due to loss of control	**(7,808)**	–
Current service cost	**3,495**	5,639
Net interest	**745**	636
Past service cost	**423**	–
Actuarial (loss) gain	**(920)**	50
Benefits paid	**(3,861)**	(5,596)
Balance at the end of year	**₱6,986**	₱14,912

26. **Related Party Transactions**

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

In the ordinary course of business, the Group transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses, office space rentals, management service agreements and electricity supply.

ACEN served as the guarantor for the US$400.00 million senior undated fixed-for-life (non-deferrable) Notes with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par, issued by ACEN Finance on September 8, 2021, under its medium-term note (MTN) Programme. Proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework (see Note 16).

The transactions and balances of accounts as at December 31, 2022 and December 31, 2021 and for the twelve-month period ended December 31, 2022 and 2021 are:

a. Transaction with ACEIC, the Parent Company

Nature	**Amount/ Volume**			**Outstanding Balance**		**Terms / Conditions**
	2022	2021	2020	**2022**	2021	
Development loans	**(₱9,596,286)**	₱–	₱–	**₱–**	₱9,596,286	Interest bearing; unsecured; no impairment
Interest receivable; interest income	**107,000**	142,152	–	**–**	144,621	Non-interest bearing; due and demandable
Management fee income	**24,919**	34,785	387,138	**10,002**	26,196	Unsecured; no impairment
Management fee (expense)	**26,041**	456,026	462,602	**(23,421)**	(132,893)	Non-interest bearing; due and demandable
SAP IT support services	**–**	–	8,744	**–**	–	30-day, non-interest bearing
Lease assignment	**–**	–	50,767	**–**	–	30-day, non-interest bearing
Due from related parties	**–**	–	–	**167,572**	110,373	Non-interest bearing; due and demandable
Due to related parties	**–**	–	6,809	**(80,194)**	–	Non-interest bearing; due and demandable

b. Notes Receivables

Nature & Relationship	Related Party	Outstanding Balance 2022	2021	Terms / Conditions
Development loans				
Joint Venture				
	UPC-AC Energy Solar Limited (UPC-ACE Solar)	**₱1,115,100**	₱1,015,480	Due in 2023; interest bearing; unsecured; no impairment
	Greencore 3	–	212,292	Due in 2022; interest bearing; unsecured; no impairment
Associate				
	TBC	–	658,437	Due in 2022; interest bearing; unsecured; no impairment
Affiliate				
	Yoma Strategic Investments Ltd ("Yoma")	**1,339,071**	1,219,173	Due in 2023; interest bearing; unsecured; no impairment
		₱2,454,171	₱3,105,382	
Debt replacements				
Joint Venture				
	BIM Wind	**₱4,749,490**	₱4,325,183	Due in 2030 interest bearing; unsecured; no impairment
	Greencore 3	**4,225,946**	2,078,400	Due in 2023; interest bearing; unsecured; no impairment
	Asian Wind 1	**3,087,433**	2,883,963	Due in 2023; interest bearing; unsecured; no impairment
	Lac Hoa	**2,643,403**	–	Due in 2024; interest bearing; unsecured; no impairment
	Asian Wind 2	**2,435,262**	2,414,151	Due 2045 interest bearing; unsecured; no impairment
	Hoa Dong	**2,318,792**	–	Due in 2024; interest bearing; unsecured; no impairment
	NEFIN Solar	**574,834**	–	Due in 2024; interest bearing; unsecured; no impairment
	VWEL	**59,614**	3,637,879	Due in 2022; interest bearing; unsecured; no impairment
	BIMRE	–	1,914,180	Due in 2022; interest bearing; unsecured; no impairment
		₱20,094,774	₱17,253,756	
Other Loan				
Joint Venture	Ingrid	**₱500,000**	₱–	Due in 2023; interest bearing; unsecured; no impairment
Joint Venture	Infineum 4 Energy, Inc.	**43,466**	–	Due in 2024; interest bearing; unsecured; no impairment
		₱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, 2021, to December 31, 2022.

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 Energy, Inc.

On January 7, 2022, the ACED, Maraj Energy and Development, Inc. (MEDI) and Infineum 4 entered into an Omnibus Loan and Security Agreement in which the Parent Company will lend a loan amounting to ₱150.00 million to Infineum 4 with an annual interest of 8% payable in full on the repayment date, to be utilized for the purpose of enabling the pre-development and development activities in relation to its proposed floating solar power project in Lake Mapanuepe in San Marcelino, Zambales. The Loan shall be made available for a period of two (2) years from the date of the agreement which may be extended upon mutual agreement by the parties.

c. Interest Income and Receivable

This account consists of:

Related Party	Amount/Volume			Outstanding Balance Receivable (Payable)		Terms
	2022	2021	2020	**2022**	2021	
Other Financial Assets at Amortized Cost (Note 8)						
Redeemable preferred shares	**₱2,251,145**	₱1,151,895	₱ 557,237	**₱2,487,852**	₱946,559	various dates
Convertible loans	**1,223,766**	1,146,918	537,463	**1,071,551**	1,421,565	various dates
Development Loans						
Joint Venture						
UPC Solar	**95,725**	80,211	47,269	**242,890**	–	various dates
UPC-ACE Australia	**7,087**	–	–	–	–	various dates
Associate						
TBC	**60,390**	56,572	58,110	–	74,101	various dates
Affiliate						
Yoma	**52,427**	48,324	33,757	**146,341**	84,490	various dates
Debt replacements						
Joint Venture						
VWEL	**59,043**	306,768	22,441	**431,899**	394,970	various dates
Greencore 3	**228,241**	57,387	–	**276,357**	51,618	30-day, non-interest bearing
Asian Wind 2	**199,560**	233,424	13,440	**67,648**	253,989	various dates
BIM Wind	**380,250**	248,334	3,036	**88,657**	140,212	various dates
Lac Hoa	**96,629**	–	–	**97,896**	–	various dates
Hoa Dong	**86,371**	–	–	**87,504**	–	various dates
NEFIN Solar	**26,480**	–	–	**22,084**	–	various dates
BIMRE	**10,370**	186,173	54,751	**–**	192,216	various dates
Asian Wind 1	**269,291**	208,839	207,462	**–**	–	various dates
Others						
Ingrid	**12,367**	–	–	**9,167**	–	30-day, non-interest bearing
Infenium 4	**1,876**	–	–	**1,875**	–	30-day, non-interest bearing
Trade Receivables						
Affiliates	–	–	–	**5,408**	–	30-day, non-interest bearing
	₱5,061,018	₱3,724,845	₱1,534,966	**₱ 5,037,129**	₱3,559,720	

d. Loans Payable

Related Party	Amount / Volume			Outstanding Balance Receivable (Payable)		Terms
	2022	2021	2020	**2022**	2021	
BPI						
Interest Expense / Interest Payable	**₱371,212**	₱115,256	₱–	**(₱8,834)**	(₱9,533)	30 days, unsecured
Long-term loans	**–**	–	–	**(1,766,487)**	(2,079,133)	12 years, interest bearing
UPC Holdco II						
Interest Expense / Interest Payable	**–**	–	15,308	**--**	--	30 days, unsecured

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.

Related Party	Amortization / Interest Expense			Right-of-use assets / (Lease Liabilities)		Terms
	2022	2021	2020	**2022**	2021	
ALI						
Right of use Assets (Note 12)	**₱114,880**	₱93,899	₱13,998	**₱926,451**	₱930,453	10 years, unsecured
Lease Liabilities (Note 12)	**41,550**	38,847	1,270	**(1,008,858)**	(990,107)	10 years, unsecured
FBDC						
Right of use Assets (Note 12)	**9,227**	9,227	–	**4,573**	11,500	3 years, unsecured
Lease Liabilities (Note 12)	**182**	435	–	**(9,771)**	(9,771)	3 years, unsecured

f. Other Related Party Transactions

	Amount/Volume			Outstanding Balance Receivable (Payable)		Terms
	2022	2021	2020	**2022**	2021	
Management fee income	**₱46,148**	₱53,160	₱35,290	**₱ 8,019**	₱25,860	30-days, unsecured
Rental income	**17,337**	16,737	3,376	**2,118**	1,674	30-days, unsecured
Revenue from power supply contracts	**33,721**	–	–	**–**	–	30-days, unsecured
Cost of sale of electricity	**911,744**	472,004	116,378	**(92,591)**	(94,110)	30-days, unsecured
Due from related parties	**–**	3,465	–	**422,796**	168,386	On demand, Unsecured
Due to related parties	**–**	–	–	**(1,585,951)**	(596,079)	On demand, Unsecured

Management fee income pertains to service fees billed by the Group to its related parties under common control and joint venture & associates for providing a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/ bookkeeping services, human resources management, manpower related services and other related functions.

Rental income pertains to revenue from sublease agreement with Ingrid.

The Parent Company purchases the entire net electricity output of MGI.

The amount due from a related company pertains mostly from advances including those for project development or reimbursement of expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

The amount due to a related parties pertains to advances, including those for development cost, utilities expense, professional services and other miscellaneous expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

g. Receivables from Employees and Officers

Receivables from officers and employees amounting to ₱301.17 million and ₱78.36 million as at December 31, 2022 and December 31, 2021, 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)		Terms
	2022	2021	2020	**2022**	2021	
Accrued director's and annual incentives (Note 15)						
Directors' fee and annual incentives	**₱35,155**	₱23,352	30,574	**(₱58,507)**	(₱23,352)	On demand, Unsecured
Due to stockholders (Note 18)						
Cash dividends	**2,298,000**	1,197	547	**(16,585)**	(16,585)	On demand, Unsecured

Key Management Compensation

Compensation of key management personnel of the Group are as follows:

	2022	2021	2020
Short-term employee benefits	**₱54,431**	₱64,215	₱46,195
Post-employment benefits	**4,132**	2,691	2,532
	₱58,563	₱66,906	₱48,727

Identification, Review and Approval of Related Party Transactions
All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

For SEC-defined material related party transactions, the approval shall be by at least 2/3 vote of the BOD, with at least a majority vote of the independent directors. In case that the vote of a majority of the independent directors is not secured, the material related party transactions may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock.

27. Earnings Per Share

Basic and diluted EPS are computed as follows:

	2022	2021	2020
	(In Thousands, Except for Number of Shares and Per Share Amounts)		
(a) Net income (loss) attributable to equity holders of Parent Company	**₱13,055,119**	₱5,250,972	₱4,288,102
Common shares outstanding at beginning of year (Note 18)	**38,324,027,174**	13,692,457,210	7,521,774,922
Weighted average number of:			
Shares issued during the year	**1,043,557,948**	15,719,838,696	3,244,685,790
Shares buyback during the year	–	–	(10,428,664)
(b) Weighted average common shares outstanding	**39,367,585,122**	29,412,295,906	10,756,032,048
Basic/Diluted earnings per share (a/b)	**₱0.33**	₱0.18	₱0.40

On June 22, 2020, upon the SEC's approval of increase in ACS from 8.4 billion to 24.4 billion, 6,185,182,288 shares of ACEN were issued to ACEIC through the onshore share swap transaction.

On June 7, 2021, upon the SEC's approval of increase in ACS from 24.4 billion to 48.4 billion shares, 16,685,800,533 shares of ACEN were issued to ACEIC through the offshore share swap transaction (see Notes 18 and 29).

The SRO enabled the then minority shareholders to increase their shareholdings on account of the dilution of their existing share ownership as a result of the ACEIC onshore share swap transaction (see Note 18).

For the years ended December 31, 2022 and 2021, except for ESOWN, the Parent Company does not have any material potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings per share is the same as basic earnings per share for the years ended December 31, 2022 and 2021.

28. **Business Combinations**

2022 Business Combinations

Investment in UPC-AC Energy Australia (HK) Limited (UPC-ACE Australia)
On March 11, 2022, the Group, UPCAPH and Mr. Rohner (collectively "the UPC AU Sellers") signed a Share Purchase Agreement for the Group's acquisition of 50% effective ownership interest of UPCAPH and Mr. Rohner in UPC-AC Energy Australia (HK) Limited ("UPC-ACE Australia").

On March 21, 2022, ACRI, UPCAPH, and Mr. Rohner signed separate instruments of transfer for the transfer to ACRI of UPCAPH's 7,150 ordinary shares in UPC-ACE Australia for US$78.34 million (₱4,070.40 million) and Rohner's 1,000,054 ordinary class B shares in UPC-ACE Australia for US$9.36 million (₱486.42 million), thereby completing the first tranche of the acquisition. The aggregate consideration paid by ACRI to UPCAPH and Mr. Rohner is US$87.70 million (₱4,556.82 million).

As a result of the first tranche, the Group owns 80% of UPC-ACE Australia.

On November 8, 2022, UPCAPH, executed proxy rights in favor of the Group, providing the ACRI with 100% voting rights in the consolidated group of UPC-ACE Australia.

UPC-ACE Australia is a holding company for Australia energy and power projects and investment.

ACEN Australia Pty Ltd. ("ACEN Australia"), a subsidiary of UPC-ACE Australia, started the construction of 520MW New England Solar Farm (NESF) located in Uralla, New South Wales and 520MW Stubbo Solar Farm (Stubbo) located in Stubbo, New South Wales. ACEN Australia also has further development portfolio located in Tasmania, Victoria and South Australia.

The Group remeasured its previously held interest in UPC-ACE Australia based on its acquisition date fair value which resulted in a remeasurement gain of $189.67 million (₱10,921.03 million) (Notes 7 and 23).

