COVER SHEET
for
SEC FORM 17-Q

SEC Registration Number

0 6 9 - 0 3 9 2 7 4

COMPANY NAME

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
17-Q	SEC	N/A

COMPANY INFORMATION

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)
3,188	04/25	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.*

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, 2022**

2. Commission identification number **39274**

3. BIR Tax Identification No. **000-506-020-000**

4. Exact name of issuer as specified in its charter **AC ENERGY CORPORATION**

5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**

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

7. Address of issuer's principal office Postal Code
   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

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	**39,636,584,010 shares**
Amount of debt outstanding	**None registered in the Philippine SEC and listed in PDEX/others**

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

    Yes [**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 16, 2022.

AC ENERGY CORPORATION

JOHN ERIC T. FRANCIA
President & Chief Executive Officer

MARIA CORAZON G. DIZON
Treasurer & Chief Financial Officer

Annex A

AC Energy Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at March 31, 2022
and for the Three Months Period Ended
March 31, 2022 and 2021
(With comparative figures as at
December 31, 2021)

AC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

March 31, 2022 (With Comparative Balances as at December 31, 2021)
(Amounts in Thousands)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 33)	**₱27,697,266**	₱26,445,429
Short-term investment (Note 6)	**196,712**	68,310
Accounts and notes receivable (Notes 7, 30 and 33)	**31,603,834**	33,309,297
Fuel and spare parts (Note 8)	**1,663,322**	1,490,559
Current portion of:		
Input value added tax (VAT)	**1,840,884**	1,173,169
Creditable withholding taxes	**998,203**	837,472
Other current assets (Notes 9 and 33)	**1,040,284**	744,269
	65,040,505	64,068,505
Noncurrent assets held for sale (Note 10)	**119,179**	203,464
Total Current Assets	**65,159,684**	64,271,969
Noncurrent Assets		
Investments in:		
Associates and joint ventures (Note 11)	**29,200,652**	21,358,301
Other financial assets at amortized cost (Note 12)	**28,669,031**	26,085,959
Financial assets at fair value through profit or loss (FVTPL; Note 13)	**1,211,227**	406,739
Financial assets at FVOCI (Note 14)	**352,408**	354,868
Property, plant and equipment (Note 15)	**37,998,678**	36,038,563
Right-of-use assets (Note 16)	**1,972,345**	2,135,479
Investment properties (Note 17)	**13,085**	13,085
Accounts and notes receivable – net of current portion (Notes 7, 30 and 33)	**16,998,207**	13,191,314
Goodwill and other intangible assets (Note 18)	**2,433,909**	2,375,980
Net of current portion:		
Input VAT	**612,102**	524,733
Creditable withholding taxes	**709,584**	726,804
Deferred income tax assets - net (Note 29)	**1,176,429**	512,366
Other noncurrent assets (Notes 19 and 33)	**4,332,731**	3,165,227
Total Noncurrent Assets	**125,680,388**	106,889,418
TOTAL ASSETS	**₱190,840,072**	₱171,161,387

(Forward)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 20, 30 and 33)	**₱6,926,631**	₱6,280,829
Short-term loans (Notes 21 and 33)	**3,237,020**	–
Current portion of long-term loans (Notes 21, 33 and 34)	**830,995**	824,488
Current portion of lease liabilities (Notes 16, 33 and 34)	**192,637**	536,950
Income and withholding taxes payable	**225,470**	169,920
Due to stockholders (Note 30)	**16,585**	16,585
Total Current Liabilities	**11,429,338**	7,828,772
Noncurrent Liabilities		
Notes payable (Notes 21, 33 and 34)	**20,676,392**	20,195,054
Long-term loans – net of current portion (Notes 21, 33 and 34)	**22,038,315**	20,117,733
Lease liabilities – net of current portion (Notes 16, 33 and 34)	**2,384,690**	2,159,302
Pension and other employee benefits	**94,194**	80,422
Deferred income tax liabilities – net (Note 29)	**243,745**	74,422
Other noncurrent liabilities (Note 22)	**3,572,599**	2,736,920
Total Noncurrent Liabilities	**49,009,935**	45,363,853
Total Liabilities	**60,439,273**	53,192,625
Equity		
Capital stock (Notes 1 and 23)	**39,659,273**	38,338,527
Additional paid-in capital (Notes 1 and 23)	**107,281,663**	98,043,831
Other equity reserves (Note 23)	**(56,715,021)**	(56,604,532)
Unrealized fair value (loss) gain on equity instruments at FVOCI (Note 14)	**(103,546)**	(90,089)
Unrealized fair value gain on derivative instruments designated as hedges (Note 33)	**56,320**	6,228
Remeasurement loss on defined benefit plans	**(25,191)**	(24,436)
Accumulated share in other comprehensive gain (loss) of associates and joint ventures (Note 11)	**69,551**	29,723
Cumulative translation adjustments	**1,106,122**	(359,910)
Retained earnings (Note 23)	**9,112,328**	8,707,301
Treasury shares (Note 23)	**(28,657)**	(28,657)
Total equity attributable to equity holders of the Parent Company	**100,412,842**	88,017,986
Non-controlling interests (Note 23)	**29,987,957**	29,950,776
Total Equity	**130,400,799**	117,968,762
TOTAL LIABILITIES AND EQUITY	**₱190,840,072**	₱171,161,387

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Figures)

	Three-Month Period Ended March 31 (Unaudited)	
	2022	2021 (As restated, Note 5)
REVENUE		
Revenue from sale of electricity (Note 24)	**₱7,358,378**	₱5,688,775
Rental income	**17,053**	13,663
Dividend income (Note 14)	**3,635**	6,549
Other revenues	**23,540**	18,857
	7,402,606	5,727,844
COSTS AND EXPENSES		
Costs of sale of electricity (Note 25)	**7,868,135**	4,433,444
General and administrative expenses (Note 26)	**284,969**	394,770
	8,153,104	4,828,214
INTEREST AND OTHER FINANCE CHARGES (Note 27)	**(504,313)**	(428,679)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES (Note 11)	**344,473**	576,409
OTHER INCOME - NET (Note 28)	**1,219,806**	1,014,452
INCOME BEFORE INCOME TAX	**309,468**	2,061,812
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)		
Current	**41,722**	135,201
Deferred	**(484,700)**	(6,824)
	(442,978)	128,377
NET INCOME	**₱752,446**	₱1,933,435
Net Income Attributable To:		
Equity holders of the Parent Company	**₱405,027**	₱1,272,255
Non-controlling interests	**347,419**	661,180
	₱752,446	₱1,933,435
Basic/Diluted Earnings Per Share (Note 31)	**₱0.01**	₱0.08

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Figures)

	Three-Month Period Ended March 31 (Unaudited)	
	2022	2021 (As restated, Note 5)
NET INCOME	**₱752,446**	₱1,933,435
OTHER COMPREHENSIVE INCOME (LOSS)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		
Cumulative translation adjustment	**1,460,272**	883,700
Unrealized fair value gain on derivative instruments designated as hedges - net of tax (Note 33)	**92,199**	41,555
	1,552,471	925,255
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 (Note 14)	**(13,457)**	(180)
Remeasurement loss on defined benefit plans, net of tax	**(755)**	(17,437)
	(14,212)	(17,617)
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES (Note 11)		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	**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	**24,338**	57,082
TOTAL OTHER COMPREHENSIVE INCOME - NET OF TAX	**1,578,087**	964,720
TOTAL COMPREHENSIVE INCOME	**₱2,330,533**	₱2,898,155
Total Comprehensive Income Attributable To:		
Equity holders of the Parent Company	**₱1,946,767**	₱2,236,975
Non-controlling interests	**383,766**	661,180
	₱2,330,533	₱2,898,155

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 23)	Additional Paid-in Capital	Other Equity Reserves	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI (Note 14)	Unrealized Fair Value Gain on derivative instruments designated as hedges (Note 33)	Remeasurement Loss on Defined Benefit Plans	Accumulated Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures	Cumulative Translation Adjustments	Retained Earnings (Note 23)	Treasury Shares (Note 23)	Total	Non-controlling Interests (Note 23)	Total Equity
	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 (loss)	–	–	–	–	–	–	–	–	**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 (Note 23)	–	–	–	–	–	–	–	–	–	–	–	**(352,344)**	**(352,344)**
Issuance of capital stock (Notes 1 and 23)	**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 (Note 23)	–	–	**(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**

	Attributable to Equity Holders of the Parent Company												
	Capital Stock (Note 23)	Additional Paid-in Capital	Other Equity Reserves	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI (Note 14)	Unrealized Fair Value Gain on derivative instruments designated as hedges (Note 33)	Remeasurement Loss on Defined Benefit Plans	Accumulated Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures	Cumulative Translation Adjustments	Retained Earnings (Note 23)	Treasury Shares (Note 23)	Total	Non-controlling Interests (Note 23)	Total Equity
For the three-month period ended March 31, 2021 (Unaudited)													
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)	–	–	–	–	–	–	–	–	1,272,255	–	1,272,255	661,180	1,933,435
Other comprehensive income (loss)	–	–	–	(180)	41,555	(17,437)	57,082	883,700	–	–	964,720	–	964,720
Total comprehensive income (loss)	–	–	–	(180)	41,555	(17,437)	57,082	883,700	1,272,255	–	2,236,975	661,180	2,898,155
Dividends declared (Note 23)	–	–	–	–	–	–	–	–	(1,197,602)	–	(1,197,602)	(629,971)	(1,827,573)
Issuance of capital stock	6,267,581	10,986,585	–	–	–	–	–	–	–	–	17,254,166	1,800	17,255,966
Stock issuance costs	–	(92,613)	–	–	–	–	–	–	–	–	(92,613)	–	(92,613)
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	(55,184)	(55,184)	–	(55,184)
	6,627,581	10,893,972	–	–	–	–	–	–	(1,197,602)	(55,184)	15,908,767	(628,171)	15,280,596
Balances at March 31, 2021	₱19,974,538	₱19,586,527	₱28,662,357	₱143,445	₱98,964	(₱24,436)	(₱172,762)	(₱2,570,008)	₱6,423,735	(₱96,114)	₱72,026,246	₱50,431,840	₱122,458,086

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Three-Month Period Ended March 31 (Unaudited)	
	2022	2021 (As restated, Note 5)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱309,466**	₱2,061,812
Adjustments for:		
Depreciation and amortization (Notes 25 and 26)	**554,262**	435,509
Interest and other finance charges (Note 27)	**504,313**	428,679
Foreign exchange losses - net	**87,276**	5,494
Pension and other employee benefits	**13,017**	(445)
Dividend income (Note 14)	**(3,635)**	(6,549)
Equity in net income of associates and joint ventures (Note 11)	**(344,473)**	(576,409)
Interest and other financial income (Note 28)	**(1,094,251)**	(812,920)
Provision for (reversal of):		
Impairment loss on:		
Property, plant and equipment - net (Notes 15, 26 and 28)	**26,485**	(86,890)
Advances to contractors (Notes 7 and 26)	**(5,462)**	–
Probable losses on deferred exploration costs (Notes 16 and 26)	**584**	23,379
Expected credit losses (Notes 7, 26 and 28)	**(32,807)**	873
Tax assessments	–	246,191
Loss (gain) on:		
Sale of inventories and by-product (Note 28)	**60,359**	(7,403)
Sale of noncurrent assets held for sale (Note 28)	**4,200**	–
Foreign loan settlement	–	62,200
Sale of property and equipment (Notes 15 and 28)	–	470
Settlement of derivatives (Note 28)	–	(41,700)
Operating income before working capital changes	**79,334**	1,732,291
Decrease (increase) in:		
Accounts receivable	**4,462,285**	2,004,446
Fuel and spare parts	**(301,620)**	58,616
Other current assets	**(995,500)**	198,584
Other noncurrent assets	–	(134,529)
Increase in accounts payable and other current liabilities	**679,179**	585,282
Cash generated from operations	**3,923,678**	4,444,690
Interest received	**469**	10,271
Income and withholding taxes paid	**(3,401)**	(98,775)
Net cash flows from operating activities	**3,920,746**	4,356,186
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Loans to related parties (Note 30)	**(15,867,255)**	(5,908,600)
Investments in associates and joint venture, net (Note 11)	**(7,485,347)**	(554,345)
Property, plant and equipment (Note 15)	**(2,422,209)**	(347,913)
Investments in redeemable preferred shares (Note 12)	**(1,824,745)**	(603,775)
Financial assets at FVTPL (Note 13)	**(786,366)**	–
Short-term investments	**(128,401)**	–
Subscription deposits (Note 12)	**(50,548)**	–
Investments in subsidiaries, net of cash acquired (Note 4)	**(5,167)**	–
Deferred exploration costs (Note 18)	**(775)**	(8,622)
Issuance of convertible loans	–	(2,826,174)
Investment properties	–	(108,911)