The fair value of the identifiable assets and liabilities, net of eliminations, at October 31, 2022 acquisition date were (in thousands):

	In US$	In PHP
Current assets		
Other receivables	$3,556	₱192,080
Prepayments	10	519
Cash and bank balances	12,779	690,251
Non-current assets		
Investment in associates and joint ventures (Note 7)	775	41,866
Derivative financial instrument	3,239	174,935
Plant and equipment (Note 11)	269,713	14,568,821
Development costs under other non-current assets (Note 14)	24,505	1,323,653
Right-of-use assets (Note 12)	24,503	1,323,557
Intangible assets (Note 13)	1,919	103,672
	340,999	18,419,354
Non-current liabilities		
Lease liabilities (Note 12)	(27,506)	(1,485,756)
Provisions	(1,919)	(103,657)
Other liabilities	(581)	(31,365)
Current liabilities		
Loans and borrowings (Note 16)	(101,821)	(5,499,956)
Other payables	(289)	(15,597)
Amount due to related parties	(40,541)	(2,189,843)
Other liabilities	(496)	(26,809)
Total identifiable net assets	$167,846	₱9,066,371

Part of eliminated transaction of the Group with UPC-ACE Australia includes $228.98 million (₱12,951.25 million) convertible loans (see Note 8).

The fair value of the receivables approximates their carrying amounts. None of the receivables have been impaired and it is expected that the full contractual amounts can be collected.

	In US$	In PHP
Total consideration	$505,926	₱28,664,849
Add non-controlling interest	33,569	1,946,009
Less fair value of assets acquired and liabilities assumed	(167,846)	(9,066,371)
Goodwill arising on acquisition (see Note 13)	$371,649	₱21,544,487

The cost of the business combination is made up as follows:

	In US$	In PHP
Cash (see Note 7)	$87,699	₱4,556,824
Convertible loan (Note 8)	228,982	12,951,246
Fair value of equity interest in UPC-ACE Australia before business combination	189,245	11,156,779
Total consideration	$505,926	₱28,664,849

The fair value of equity interest in UPC-ACE Australia before business combination includes $1.76 million (₱88.37 million) (see Note 7) other comprehensive income share from remeasurement of pension and various legal and consulting fees amounting to US$0.27 million (₱14.69 million). The reclassified convertible loan amounting to US$50.78 million (₱2,807.21 million) was included as part of the convertible loan (see Note 8).

Goodwill arose in the acquisition of UPC-ACE Australia because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefits of expected synergies and future market growth. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The non-controlling interest (20%) in UPC-ACE Australia recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to US$33.57 million (₱1,946.01 million) (see Note 18). The fair value approximates the carrying amounts.

Net cash outflow on acquisition is as follows:

	In US$	**In PHP**
Total cash consideration paid in cash	$87,699	₱4,556,824
Less cash acquired with the subsidiary[(a)]	(12,779)	(690,251)
Net cash outflow	$74,920	₱3,866,573

[(a)] *Cash acquired with the subsidiary is included in cash flows from investing activities.*

Included in the profit and loss for the year is $0.09 million loss attributable to the additional business generated by UPC-ACE Australia.. No revenue for the period from UPC-ACE Australia.

Had the business combination been effected at January 1, 2022, the additional revenue reduction for the year ended December 31, 2022 would have been $15.31 million (₱900.21 million), and the additional reduction to the profit for the year would have been $6.55 million (₱384.99 million).

Initial accounting for the acquisition of UPC-ACE Australia has only been provisionally determined as the acquisition occurred close to the end of the reporting period. At the date of finalization of consolidated financial statements, the necessary market valuations and other calculations has not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

Investment in UPC Philippines

On March 18, 2022, ACEN, its wholly owned subsidiary, ACE Endevor, UPC Philippines, and Stella Marie L. Sutton (collectively "the Sellers") signed an agreement for the sale and purchase of UPC Philippine's and Ms. Sutton's share and/or subscription rights in the following companies to ACEN and ACE Endevor:

- 40% interest in NLR, the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte (see Note 7),
- 39.98% interest in BWPC, the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte (see Note 18), and
- 100% in development and pipeline vehicle companies (collectively referred to as "Target Companies"):
    - Buduan Wind Energy Co, Inc.,
    - Caraballo Mountains UPC Asia Corporation,

- o Pangasinan UPC Asia Corporation,
- o Sapat Highlands Wind Corporation,
- o UPC Mindanao Wind Power Corp.,
- o Itbayat Island UPC Asia Corporation,
- o Laguna Central Renewables, Inc.,
- o Laguna West Renewables, Inc.,
- o Suyo UPC Asia Corporation, and
- o SolarAce 4 Energy Corp. ("SolarAce 4")

Prior to the acquisition of 39.98% in BPWC, ACEN indirectly owned 60.00% interest through its wholly owned subsidiary, Pagudpud Wind Power Corp. The acquisition resulted to 100.00% interest in BPWC and is accounted for as an acquisition of non-controlling interest (see Note 18).

Prior to the acquisition of 30.00% in SolarAce4, ACEN indirectly owned 70.00% interest through its wholly owned subsidiary, Endevor. The acquisition resulted to 100.00% interest in SolarAce4 and is accounted for as an acquisition of non-controlling interest (see Note 18).

The following are the fair values of the identifiable assets and liabilities of the Target Companies as at the date of acquisition:

Assets	
Cash and cash equivalents	₱2,690
Accounts and notes receivable	727
Input value added tax	2,649
Property, plant and equipment (Note 11)	202
Other noncurrent assets	71,762
	78,030
Liabilities	
Accounts payable and other current liabilities	3,428
Income and withholding taxes payable	27
Other noncurrent liabilities	188,214
	191,219
Total identifiable net liabilities	(113,189)
Less cost of acquisition	5,167
Goodwill arising on acquisition (see Note 13)	₱118,356

Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under Goodwill in the consolidated statements of financial position. None of the goodwill recognized is expected to be deductible for income tax purposes.

Consideration transferred was paid in cash on transaction date.

Net cash outflow on acquisition is as follows:

Cash consideration	₱5,167
Less cash acquired with the subsidiary[(a)]	2,690
Net cash outflow	₱2,477

[(a)]Cash acquired with the subsidiary is included in cash flows from investing activities.

If the acquisition had taken place at the beginning of 2022, revenue contribution for the year ended December 31, 2022, would have been ₱0.01 million and the additional contribution to the net loss attributable to ACEN would have amounted to ₱2.04 million.

Following the ACEN BOD approval made on October 18, 2021, whereby ACEN and Endevor will acquire interest in UPC Philippine companies, the Sellers will in turn subscribe to up to 390.00 million common shares of ACEN with subscription price of ₱ 11.32/share, subject to adjustments. The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021.

Consequently, on March 22, 2022, ACEN signed Subscription Agreements with the Sellers for 389,995,833 ACEN shares for subscription price per share of ₱8.2889 per share (see Note 18).

Initial accounting for the acquisition of UPC Philippine companies has only been provisionally determined as the acquisition of occurred close to the end of reporting period. At the date of finalization of these consolidated financial statements, the necessary market valuations and other calculations has not been finalized and they have therefore only been provisionally determined based on the management's best estimate of the likely values.

Investment in SSPC

On November 29, 2022, ACEN, Sungrow, and Havilah signed an agreement for the sale and purchase of Sungrow's and Havilah's shares and/or subscription rights in SSPC to ACEN.

SSPC is the developer of the proposed ~60MWp solar power plant in San Manuel, Pangasinan.

On December 16, 2022, ACEN signed the following documents:

1. Deed of Absolute Sale of Shares with Sungrow for the acquisition by ACEN of Sungrow's 4,400 Class A Common Shares in 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.

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 (see Note 12)	143,706
Other noncurrent assets	20,490
	164,556
Liabilities	
Accounts payable and other current liabilities	17
Income and withholding taxes payable	3
	20
Total identifiable net assets	164,536
Less cost of acquisition	164,398
Gain on bargain purchase (Note 23)	₱138

The acquisition resulted in a gain on bargain purchase which is recognized under "Other income" account in the consolidated statement of income (see Note 23). Consideration transferred was paid in cash on transaction date.

Net cash outflow on acquisition is as follows:

Cash consideration	₱164,398
Less Cash acquired with the subsidiary[(a)]	268
Net cash outflow	₱164,130

[(a)]Cash acquired with the subsidiary is included in cash flows from investing activities.

If the acquisition had taken place at the beginning of 2022, revenue contribution for the year ended December 31, 2022, would have been ₱0.01 million and the additional contribution to the net loss attributable to ACEN would have amounted to ₱0.09 million.

2021 Business Combinations of Entities Under Common Control

Acquisition of ACEIC's offshore subsidiaries through share swap
During the regular meeting held on March 18, 2020, the BOD of ACEN approved the consolidation of ACEIC's international business and assets into ACEN via a tax free exchange, whereby ACEIC would transfer its shares of stock in ACEN International, Inc. ("ACEN International"), ACEIC's subsidiary, a holding company that owns ACEIC's international business and investments) to ACEN in exchange for the issuance to ACEIC of additional primary shares in ACEN (assets-for-shares swap), on terms to be determined by ACEN Executive Committee.

On April 1, 2020, ACEN's Executive Committee approved the terms of the exchange at 16,685,800,533 additional primary shares of ACEN to ACEIC at an issue price of ₱2.97 per share in exchange for property consisting of 100% of ACEIC's shares in ACEN International.

On March 18, 2021, the BOD of ACEN approved the property-for-share swap with ACEIC and the issuance of 16.686 billion primary shares to ACEIC in exchange for ACEIC's shares of stock in ACEN International, for an issue price of ₱5.15 per ACEN share.

On the same date, the BOD of ACEN also approved and the amendment to the Articles of Incorporation to increase the number of shares exempt from the pre-emptive right of shareholders for issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt from 16 billion shares to 24 billion shares. This was subsequently approved by the stockholders of the Parent Company during the Annual Stockholders' Meeting held on April 19, 2021.

On April 26, 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares at a subscription price of ₱5.15 per share, or an aggregate subscription price of ₱85,931,872,744.95 in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in ACEN International (share swap transaction), which holds ACEIC's international renewable assets.

On June 7, 2021, the application for the increase from 24.4 billion shares to 48.4 billion shares in the ACS of ACEN was approved by the SEC. Consequently, the closing date of the share swap was on June 7, 2021.

Effective June 7, 2021, ACEN acquired the entities listed below through the share swap transaction with ACEIC. Shares involved common and redeemable preferred shares. As the transaction is outside the scope of PFRS 3, the acquisition was accounted for using the pooling-of-interests method. In applying the pooling-of-interests method, the assets and liabilities of acquired entities are taken into the merged business at their carrying values with restatement of comparative 2020 figures. Likewise, no goodwill was recognized in the business combination.

The transfer was via a tax-free exchange under Section 40(C)(2) of the 1997 National Internal Revenue Code, as amended ("NIRC"), as amended by Republic Act No. 10963 (TRAIN Law) and Republic Act No. 11534 (CREATE Law), for which a request for ruling is no longer required to be filed with the BIR to confirm that the share swap transaction qualifies as a tax-free exchange.

The share swap transaction provides that ACEN shall issue its own shares equivalent to 16,685,800,533 common shares at ₱5.15 per share as consideration in exchange for ACEIC's interest in the aforementioned entities, giving rise to additional paid-in capital presented in the equity of the Parent Company as follows:

Equity instruments issued	16,685,800,533
Par value per share	₱1.00
Total value of common shares issued	₱16,685,800,533
Transfer value at ₱5.15 per share	85,931,872,745
Gross additional paid-in capital	69,246,072,212
Transaction costs	(398,290,347)
Additional paid-in capital	₱68,847,781,865

Transaction costs include documentary stamp taxes and SEC fees paid relevant to share issuance amounting to ₱398.29 million were charged to additional paid-in capital account.

29. Financial Risk Management Objectives and Policies

Objectives and Investment Policies

The funds of the entities are held directly by the Group and are managed by the Corporate Finance and Treasury Group ("CFT").

All cash investments of the Group are carried and governed by the following principles, stated in order of importance:

- Preservation of invested cash
- Liquidity of invested cash; and
- Yield on invested cash. Under no circumstance will yield to trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments

The CFT manages the funds of the Group and invests them in highly liquid instruments such as short-term deposits, marketable instruments, corporate promissory notes and bonds, government bonds, and trust funds denominated in Philippine peso and U.S. dollar. It is responsible for the sound and prudent management of the Group's financial assets that finance the Group's operations and investments in enterprises.

CFT focuses on the following major risks that may affect its transactions:

- Foreign exchange risk
- Credit or counterparty risk
- Liquidity risk
- Interest rate risk

Corporate Planning and Investor Relations ("CPIR") focuses on the following major risks that may affect its transactions:

- Market risk
- Equity price risk

Commercial Operations ("CO") focuses on commodity price risk.

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Group.

Risk Management Process

Foreign Exchange Risk
The Group defines foreign exchange risk as the risk of realizing reduced operating cash flows and/or increasing the volatility of future earnings from movements in foreign exchange. The risk is measured based on potential downside impact of market volatility to operating cash flows and target earnings.

Foreign exchange risk is generally managed in accordance with the Natural Hedge principle and further evaluated through:
- Continual monitoring of global and domestic political and economic environments that have impact on foreign exchange;
- Regular discussions with banks to get multiple perspectives on currency trends/forecasts; and
- Constant updating of the foreign currency holdings gains and losses to ensure prompt decisions if the need arises.

In the event that a Natural Hedge is not apparent, the Group endeavors to actively manage its open foreign currency exposures through:

- Trading by spot conversions; or
- Entering into derivative forward transactions on a deliverable or non-deliverable basis to protect values.

The Group's significant foreign currency-denominated financial assets and financial liabilities as at December 31 are as follows:

	2022	2021
	U.S. Dollar (US$)	U.S. Dollar (US$)
Financial Assets		
Cash and cash equivalents	**\$433,954**	\$303,150
Other receivables	**492,919**	677,566
	926,873	980,716
Financial Liabilities		
Accounts payable and other current liabilities	**(64,476)**	(18,516)
Notes payable and loans-term loans	**(284,620)**	(397,744)
	(349,096)	(416,260)
Net foreign currency-denominated assets (liabilities)	**\$577,777**	\$564,456
Peso equivalent	**₱32,424,845**	₱28,657,431

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱56.12 to US$1.00 December 31, 2022 and ₱50.77 to US$1.00 as at December 31, 2021.

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$
December 31, 2022	**(₱0.50)**	**(₱288,889)**
	(1.00)	**(577,777)**
	0.50	**288,889**
	1.00	**577,777**
December 31, 2021	(₱0.50)	(₱282,228)
	(1.00)	(564,456)
	0.50	282,228
	1.00	564,456

For subsidiaries with functional currency in US$, financial assets and liabilities are translated into Philippine peso, presentation currency of the Group using closing exchange rate prevailing at the reporting date, and respective income and expenses at the average rate for the period. These include the assets and liabilities of ACRI and its subsidiaries composed of dollar denominated investments in associates and joint ventures, accounts and other payables, and notes payable with US$ functional currency, are translated into the presentation currency of the Group using the closing foreign exchange rate prevailing at the reporting date, and the respective income and expenses at the average rate for the period. Assets and liabilities of ACEC, ACEN HK and ACEN Finance which are in US$ functional currency was likewise translated to the Group's presentation currency.

The exchange difference arising on the translation are recognized in OCI under "Cumulative Translation Adjustments". See below for the carrying amounts.

	2022	
	Peso	**US$**
Cash and cash equivalents	**₱24,035,474**	**$431,091**
Receivables	**28,183,114**	**505,481**
Investments in:		
Associates and joint ventures	**67,285,242**	**1,206,802**
Other financial assets at amortized cost	**22,952,511**	**411,667**
Financial asset at FVTPL	**1,260,023**	**22,599**
	143,716,364	**2,577,640**
Accounts payable and other current liabilities	**(5,684,034)**	**(101,947)**
Notes payable	**(30,529,271)**	**(547,561)**
Net foreign currency position	**₱107,503,059**	**$1,928,132**

	2021	
	Peso	US$
Cash and cash equivalents	₱15,153,410	$298,448
Receivables	34,297,177	675,487
Investments in:		
Associates and joint ventures	41,569,737	818,721
Other financial assets at amortized cost	26,846,355	528,742
Financial asset at FVTPL	406,739	8,011
	118,273,418	2,329,409
Accounts payable and other current liabilities	(859,183)	(16,922)
Notes payable	(20,195,054)	(397,744)
Net foreign currency position	₱97,219,181	$1,914,743

The following are the sensitivity rates used in reporting foreign currency risk internally to key management personnel. The sensitivity rates represent management's assessment of the reasonably possible change in foreign exchange rates.

		Increase (decrease) in Peso per foreign currency	**Effect on income before income tax**
December 31, 2022	**USD**	**($0.50)**	**(₱964,067)**
		(1.00)	**(1,928,133)**
		0.50	**964,067**
		1.00	**1,928,133**
December 31, 2021	USD	($0.50)	(₱1,118,686)
		(1.00)	(2,237,372)
		0.50	1,118,686
		1.00	2,237,372

Credit or Counterparty Risk
The Group defines Credit or Counterparty Risk as the risk of sustaining a loss resulting from a counterparty's default to a transaction entered with the Group.

Credit or counterparty risk is managed through the following:
- Investments are coursed through or transacted with duly accredited domestic and foreign banks subject to investment limits per counterparty as approved by the Board.
- Discussions are done on every major investment by CFT before it is executed subject to the Group's Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and CFT Finance Managers supervise major transaction executions.
- Market and portfolio reviews are done at least once a week and as often as necessary should market conditions require. Monthly reports are given to the CFO with updates in between these reports as needed.
- A custodian bank for Philippine peso instruments and foreign currency instruments has been appointed based on its track record on such service and the bank's financial competence.

With respect to credit risk arising from the receivables of the Group, its exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	2022					
	Neither Past Due nor Impaired					
	Class A	Class B	Class C	Past Due but not Impaired	Past Due Individually Impaired	Total
Trade and other receivables						
Current:						
Trade receivables	**₱7,686,667**	**₱461,360**	**₱–**	**₱171,351**	**₱60,433**	**₱8,325,811**
Due from related parties	**13,950,580**	**6,536**	**4,211**	**1,011,690**		**14,947,017**
Others	**6,798,294**	**155,960**	**17,020**	**174,266**	**84,864**	**7,230,404**
Noncurrent						
Trade receivables	**459,132**	**346,404**	**–**	**424,367**	**22,547**	**1,252,720**
Due from related parties	**13,559,933**	**264**	**–**	**534,004**	**–**	**14,094,201**
Receivables from third parties	**1,013,367**	**2,609**	**–**	**47,380**	**–**	**1,063,356**
	₱43,467,973	**₱973,133**	**₱21,231**	**₱2,363,058**	**₱167,844**	**₱46,913,509**

	2022					
	Neither Past Due nor Impaired					
	Class A	Class B	Class C	Past Due but not Impaired	Past Due Individually Impaired	Total
Trade and other receivables						
Current:						
Trade receivables	₱470,270	₱3,315,917	₱2,130	₱1,679,530	₱83,240	₱5,551,087
Due from related parties	18,724,341	7,918	216,715	6,629,151		25,578,125
Others	609,083	207,906	627,037	809,039	84,608	2,337,673
Noncurrent						
Trade receivables	–	1,313,647	–	589,634	6,753	1,910,034
Due from related parties	8,484,028	–	–			8,484,028
Receivables from third parties	2,210,103	–	29,577	564,325	6,998	2,811,003
	₱30,497,825	₱4,845,388	₱875,459	₱10,271,679	₱181,599	₱46,671,950

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 ₱366.84 million and ₱354.87 million as at December 31,2022 and 2021, 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:

	2022	2021
Financial Assets at Amortized Cost (Portfolio 1)		
Cash and cash equivalents	**₱34,630,011**	₱26,445,429
Short-term investments	**528**	68,310
Under "Receivables" account		
Current:		
Trade receivables	**9,649,612**	5,550,827
Due from related parties	**14,947,017**	25,588,685
Others	**7,315,267**	2,337,633
Noncurrent:		
Trade receivables	**1,230,172**	1,910,035
Due from related parties	**14,094,201**	8,484,028
Receivables from third parties	**1,063,355**	2,210,103
Other financial assets at amortized cost	**22,545,316**	26,085,959
Under "Other Noncurrent Assets" account		
Deposits	**109,718**	165,164
	₱105,585,197	₱98,846,173

The Group's maximum exposure to credit risk are as follows:

	2022				
		Lifetime ECL			
Grade	**12-month Stage 1**	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
High	**₱ 29,473,652**	**₱–**	**₱–**	**₱ 32,273**	**₱ 29,505,925**
Standard	–	–	–	**1,573,540**	**1,573,540**
Substandard	–	–	–	–	–
Default	–	–	–	–	–
Gross carrying amount	**29,473,652**	–	–	**1,605,813**	**31,079,465**
Less loss allowance	–	–	–	–	–
Carrying amount	**₱ 29,473,652**	**₱–**	**₱–**	**₱ 1,605,813**	**₱ 31,079,465**

Grade	2021				
		Lifetime ECL			
	12-month Stage 1	Stage 2	Stage 3	Simplified Approach	Total
High	₱34,297,803	₱–	₱–	₱26,743	₱34,324,546
Standard	183	–	–	–	183
Substandard	–	–	–	–	–
Default	–	–	–	621	621
Gross carrying amount	34,297,986	–	–	27,364	34,325,350
Less loss allowance	181,599	–	–	–	181,599
Carrying amount	**₱34,116,387**	**₱–**	**₱–**	**₱27,364**	**₱34,143,751**

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.

	2022					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**More than 1 Year to 5 Years**	**More than 5 Years**	**Total**
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	**₱5,293,784**	**₱654,599**	**₱247,315**	**₱8,144**	**₱–**	**₱6,203,842**
Retention payable	**12,946**	**35,220**	**109,939**	**–**	**–**	**158,105**
Accrued expenses [a]	**1,930,807**	**1,993,145**	**786,139**	**–**	**–**	**4,710,091**
Accrued interest	**210,510**	**–**	**–**	**272,580**	**–**	**483,090**
Due to related parties	**1,782,157**	**–**	**–**	**–**	**–**	**1,782,157**
Others	**187,227**	**–**	**–**	**–**	**–**	**187,227**
Derivative Liability	**–**	**3,012**	**–**	**–**	**–**	**3,012**
Short-term loans	**–**	**–**	**2,900,000**	**–**	**–**	**2,900,000**
Due to stockholders	**–**	**–**	**–**	**16,585**	**–**	**16,585**
Lease liabilities [b]	**–**	**96,609**	**238,677**	**1,452,701**	**3,177,193**	**4,965,180**
Long-term loans [c]	**–**	**282,312**	**1,212,849**	**14,963,582**	**20,202,233**	**36,660,976**
Notes payable	**–**	**–**	**–**	**35,522,654**	**–**	**35,522,654**
Other noncurrent liabilities [d]	**–**	**–**	**–**	**827,643**	**–**	**827,643**
	₱9,417,431	**₱3,064,897**	**₱5,494,919**	**₱53,063,889**	**₱23,379,426**	**₱94,420,562**

[a] *Excluding current portion of vacation and sick leave accruals.*
[b] *Gross contractual payments.*
[c] *Including contractual interest payments.*
d. *Excluding contract liabilities.*

	2021					
	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	₱2,163,882	₱76,624	₱293,538	₱1,238,581	₱–	₱3,772,625
Retention payable	–	–	136,075	–	–	136,075
Accrued expenses [a]	644,535	128,384	501,485	–	–	1,274,404
Accrued interest	169,053	27,124	101,236	252,742	–	550,155
Due to related parties	276,322	5,573	4,975	536,212	–	823,082
Others	18,270	987	120,582	–	–	139,839
Derivative Liability	–	–	241,744	–	–	241,744
Short-term loans	–	–	–	–	–	–
Due to stockholders	16,585	–	–	–	–	16,585
Lease liabilities [b]	–	112,360	226,672	1,401,896	3,566,932	5,307,860
Long-term loans [c]		230,879	1,774,699	8,374,528	18,727,675	29,107,781
Notes payable	–	–		20,195,054	–	20,195,054
Other noncurrent liabilities [d]	–	–		2,392,953	4,333,333	6,726,286
	₱3,288,647	₱581,931	₱3,401,006	₱34,391,966	₱26,627,940	₱68,291,490

[a] *Excluding current portion of vacation and sick leave accruals.*
[b] *Gross contractual payments.*
[c] *Including contractual interest payments.*
d. *Excluding contract liabilities.*

As at December 31, 2022 and 2021, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	2022				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Over 12 Months**	**Total**
Loans and receivables:					
Current:					
Cash and cash equivalents	**₱34,630,011**	**₱–**	**₱–**	**₱–**	**₱34,630,011**
Short-term investments	**–**	**–**	**–**	**–**	**–**
Accounts and Notes Receivables:					
Accounts and other receivable	**9,161,537**	**236,161**	**1,011,167**	**-**	**10,408,865**
Notes receivable	**13,232,751**	**421,179**	**4,318,712**	**–**	**17,972,642**
Interest receivable	**2,267,020**	**–**	**–**	**–**	**2,267,020**
Noncurrent:					
Receivables:					
Accounts and other receivable	**–**	**–**	**–**	**1,529,673**	**1,529,673**
Notes receivable	**–**	**–**	**–**	**11,974,612**	**11,974,612**
Interest receivable	**–**	**–**	**–**	**2,905,991**	**2,905,991**
Derivative assets		**–**	**–**	**617,139**	**617,139**
Other financial assets at amortized cost	**–**	**–**	**–**	**22,545,316**	**22,545,316**
Financial assets at FVOCI:					
Quoted	**–**	**–**	**–**	**1,822**	**1,822**
Unquoted	**–**	**–**	**–**	**365,022**	**365,022**
	₱59,291,319	**₱657,340**	**₱5,329,879**	**₱39,939,575**	**₱105,218,113**

	2021				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Current:					
Cash and cash equivalents	₱26,445,429	₱–	₱–	₱–	₱26,445,429
Short-term investments	68,310	–	–	–	68,310
Accounts and Notes Receivables:					
Accounts and other receivable	5,481,520	1,124,498	–	–	6,606,018
Notes receivable	24,278,081	–	–	–	24,278,081
Interest receivable	2,425,198	–	–	–	2,425,198
Noncurrent:					
Receivables:					
Accounts and other receivable	–	–	–	2,093,042	2,093,042
Notes receivable	–	–	–	9,586,187	9,586,187
Interest receivable	–	–	–	1,512,085	1,512,085
Derivative assets	–	241,744	–	–	241,744
Other financial assets at amortized cost	–	–	–	26,085,959	26,085,959
Financial assets at FVOCI:					
Quoted	–	–	–	353,678	353,678
Unquoted	–	–	–	1,190	1,190
	₱58,698,538	₱1,366,242	₱–	₱39,632,141	₱99,696,921

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, Chief Finance Officer and Philippine Chief Operating Officer (PH COO) are authorized to make coal and bunker fuel oil hedging decisions for the Group. All executed hedges go through a stringent approval process to justify the tenor, price and volume of the hedge to be undertaken.

Monitoring and assessment of the hedge effectiveness and Coal and Fuel Hedging Strategy are reviewed periodically by the Commercial Operations. Continuation, addition, reduction and termination of existing hedges are decided by the Head of CO and any material change in permissible hedging instrument, counterparties and limits are elevated to the BOD for approval.