(Forward)

	Three-Month Period Ended March 31 (Unaudited)	
	2022	2021
Proceeds from:		
Collection of loans to related parties (Note 30)	**₱10,425,626**	₱4,914,376
Sale of noncurrent assets held for sale (Note 10)	**148,598**	
Redemption of convertible loan (Note 12)	–	790,359
Sale of property, plant and equipment	–	117
Dividends received from:		
Investments in associates and joint ventures (Note 11)	**233,650**	593,734
Financial assets at FVOCI (Note 14)	**3,635**	6,549
Interest received	**691,107**	517,563
Increase in other noncurrent assets, non-current portion of input VAT and CWT (Note 33)	**(1,226,577)**	(341,963)
Net cash flows used in investing activities	**(18,294,774)**	(3,877,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Issuance of capital stock (Note 23)	**10,558,577**	17,254,166
Availment of short-term debts (Notes 21 and 36)	**3,237,020**	3,000,000
Availment of long-term debts (Notes 21 and 36)	**2,000,000**	823,125
Capital infusion of non-controlling interest in subsidiaries (Note 23)	–	1,800
Reissuance of treasury shares	–	–
Payments of:		
Interest on short-term and long-term loans (Note 36)	**(492,178)**	(464,331)
Cash dividends (Note 23)	**(352,344)**	(635,159)
Long-term loans (Notes 21 and 36)	**(114,136)**	(939,135)
Acquisition of non-controlling interest (Notes 1, 4 and 23)	**(95,350)**	–
Interest on lease liabilities (Notes 16 and 36)	**(56,514)**	(9,948)
Debt issue cost (Note 21)	**(15,000)**	(6,038)
Lease liabilities (Notes 16 and 36)	**(4,530)**	(55,455)
Stock issuance costs (Note 23)	–	(92,613)
Capital redemption of non-controlling interest in a subsidiary (Note 22)	–	–
Short-term loans (Notes 21 and 36)	–	(10,000,800)
Treasury shares (Note 23)	–	(55,184)
Decrease in due to stockholders	–	(16,731)
Increase in other noncurrent liabilities	**618,375**	81,880
Net cash flows from financing activities	**15,283,920**	8,885,577
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**341,945**	189,395
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,251,837**	9,553,553
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**26,445,429**	28,077,170
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 6)	**₱27,697,266**	₱37,630,723

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 and Status of Operations

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

As at March 31, 2022, AC Energy and Infrastructure Corporation ("ACEIC") directly owns 62.50% of the ACEN's total outstanding shares of stock.

The direct parent company (or intermediate parent company) of ACEN is ACEIC, a wholly owned subsidiary of Ayala Corporation ("AC"), a publicly-listed company which as at December 31, 2021 is 47.87% owned by Mermac, Inc. (ultimate parent company). ACEN is managed by ACEIC under an existing management agreement, which was assigned by PHINMA, Inc. to ACEIC on June 24, 2019 and which assignment was approved by the stockholders on September 17, 2019. ACEN, ACEIC and Mermac, Inc. are all incorporated and domiciled in the Philippines. ACEN and its subsidiaries are collectively referred to as "the Group".

On January 5, 2021, the SEC approved the amendments to the Parent Company's Articles of Incorporation and By-laws to change the corporate name from "AC Energy Philippines, Inc." to "AC Energy Corporation."

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"

These material actions were initially approved by the BOD of ACEN on November 11, 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 Parent Company's business under the purview of the Philippine foreign investment negative list, and to explicitly specify the Parent Company's authority to provide guarantees in furtherance of its business.

Upon approval of the BOD, the principal office address of the Parent Company was changed from 4th Floor 6750 Office Tower, Ayala Avenue, Makati City to 35th Floor, Ayala Triangle Gardens

Tower 2, Paseo de Roxas corner Makati Avenue, Makati City, awaiting the amendment of the Articles of Incorporation subject to the approval of the SEC.

Pursuant to the delegated authority from the Parent Company's BOD, on May 16, 2022, the Parent Company's Audit Committee approved and authorized the issuance of the Q1 2022 interim condensed consolidated financial statement.

The following are the significant transactions of the Group during the three-month period ended March 31, 2022:

ACEX Joint Venture with Red Holdings B.V.
On January 14, 2022, ACEX, BCEI and Gen X Energy executed the Shareholders' Agreement and Subscription Agreements implementing the transaction. ACEX will subscribe to a total of 150,002 shares in BCEI for a total subscription price of ₱150,219,040. Gen X Energy L.P. is a portfolio company of Blackstone Inc., the world's largest alternative asset manager (see Notes 3 and 11).

Amendment of Administration and Management Agreement with SLTEC
On January 21, 2022, the BOD of ACEN approved the amendment to the Administration and Management Agreement with SLTEC to include, among others, the provision of operations and maintenance services by ACEN to SLTEC (see Note 32).

Sale of Power Barge 101
January 21, 2022, ACEN and MORE Power Barge, Inc. executed the Deed of Absolute Sale and Assignment implementing the sale of Power Barge 101, amounting to ₱126 million, inclusive of VAT.

On February 23, 2022, ACEN and SPC Island Power Corporation executed the Deed of Absolute Sale and Assignment implementing the sale of PB 102. Conditions precedent to closing of the transaction is the approval of PSALM to the assignment of the Lease Agreement covering the mooring site of PB 102 (see Note 10).

ACEN and UPC Renewables to construct their largest solar project in India
On January 30, 2022, ACEN and UPC Solar Asia Pacific, commenced construction of their 300 MWac (420 MWp) Masaya Solar farm. Through their joint venture company, UPC-AC Energy Solar.

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 CO2 emissions annually. Once completed, the Masaya Solar farm will be UPC-AC Energy Solar's third and largest solar project in India to date.

UPC-AC Energy Solar is in the process of securing a 20-year loan from the State Bank of India to fund the project with an estimated project cost of US$220 million under a 75:25 debt-to-equity financing scheme, with the joint venture 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.

ACEN to acquire 49% interest in Vietnam solar platform of Super Energy Corporation
On January 31, 2022, ACEN through its wholly-owned subsidiary, AC Energy 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"), have 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 secondary shares acquisition 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.

Subscription by ACEN to shares in Buendia Christiana Holdings Corp. (“BCHC”)
On February 14, 2022, ACEN signed a subscription agreement with BCHC for the subscription by ACEN to 3,015,000 common shares and 16,985,000 redeemable preferred shares (RPS), subject to the necessary regulatory approval by the SEC of the increase in ACS of BCHC. The additional capital will be used by BCHC to purchase real property required for various potential power projects.

ACEN powers up country’s first hybrid solar and storage project
On February 23, 2022, the Group’s Battery energy storage system through Giga Ace 4 has started operations. The pilot 40 MW (2x20 MW) energy storage project located in Alaminos, Laguna, adjacent to SolarAce1’s operating 120 MW Alaminos Solar Farm.

Declaration and payment of cash dividends to stockholders
On March 8, 2022, ACEN’s BOD approved the declaration of cash dividends of ₱0.06 per share on the 38,315,838,177 outstanding shares of ACEN, to be paid on April 19, 2022 to the shareholders on record as of April 5, 2022.

Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited (“UPCAPH”) and Mr. Anton Rohner (“Rohner”) in UPC-AC Energy Australia (HK) Ltd. (“UPC-ACE Australia”)
On March 11, 2022, ACEN, through its subsidiary ACEN Renewables International Pte Ltd (formerly AC Renewables International Pte Ltd; “ACRI”), UPCAPH, and Mr. Rohner signed a Share Purchase Agreement for ACRI’s acquisition of the 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 and Mr. Rohner’s 1,000,054 ordinary class B shares in UPC-ACE Australia, thereby completing the first tranche of the acquisition. Completion of the second tranche of the acquisition is expected to occur in early 2023. ACEN will wholly own UPC-ACE Australia upon completion of the second tranche (see Note 11).

Acquisition by ACEN of the ownership interest of UPC Philippines Wind Investment Co. BV (“UPC Philippines”) and Stella Marie L. Sutton (“Sutton”) in their Philippine renewable companies and businesses (“Target Companies”)
On March 18, 2022, ACEN, it’s wholly-owned subsidiary ACE Endevor, Inc (“ACE Endevor”)., UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Sutton signed an agreement for the sale and purchase of UPC Philippines’ and Ms. Sutton’s shares and/or subscription rights in the following Target Companies to ACEN and ACE Endevor:

- North Luzon Renewable Energy Corp. (“NLR”), a joint venture between UPC Philippines Holdco I B.V., ACEN, and Luzon Wind Energy Holdings B.V. It is the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte (see Note 11).

- Bayog Wind Power Corp.("BWPC"), is the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte. It is a joint venture between the Company through subsidiary ACE Endevor, Inc. and UPC Philippines Holdco II B.V. (see Notes 4 and 23).
- (a) Buduan Wind Energy Co. Inc., (b) Caraballo Mountains UPC Asia Corporation, are non-operating, development special purpose vehicles (SPV), and (c) Pangasinan UPC Asia Corporation ("Laguna Solar"), Laguna Solar has 1,500MW currently in the pipeline (see Note 4).
- (d) Sapat Highlands Wind Corporation, (e) Mindanao Wind Power Corp., (f) Itbayat Island UPC Asia Corporation, (g) Laguna Central Renewables, Inc., (h) Suyo UPC Asia Coporation and (i) SolarAce4 Energy Corp ("SolarAce4") have a combined pipeline of 800MW (see Note 4).

Subscription by UPC Philippines Group to Shares in ACEN
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:

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 (collectively, the "UPC Philippines Group")	4,248,813
Total ACEN shares subscribed	389,995,833
Subscription price per share	₱8.2889
Total subscription price *(subject to adjustment)*	₱3,232,636,460

The transaction 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 Group, 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.

Subscription by ACEN to shares in Natures Renewable Energy Devt. ("NAREDCO") Corporation
On March 24, 2022, ACEN, ACE Endevor, CleanTech Renewable Energy 4 Corp. ("CREC4"), and NAREDCO signed a Shareholders' Agreement to cover the ownership and management of NAREDCO, as well as the development and operation of the proposed 200MWdc Lal-lo Solar Power Project in Lal-lo, Cagayan (the "Lal-lo Solar Power Project") (see Note 11).