The Group purchases coal and bunker fuel oil on an ongoing basis for its operating activities in the thermal energy power generators, composed of SLTEC (by virtue of the AMA) and other diesel power plants (CIPP, One Subic Power, Bulacan Power). The increased volatility in coal and fuel oil price over time led to entering in commodity swap contracts. The forecasted volumes are determined based on each plant's projected operating capacity, plant availability, required monthly consumption and storage capacity.

These contracts are expected to reduce the volatility attributable to price fluctuations. Hedging the price volatility of forecast coal and bunker fuel oil purchases is in accordance with the risk management strategy outlined by the Board.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity swap contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity swap contracts are identical to the hedged risk components. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- Different indexes (and accordingly different curves) linked to the hedged risk of the hedged items and hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

The Group is holding the following foreign exchange and commodity swap contracts:

	Maturity						
	< 1 month	**1-3 months**	**4-6 months**	**7-9 months**	**10-12 months**	**>12 months**	**Total**
As at December 31, 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**	**–**	**–**	**–**	**–**	**–**	
As at December 31, 2021							
Foreign exchange forward contracts							
Notional amount ($000)	$–	$360	$270	$181	$273	$–	$1,084
Average forward rate ($/₱)	–	48.23	48.38	48.37	48.72	–	–

There were no additional fuel and coal commodity swap contracts entered into and the remaining coal contracts in 2021 were all settled as at December 31, 2021.

The impact of the hedging instruments on the consolidated statements of financial position are as follows:

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
As at December 31, 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**
As at December 31, 2021				
Foreign exchange forward contracts	$1,084	241,744	Other current assets	241,744
Commodity swap contracts - Coal	–	–	Other current assets	–

The impact of hedged items on the consolidated statements of financial position are as follows:

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
As at December 31, 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**	–	–
As at December 31, 2021			
Highly probable forecast purchases	(₱47,029)	₱6,228	₱–
Highly probable forecast purchases	241,744	–	–

The effect of the cash flow hedge in the consolidated statements of comprehensive income are as follows:

	Total hedging gain/(loss) recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in consolidated statements of comprehensive income	Cost of hedging recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the statement of profit or loss
As at December 31, 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**	–	–	–
As at December 31, 2021						
Foreign exchange forward contracts	₱–	₱241,744	Other income (expense)	₱–	₱–	₱–
Foreign exchange forward contracts	(47,029)	–	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.

	2022	2021
Short-term debt (Note 16)	**₱2,900,000**	₱–
Long-term debt (Note 16)	**60,864,602**	41,137,275
Total debt	**63,764,602**	41,137,275
Less:		
Cash and cash equivalent (Note 4)	**34,630,011**	26,388,448
Short-term investments (Note 14)	**528**	68,310
Restricted cash (Note 4)	–	56,981
Net debt	**29,134,063**	14,623,536
Total equity	**149,593,443**	117,968,762
Debt to equity	**43.40%**	34.87%
Net debt to equity	**19.83%**	12.40%

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.

30. Fair Values

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at December 31, 2022 and 2021:

	2022			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Financial assets at FVTPL	**₱1,302,886**	**₱–**	**₱1,302,886**	**₱–**
Financial assets at FVOCI	**366,844**		**366,844**	**–**
Other financial assets at amortized cost	**21,260,907**	**–**	**–**	**18,623,291**
Derivative asset*	**617,139**	**–**	**617,139**	**–**
Refundable deposits**	**109,718**	**–**	**–**	**109,608**
Trade receivables***	**906,343**	**–**	**–**	**937,789**
Receivables from third parties****	**51,025**	**–**	**–**	**51,025**
	₱24,614,862	**₱–**	**₱2,286,869**	**₱19,721,713**
Liabilities				
Notes payable	**₱32,093,314**	**₱–**	**₱–**	**₱28,638,196**
Long-term debt	**28,771,288**	**–**	**–**	**28,282,078**
Deposit payables and other liabilities*****	**92,667**	**–**	**91,522**	**–**
Derivative liability******	**37,500**	**–**	**37,500**	**–**
Lease liabilities	**4,465,021**	**–**	**–**	**3,391,140**
	₱65,450,322	**₱–**	**₱116,844**	**₱60,311,414**

** Included under "Other current assets" account.*
*** Included under "Other noncurrent assets" account.*
**** Included under "Receivables" and "Other noncurrent assets" accounts and pertain to FIT adjustments and multilateral agreement with PEMC*
***** Included under "Receivables"*
****** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*
******* Included under "Other noncurrent Liabilities"*

	2021			
		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	₱406,739	₱–	₱406,739	₱–
Financial assets at FVOCI	354,868	21	354,847	–
Other financial assets at amortized cost	26,085,959	–	–	25,515,486
Derivative asset*	241,744	–	241,744	–
Refundable deposits**	165,164	–	–	167,953
Trade receivables***	2,052,268	–	–	2,081,941
Receivables from third parties****	75,752	–	–	75,752
	₱29,382,494	₱21	₱1,003,330	₱27,841,132
Liabilities				
Notes payable	₱20,195,054	₱–	₱–	₱20,447,789
Long-term debt	20,942,221	–	–	20,906,144
Deposit payables and other liabilities*****	174,581	–	–	203,399
Derivative liability	241,744	–	241,744	–
Lease liabilities	2,696,252	–	–	3,369,737
	₱44,249,852	₱–	₱241,744	₱44,927,069

** 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 1.03% to 9.13% and 4.40% to 7.10% as at December 31, 2022 and 2021, 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 6.47% and 4.40% as at December 31, 2022 and 2021 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.

31. **Operating Segment Information**

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

For management purposes, the Group is organized into the following business units:

- Philippines, which includes:
  1. Retail Electricity Supply (RES) or Commercial Operations (CO)
  2. Renewables - generation, transmission, distribution, and supply of electricity using renewable sources such as solar, wind, and geothermal resources
  3. Thermal - generation, transmission, distribution, and supply of electricity using conventional way of energy generation
  4. Project development
  5. Leasing
  6. bulk water supply, and
  7. Petroleum and exploration
- 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 ₱11,880 million and ₱7,023 million in 2022 and 2021, 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 years ended December 31, 2022, 2021 and 2020 and assets and liabilities as at December 31, 2022, 2021, and 2020:

	For the year ended December 31, 2022			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	**₱34,995,488**	**₱–**	**₱–**	**₱34,995,488**
Rental income	**68,469**	**–**	**–**	**68,469**
Dividend income	**–**	**3,635**	**–**	**3,635**
Other revenues	**79,282**	**28,586**	**63,091**	**170,959**
	35,143,239	**32,221**	**63,091**	**35,238,551**
Costs and expenses				
Costs of sale of electricity	**34,183,239**	**–**	**–**	**34,183,239**
General and administrative expenses	**655,629**	**1,830,939**	**1,415,249**	**3,901,817**
	34,838,868	**1,830,939**	**1,415,249**	**38,085,056**
Interest and other finance charges	**(1,101,532)**	**(1,067,837)**	**(188,162)**	**(2,357,531)**
Equity in net income of associates and joint ventures	**783,095**	**154,739**	**–**	**937,834**
Other income - net	**381,292**	**17,692,343**	**128,357**	**18,201,992**
Net income (loss) before income tax	**367,226**	**14,980,527**	**(1,411,963)**	**13,935,790**
Benefit from income tax	**(338,523)**	**(81,862)**	**(241,713)**	**(662,098)**
Segment net income (loss)	**₱705,749**	**₱15,062,389**	**(₱1,170,250)**	**₱14,597,888**
Other disclosures:				
Depreciation and amortization	**1,949,062**	**16,673**	**212,673**	**2,178,408**
Capital expenditures	**25,808,545**	**24,774,169**	**–**	**50,582,714**
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	**40,188**	**–**	**–**	**40,188**

	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

	For the year ended December 31, 2021			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱25,878,039	₱–	₱–	₱25,878,039
Rental income	61,466	–	–	61,466
Dividend income	–	11,725	–	11,725
Other revenues	20,316	46,685	63,210	130,211
	25,959,821	58,410	63,210	26,081,441
Costs and expenses				
Costs of sale of electricity	21,469,733	–	–	21,469,733
General and administrative expenses	1,036,059	1,254,785	494,705	2,785,549
	22,505,792	1,254,785	494,705	24,255,282
Interest and other finance charges	(812,861)	(320,170)	(561,349)	(1,694,380)

Equity in net income of associates and joint ventures	1,126,943	825,810	–	1,952,753
Other income - net	(762,868)	5,601,000	885,509	5,723,640
Net income (loss) before income tax	3,005,243	4,910,265	(107,336)	7,808,172
Provision for (benefit from) income tax	277,183	37,625	(172,671)	142,137
Segment net income	₱2,728,060	₱4,872,640	₱65,335	₱7,666,035
Other disclosures:				
Depreciation and amortization	1,856,163	51	149,651	2,005,865
Capital expenditures	13,517,192	19,718,901	–	33,236,093
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	301,413	–	–	301,413
	As at December 31, 2021			
Operating assets	₱64,282,801	₱90,206,146	₱16,672,440	₱171,161,387
Operating liabilities	₱18,064,751	₱21,165,040	₱13,962,834	₱53,192,625
Other disclosures:				
Investments in associates and joint ventures	₱7,762,008	₱13,596,293	₱–	₱21,358,301
Pension & other employment benefits	48,499	–	31,923	80,422

	For the year ended December 31, 2020			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱20,283,303	₱–	₱–	₱20,283,303
Rental income	86,623	–	–	86,623
Dividend income	–	14,034	–	14,034
Other revenues	68,985	34,812	480	104,277
	20,438,911	48,846	480	20,488,237
Costs and expenses				
Costs of sale of electricity	13,420,539	–	–	13,420,539
General and administrative expenses	2,233,968	183,037	600,661	3,017,666
	15,654,507	183,037	600,661	16,438,205
Interest and other finance charges	(1,079,410)	(166,076)	(742,600)	(1,988,086)
Equity in net income of associates and joint ventures	898,513	591,679	–	1,490,192
Other income (expense) - net	250,603	2,962,795	338,491	3,551,889
Net income (loss) before income tax	4,854,110	3,254,207	(1,004,290)	7,104,027
Provision for (benefit from) income tax	980,369	29,147	(307,639)	701,877
Segment net income (loss)	₱3,873,741	₱3,225,060	(₱696,651)	₱6,402,150
Other disclosures:				
Depreciation and amortization	1,781,180	36	29,527	1,810,743
Capital expenditures	6,161,117	–	98,344	6,259,461
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	161,393	–	270,529	431,922
	As at December 31, 2020			
Operating assets	₱59,958,203	₱78,534,519	₱3,323,098	₱141,815,820
Operating liabilities	₱16,265,006	₱595,696	₱20,675,783	₱37,536,485
Other disclosures:				
Investments in associates and joint ventures	₱6,618,590	₱12,176,499	₱–	₱18,795,089
Pension & other employment benefits	31,617	–	19,312	50,929

Adjustments and Eliminations
Interest on parent loans and other financial income, including fair value gains and losses on financial assets, are not allocated to individual segments as the underlying instruments are managed on a group basis. Likewise, certain operating expenses and finance-related charges are managed on a group basis and are not allocated to operating segments. Allocable operating expenses have been allocated as applicable.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditures consist of additions to property, plant and equipment. Investments and advances consist of investments and cash advances to the Group's associates and joint ventures.

Other income - Net includes interest and other financial income from investments in redeemable preferred shares of associates and joint ventures and from development loans and advances to these associates and joint ventures, guarantee fee income, reversal of 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.

32. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Non-cash additions to property, plant and equipment	**₱1,466,936**	₱33,334
Set-up of ROU assets from new lease agreements	**282,104**	1,242,723
Reclassifications to (from):		
Property, plant and equipment	**186,683**	670,393
Investments in associates and joint ventures	**148,975**	–
Other noncurrent assets	**(936,776)**	–
Creditable withholding taxes	**(337,737)**	(188,201)
Investments in other financial assets at amortized cost	**(59,782)**	–
Noncurrent assets held for sale	**(1,539)**	283,168
Other current assets	–	35,046
Goodwill and other intangible assets	–	216
Right-of-use assets	–	(672,133)
Investment properties	–	(438,375)
Changes due to business combinations (Note 28):		
Property, plant and equipment	**14,712,729**	–
Right-of-use assets	**1,323,557**	–
Other noncurrent assets	**1,323,653**	–
Goodwill and other intangible assets	**103,672**	–
Investments in other financial assets at amortized cost (Note 8)	**(12,951,246)**	–
Investments in associates and joint ventures	**(4,578,944)**	–
Changes due to loss of control (Note 2):		
Property, plant and equipment	**(14,221,341)**	–
Other noncurrent assets	**(319,293)**	–
Creditable withholding taxes	**(117,954)**	–
Input VAT – net of current portion	**(4,973)**	–

Movements in the Group's liabilities from financing activities for the years ended December 31, 2022 and 2021 are as follows:

	January 1, 2022	**Availments/ Proceeds**	**Payments**	**Others**	**December 31, 2022**
Current portion of:					
Short-term loans	**₱–**	**₱23,259,020**	**(₱20,359,020)**	**₱–**	**₱2,900,000**
Long-term loans	**824,488**	**–**	**(7,387,050)**	**7,281,947**	**719,385**
Lease liabilities	**536,950**	**–**	**(291,085)**	**12,697**	**258,562**
Interest payable	**448,919**	**–**	**(1,955,949)**	**1,990,120**	**483,090**
Due to stockholders	**16,585**	**–**	**(3,801,730)**	**3,801,730**	**16,585**
Noncurrent portion of:					
Notes payable	**20,195,054**	**10,000,000**	**–**	**1,898,260**	**32,093,314**
Long-term loans	**20,117,733**	**23,012,509**	**–**	**(15,078,339)**	**28,051,903**
Lease liabilities	**2,159,302**	**–**	**–**	**2,047,157**	**4,206,459**
Other noncurrent liabilities	**2,736,920**	**–**	**(1,040,364)**	**(868,913)**	**827,643**
Total liabilities from financing activities	**₱47,035,951**	**₱56,271,529**	**(₱34,986,125)**	**₱1,235,586**	**₱69,556,941**

	January 1, 2021	Availments/ Proceeds	Payments	Others	December 31, 2021
Current portion of:					
Short-term loans	₱4,635,000	₱3,000,000	(₱7,635,000)	₱–	₱–
Long-term loans	707,782	–	(2,188,811)	2,305,517	824,488
Lease liabilities	285,001	–	(450,271)	702,220	536,950
Interest payable	203,972	–	(1,165,047)	1,409,994	448,919
Due to stockholders	18,272	–	(3,428,512)	3,426,825	16,585
Noncurrent portion of:					
Notes payable	–	20,383,600	–	(188,546)	20,195,054
Long-term loans	21,546,373	848,276	–	(2,276,916)	20,117,733
Lease liabilities	1,631,628	–	–	527,674	2,159,302
Other noncurrent liabilities	1,695,048	1,016,196	–	25,676	2,736,920
Total liabilities from financing activities	₱30,723,076	₱25,248,072	(₱14,867,641)	₱5,932,444	₱47,035,951

Long term loans include those assumed through business combination with carrying amounts of AU$138.29 million (US$ 88.47 million) Construction facility loan under NESF Syndicated Facility Agreement, AU$10.50 million (US$ 6.71 million) green long-term revolving loan with DBS Bank Australia ("DBS Bank"), AU$10.00 million (US$ 6.40 million) green term loan with MUFG Bank, Ltd., Sydney Branch ("MUFG Bank") and AU$0.38 million (US$ 0.24 million) green term loan facility agreement with Clean Energy Finance Corporation ("CEFC") were assumed as a result of acquisition of control over UPC-ACE Australia (see Note 28).

33. **Provisions and Contingencies**

Tax assessments:

On August 20, 2014, ACEN distributed cash and property dividends in the form of shares in ENEX after securing SEC's approval of the registration and receipt of CAR from the BIR.

On October 22, 2014, ACEN received from the BIR a Formal Letter of Demand ("FLD"), assessing ACEN for a total donor's tax due of ₱157.75 million inclusive of penalty and interest up to September 30, 2014.

On November 21, 2014, ACEN and its independent legal counsel filed an administrative protest in response to the FLD, on the following grounds:

1. The dividend distribution is a distribution of profits by ACEN to its stockholders and not a "disposition" as contemplated under Revenue Regulations Nos. 6-2008 and 6-2013 which would result in the realization of any capital gain of ACEN;
2. ACEN did not realize any gain or increase its wealth as a result of the dividend distribution; and,
3. There was no donative intent on the part of ACEN.

On May 27, 2015, ACEN received from the BIR a Final Decision on Disputed Assessment ("FDDA") denying the protest.

On June 25, 2015, ACEN filed with the Court of Tax Appeals ("CTA") a Petition for Review seeking a review of the FDDA and requesting the cancellation of the assessment.

In its decision dated September 28, 2018, the CTA Third Division granted ACEN's petition and ordered the cancellation and withdrawal of the FLD (the "CTA Third Division Decision"). On January 18, 2019, the CTA denied the Commissioner of Internal Revenue's ("CIR") motion for reconsideration ("CTA Resolution"). On February 22, 2019, the CIR filed a petition for review with the CTA *en banc* seeking the reversal of the CTA Third Division's Decision and CTA Resolution. On July 21, 2020, the CTA *en banc* upheld the CTA Third Division Decision and denied the CIR's petition. The CIR filed a motion for reconsideration dated August 26, 2020. In response, ACEN filed its Comment/ Opposition. As at March 7, 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 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 ₱16,149,514.98, 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. The case remains pending with the CTA En Banc.

   On January 17, 2023, the CTA EB issued a Resolution reiterating its Decision dated May 17, 2022, which in turn affirmed the CTA Third Division's Decision limiting the Guimaras Wind's entitlement to refund to a reduced amount of ₱16,149,514.98.

   The CTA EB 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 VAT zero-rating incentives. The CTA EB also rejected the Guimaras Wind's position that its application for COC should be deemed "provisionally approved" six months from the filing of its application for a COC with the ERC.

On February 3, 2023, Guimaras Wind filed a Motion for Extension of Time to File Petition for Review on Certiorari with the Supreme Court. The Petition for Review is due for filing on March 7, 2023.

b. In 2018, SACASOL filed a Petition for Review with the CTA regarding the disallowed claim of 2014 and 2015 input VAT amounting to ₱62.64 million. On February 3, 2020, SACASOL filed a Memorandum with the CTA on the pending case. CTA Third Division denied the Petition of SACASOL on Feb. 3, 2021. A Motion for Reconsideration, Supplement to the Motion for Reconsideration with Ad Cautelam Motion to Admit Additional Evidence, and Second Supplement to the Motion for Reconsideration with Ad Cautelam Motion to Admit Additional Evidence were filed in 2021. As at December 13, 2021, CTA Third Division denied the MR. As at March 7, 2023, SACASOL elevated and filed a Petition for Review before the CTA En Banc.

Compliance with Must Offer Rule

On October 4, 2018, CIPP, One Subic Power, Bulacan Power and the Parent Company received a letter from PEMC for pending investigation of trading intervals covering periods from 2014 to 2018. The scope of the investigation covers possible non-compliance with the Must Offer Rule (MOR) and with the Real-Time Dispatch (RTD) or System Operator Instructions.

On October 28, 2020 and August 17, 2021, the PEMC Board cleared CIP and found no breaches from August 2014 to December 2015. On June 3, 2022, the PEMC Board cleared One Subic Power and found no breaches for the period May- December 2014 period. In the May 2022 meeting, PEMC met with trading participants with pending investigations and discussed a shortened process in the investigation while at the same time ensuring due process for all participants. The shortened process will adopt the current PEMC process of frequently flagging the trading participant of the intervals under investigation and requesting for immediate replies and dispensing with lengthy discussions in its investigation reports. At present, the PEMC is still finishing all its investigations.

Refund of Market Transaction Fee from PEMC

On July 9, 2020, the ERC issued its Decision on ERC Case 2015-160 RC ordering PEMC to refund the over collection in the Market Transaction Fee (MTF) in 2016 and 2017. The ERC determined the over collection by getting the variance between the MTF collected in 2016 and 2017, and the ERC-Approved Budget of PEMC for the same period. The total refund was determined at ₱433.20 million which shall be apportioned among all the Luzon and Visayas participants. The ERC has directed PEMC to implement the refund over twelve (12) months beginning the next billing month upon receipt of the relevant Decision.

The PEMC filed a motion for reconsideration with the ERC. In an Order promulgated on June 11, 2021, the ERC resolved to deny the motion for reconsideration filed by the. The market level fee approved by the ERC in its Decision of July 2020 was implemented by the Independent Electricity Market Operator of the Philippines for the WESM market fee collection for the calendar year 2021.

34. **Events After the Reporting Period**

Below are the events after the reporting period which are treated as non-adjusting events as at December 31, 2022:

Update on the Group's up to ₱1,000.00 million Omnibus Loan and Security Agreement ("OLSA") with Provincia Investments Corporation ("PIC") and Solar Philippines Power Project Holdings, Inc. ("Solar PH")
The Parent Company's Executive Committee (acting on authority from the Board) approved on January 25, 2023, the execution by the Parent Company of definitive agreements whereby the Parent Company will receive from Solar PH, 500 million shares in SPNEC, a listed company which is an affiliate of Solar PH (which SPNEC shares have a market value of ~₱660 million as at January 24, 2023) as (a) pre-payment for part of the loan's principal, and (b) payment of interest and arrangement and security amendment fees in consideration for the Parent Company releasing its pledge over shares owned by Solar PH in SPNEC (the "Transaction").

Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited ("UPCAPH") and Mr. Anton Rohner ("Rohner") in ACEN Australia (formerly, UPC-AC Renewables Australia)
On 1 February 2023, ACRI and UPCAPH signed an Instrument of Transfer for the transfer to ACRI of UPCAPH's remaining 4,766 ordinary shares in UPC-AC Energy Australia (HK) Limited, which completes the second and final tranche of ACRI's acquisition of ACEN Australia.

The acquisition transforms the UPC\AC Renewables Australia joint venture into ACEN Australia, the Group's first wholly owned development and operating platform outside of the Philippines.

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.

Completion of 2nd Stage acquisition
On February 1, 2023, ACRI completed its previously announced acquisition of the Australia development platform.

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 the Company's acquisition of ACEN Australia.

The acquisition transforms the joint venture into a subsidiary, the Group's first wholly owned development and operating platform outside of the Philippines. The acquisition results in the full ownership by the Group 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.

SGV
Building a better working world

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Board of Directors and Stockholders
ACEN Corporation (formerly AC Energy Corporation)
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner,
Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACEN CORPORATION (formerly AC Energy Corporation) and subsidiaries, as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, included in this Form 17-A and have issued our report thereon dated March 7, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 111562-SEC (Group A),
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A),
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-120-2022, January 20, 2022, valid until January 19, 2025
PTR No. 9566017, January 3, 2023, Makati City

March 7, 2023

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
ACEN Corporation (formerly AC Energy Corporation)
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner,
Makati Avenue, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of ACEN CORPORATION (formerly AC Energy Corporation) and subsidiaries, as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and have issued our report thereon dated March 7, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Benjamin N. Villacorte

Benjamin N. Villacorte
Partner
CPA Certificate No. 111562
Tax Identification No. 242-917-987
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
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PTR No. 9566017, January 3, 2023, Makati City

March 7, 2023

ACEN CORPORATION (FORMERLY AC ENERGY CORPORATION)
AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES
FORM 17-A, ITEM 7

**These schedules are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or notes to consolidated financial statements.*

Attachment I

ACEN CORPORATION (FORMERLY AC ENERGY CORPORATION) AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2022

Name of Issuing Entity and Association of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Financial assets at FVTPL		₱1,302,885,391	₱1,302,885,391	₱–
Financial assets at FVOCI				
Tagaytay Midlands Golf Club, Inc.	1	600,000	600,000	–
Evercrest Golf Club Resorts, Inc.	1	40,000	40,000	
Puerto Azul Golf & Country Club, Inc.	1	150,000	150,000	–
Capitol Hills Golf & Country Club, Inc.	1	150,000	150,000	–
Camp John Hay	1	300,000	300,000	–
A. Soriano	179	1,072	1,072	–
PLDT Inc.		19,500	19,500	–
UPC Sidrap HK Limited		365,583,392	365,583,392	–
		366,843,964	366,843,964	–
Financial Assets at Amortized Cost				
Redeemable preferred shares and subscription deposits				
Investment in UPC Asia III		1,219,047,396	623,338,449	228,389,016
Investment in AAR		6,991,916,664	6,991,916,664	832,612,335
Investment in BIMRE		1,359,678,498	2,454,000,607	173,758,562
Investment in BIME		237,248,120	169,524,107	30,386,909
Investment in UPC Solar		4,332,163,500	4,332,163,500	430,806,507
Investment in BIM Wind		2,368,161,512	293,478,715	504,426,248
Investment in Suryagen Capital PTE LTD		139,387,500	139,387,500	–
Investment in Nefin Solar Asset Ltd.		1,142,419,950	1,142,419,950	33,340,973
Convertible loans				
Investment in UPC-ACE Australia		–	–	839,179,911
Investment in Vietnam Wind Energy Limited		834,280,743	1,825,368,000	–
Investment in Asian Wind Power 1 HK Ltd		1,449,630,000	375,530,368	206,549,767
Investment in Asian Wind Power 2 HK Ltd		1,186,973,260	276,163,302	170,246,840
		21,260,907,143	18,623,291,162	3,449,697,068
Loans and Receivables				
Cash and Cash Equivalents		34,630,011,408	34,630,011,408	285,195,471
Short-term investments		528,000	528,000	–
Trade and Other Receivables		46,890,959,544	46,890,959,544	191,947,245
Long-term Receivables		1,348,998,872	1,348,998,872	1,725,596,260
		82,870,497,824	82,870,497,824	2,202,738,976
Derivative Assets		617,139,023	617,139,023	–
		₱106,418,273,345	**₱103,780,657,364**	**₱5,652,436,044**

Attachment I

ACEN CORPORATION (FORMERLY AC ENERGY CORPORATION) AND SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Non Current	Balance at End of Period
			Amount Collected	Amount Written-Off			
Not Applicable:	The Company has no amounts receivable from directors, officers, employees, related parties and principal stockholders as at December 31, 2022 equal to or above the established threshold of the Rule.						