ACEN may provide NAREDCO short-term financing to allow early NTP. ACEN will be repaid from the proceeds of the third-party project finance or NAREDCO's issuance of additional RPS in favor of ACEN.

Subscription by ACEN to shares in ACRI
On March 30, 2022, ACEN signed a subscription agreement with its subsidiary ACRI for the subscription by the Company to 1,402,029 Class E redeemable preferred shares ("RPS") with a par value of US$ 100 per share for a total par value of US$ 140,202,900 (the "Subscription Price).

2. Summary of Significant Accounting Policies

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

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2021.

New Standards, Interpretations and Amendments
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards effective as at January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning on or after January 1, 2022

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendments are not expected to have material impact to the Group.

- Amendments to PAS 16, *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.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

- 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.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

- *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 by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - 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. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022, with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the Group first applies the amendment. The amendments are not expected to have a material impact on the Group.

- 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.

  An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not applicable to the Group.

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the Parent Company and the following subsidiaries of the Group as at March 31, 2022 and December 31, 2021:

		Percentage of Ownership (%)			
		March 31, 2022		December 31, 2021	
Subsidiaries	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
AC Energy International, Inc. ("ACE International")bw	International investment holding	**100.00**	**–**	100.00	–
AC Renewables International Pte. Ltd.("ACRI")[a]	International investment holding	**–**	**100.00**	–	100.00
AC Energy Cayman ("ACEC")[b]	International investment holding	**–**	**100.00**	–	100.00
ACE Investments HK Limited ("ACE HK")[c]	International investment holding	**–**	**100.00**	–	100.00
ACEN Finance Limited ("ACEN Finance")[b]	Investment holding	**100.00**	**–**	100.00	–
Bulacan Power Generation Corporation ("Bulacan Power")	Power generation	**100.00**	**–**	100.00	–
CIP II Power Corporation ("CIPP")	Power generation	**100.00**	**–**	100.00	–
Guimaras Wind Corporation ("Guimaras Wind")	Wind power generation	**100.00**	**–**	100.00	–
One Subic Oil Distribution Corporation	Distribution of petroleum products	**100.00**	**–**	100.00	–
One Subic Power Generation Corporation ("One Subic Power")	Power generation	**–**	**100.00**	–	100.00
ACE Enexor, Inc. ("ACEX")	Oil, gas, and geothermal exploration	**75.92**	**0.40**	75.92	0.40
Palawan55 Exploration & Production Corporation ("Palawan55")	Oil and gas exploration	**30.65**	**52.93**	30.65	52.93
South Luzon Thermal Energy Corporation ("SLTEC")	Power generation	**100.00**	**–**	100.00	–
Buendia Christiana Holdings Corp. ("BCHC")	Investment holding	**100.00**	**–**	100.00	–
ACE Shared Services, Inc. ("ACES")	Shared services	**100.00**	**–**	100.00	–
Giga Ace 1, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 2, Inc.	Power generation	**100.00**	**–**	100.00	–
Giga Ace 3, Inc. ("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.	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.[d]	Power generation	**100.00**	**–**	100.00	–
Giga Ace 12, Inc.[d]	Power generation	**100.00**	**–**	100.00	–
Giga Ace 14, Inc.[e]	Power generation	**100.00**	**–**	100.00	–
Giga Ace 15, Inc.[e]	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	–

		Percentage of Ownership (%)			
		March 31, 2022		December 31, 2021	
Subsidiaries	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
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	–
Gigasol 7, Inc.	Power generation	**100.00**	**–**	100.00	–
Gigasol 8, Inc. [f]	Power generation	**100.00**	**–**	100.00	–
Gigasol 9, Inc. [f]	Power generation	**100.00**	**–**	100.00	–
Gigasol 10, Inc. [f]	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	–
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. (“SolarAce4”)	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	–
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**	–	–
Mindanao Wind Power Corporation	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**	–	–

[a] *Incorporated in Singapore*
[b] *Incorporated in Cayman Islands*
[c] *Incorporated in Hong Kong*
[d] *Incorporated on October 26, 2021*
[e] *Incorporated on October 28, 2021*
[f] *Incorporated on November 11, 2021*

Unless otherwise indicated, the principal place of business and country of incorporation of the Parent Company’s investments in subsidiaries, associates and join 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 interest.

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

3. Significant Accounting Judgment, Estimates and Assumptions

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

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

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

Asset Acquisitions and 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 Group's acquisitions of ownership interest of UPC Philippines Wind Investment Co. BV ("UPC Philippines") and Stella Marie L. Sutton ("Sutton") in their Philippine renewable companies and businesses ("Target Companies") have been accounted for as business combinations (see Notes 1 and 4).

Assessment of Joint Control
The Group's investments in joint ventures (see Note 11) are structured in separate incorporated entities. Even though the Group holds various percentages of ownership interests on these arrangements, their respective joint arrangement require unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the term of the contractual agreements. The rights of the Group and the other parties to the joint venture, including as to the net assets of the joint venture, will be based on the contractual arrangements that they entered into (see Note 11).

The joint venture with Red Holdings B.V will be through a special purpose vehicle company, Batangas Clean Energy, Inc. (BCEI), where ACEX and Gen X Energy will each own a fifty percent (50%) interest, subject to satisfaction of agreed conditions precedent and execution of definitive documents. The long-term arrangement and intent is for the SPV to be jointly owned and controlled whereby fundamental business and operational matters will require unanimous consent from all parties (see Notes 1 and 11).

Determination of Transaction Price from Sale of Electricity
The adjustment of the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction price changed. In 2020, the Group recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021. In 2021 and 2022, 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.

Classification of Noncurrent Assets Held for Sale
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 (Note 10).

The following criteria are met as of the financial reporting date:
a. The power barges are available for immediate sale as evidenced signed purchase agreement on August 20, 2021. While the transaction is still subject to certain conditions precedent, the requirements under PFRS 5 are deemed to have been satisfied in so far as the assets to be sold are concerned.
b. The power barges are measured at the lower or the carrying amount and fair value less costs to sell.
c. Depreciation of the assets ceased upon its classification as held for sale
d. The sale is highly probable to be completed within 12 months from end of period date.

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

Impairment of PB 102 and PB 103
In 2020, following the fuel oil discharge accident (Notes 10 and 37), the Parent Company recognized full provision for impairment of PB 102 and PB 103 amounting to ₱270.53 million as the assets are not operational as at December 31, 2020 and there are no existing ancillary service contracts to utilize the assets for income generation. The Group reassessed the depreciation policies of its property, plant and equipment and estimated that their useful lives will not be affected following this decision.

The recoverable amounts of PB 102 and PB 103 amounting to nil as at December 31, 2020 were determined based on the calculation of fair value less costs of disposal using estimated scrap value with reference to recent sales, adjustments to weight of the scrap and deduction for costs of disposal. As a result of this analysis, the Group has recognized an impairment charge of ₱270.53 million in 2020 against the related property, plant and equipment. The provision for impairment loss on property, plant and equipment is included in "General and administrative expenses" in the consolidated statements of income (see Notes 10 and 26).

Further details on investments in associates and joint ventures, plant, property, and equipment, right-of-use assets, investment properties and leasehold rights are provided in Notes 11,15, 16, 17 and 16, respectively.

4. Business Combination

Acquisition by ACEN of the ownership interest of UPC Philippines Wind Investment Co. BV ("UPC Philippines") and Stella Marie L. Sutton ("Sutton") in their Philippine renewable companies and businesses ("Target Companies")

On March 18, 2022, ACEN, it's wholly-owned subsidiary ACE Endevor, Inc ("ACE Endevor")., UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights in the following Target Companies to ACEN and ACE Endevor:

- North Luzon Renewable Energy Corp. ("NLR"), a joint venture between UPC Philippines Holdco I B.V., ACEN, and Luzon Wind Energy Holdings B.V. It is the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte (see Note 11).
- Bayog Wind Power Corp.("BWPC"), is the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte. It is a joint venture between the Company through subsidiary ACE Endevor, Inc. and UPC Philippines Holdco II B.V. (see Note 23).
- (a) Buduan Wind Energy Co. Inc., (b) Caraballo Mountains UPC Asia Corporation, are non-operating, development special purpose vehicles (SPV), and (c) Pangasinan UPC Asia Corporation ("Laguna Solar"), Laguna Solar has 1,500MW currently in the pipeline.
  (d) Sapat Highlands Wind Corporation, (e) Mindanao Wind Power Corp., (f) Itbayat Island UPC Asia Corporation, (g) Laguna Central Renewables, Inc., (h) Suyo UPC Asia Coporation and (i) SolarAce4 Energy Corp ("SolarAce4") have a combined pipeline of 800MW.

On March 8, 2022, the BOD of ACEN approved a revised list of Subscribers constituting the UPC Philippines group, 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.

The issuance and listing of the ACEN common shares were presented to the stockholders for approval on December 15, 2021 during a special stockholders' meeting. Stockholders representing at least a majority of the authorized capital stock of ACEN voted to approve the said share issuance and listing.

ACEN paid an aggregate amount of ₱2,386,516,255 for the Sellers' shares and/or subscription rights in the Target Companies.

The acquisition of interest in BPWC and SolarAce4 resulted into a ₱110.49 million goodwill booked in other equity reserves account (see Note 23).

The carrying amount as at March 31, 2022 were used as provisional fair values for the identifiable net assets of the non-operating, development special purpose vehicles Target Companies, of which, amounted to (₱87.97) million, and resulted into a ₱93.38 million goodwill (see Note 18).

5. Business Combination of Entities under Common Control

Acquisition of ACEIC's offshore subsidiaries through share swap
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 (date when ACEN and the Offshore Companies became related parties under the common control of ACEIC), ACEN acquired these entities 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 income statement for the three-month period ended March 31, 2020, after considering the retroactive impact of the share swap transaction with ACEIC.

	Three-month Period Ended March 31, 2021	
	(Unaudited, as previously reported)	(Unaudited, as restated)
REVENUES		
Revenue from sale of electricity	₱5,688,775	₱5,688,775
Rental income	13,663	13,663
Other revenue	10,741	18,856
Dividend income	–	6,549
	5,713,179	5,727,843
COSTS AND EXPENSES		
Costs of sale of electricity	4,433,444	4,433,444
General and administrative expenses	376,341	394,770
	4,809,785	4,828,214
INTEREST AND OTHER FINANCE CHARGES	(414,530)	(428,679)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES	400,741	576,408
OTHER INCOME – NET	106,348	1,014,451
INCOME BEFORE INCOME TAX	995,953	2,061,809

PROVISION FOR INCOME TAX		
Current	142,490	135,201
Deferred	(6,823)	(6,824)
	135,667	128,377
NET INCOME	₱860,286	₱1,933,432
Net Income Attributable To:		
Equity holders of the Parent Company	₱829,320	₱1,272,252
Non-controlling interests	30,966	661,180
	₱860,286	₱1,933,432

6. Cash and Cash Equivalents

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand and in banks	**₱27,361,848**	₱22,990,899
Short-term deposits	**335,418**	3,454,530
	₱27,697,266	₱26,445,429

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

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

Interest income earned on cash in banks and short-term deposits for the three-month period ended March 31, 2022 and 2021, amounted to ₱11.55 million and ₱10.86 million, respectively (see Note 28).