Attachment I

ACEN CORPORATION (FORMERLY AC ENERGY CORPORATION) AND SUBSIDIARIES
Schedule C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2022

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions Amount Collected	Amount Written-Off	Current	Non-Current	Balance at End of Period
Subsidiaries:							
Buendia Christiana Holdings Corp.	₱555,058,314	₱145,521,734	(₱700,580,048)		₱–	₱–	₱–
Sta Cruz Solar Energy, Inc.	530,058,590	85,213,972	(615,084,495)		188,067	–	188,067,
Giga Ace 4, Inc.	176,593,250	6,633,699	(179,976,794)		3,250,155	–	3,250,155
Bataan Solar Energy, Inc.	148,101,479	9,829,821	(8,090,340)		149,840,960	–	149,840,960
Others	126,746,603	330,457,879	(377,813,330)		79,391,152	–	79,391,152
Gigasol 2, Inc.	99,964,344	299,808,300	(207,772,644)		192,000,000	–	192,000,000
South Luzon Thermal Energy Corporation	60,540,832	–	(60,540,832)		–	–	–
San Carlos Solar Energy, Inc.	49,670,358	76,045,235	(123,547,109)		2,168,484	–	2,168,484
Palawan55 Exploration and Production Corporation	48,756,149	49,144,539	(52,645,329)		45,255,359	–	45,255,359
GigaWind1, Inc.	22,458,590	28,458,200	(50,916,790)		–	–	–
Guimaras Wind Corporation	13,830,438	156,071,565	(158,017,414)		11,884,589	–	11,884,589
Gigasol 3, Inc.	2,208,654	139,194,355	(138,147,516)		3,255,493	–	3,255,493
Bulacan Power Generation Corporation	1,778,738	138,601,013	(138,749,586)		1,630,165	–	1,630,165
CIP II Power Corporation	1,569,567	16,376,033	(14,964,323)		2,981,277	–	2,981,277
SolarAce1 Energy Corp.	1,472,436	67,195,874	(65,740,767)		2,927,543	–	2,927,543
ACE Endevor, Inc.	991,312	931,497,285	(859,606,849)		72,881,748	–	72,881,748
One Subic Power Generation Corporation	876,846	16,878,222	(13,465,328)		4,289,740	–	4,289,740
ENEX Energy Corp.	631,236	166,097,002	(148,370,178)		18,358,060	–	18,358,060
Negros Island Solar Power, Inc.	289,508	822,739,487	(819,859,223)		3,169,772	–	3,169,772
Pagudpud Wind Power Corp.	116,900	23,400	(116,900)		23,400	–	23,400
ACE Shared Services, Inc.	44,250	39,636,069	(28,341,199)		11,339,120	–	11,339,120
Giga Ace 8, Inc.	40,605	281,968,202	(53,789,445)		228,219,362	–	228,219,362
Bayog Wind Power Corp.	–	785,475,000	–		785,475,000	–	785,475,000
Presage Corporation	–	1,124,526,000	–		1,124,526,000	–	1,124,526,000
Monte Solar Energy, Inc.	(1,371,317)	28,138,894	(24,584,403)		2,183,174	–	2,183,174
	₱1,840,427,682	**₱5,745,531,780**	**(₱4,840,720,842)**	**₱–**	**₱2,745,238,620**	**₱–**	**₱2,745,238,620**

Attachment I

ACEN CORPORATION (FORMERLY AC ENERGY CORPORATION) AND SUBSIDIARIES
Schedule D. Long-Term Debt
December 31, 2022

	Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in related Balance Sheet	Amount shown under Caption "Long-Term Debt" in related Balance Sheet	Interest Rate	Periodic Payments	Maturity Date
ACEN	China Bank Corporation	988,000,000	12,000,000	976,000,000	5.00%	20 semi-annual payments	July 15, 2030
	China Bank Corporation	494,000,000	6,000,000	488,000,000	5.00%	20 semi-annual payments	July 15, 2030
	China Bank Corporation	2,000,000,000	24,000,000	1,976,000,000	5.81%	16 semi-annual payments	July 15, 2030
	China Bank Corporation	994,000,000	12,000,000	982,000,000	5.07%	16 semi-annual payments	July 15, 2030
	Loan B	4,842,105,264	52,631,579	4,789,473,685	5.05%	20 semi-annual payments	November 14, 2029
	Loan E	3,000,000,000	–	3,000,000,000	5.79%	20 semi-annual payments	December 13, 2032
	Development Bank of the Philippines	805,000,000	4,025,000	800,975,000	2.75%	20 semi-annual payments	March 30, 2031
	Development Bank of the Philippines	2,000,000,000	10,000,000	1,990,000,000	2.75%	36 quarterly payments	March 30, 2031
	Development Bank of the Philippines	1,695,000,000	8,475,000	1,686,525,000	2.75%	20 semi-annual payments	March 30, 2031
	Security Bank Corporation	692,424,236	81,111,380	611,312,856	6.50%	25 semi-annual payments	July 11, 2029
	Total	17,510,529,500	210,242,959	17,300,286,541			
	Unamortized debt issue costs	(116,671,810)	(13,254,867)	(103,416,943)			
		17,393,857,690	196,988,092	17,196,869,598			
Guimaras Wind	Development Bank of the Philippines	571,251,275	77,378,500	493,872,775	5.80%-6.25%	25 semi-annual payments	February 14, 2029
	Security Bank Corporation	571,251,275	77,378,500	493,872,775	6.08%-6.68%	25 semi-annual payments	February 14, 2029
	Total	1,142,502,550	154,757,000	987,745,550			
	Unamortized debt issue costs	(6,549,075)	(1,750,758)	(4,798,317)			
		1,135,953,475	153,006,242	982,947,233			
NorthWind	Bank of the Philippine Islands	1,939,360,000	161,690,000	1,777,670,000	5.13%	24 semi-annual payments	May 29, 2032
	Unamortized debt issue costs	(11,182,523)	(2,048,612)	(9,133,911)			
		1,928,177,477	159,641,388	1,768,536,089			
ACEN Australia Pty. Ltd.	NESF Loan	5,933,641,183	209,749,016	5,723,892,167	1.89%-2.87%	10 semi-annual payments	December 22, 2025
	CEFC Loan	14,102,224	–	14,102,224	1.89%-2.87%	10 semi-annual payments	October 28, 2027
	DBS Loan	1,299,043,822	–	1,299,043,822	1.89%-2.87%	10 semi-annual payments	August 18, 2027
	MUFG Loan	1,066,512,249	–	1,066,512,249	1.89%-2.87%	10 semi-annual payments	September 16, 2027
	Total	8,313,299,478	209,749,016	8,103,550,462			
	Unamortized debt issue costs	–	–	–			
		8,313,299,478	209,749,016	8,103,550,462			
	Long-term loans	₱28,771,288,120	₱719,384,738	₱28,051,903,382			

ACEN Finance	Green bonds	20,383,600,000	–	20,383,600,000	4.00%	Senior undated fixed-for-life (non-deferrable)	
	Unamortized debt issue costs	(76,114,799)	–	(76,114,799)		Notes with fixed coupon of 4.00% for life, with no	
	Cumulative translation adjustment	1,908,487,098	–	1,908,487,098		step-up and no reset, priced at par.	
		22,215,972,299	–	22,215,972,299			
ACEN	ACEN Fixed rate ASEAN Green Bonds	10,000,000,000	–	10,000,000,000	6.05%	20 quarterly payments	May 29, 2027
	Unamortized debt issue costs	(122,657,700)	–	(122,657,700)			
		9,877,342,300	) –	9,877,342,300			
	Notes Payable	₱32,093,314,599	₱–	₱32,093,314,599			

Attachment I

ACEN CORPORATION (FORMERLY AC ENERGY CORPORATION) AND SUBSIDIARIES
Schedule E. Indebtedness to Related Parties (Long-Term Loans from Related Companies)
December 31, 2022

Name of related party	Balance at Beginning of Period	Balance at End of Period
Bank of the Philippine Islands	₱2,092,540,000	₱1,777,670,000
	₱2,092,540,000	**₱1,777,670,000**

Attachment I

ACEN CORPORATION (FORMERLY AC ENERGY CORPORATION) AND SUBSIDIARIES
Schedule F. Guarantees of Securities of Other Issuers
December 31, 2022

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
ACEN Finance Limited	US$ Green Bonds*	US$400.00 million senior guaranteed undated notes under the MTN Programme, with ₱22,215.97 million outstanding as at December 31, 2022	None	For as long as the senior guaranteed undated fixed-for-life notes remain outstanding, ACEN Finance Limited and ACEN are required to comply with certain covenants including the creation and permission to subsist only the liens created in respect of the limited recourse project financing of any project company and maintain a maximum net debt to equity ratio of 2.5 to 1.0 based on ACEN consolidated financials.

** Please refer to Note 16 - Short-term Loans, Long-term Loans, and Notes Payable of the 2022 Consolidated Audited Financial Statements for the detailed discussion.*

Attachment I

ACEN CORPORATION (FORMERLY AC ENERGY CORPORATION) AND SUBSIDIARIES
Schedule G. Capital Stock
December 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued	Treasury Shares	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of shares held by:		
						Related parties	Directors, Officers and Employees	Others
Common stock	48,800,000,000	39,691,894,773	(14,500,000)	39,677,394,773	919,189,237	31,461,243,453	269,472,486	7,946,678,834

Attachment II

ACEN CORPORATION (Formerly AC Energy Corporation)

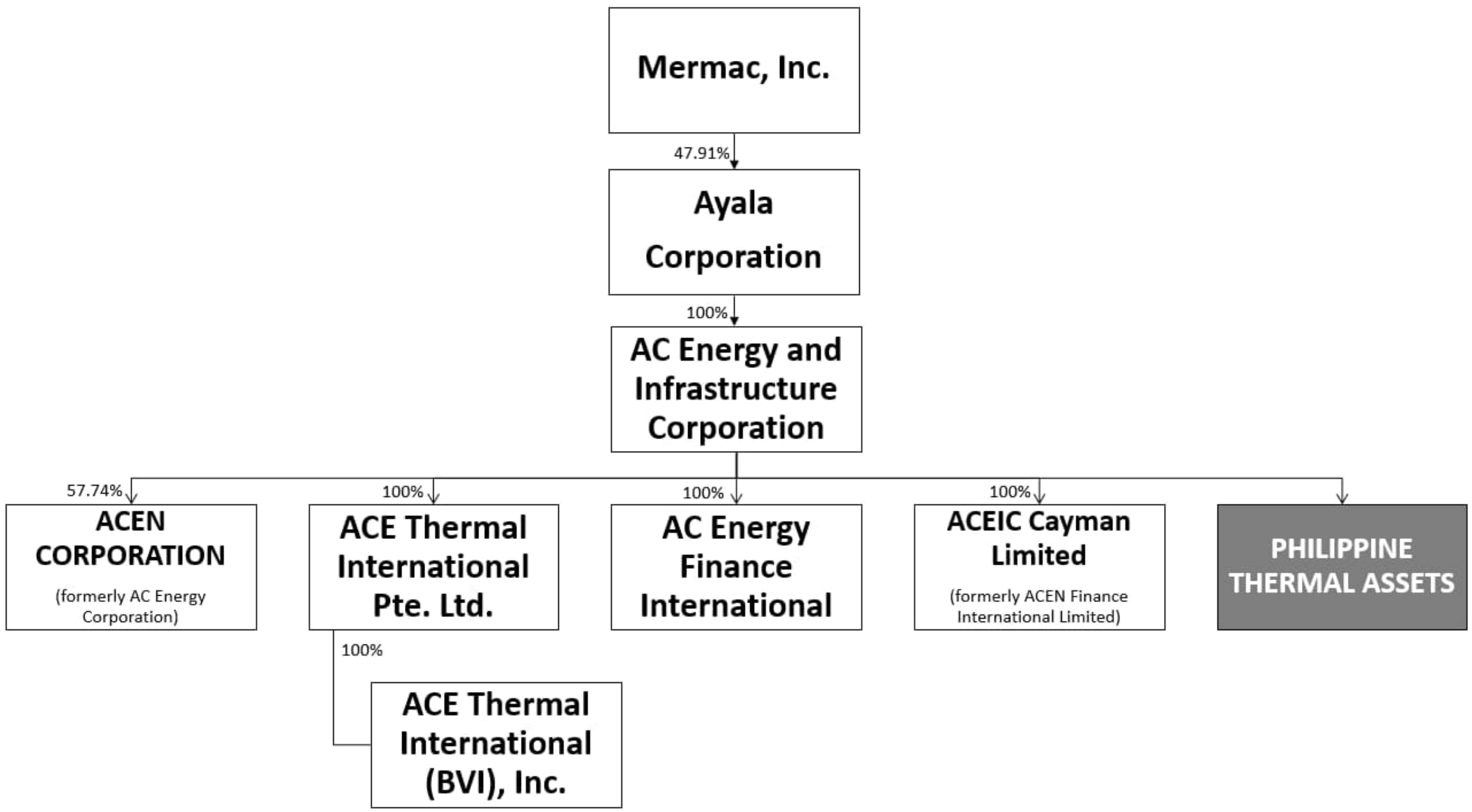
RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

December 31, 2022
(Amounts in Thousands)

Retained earnings, beginning	₱5,233,547
Adjustment:	
Deferred income tax asset as at December 31, 2021	(258,736)
Unrealized FV gain of FVPL as at December 31, 2021	(44,710)
Derivative asset as at December 31, 2021	(77,696)
Retained earnings, beginning, as adjusted to amount available for dividend declaration, beginning	4,852,405
Add: Net income actually realized during the year	
Net income during the year closed to retained earnings	(3,835,855)
Add (deduct):	
Movement of recognized deferred income tax assets	(1,028,046)
Unrealized fair value loss on financial asset through FVPL and derivative assets	164,048
Net income actually realized during the year	152,552
Less: Dividends declared during the year	2,298,950
Treasury shares	28,657
Retained earnings available for dividend declaration, end	**(₱2,175,055)**

**ACEN CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

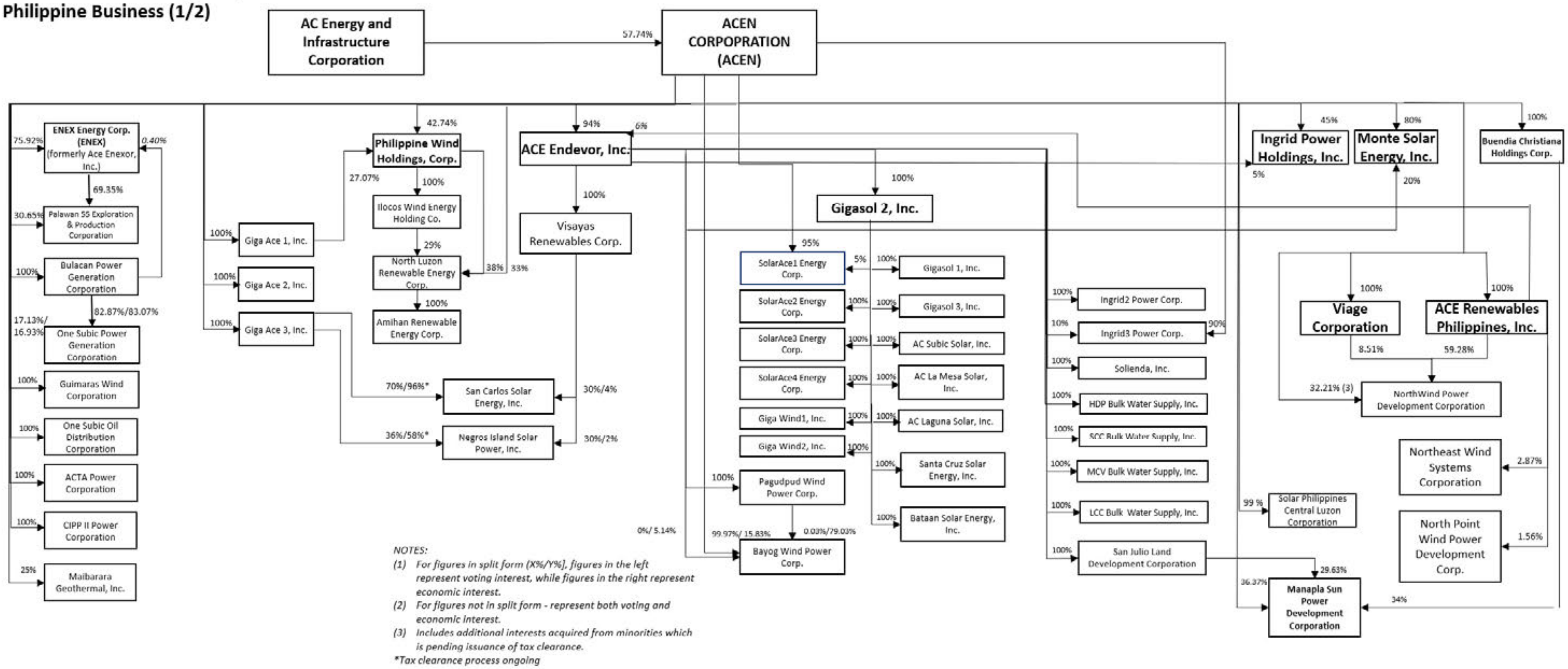
**Conglomerate Map
As at December 31, 2022**



AC ENERGY CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As at December 31, 2022

ACEN CORPORATION (ACEN)
Philippine Business (1/2)

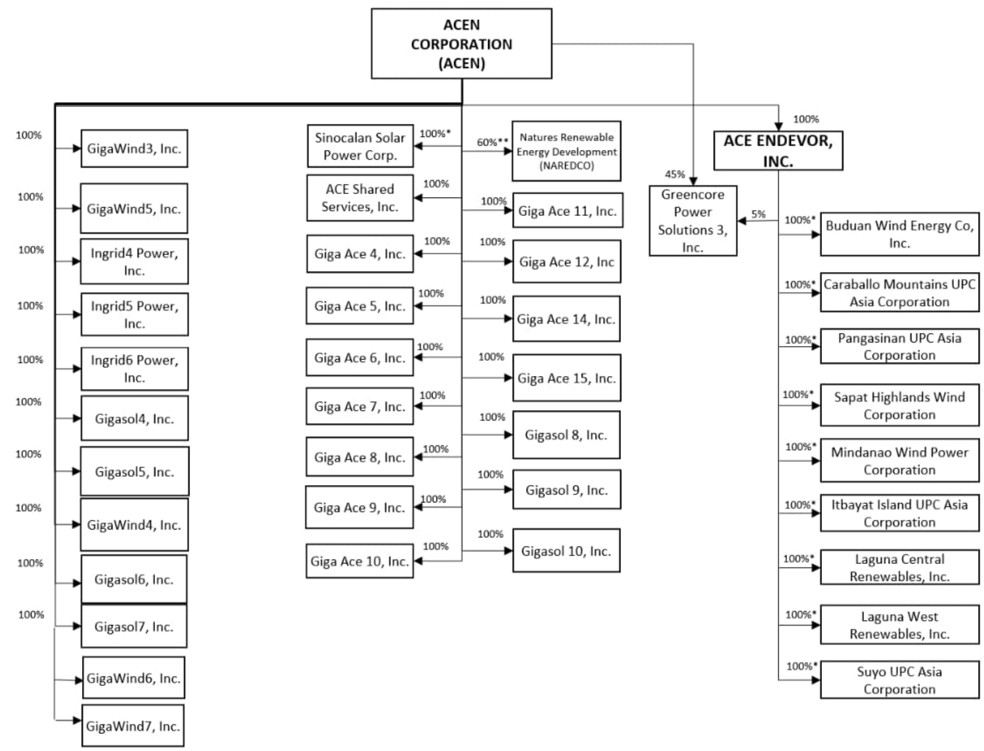


Attachment III

AC ENERGY CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As at December 31, 2022

ACEN CORPORATION (ACEN)
Philippine Business (2/2)

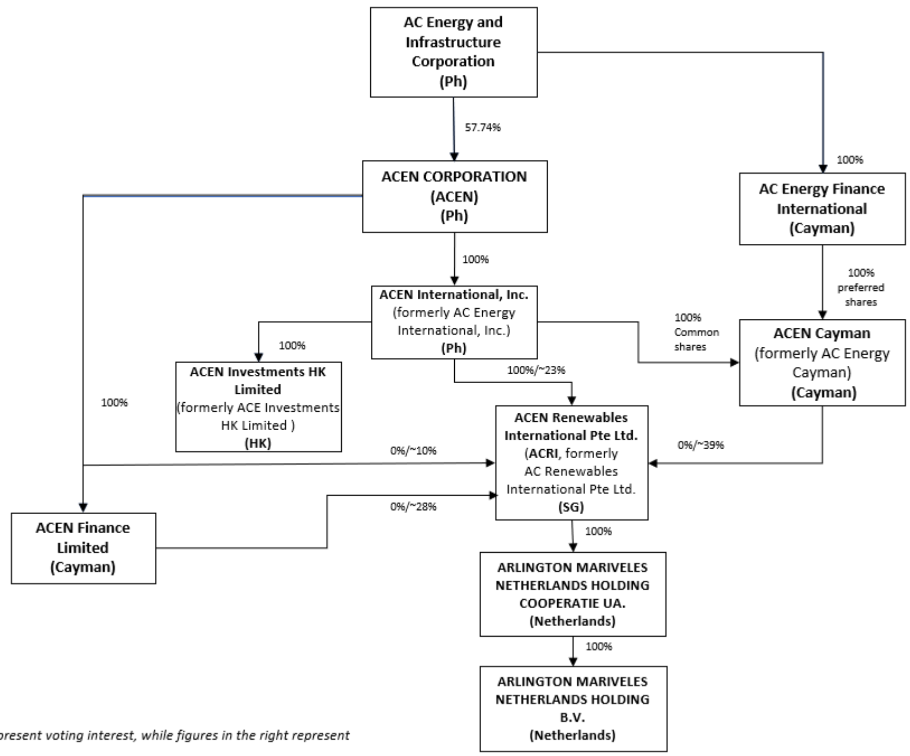


NOTES
(1) For figures in split form (X%/Y%], figures in the left represent voting interest, while figures in the right represent economic interest.
(2) For figures not in split form, figures in black font represent both voting and economic interest
(3) Includes additional interests acquired from minorities which is pending issuance of tax clearance.
**Beneficial Ownership, pending BIR CAR*
*** SEC approval of the increase in capital stock (for the additional shares to be issued to ACEN to bring its ownership from 45% to 60%) is pending.*

AC ENERGY CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As at December 31, 2022

ACEN CORPORATION (ACEN)
International Business

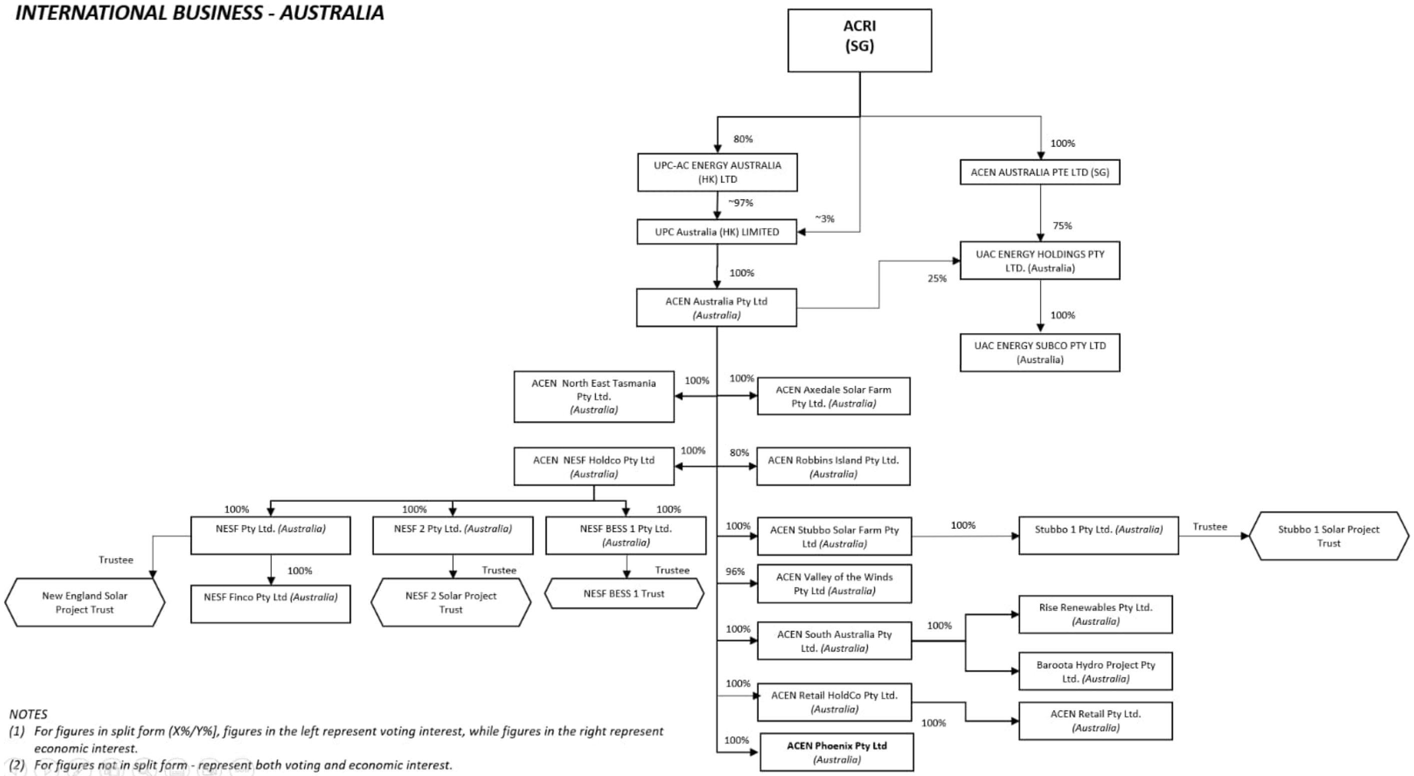


NOTES:
1. *For figures in split form (X%/Y%), figures in the left represent voting interest, while figures in the right represent economic interest.*
2. *For figures not in split form - represent both voting and economic interest.*

AC ENERGY CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As at December 31, 2022

INTERNATIONAL BUSINESS - AUSTRALIA



NOTES
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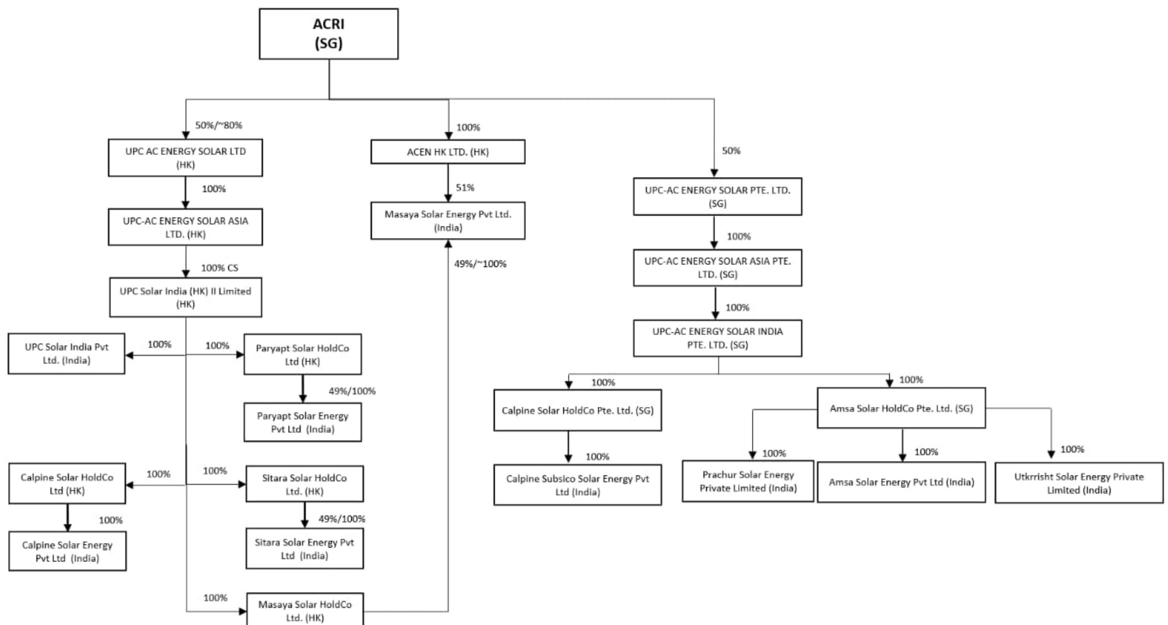
AC ENERGY CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As at December 31, 2022

INTERNATIONAL BUSINESS - INDIA



NOTES
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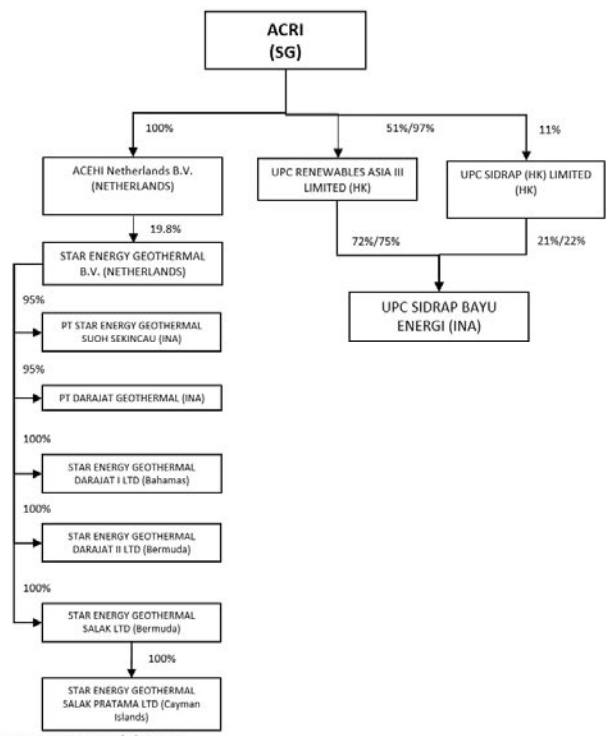
(2) For figures not in split form - represent both voting and economic interest.