Short-term deposits include SLTEC's debt service accrual account (DSAA) amounting to nil and ₱ 56.98 million as at March 31, 2022 and December 31, 2021, respectively. This pertains to cash deposits earmarked to cover future debt service payments that bears interest from 0.13% to 0.50% for 2021 and 0.13% to 0.63% for 2020 and have a maturity period of two to six months. DSAA with maturities of more than three (3) months amounting to ₱196.71 million and ₱56.98 as at March 31, 2022 and December 31, 2021, respectively, is presented separately as Short-term Investment in the statement of financial position. These funds are restricted solely for payment of the principal amortization and interest from loans.

The DSAA meets the definition of cash and cash equivalents and short-term investments since the Company has control over the said funds until the repayment dates (see Note 21).

7. Accounts and Notes Receivable

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Accounts receivable	**₱ 8,373,291**	₱8,880,659
Notes receivable (Note 30)		
Development loan	**18,763,109**	15,549,644
Debt replacement loan	**16,340,484**	17,253,756
Other loan	**933,990**	1,060,868
Accrued interest receivable	**4,339,958**	3,937,283
	48,750,832	46,682,210
Allowance for impairment loss	**148,792**	181,599
	₱48,602,041	₱46,500,611

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables		
Third party		
Independent Electricity Market Operator of the Philippines (“IEMOP”)	**₱1,944,814**	₱2,219,536
RES Buyer	**1,552,447**	2,002,655
National Transmission Corporation (“TransCo”)	**1,658,810**	1,727,488
PEMC Multilateral Agreements	**1,137,262**	1,137,262
National Grid Corporation of the Philippines (“NGCP”)	**141,889**	179,076
Philippine Electricity Market Corporation (“PEMC”)	**252,543**	75,752
Others	**214,849**	119,092
Related party		
Others (Note 30)	**113,005**	149,175
Other Receivables		
Third party	**847,486**	1,008,996
Related party (Note 30)	**510,186**	261,627
	8,373,292	8,880,659
Allowance for impairment loss	**148,792**	181,599
	8,224,500	8,699,060
Less: Noncurrent portion	**2,091,729**	2,093,042
Current portion	**₱6,132,771**	₱6,606,018

Trade Receivables
Trade receivables mainly represent receivables from Independent Electricity Market Operator of the Philippines (“IEMOP”), National Transmission Corporation (“TransCo”), PEMC, and NGCP for the FIT and from the group’s bilateral customers. Significant portion of outstanding balance relate to

receivables from Manila Electric Company ("MERALCO") baseload and Mid-Merit PSAs as well as FIT system adjustments (see Note 24).

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

Noncurrent trade receivables include refundable amount from the PEMC arising from recalculation of November and December 2013 spot prices as directed by the ERC. In 2014, the Group, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.51 million. In June 2016, the 24-month period of repayment prescribed; hence, the Group provided an allowance for doubtful accounts related to Multilateral Agreement amounting to ₱13.75 million. NorthWind also recorded collections amounting to ₱115.08 million in relation to the Multilateral Agreement. Collections are presented as "Trade payables" under "Other noncurrent liabilities" (see Note 22). Noncurrent trade receivables also include FIT system adjustments that are expected to be realized beyond 12 months after end of reporting period. FIT system adjustments are discounted using the PHP BVAL Reference rates on transaction date ranging from 2.06% - 2.45%.

Other receivables from third party mainly pertain to the noninterest-bearing receivable from NGCP for the sale of transmission assets and submarine cable. Also included under this account is SLTEC's receivable from NGCP for the remaining uncollected consideration for the sale of the 230KV Salong Switching Station and related assets and subscription receivable of ISLASOL from TLCTI Asia.

Other receivable also includes advances to employees and advance payments to suppliers and deposits to distribution utilities.

Notes receivable

This account consists of development, debt replacements and other loans receivable from related parties and third parties:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Development loan		
Third party	**₱5,563,762**	₱2,847,976
Related party (Note 30)	**13,199,347**	12,701,668
Debt replacement		
Related party (Note 30)	**16,340,484**	17,253,756
Other loan		
Third party	**925,990**	1,060,868
Related party (Note 30)	**8,000**	–
	36,037,583	33,864,268
Less: Noncurrent portion	**13,160,768**	9,586,187
Current portion	**₱22,876,816**	₱24,278,081

Receivables from related parties includes various development and debt replacements loans from ACEIC and the Group's joint ventures and associates. It also includes receivable from Term Loan Facility with Greencore Power Solutions 3, Inc. ("Greencore") (see Note 30).

Development loans to third parties includes the interest-bearing loans receivable from UPC Renewables Asia Pacific Holdings (URAPHL), from BIM Energy Holdings (BIMEH), and from BEHS Joint Stock Company (BEHS). It also includes interest-bearing term loan facility from Provincia Investments Corporation ("PIC"). First drawdown on the loan facility to PIC was made on

July 2, 2021 amounting to ₱150.00 million. Interests together with the principal amount are payable on or before July 2, 2026 (see Note 11).

Other loans receivable from third parties includes long term loan receivables from Caltrans, Lantrans and Acetrans used for land acquisitions.

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Development loan		
Third party	**₱36,576**	₱118,898
Related party (Note 30)	**482,441**	305,360
Debt replacement		
Third party	**–**	5,786
Related party (Note 30)	**769,713**	1,033,005
Redeemable preferred shares		
Related party (Note 30)	**1,179,291**	946,559
Convertible loan		
Related party (Note 30)	**1,759,784**	1,421,565
Other loan		
Third party	**109,740**	100,557
Related party (Note 30)	**87**	–
Trade receivables		
Third party	**2,325**	5,553
	4,339,958	3,937,283
Less: Noncurrent portion	**1,745,711**	1,512,085
Current portion	**₱2,594,247**	₱2,425,198

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

	March 31, 2022 (Unaudited)		
	Trade	**Others**	**Total**
Balances at beginning of period	**₱96,731**	**₱84,868**	**₱181,599**
Reversal	**(27,709)**	**(5,098)**	**(32,807)**
Balances at end of period	**69,022**	**79,770**	**148,792**

	December 31, 2021 (Audited)		
	Trade	Others	Total
Balances at beginning of year	₱94,742	₱85,984	₱180,726
Provisions – net (Note 24)	873	–	873
Reclassification	1,116	(1,116)	–
Balances at end of year	₱96,731	₱84,868	₱181,599

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

8. Fuel and Spare Parts

Fuel charged to “Costs of sale of electricity” in the consolidated statements of income amounted to ₱1,287.33 million and ₱945.16 million for the three-month periods ended March 31, 2022 and 2021, respectively (see Note 25).

For the three-month periods, no provision for impairment, both for fuel and spare parts was recognized by the Group. As at March 31, 2022 and December 31, 2021, the allowance for inventory obsolescence amounted to ₱6.96 million.

9. Other Current Assets

	March 31, 2022 (Unaudited)	December 31 ,2021 (Audited)
Advances to contractors	**₱298,042**	₱270,265
Derivative asset (Note 33)	**199,025**	241,744
Prepaid expenses	**539,867**	223,264
Others	**25,325**	36,433
	1,062,259	771,706
Less allowance for impairment loss	**(21,975)**	(27,437)
	₱1,040,284	₱744,269

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

Derivative asset pertains to the foreign exchange forward contracts and coal hedges maturing within 12-month period (see Note 34).

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

Allowance for impairment relates to the advances to contractors paid by BSEI for the development of its renewable energy laboratory facility with energy storage system project (see Notes 3 and 15). The ₱5.46 million reversal arise from subsequent collection and reassessment of collectability (Note 28).

10. Noncurrent Assets Held for Sale

<u>ACEN</u>
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. These were acquired by ACEN from the Power Sector Assets and Liabilities Management Corporation (“PSALM”) in 2015. Each power barge is a barge-mounted bunker-fired diesel generating power station with Hitachi diesel generator units and a gross capacity of 32MW and providing dispatchable reserve services to the Visayas grid.

No impairment loss for the three-month period ended March 31, 2022 and 2021. Impairment loss amounting to ₱8.71 million was recognized for the year ended December 31, 2021, to bring down to its estimated net realizable value.

On December 21, 2021, ACEN signed the Asset Purchase Agreement for the sale of PB 101 to MORE Power Barge, Inc. The Deed of Absolute sale was executed by the parties on January 21, 2022. No impairment loss for the three-month period ended March 31, 2022 and 2021. Impairment loss amounting to ₱69.15 million was recognized for the year ended December 31, 2021, to bring down 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 Power Barge 101, amounting to ₱126 million, inclusive of VAT. Total proceeds amounted to ₱112.5 million were received during the period.

On February 23, 2022, ACEN and SPC Island Power Corporation executed the Deed of Absolute Sale and Assignment implementing the sale of PB 102. Conditions precedent to closing of the transaction is the approval of PSALM to the assignment of the Lease Agreement covering the mooring site of PB 102. Total proceeds amounted to ₱35.0 million were received, recognizing ₱4.2 million loss on sale.

Impairment Losses
PB 102 located in Barrio Obrero, Iloilo City, accidentally discharged fuel oil on July 3, 2020. Based on investigation, an explosion in one of the barge's fuel tanks ruptured the hull of the barge which resulted in the oil spill. The Group assessed and determined that the incident raised impairment indication that the asset's carrying amount exceeded its estimated recoverable amount.

As at March 31, 2022 and December 31, 2021, the carrying value of the power barges amounted to ₱109.25 million and ₱193.54 million, respectively.

<u>BSEI</u>
As at March 31, 2022 and December 31, 2021, the carrying value of the remaining tools amounted to ₱9.93 million and these are available for immediate sale in its present condition although nothing yet has been finalized, management has been actively looking for interested buyers.

11. Investments in Associates and Joint Ventures

The Group's investments in associates and interest in joint ventures as at March 31, 2022 and December 31, 2021 are as follows:

	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	**₱11,154,594**	₱10,652,033
Maibarara Geothermal, Inc. ("MGI")	25.00	25.00	**793,261**	785,042
Others[1]	Various	Various	**631**	631
			11,948,486	11,437,706
Interest in joint ventures:				
Philippine Wind Holdings Corp.("PhilWind")	69.81	69.81	**₱8,045,123**	₱5,765,677
BIM Renewable Energy Joint Stock Company ("BIMRE")	30.00	30.00	**1,700,335**	1,597,533
Ingrid Power Holdings, Inc. ("Ingrid")	50.00	50.00	**1,195,049**	1,210,658
UPC-AC Energy Australia (HK) Ltd. ("UPC-ACE Australia")	50.00	50.00	**4,761,347**	903,333
UPC Australia (HK) Limited ("UPC Australia")	80.00	–	**486,417**	–
NEFIN Holding Limited ("NEFIN")	50.00	–	**519,600**	–
AMI AC Renewables Corporation ("AAR")	50.00	50.00	**232,168**	275,573
Batangas Clean Energy, Inc. ("BCEI")	50.00	50.00	**123,280**	–
BIM Energy Joint Stock Company ("BIME")	30.00	30.00	**114,556**	111,825
UPC Renewables Asia III Ltd. ("UPC Asia III")	10.00	10.00	**65,173**	47,035
Natures Renewable Energy Devt. (NAREDCO) Corporation	45.00	45.00	**8,250**	8,250
Others[2]	Various	Various	**867**	711
			17,252,165	9,920,595
			₱29,200,651	₱21,358,301

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Investment in associates and joint ventures		
Acquisition costs:		
Balance at beginning of period	**₱19,908,130**	₱18,015,097
Interest retained in former subsidiary	**–**	980,900
Additions	**7,485,347**	536,189
Divestment	**–**	(186,738)
Cumulative translation adjustment	**206,352**	562,682
Balance at end of period	**27,599,829**	19,908,130
Accumulated equity in net earnings (losses):		
Balance at beginning of period	**1,422,007**	1,197,907
Equity in net earnings	**344,473**	1,952,753
Dividends received	**(233,650)**	(1,693,682)
Divestment	**–**	(34,971)
Balance at end of period	**1,532,830**	1,422,007
Accumulated share in other comprehensive income:		
Balance at beginning of period	**29,723**	(229,844)
Unrealized fair value gain (loss) on derivative instruments designated as hedges - net of tax	**15,490**	104,994
Remeasurement loss on defined benefit plans - net of tax	**24,338**	(54,608)
Effect of business combinations under common control	**–**	209,181
Balance at end of period	**69,551**	29,723
Accumulated impairment losses		
Balance at beginning of period	**(1,559)**	(188,072)
Divestment	**–**	186,513
Balance at end of period	**(1,559)**	(1,559)
Total investments	**₱29,200,651**	₱21,358,301

<u>Investments in Associates</u>

Salak-Darajat

In 2017, the Group acquired an interest in Salak-Darajat, an investment holding company incorporated in Netherlands, with project companies located in Indonesia that have continuing interest in Chevron's geothermal assets and operations in Indonesia. The Indonesia assets and operations pertain to the Darajat and Salak geothermal fields in West Java, Indonesia, with a combined capacity of 637 MW of steam and power.

Dividends declared by Salak-Darajat amounted to nil and US$6.93 million (₱336.41 million) in 2022 and 2021.

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

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

The Parent Company received dividends amounting to nil and ₱20.00 million in 2022 and 2021, respectively.

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

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

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

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

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

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

On October 18, 2021, the BOD of ACEN approved the acquisition, directly or through its nominated affiliate, of the ownership interest of UPC Philippines Wind Investment Co. BV ("UPC Philippines") and Stella Marie L.Sutton in NLR. This will be acquired together with BWPC and other development special purpose vehicles, subject to agreed conditions precedent including required partner, financing, and regulatory approvals, and subject further to execution of definitive documentation.

On March 18, 2022, ACEN, ACE Endevor, UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights in NLR to ACEN and ACE Endevor (see Note 1).

ACEN paid an aggregate of ₱2.29 billion in exchange for the 40% interest in common shares and 7% interest in preferred shares (see Note 4).

Following the acquisition, ACEN will have an effective economic interest of 78% in NLR.

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

Dividends declared by PhilWind amounted to ₱233.65 million and ₱1,062.16 million in 2022 and 2021.

BIMRE and BIME
In 2018, the Group entered into a 30-70 joint venture agreement with BIM Group to develop, construct, and operate at 300 MW of Solar Farm in Ninh Thuan Province, Vietnam, through BIMRE and BIME. Its principal place of business and country of incorporation is in Vietnam.

On October 4, 2021, the 88 MW Ninh Thuan wind farm started commercial operations. Located in South Central Vietnam, the US$155 million wind farm features 22 units of GE Renewable Energy's Cypress turbines.

In 2020, the Group entered into an Amendment and Supplement to Share Subscription Agreement for additional Common Shares, Class A Preferred Shares and Class B Preferred Shares for 30% ownership in BIMRE. The Group made a subscription deposit of US$5.63 million (₱280.41 million) for common shares and $3.96 million (₱190.11 million) for Class A and B Preferred Shares. Deposits for Class A and Class B Preferred Shares are classified under "Other financial assets at amortized cost".

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

Dividends declared by BIMRE and BIME amounted nil and US$4.06 million (₱205.79 million) in 2022 and 2021.

Ingrid
On July 23, 2020, ACEIC, ACEN and ACED signed a Shareholders' Agreement with APHPC and Marubeni Corporation for the development, construction and operation of the 150 megawatt (MW) highspeed, diesel-fueled power plant under Ingrid. Under the Agreement, APHPC will acquire 50% of the voting shares and 50% of the economic rights in Ingrid while ACEN will hold 50% of the voting shares and 45% of the economic rights with ACE Endevor having a 5% share of the economic rights in Ingrid.

On November 24, 2020, the Philippine Competition Commission issued a decision confirming that the transaction "will not likely result in substantial lessening of competition and resolving to take no further action with respect to the transaction.

On March 18, 2021, the Parent Company and APHPC executed a Subscription Agreement for the subscription by APHPC to 5 Common B Shares, 580,000 Redeemable Preferred F Shares, and 5,219,995 Redeemable Preferred G Shares of Ingrid. On August 10, 2021, Ingrid received the SEC's approval of Ingrid's amended Articles of Incorporation, and the Certificate of Approval of Increase in ACS, both issued on August 4, 2021. Following the subscription of APHPC, Ingrid will have a total subscribed capital of ₱1.97 billion.

On October 12, 2021, Ingrid and APHPC executed the second Subscription Agreement for the subscription by APHPC to an additional 112,000 Redeemable Preferred F Shares with a par value of ₱100 per share and 1,034,000 Redeemable Preferred G Shares with a par value of ₱100 per share to be issued out of the unissued ACS of Ingrid, to maintain the 50% interest in the shares and in the economic rights as provided in the 2020 Agreement.

Ingrid is among the Parent Company's wholly owned subsidiaries which were acquired from ACEIC in exchange for ACEN's own shares in 2020. Following the Shareholders' Agreement and the SEC's approval of Ingrid's increase in ACS, the Group loses control and recognizes the investment retained in the former subsidiary. The retained interest is remeasured upon deconsolidation of Ingrid's assets and liabilities from the consolidated statement of financial position and recognized a gain amounting to ₱21.81 million in the consolidated statements of income. ACEN, ACED and APHPC have joint control with Ingrid over key decision areas and material transactions through various reserved matters.

In 2021, Ingrid started commercial operation of 150MW high-speed, diesel-fueled power plant project following the issuance of the Notice to Proceed (NTP) in December 2019. Ingrid's registered office address is 4th Floor, 6750 Building, Ayala Avenue, San Lorenzo, Makati City.

UPC-ACE Australia and UPC 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 to fund project equity. Additional investments were made in 2021 amounting to US$5.75 million (₱278.60 million) for funding the NESF.

On October 18, 2021, the Parent Company's BOD approved to acquire the remaining 51.6% stake in UPC-AC Renewables Australia joint venture. This transaction will raise ACEN's ownership in the renewables development platform to 100%.

ACEN, through its subsidiary ACRI, will acquire the interest of its joint venture partners UPCAPH and Mr. Anton Rohner ("the Sellers") in UPC-ACE Australia for a total consideration of US$243.3 million, subject to adjustments. The Sellers will in turn subscribe to up to 942 million common shares of ACEN with a subscription price of ₱11.32/share, subject to adjustments. The acquisition is subject to satisfaction of agreed conditions precedent, and consents and regulatory approvals, including the consent or non-objection of the Foreign Investment Review Board of Australia.

On December 15, 2021, the stockholders of ACEN approved the issuance and listing of up to 942 million Common Shares to the owners, affiliates, and/or partners of UPCAPH and Mr. Rohner and the listing of the shares to be issued.

The approval of or non-objection by the Foreign Investment Review Board ("FIRB") of Australia., was received on February 16, 2022.

On March 11, 2022, ACRI, UPCAPH, and Mr. Rohner signed a Share Purchase Agreement for ACRI's acquisition of the effective ownership interest of UPCAPH and Mr. Rohner in UPC-ACE Australia.

The aggregate consideration paid for the first tranche is US$87,698,684. ACRI paid US$78,337,307 (₱4,070.41 million) for the 7,150 ordinary shares in UPC-ACE Australia and US$9,361,377 (₱486.22 million) for the 1,000,054 ordinary class B shares in UPC Australia (HK) Limited.

On March 21, 2022, ACEN signed Subscription Agreements with the following entities for the following number of shares in ACEN at price of ₱7.871 per share:

UPC Renewables Asia Pacific Holdings Pte Limited	869,119,204
Anton Rohner	61,630,796
Total ACEN shares to be issued	930,750,000
Subscription price per share	₱7.871
Total subscription price *(subject to adjustment)*	₱7,325,933,250

UPC Renewables Australia is developing the 1,000MW Robbins Island and Jim's Plain solar project in Northwest Tasmania and the 520MW New England Solar Farm (NESF) located near Uralla in New South Wales. UPC Renewables Australia also has a further development portfolio of another 8000MW's located in NSW, Tasmania, Victoria and South Australia.

NEFIN
NEFIN, a leading solar photovoltaic developer and investor in carbon neutrality solutions. ACEN and NEFIN will establish a 50/50 joint venture holding company that will develop, construct, and operate rooftop solar projects across Asia. The joint venture will own 21 MW of operating assets and has a robust near-term project pipeline.

During the period, the Group infused $10 million (₱515.59 million) to the joint venture.

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

On November 17, 2021, the 252 MW wind farm in Quang Binh, Vietnam has reached commercial operations. This is the third joint project of ACEN and AMI Renewables following the 50 MW Khanh Hoa and 30 MW Dak Lak solar farms which started operations in 2019.

BCEI
On November 10, 2021, the ACEX BOD approved the joint venture between the ACEX and Red Holdings B.V. ("Gen X Energy"), a wholly owned subsidiary of Gen X Energy L.P., to develop a 1,100MW combined cycle power plant that will be able to use natural gas and/or green hydrogen as its fuel to provide firm power to the grid to meet the country's growing energy demand. The joint venture will be through a special purpose vehicle company, BCEI, where ACEX and Gen X Energy will each own a fifty percent (50%) interest, subject to satisfaction of agreed conditions precedent and execution of definitive documents.

On December 10, 2021, the ACEX BOD approved for the availment of a short-term loan from ACEN of up to ₱150 million to fund the initial subscription by ACEX to shares in BCEI and authorized ACEX to secure bank loans in an aggregate amount of up to ₱150 million to be guaranteed by ACEN subject to the payment of a guarantee fee. On December 13, 2021, the ACEN BOD approved the short-term loan up to ₱150 million in favor of ACEX.

As part of the transaction, Buendia Christiana Holdings Corp. (BCHC), an affiliate of the Company, shall assign to BCEI its option to lease the potential project site.

On January 14, 2022, ACEX, BCEI and Gen X Energy executed the Shareholders' Agreement and Subscription Agreements implementing the transaction. ACEX will subscribe to a total of 150,002 shares in BCEI for a total subscription price of ₱150,219,040. Gen X Energy L.P. is a portfolio company of Blackstone Inc., the world's largest alternative asset manager. As at March 31, 2022, ₱126.78 million was infused into the joint venture.

BCE shall file an application for the increase in its ACS with the SEC.

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

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

NAREDCO
On October 18, 2021, the BOD of ACEN approved ACEN's joint venture with CleanTech Global Renewables, Inc. ("CleanTech"). CleanTech has assigned its rights and obligations under the joint venture to its wholly-owned subsidiary, CleanTech Renewable Energy 4 Corp. ("CREC4").

NAREDCO, ACEN's joint venture project with CREC4, is a special purpose vehicle for the development of the proposed 200MWdc Lal-lo Solar Power Project in Lal-lo, Cagayan (the "Lal-lo Solar Power Project"). The planned capacity of Phase 1 is 100MWdc. 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.

On December 17, 2021, ACEN and ACE Endevor signed subscription agreements with NAREDCO for the subscription to an aggregate of 82,500 common shares in NAREDCO with a par value of ₱100 per share for a total par value of ₱8,250,000. The subscribed shares is composed of (a) 45,000 common shares to be issued from NAREDCO's unissued capital stock, and (b) 37,500 common shares to be issued out of the increase in NAREDCO's ACS.