AC ENERGY CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As at December 31, 2022

INTERNATIONAL BUSINESS - INDONESIA



NOTES
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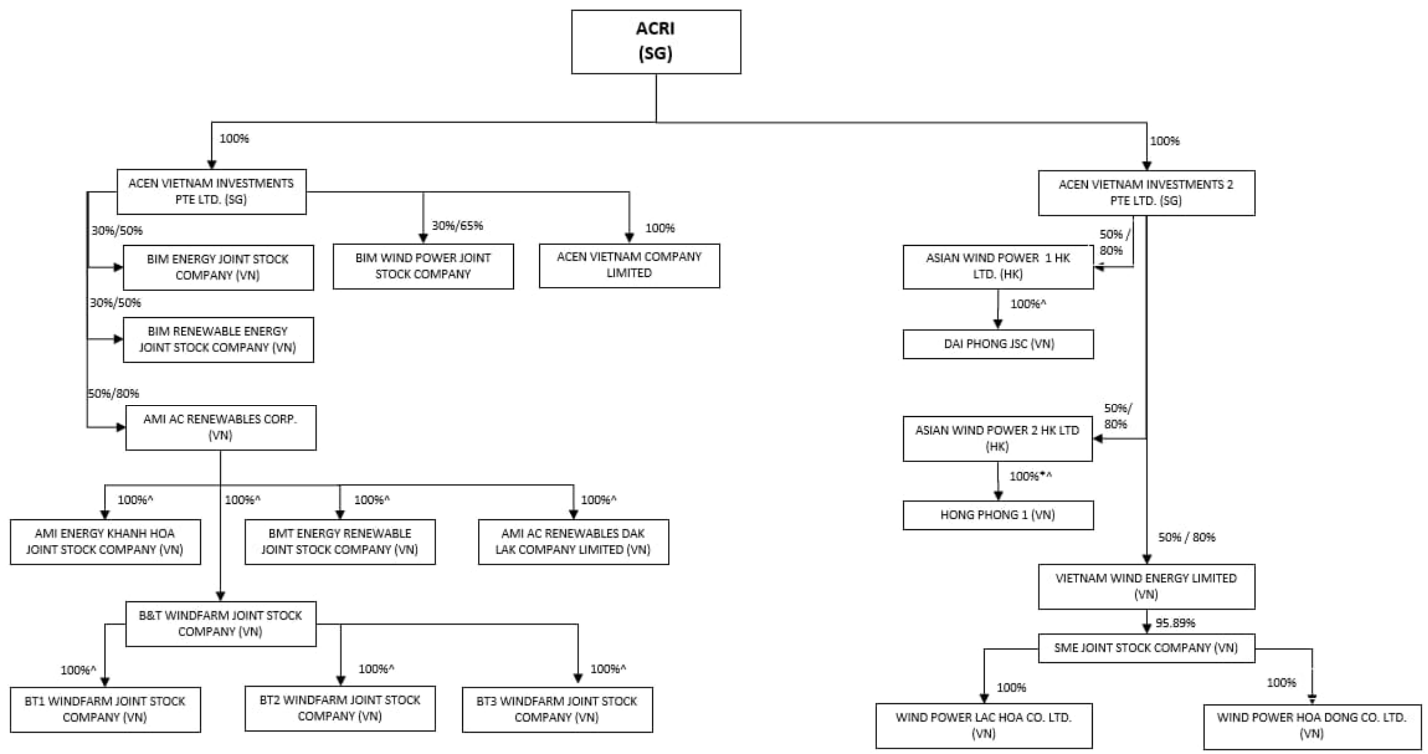
(2) For figures not in split form - represent both voting and economic interest.

**AC ENERGY CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

**Conglomerate Map
As at December 31, 2022**

INTERNATIONAL BUSINESS – VIETNAM



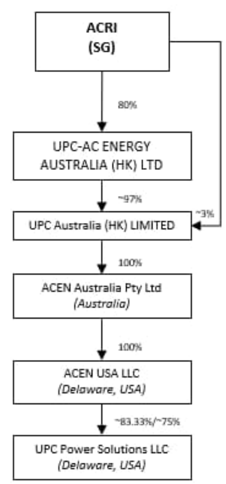
NOTES
(1) For figures in split form (X%/Y%), figures in the left represent voting interest, while figures in the right represent economic interest.
(2) For figures not in split form - represent both voting and economic interest.

Attachment III

**AC ENERGY CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68**

**Conglomerate Map
As at December 31, 2022**

INTERNATIONAL BUSINESS – USA



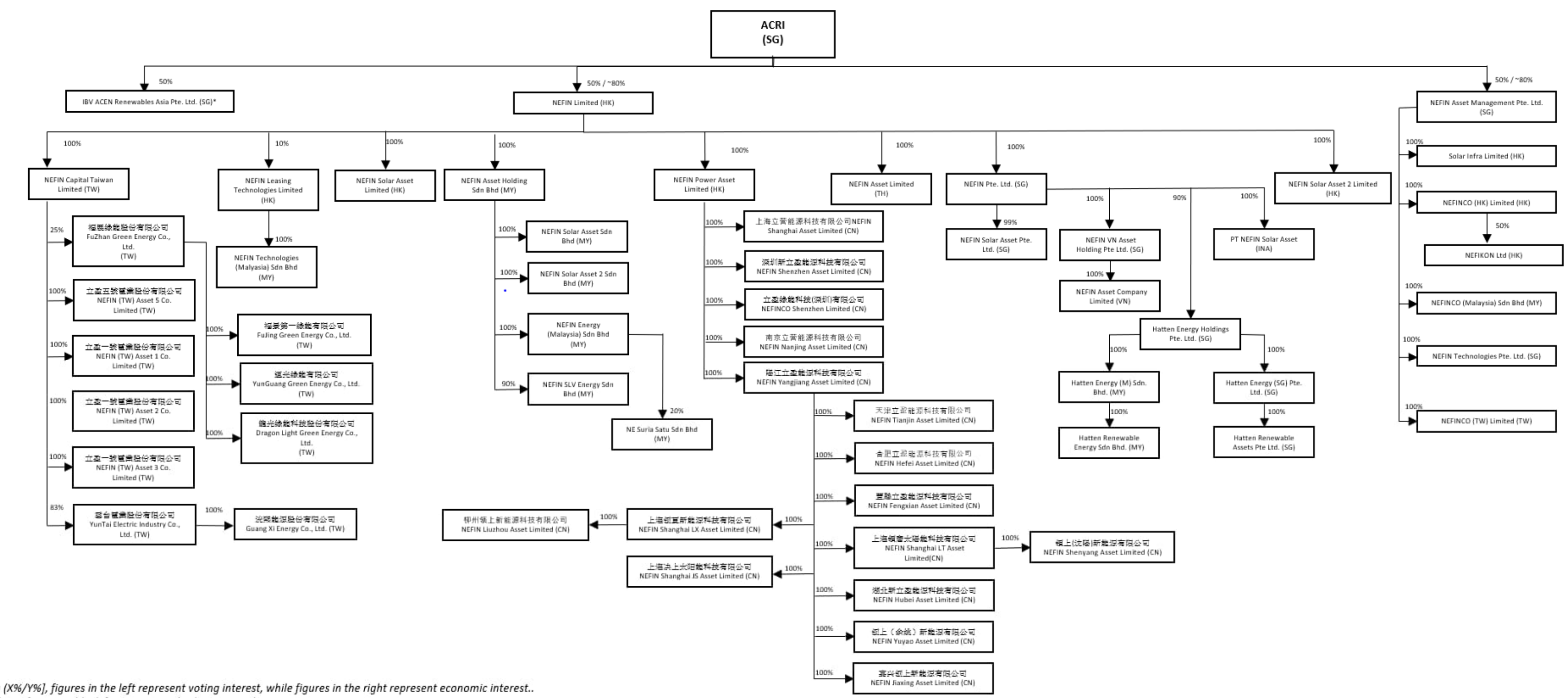
NOTES
(1) For figures in split form (X%/Y%], figures in the left represent voting interest, while figures in the right represent economic interest.
(2) For figures not in split form - represent both voting and economic interest.

Attachment III
Page 10 of 10

AC ENERGY CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Conglomerate Map
As at December 31, 2022

INTERNATIONAL BUSINESS – OTHER JURISDICTIONS



NOTES:

(1) For figures in split form [X%/Y%], figures in the left represent voting interest, while figures in the right represent economic interest..
(2) For figures not in split form, figures in black font represent both voting and economic interest
(3) The official company name of CN and TW entities is only in Chinese, the English name is given for internal identification use only.
(4) The Hatten Energy Holdings Pte. Ltd is a joint venture of NEFIN Group. It requires unanimous consent on relevant activities decisions.
(5) The Group holds NEFIN Asset Company Limited 100% through nominee.
** Effectivity of the shareholders' agreement for this joint venture is still subject to fulfillment of certain conditions precedent.*

Attachment IV

ACEN CORPORATION (Formerly AC Energy Corporation)
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER REVISED SRC RULE 68

Key Performance Indicator	Formula	31-Dec-22 (Audited)	31-Dec-21 (Audited)	Increase (Decrease) Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**3.96**	8.21	(4.25)	(52%)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**3.68**	7.64	(3.96)	(52%)
Solvency Ratios					
Debt/Equity ratio	Total liabilities / Total equity	**0.56**	0.45	0.11	24%
Asset-to-equity ratio	Total assets / Total equity	**1.56**	1.45	0.11	8%
Interest Coverage Ratio	Earnings before interest & tax (EBIT) / Interest expense	**6.91**	5.61	1.30	23%
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**0.19**	0.12	0.07	58%
Profitability Ratios					
Return on equity	Net income after tax attributable to equity holders of the Parent Company / Average stockholders' equity	**12.69%**	7.40%	5.29%	71.49%
Return on assets	Net income after taxes / Average total assets	**7.23%**	4.90%	2.33%	47.55%
Asset Turnover	Revenues / Average total assets	**17.45%**	16.67%	0.78%	4.68%

Attachment V

Annex 68-I

SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC

ACEN CORPORATION
As at December 31, 2022

1. Gross and net proceeds as indicated in the final prospectus

	FOO	SRO
Gross proceeds	₱10,270,000,000	₱5,374,165,629
Net proceeds	₱10,009,390,000	₱5,316,030,000

2. Actual gross and net proceeds

	FOO	SRO
Gross proceeds	₱10,270,000,000	₱5,374,165,629
Net proceeds	₱10,002,236,235	₱5,309,058,151

3. Each expenditure item where the proceeds were used

   a. FOO

Net proceeds	₱10,002,236,235
Repayment of loans and reduction of payables	
Loan with Security Bank	(126,097,044)
Loan with BDO Unibank, Inc.	(445,748,688)
Loan with Development Bank of the Philippines	(21,914,305)
Payment to Axia Power Holdings	(2,040,000,000)
Loan with China Banking Corporation	(47,333,333)
Loan with Hongkong Shanghai Banking Corp Ltd	(270,559,147)
Development and Acquisition Opportunities in Renewable Asset	
Santa Cruz Solar Energy, Inc.	(5,650,583,718)
Other Projects (Land Acquisitions)	
Buendia Christiana Holdings, Corp.	(1,300,000,000)
General Corporate	
Power purchase	(100,000,000)
Balance as at December 31, 2022	₱-

b. SRO

Net proceeds	₱5,309,058,151
Development of Renewable Assets	
Solarace1 Energy Corp.	(600,000,000)
Gigasol3, Inc.	(200,000,000)
Greencore Power Solutions 3, Inc.	(2,400,000,000)
Other Projects (Balaoi, RE Lab, and New Technologies)	
GigaAce 4, Inc.	(1,659,950,000)
Bataan Solar Energy, Inc.	(133,985,890)
Pagudpud Wind Power Corp.	(11,572,800)
General Corporate	
Power purchase	(109,058,151)
Balance as at December 31, 2022	₱194,491,310

4. Balance of the proceeds as at the end of reporting period

	FOO	SRO
Balance as at December 31, 2022	–	₱194,491,310