On March 24, 2022, ACEN, ACE Endevor, CREC4, and NAREDCO signed a Shareholders' Agreement to cover the ownership and management of NAREDCO, as well as the development and operation of the Lal-lo Solar Power Project.

After subscription by ACEN and Endevor to an aggregate of 82,500 common shares in NAREDCO on 17 December 2021 and subject to the necessary regulatory approvals from the SEC on the increase in authorized capital stock of NAREDCO, the ownership structure will be as follows: ACEN with 55%, Endevor with 5%, and CREC4 with 40% of the common shares.

UPC AC Energy Solar Ltd.
In July 2020, ACEN, through its joint venture UPC-AC Energy Solar, issued a notice-to-proceed

for a 140 MWdc solar plant (“Sitara Solar project”) in Rajasthan, a desert state with the highest irradiation in India. The project utilizes Risen Energy monocrystalline panels.

In May 2021, despite the worsening pandemic situation in India, the 140 MWdc Sitara Solar project in Rajasthan started commercial operations. The project supplies 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.

In October 2020, ACEN, through its joint venture UPC-AC Energy Solar, issued notice-to-proceed for a 70 MWdc solar plant (“Paryapt Solar project”)in Gujarat, one of the first states to develop solar generation capacity in India and with its own target to set up 8,000MW of solar power by 2022. The Paryapt Solar Farm uses Jinko monocrystalline solar panels.

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. The project is supplying 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.

The development of these 210 MWp maiden solar farms in India involved an investment of around US$100 million. the solar farms are comprised of more than 466,000 solar panels which are capable to produce around 358 GWh annually, or an estimated 323,990 metric tonnes of CO2e avoided.

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

On February 4, 2021, ACEN and ACE Endevor signed a Shareholders’ Agreement with Citicore Solar Energy Corporation (“CSEC"), and Greencore, for the development, construction, and operation of the Project. On the same date, ACEN and ACE Endevor signed subscription agreements with Greencore for the subscription of 2.25 million and 0.25 million common shares, respectively, with a par value of ₱1.00 per share, or a total par values of ₱2.25 million and ₱0.25 million, respectively, to be issued out of the unissued ACS of Greencore. ACEN and ACE Endevor have fully paid their subscriptions.

The Project started construction in 2021. Under the Shareholders’ Agreement, CSEC will have 50% of the shares in Greencore, the special purpose vehicle of the Project, while ACEN and ACE Endevor will hold a 45% and 5% interest, respectively. ACEN has agreed to provide a term loan facility to Greencore of up to ₱2.68 billion to finance the design, engineering, financing, construction, procurement and supply, manufacturing, commissioning, start up, testing, delivery, ownership, operation and maintenance of the power plant. Greencore and its shareholders agreed to execute the necessary loan and security agreement for this purpose. Total amount drawn in 2021 amounted to ₱2.08 billion.

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

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

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

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

On June 25, 2021, ACEN signed an Omnibus Loan and Security Agreement with PIC (the "Borrower") and SP (the "Sponsor") for the financing of the various acquisition of project sites for solar power projects.

Under the Agreement, ACEN, as Lender, will be extending a term loan facility to the Borrower in the amount of up to ₱1.00 billion. The loan will be secured by (1) a real estate mortgage over the Borrower’s and third-party mortgagors' title to, or rights and interests over, real assets in favor of ACEN, and (2) a mortgage and pledge over the shareholding of the Sponsor in one of its fully-owned subsidiaries. As at March 31, 2022 and December 31, 2021, PIC has drawn ₱150.00 million from the facility (see Note 7).

SPCLC is a special purpose vehicle and is meant to implement the joint venture between ACEN and SP for the development and operation of solar power projects in the Philippines. As at March 31 2022, commercial operations have not yet been achieved.

SPCLC was incorporated and registered with the Philippine SEC, primarily to develop and own solar projects, mainly in Central Luzon. The registered office address and principal place of business is at 20th Floor, Philamlife Tower, Makati City.

(2) Others consists of investment in UPC-AC Energy Solar Limited, PT UPC Sidrap Bayu Energi (formerly AC Energy International RE1), Masaya Solar Energy Pvt Ltd., Asian Wind Power 1 HK Ltd., Dai Phong Development, Investment Joint Stock Company, Asian Wind Power 2 HK Ltd., Indochina Wind Pte. Ltd., Vietnam Wind Energy Limited, AC Energy International RE 1 Pte. Ltd., Infenium 4 Energy, Inc, NEFIN Asset Management Pte.Ltd., Greencore Power Solutions 3, Inc. (Greencore) and Solar Philippines Central Luzon Corporation ("SPCLC").

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:

March 31, 2022 (Unaudited, 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	₱233.65	₱–	–	–	–	–
Summarized Statements of Financial Position:						
Current assets	₱3,114.02	₱1,223.44	$39.29	₫1,082.51	$2,546.10	₫985.66
Noncurrent assets	9,294.50	1,260.00	306.22	8,949.21	395.78	5,642.04
Total assets	12,408.52	2,483.43	345.52	10,031.72	2,941.88	6,627.70
Current liabilities	633.49	622.57	–	–	100.94	461.24
Noncurrent liabilities	4,927.15	42.19	172.39	9,974.00	1,728.79	4,841.80
Equity	₱6,847.88	₱1,818.67	$173.12	₫57.72	$1,112.15	₫1,324.66
Share in equity	₱4,780.50	₱909.34	$86.56	₫28.86	$220.21	₫397.40
Others	3,264.62	285.71	6.45	69.55	(9.89)	325.47
Carrying value of investments in functional currency	8,045.12	1,195.05	93.01	98.41	210.32	722.87
Carrying value of investments in Philippine Peso	8,045.12	1,195.05	4,832.85	0.22	10,928.03	1.66
CTA			(71.46)	0.01	226.50	0.04
Carrying value of investments in reporting currency	₱8,045.12	₱1,195.05	$4,761.40	₫0.23	$11,154.54	₫1.70
Summarized Statements of Comprehensive Income:						
Revenue	₱782.76	₱480.42	$0.42	₫96.54	$85.58	₫350.40
Cost and expenses	309.67	511.64	5.83	139.34	58.49	256.10
Net income (loss)	473.10	(31.22)	(5.42)	(42.80)	27.09	94.30
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income (loss) at functional currency	473.10	(31.22)	(5.42)	(42.80)	27.09	94.30
Group's share in total comprehensive income (loss) at functional currency	227.10	(15.61)	(2.71)	(21.40)	5.36	28.29
Total comprehensive income (loss) in Philippine Peso	473.10	(31.22)	(282.03)	(0.10)	1,410.63	0.22
Group's share in total comprehensive income (loss) in Philippine Peso	₱227.10	(₱15.61)	($140.94)	(₫0.05)	$251.71	₫0.07

December 31, 2021 (Audited)

	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
Others	–	–	–	–	–	–
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

March 31, 2021 (Unaudited)

	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	₱974.38	$ -	₫ 20.90	$ 78.60	₫ 312.19
Cost and expenses	254.43	3.63	57.46	55.65	163.47
Net income	719.95	(3.63)	(36.56)	22.94	148.72
Other comprehensive loss	0.65	–	–	0.13	–
Total comprehensive income at functional currency	₱720.60	($1.82)	(₫36.56)	$ 23.07	₫148.72
Group's share in total comprehensive income at functional currency	₱ 503.05	($2.60)	(₫18.28)	$ 4.57	₫44.62
Total comprehensive income in Philippine Peso	₱ 720.60	(₱176.48)	(₱0.08)	₱ 1,120.75	₱ 0.31
Group's share in total comprehensive income in Philippine Peso	₱ 503.05	(₱88.24)	(₱0.04)	₱ 221.91	₱ 0.09

12. Other Financial Assets at Amortized Cost

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Redeemable preferred shares and subscription deposits	**₱15,038,433**	₱12,766,483
Convertible loans	**13,630,598**	13,319,476
Balance at end of period	**₱28,669,031**	₱26,085,959

Investment in redeemable preferred shares and subscription deposits

The roll forward analysis of this account follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balances at beginning of period	**₱12,766,483**	₱8,181,268
Subscription deposits	**50,548**	3,150,370
Conversion of subscription deposits	**(168,791)**	(3,416,093)
Subscription to redeemable preferred shares	**1,824,745**	866,258
Conversion to redeemable preferred shares	**168,791**	3,417,430
Cumulative translation adjustment	**396,657**	567,250
Balances at end of period	**₱15,038,433**	₱12,766,483

Investments in redeemable preferred shares

Investment in UPC Asia III
UPC Asia III owns 75 MW Wind Farm in South Sulawesi, Indonesia. Redeemable Class A preference shares in UPC Asia III are non-voting shares and are redeemable at the holder's option within 30 days from earlier of July 15, 2035 or date as soon as funds are realized by UPC Asia III or its subsidiaries. The shares are entitled to dividends at fixed, cumulative, and compounding rate annually, commencing from January 11, 2017.

As at March 31, 2022 and December 31,2021, investment in Redeemable Class A preferred shares amounted to US$21.86 million (₱1,136.07 million) and US$21.86 million (₱1,110.14 million), respectively. Interest income amounted to US$1.00 million (₱51.49 million) and US$1.01 million (₱49.23 million) for the three-month periods ended March 31, 2022 and 2021 respectively.

Investment in AAR
AAR owns a combined 80 MW of Solar Farm in Khan Hoa and Dak Lak Province, Vietnam. Redeemable Class A and Class B preference shares in AAR are entitled to dividends at fixed base rate annually, commencing from January 22, 2018. The shares are redeemable only by cash at the issuer's option on "first in first out" basis but no earlier than the 5th year from subscription date. The preferred shares are to be redeemed no later than the end of the operations of the relevant projects which is expected in 20 years from commercial operations.

In 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.

As at March 31, 2022 and December 31, 2021, investment in Redeemable Class A and B preferred shares amounted to US$125.40 million (₱6,516.01 million) and US$122.16 million (₱6,202.34 million), respectively. Interest income amounted to US$3.75 million (₱193.61 million) and US$2.04 million (₱98.89 million) for the three-month periods ended March 31, 2022 and 2021 respectively.

Investment in BIMRE
BIMRE owns 300 MW of Solar Farm in Ninh Thuan Province, Vietnam. On November 4, 2019, the Group converted deposit for future equity in BIMRE into 3,437,000 redeemable Class A preferred shares and 3,437,000 redeemable Class B preferred shares. The Redeemable Class A and Class B preferred shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable at par and only by cash and at the issuer's option on "first in, first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date and no later than the end of project, and all accrued coupons are current.

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.

As at March 31, 2022 and December 31, 2021, investment in Redeemable Class A and Class B preferred shares amounted to US$24.39 million (₱1,267.13 million) and US$24.39 million (₱1,238.21 million), respectively. Interest income amounted to US$0.78 million (₱40.31 million) and US$0.82 million (₱40.01 million) for the three-month periods ended March 31, 2022 and 2021 respectively.

Investment in BIME
BIME owns 30 MW of Solar Farm in Ninh Thuan Province, Vietnam. On November 4, 2019, the Group converted deposit for future equity in BIME into 343,700 redeemable Class A preferred shares and 343,700 redeemable Class B preferred shares The Redeemable Class A and Class B preferred shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable at par and only by cash and at the issuer's option on "first in, first out" basis but no earlier than the 13th year (for Class A) and 7th year (for Class B) from subscription date and no later than the end of project, and all accrued coupons are current.

In 2021, The Group subscribed to redeemable Class B for a total of US$0.01 million (₱0.06 million).

As at March 31, 2022 and December 31, 2021 and 2020, investment in Redeemable Class A and Class B preferred shares amounted to US$4.26 million (₱221.10 million) and US$4.26 million (₱216.05 million), respectively. Interest income amounted to US$0.14 million (₱7.05 million) and US$0.14 million (₱6.64 million) for the three-month periods ended March 31, 2022 and 2021 respectively.

Investment in UPC Solar
UPC Solar is currently developing solar farms with combined capacity of 210 MW in the Provinces of Rajasthan and Gujarat, India. In 2021 and 2020, the Group entered into different Share Subscription Agreement with UPC 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.

In 2021, the Group subscribed to Class A Redeemable preferred shares for a total of $17.50 million (₱866.17 million).

As at March 31, 2022 and December 31, 2021, investment in Class A Redeemable Preferred shares amounted to US$66.00 million (₱3,429.36 million) and US$31.50 million (₱1,599.38 million), respectively. Interest income amounted to US$1.42 million (₱73.13 million) and US$0.57 million (₱27.64 million) for the three-month periods ended March 31, 2022 and 2021 respectively.

Investment in BIM Wind
BIM Wind owns and operates an 88 MW wind project in the Province Ninh Thuan, Vietnam. The wind farms began operations on September 2021. The redeemable preference shares are non-voting shares entitled to dividends at fixed, cumulative and compounding base rate annually. Shares are redeemable only by cash and at the issuer's option on "first in first out" basis no later than the end of the operations of the project which is expected in 20 years from commercial operations.

In 2021, the Group converted its subscription deposits to redeemable preferred shares for a total of $7.68 million (₱390.11 million).

As at March 31, 2022 and December 31, 2021, investment in Redeemable preferred shares amounted to US$7.68 million (₱399.23 million) and US$7.68 million (₱390.11 million), respectively. Interest income amounted to US$0.08 million (₱4.04 million) and nil for the three-month periods ended March 31, 2022 and 2021 respectively.

Subscription Deposits

Subscription to BIMRE
The Group entered into an Amendment and Supplement to Share Subscription Agreement for additional Common Shares, Class A Preferred Shares and Class B Preferred Shares for 30.00% ownership in BIMRE. In 2020, the Group made subscription deposit amounting to $3.96 million (₱190.11 million) which was subsequently converted in 2021. There are no remaining unconverted subscriptions deposit as at March 31, 2022 and December 31, 2021.

Subscription to AAR
On April 16, 2020, the Group entered into a Share Subscription and Deposit Agreement for additional Class A Preferred Shares of AAR. In 2022 and 2021, the Group subscribed to future Class A Preferred Shares amounting to $0.99 million (₱50.55 million) and $50.59 million (₱2,508.05 million), respectively. Subscriptions amounting to $3.25 million (₱168.79 million) were partially converted to Class A Redeemable Preferred Shares of AAR in 2021, while $55.85 million (₱2,835.87 million) in 2021. As at March 31, 2022 and December 31, 2021 and 2020, remaining unconverted subscription deposit amounted to nil and $2.26 million (₱114.88 million), respectively.

Subscription to 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 March 31, 2022 and December 31, 2021, remaining unconverted subscription deposit amounted to $37.33 million (₱1,939.64 million).

Convertible loans

The rollforward analysis of this account follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	**₱13,319,476**	₱7,115,837
Additions	–	6,542,561
Redemptions	–	(791,328)
Cumulative translation adjustment	**311,122**	452,406
Balance at end of period	**₱13,630,598**	₱13,319,476

Investment in UPC 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.

On June 30, 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 US$275.00 million

(₱13,327.88 million) for Project Trace. 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 2021, total amount drawn from the loan amounted to US$129.72 million (₱6,501.94 million) while total redemptions amounted to US$16.33 million (₱791.33 million).

On March 10, 2021, the outstanding convertible loan related to Project Trace was fully paid.

As at March 31, 2022 and December 31, 2021, outstanding balance of the convertible loan amounted to US$178.20 million (₱9,259.31 million) and US$178.20 million (₱9,047.96 million). Interest income amounted to US$3.78 million (₱194.24 million) and US$2.06 million (₱100.17 million) for the three-month periods ended March 31, 2022 and 2021 respectively.

Investment in 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.

Amounts drawn in 2021 and 2020 amounted to nil and US$38.00 million (₱1,825.37 million).

As at March 31, 2022 and December 31, 2021, outstanding balance of the convertible loan amounted to US$38.00 million (₱1,974.48 million) and US$38.00 million (₱1,929.41 million), respectively. Interest income amounted to nil and US$1.21 million (₱58.75 million) for the three-month periods ended March 31, 2022 and 2021, respectively.

Investment in 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.

As at March 31, 2022 and December 31, 2021, outstanding balance of the convertible loan amounted to US$24.58 million (₱1,276.92 million) and US$24.58 million (₱1,247.77 million), respectively. Interest income amounted to US$0.88 million (₱45.43 million) and US$0.84 million (₱40.72 million) for the three-month periods ended March 31, 2022 and 2021, respectively.

Investment in 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 2021 total amount drawn from the loan amounted to US$0.80 million (₱40.62 million).

As at March 31, 2022 and December 31, 2021, outstanding balance of the convertible loan amounted to US$21.55 million (₱1,119.89 million) and US$21.55 million (₱1,094.33 million), respectively. Interest income amounted to US$0.89 million (₱45.53 million) and US$0.64 million (₱31.01 million) for the three-month periods ended March 31, 2022 and 2021, respectively.

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

13. Financial Assets at FVTPL

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, 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 subscriptions in 2022 and 2021 amounted to $15.30 million (₱786.37 million) and $8.01 million (₱402.68 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.”

As at March 31, 2022 and December 31, 2021, financial assets at FVTPL amounted to ₱1,211.23 million and ₱406.74 million, respectively.

14. Financial Assets at FVOCI

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Noncurrent:		
UPC Sidrap HK Limited	**₱351,268**	₱353,657
Golf club shares	**950**	1,190
Listed shares of stock	**190**	21
	₱352,408	₱354,868

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

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

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

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	**(₱90,089)**	₱143,625
Unrealized (loss) gain recognized during the period	**(13,457)**	(44,909)
Reversal of unrealized fair value gain upon redemption	–	(25,906)
Effect of business combinations under common control (Note 5)	–	(162,899)
Balance at end of period	**(₱103,546)**	(₱90,089)

For the three-month period ended March 31, 2022 and 2021, dividend income earned from UPC Sidrap amounted to ₱3.64 million ($0.07 million) and ₱6.55 million ($0.14 million).

15. Property, Plant and Equipment

<u>Acquisitions and disposals</u>
During the three-month period ended March 31, 2022, the Group acquired assets with a cost of ₱2,443.32 million (year ended December 31, 2021: ₱5,548.43 million), excluding property, plant and equipment acquired though business combination (see Note 4).

Non-cash component in the total additions amounted to ₱33.33 million in March 31, 2022 and December 31, 2021 (see Note 36).

Significant Additions During the Period

For the three-month period ended March 31, 2022, the Group invested significant capital expenditures related to the following projects:

- ₱1,517.90 million for its 160 MW Balaoi and Caunayan wind power project in Pagudpud, Ilocos Norte through its subsidiary, BWPC;
- ₱147.74 million for its 238MW DC Solar Energy Power Plant Project located in Brgy. Sta. Fe San Marcelino, Zambales through its subsidiary, SCSE;
- ₱93.13 million for the construction in progress of Tower 2 Makati office;

In 2021, the Group invested significant capital expenditures related to the following projects:

- ₱1,186.19 million for its 160 MW Balaoi and Caunayan wind power project in Pagudpud, Ilocos Norte through its subsidiary, BWPC;
- ₱963.49 million for its 40-MW battery energy storage system (BESS) project in Alaminos, Pangasinan through its subsidiary, Giga Ace 4;
- ₱572.02 million for its 120 MW solar farm project in Alaminos, Laguna through its subsidiary, SolarAce1;
- ₱408.61 million for its 60 MW solar power project in Palauig, Zambales through its subsidiary, Gigasol 3;
- ₱158.10 million for its 4.375 MWdc Renewable Energy Laboratory Facility with Energy Storage System Project in Mariveles Bataan through its subsidiary, BSEI.
- ₱109.91 million for its purchase of parcels of land located at Barrio Poonbato, Botolan, Zambales through its subsidiary, BCHC; and,
- ₱68.84 million for its purchase of generator rotor for its Unit 2 122 MW thermal plant in Calaca, Batangas through its subsidiary, SLTEC.

Disposals
Assets (other than those classified as held for sale) with a net book value of ₱3.92 million were disposed by the Group for the three-month period ended March 31, 2021. This resulted in nil and net loss of ₱0.47 million (see Note 28).

Impairment Losses
In 2021, provision for impairment include ₱77.86 million for ACEN PB 101 and 102, ₱219.53 million for BSEI's construction-in-progress, and ₱4.02 million other various construction-in-progress. Reversals during the year include ₱75.12 million for ACEN PB 102 and 103 and ₱14.89 million for BSEI's tools and miscellaneous assets which were subsequently reclassified to assets held for sale (see Notes 8 and 26).

In 2020, provision for impairment include ₱270.53 million for ACEN PB 102 and 103, while other provisions amounting to ₱96.16 million and ₱14.89 million for BSEI's construction-in-progress and tools and miscellaneous assets, respectively, and ₱0.46 million for Guimaras Wind's construction-in-progress of its Sibunag Wind Project.

The Bataan Project's impairment of assets is consistent with the Group's assessment as at March 31, 2022 and December 31, 2021, respectively (see Note 3).

Mortgaged Property and Equipment
Guimaras Wind's wind farm with carrying value of ₱3,650.50 million and ₱3,702.37 million as at March 31, 2022 and December 31,2021, respectively, included under "Machinery and Equipment" account is mortgaged as security for the long-term loan. (see Note 19).

Pledges of Shares, Assignment of Receivables and all Material Contracts
As security for the timely payment, discharge, observance and performance of the secured obligations, ACEN, and APHPC, to the extent of their ownership interests in SLTEC, pledged shares owned by it, whether now owned or existing or hereafter acquired to the Security Trustee for the benefit of the Lenders and the Security Trustee.

In addition, SLTEC, and ACEN and/or APHPC, as the relevant Sponsor under the New Omnibus Agreement, have assigned, conveyed and transferred unto the Security Trustee, for the benefit of the Lenders and the Security Trustee, all of its respective rights, title and interest in, to and under the following: (i) all monies standing in the cash flow waterfall accounts, with respect to SLTEC; (ii) all project receivables, with respect to SLTEC; (iii) the proceeds of any asset and business continuity insurance obtained by SLTEC; (iv) any advances or subordinated loans, if any, granted by any of ACEN and APHPC to SLTEC; and (v) the proceeds, products and fruits of those provided under items (i) to (iv) hereof.

SLTEC, as continuing security for the timely payment and discharge of the secured obligations, has also assigned, conveyed and transferred to the Security Trustee all of its rights, title and interests in and to the Project Agreements to which it is a party. Project agreements include: (i) power purchase agreements; (ii) all fuel oil purchase agreements, together with corresponding performance guarantees and bonds having a total amount of at least ₱25.00 million per agreement; (iii) all operations and maintenance agreements, together with corresponding performance guarantees and bonds, for the operation and maintenance of the power plant; (iv) all asset and business continuity insurance obtained in relation to the power plant and its operation; (v) government approvals obtained by SLTEC in relation to the ownership, operation and maintenance of the power plant, except governmental approvals covered by excluded assets; and (vi) any and all other material contracts as may be agreed upon by SLTEC and the Lenders.

Insurance Claims
In 2020, SLTEC recognized a claim amounting to ₱35.28 million as compensation for the property damage covered by industrial all risk insurance. This was deducted from the construction-in progress.

Total depreciation charged to operations amounted to ₱447.16 million and ₱1,495.08 million for the three-month periods ended March 31, 2022 and 2021. The amount charged to “General and administrative expenses” account amounted to ₱26.98 million and ₱79.10 million for the three-month periods ended March 31, 2022 and 2021 (see Note 24).

The Group has no significant property, plant and equipment which are temporarily idle as at March 31, 2022 and December 31, 2021.

16. Right-of-Use Assets and Lease Liabilities

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

- ACEN - rental of office space in 22nd Floor of Ayala Tower together with 8 parking slots and in 35th Floor of Ayala Triangle Gardens Tower 2 with 3 parking slots.
- ACES – rental of office in BGC PSE Tower with 7 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 and rental of office space with parking slots in 22nd Floor of Ayala Tower.
- 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 2021, the Parent Company entered into a 10-year lease agreement with Ayala Land, Inc, a related party, for the use of its office unit and parking slot with a gross leasable area of approximately 4,905.80 sqm. The Parent Company recognized the related right-of-use asset and lease liability amounting to ₱1,024.86 million and ₱1,024.35 million, respectively, arising from this lease agreement, which are treated as non-cash items in the consolidated statement of cash flows (see Note 36).

For the three-month period ended March 31, 2022 and 2021, the total cash outflow in respect of leases amounted to ₱61.04 million and ₱65.40 million, respectively. Interest expense in relation to lease liabilities in the current period 2022 and 2021 amounted to ₱56.51 million and ₱9.95 million, respectively, and is presented as part of "Interest and Other Finance Charges" in the consolidated statements of income (see Note 27).

In 2021, BCHC remeasured its lease liability due to annual increase of rental fee to annual inflation rate (CPI). ISLASOL recognizes the present value of the obligation to dismantle the plant and capitalizes the present value of this cost as part of the balance of the right-of-use assets, which are being depreciated and amortized on a straight-line basis over the shorter of their estimated useful life and lease term. These restoration activities include dismantling and removing structure, dismantling the operation facilities, closure of the plant restoration and revegetation of affected area. In this regard, ISLASOL established an obligation to recognize its estimated liability for asset retirement. For SACASOL and MONTESOL, the actual dismantlement and removal cost could vary substantially from this year estimate because of new regulatory requirements, changes in technology, increased cost of labor, materials, and equipment and/or actual time required to complete all dismantlement and removal activities. Adjustment, if any, to the estimated amount will be recognized prospectively as they become known and reliably estimable. SACASOL and MONTESOL has remeasured its asset retirement obligation as of December 31, 2021 which is a deduction to ROU asset.

Moreover, the Group recognized amortization expense for its right-of-use asset amounting to ₱40.19 million and ₱27.80 million and is presented as part of Depreciation and amortization in the consolidated statements of income for the three-month period ended March 31, 2022 and 2021, respectively (see Notes 25 and 26).

There was no indication of impairment on the right-of-use asset of the Group as at March 31, 2022 and December 31, 2021.

17. Investment Properties

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

As at March 31, 2022 and December 31, 2021, the remaining balance in investment properties pertains to BCHC's land amounting to ₱13.09 million.

In 2021 and 2020, BCHC purchased a 1.92-hectare land located in Botolan, Zambales amounting to ₱109.91 million and a 1.79-hectare land in located in Binugao, Toril, Davao City amounting to ₱44.60 million, respectively. These are classified as investment properties as it will be held for the potential use of Joint Venture-Special Purpose Vehicle projects in building and operating power plants.

18. Goodwill and Other Intangible Assets

Changes in goodwill and other intangible assets for the period ended March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022 (Unaudited)				
	Goodwill	**Deferred Exploration Costs**	**Leasehold and Water Rights**	**Other Intangible Assets**	**Total**
Cost:					
Balance at beginning of period	**₱246,605**	**₱141,741**	**₱185,347**	**₱2,193,812**	**₱2,767,505**
Additions/Cash calls	**93,385**	**775**		**4,279**	**98,440**
Reclass from PPE (Note 13)	**–**	**–**	**–**	**–**	**–**
Balance at end of period	**339,990**	**142,516**	**185,347**	**2,198,092**	**2,865,945**
Accumulated amortization:					
Balance at beginning of period	–	–	**40,757**	**265,291**	**306,048**
Amortization (Notes 23 and 24)	–	–	**2,030**	**37,899**	**39,929**
Reclass from PPE (Note 13)	–	–	–	–	–
Balance at end of period	–	–	**42,787**	**303,190**	**345,977**
Accumulated impairment:					
Balance at beginning of period	–	**85,477**	–	–	**85,477**
Impairment (Note 24)	–	**584**	–	–	**584**
Balance at end of period	–	**86,061**	–	–	**86,061**
Net book value	**₱339,990**	**₱56,455**	**₱142,560**	**₱1,894,902**	**₱2,433,907**

	December 31, 2021 (Audited)				
	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 13)	–	–	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 23 and 24)	–	–	8,120	151,595	159,715
Reclass from PPE (Note 13)	–	–	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 (Note 24)	–	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 Rights

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

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

Solienda, Inc. (“Solienda”) holds leasehold rights on its contracts of lease with San Carlos Sun Power, Inc., San Carlos Biopower Inc. and SACASOL. As at March 31, 2022 and December 31, 2021, the carrying amount of the leasehold rights amounted to ₱135.13 million and ₱137.24 million, respectively.

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

Water Supply Contract
HDP holds a water supply contract with San Carlos Bioenergy, Inc with a remaining useful life of 16 years. The carrying amount as at March 31, 2022 and December 31, 2021 amounted to ₱7.23 million and ₱7.35 million respectively.

Other Intangible Assets
Intangible assets amounting to ₱2,191.81 million arising from an identifiable FIT contract with remaining useful life of 13 years was recognized from the acquisition of SACASOL. The carrying amount as at March 31, 2022 and December 31, 2021 amounted to ₱1,894.90 and ₱1,928.52 million, respectively.

Impairment Testing of Goodwill
The Parent Company performs its impairment test annually and when circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the related CGU. The value in use calculation requires the Group to make an estimate of the expected future cash flows from the CGU and to choose a suitable discount rate in order to calculate the present value of those cash flows.
Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:
- Forecasted revenue growth - Revenue forecasts are management's best estimates considering factors such as historical/industry trend, target market analysis, government regulations and other economic factors.
- EBITDA margin - It is a measure of a firm's profit that includes all expenses except interest, depreciation and income tax expenses. It is the difference between operating revenues and operating expenses. EBITDA was adjusted for tax, depreciation, interest expenses and changes in net working capital and maintenance capital expenditures in arriving the free cash flow.
- Discount rates - represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC considers both debt and equity. The cost of equity is derived from the expected return on investment. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

An increase of 100 basis points in the Group's pre-tax discount rate will not result in an impairment of goodwill.

Management used an appropriate discount rate for cash flows which is consistent with the valuation practice. The management used the weighted average cost of capital (WACC) wherein the source of the cost of equity and debt financing are weighted. The post-tax discount rates of 8.4% to 10.4% were used in 2022 and 2021. The Group used a capital structure of 46.3% debt/equity (DE) ratio based on industry-comparable weights and the growth rate used in extrapolating cash flows beyond the period covered by the Group's recent budget was 3% in 2022 and 2021.

Based on management's assessment, recoverable amount exceeded the carrying amount of the CGU. No impairment loss was recognized on goodwill as at March 31, 2022 and December 31, 2021.

Deferred Exploration Costs

Details of deferred exploration costs are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Petroleum and gas:		
SC 55 (Southwest Palawan)	**₱56,439**	₱55,677
SC 6 (Northwest Palawan)		
Block A	**23,963**	23,966
Block B	**4,908**	4,892
SC 50 Northwest Palawan	**11,719**	11,719
SC 52 (Cagayan Province)	**10,994**	10,994
Geothermal - SC 8 (Mabini, Batangas)	**34,493**	34,493
	142,516	141,741
Allowance for impairment loss	**(86,061)**	(85,477)
Net book value	**₱56,455**	₱56,264

Below is the rollforward analysis of the deferred exploration costs:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost:		
Balances at beginning of period	**₱141,741**	₱121,975
Additions - cash calls	**775**	19,766
Balance at end of period	**142,516**	141,741
Allowance for a probable loss:		
Balances at beginning of period	**85,477**	62,098
Provision for probable loss	**584**	23,379
Balance at end of period	**86,061**	85,477
Net book value	**₱56,455**	₱56,264

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

On January 27, 2021, the ACEX Executive Committee approved the ACEX's withdrawal from the SC 6 Block A consortium, from which, ACEX holds 7.78% participating interests. SC 6A does not have any commercial operations. Provision for probable loss was recognized for SC 6A amounting to ₱23.4 million. In the fourth quarter of 2021, SC 6A consortium paid its outstanding financial obligations to the DOE in full as required for the DOE's approval of the relinquishment of the service contract. Write-off of SC 6A will be done upon receipt of DOE approval.

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

No impairment was recognized for SC 55 as at March 31, 2022 and December 31, 2021 as there were no indicators for impairment.

19. Other Noncurrent Assets

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Advances to suppliers	**₱2,801,997**	₱2,531,010
Development costs	**1,325,410**	428,074
Deposits	**164,700**	165,164
Others	**40,624**	40,979
	₱4,332,731	₱3,165,227

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

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

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

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

20. Accounts Payable and Other Current Liabilities

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade	**₱2,594,851**	₱2,534,044
Accrued expenses	**1,604,788**	1,274,403
Output VAT - net	**1,389,320**	1,022,706
Nontrade (Note 20)	**437,981**	425,619
Accrued interest expenses	**341,905**	196,177
Due to related parties (Note 30)	**226,940**	286,870
Retention payables	**157,445**	136,075
Accrued directors' and annual incentives (Note 30)	**26,629**	23,352
Derivative liability (Notes 9 and 33)	**–**	241,744
Others	**146,772**	139,839
	₱6,926,631	₱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 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.

Nontrade payables include liabilities for various purchases such as additions to property, plant and equipment and spare parts. It also includes the payable for the purchase of additional 20% interest in SLTEC through the assignment of ACEIC to ACEN of the share purchase agreement executed by ACEIC and APHPC amounting to ₱2.04 billion which was paid in 2021.

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

Derivative liability pertains to foreign exchange forward contracts maturing within 12-month period (see Notes 9 and 33).

21. Loans

Long-term loans
This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
SLTEC long-term loans	**₱9,812,500**	₱9,812,500
ACEN long-term loans	**9,921,355**	7,968,550
NorthWind loan	**2,092,540**	2,092,540
Guimaras Wind term-loan facility	**1,213,582**	1,280,524
Pangasinan UPC Asia long-term loans	**49,308**	–
	23,089,2845	21,154,114
Less unamortized debt issue costs	**219,975**	211,893
	22,869,310	20,942,221
Less current portion of long-term loans (net of unamortized debt issue costs)	**830,995**	824,488
Noncurrent portion	**₱22,038,315**	₱20,117,733

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

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
As at beginning of period	**₱211,893**	₱240,873
Additions	**15,000**	7,970
Amortization/accretion (Note 25)	**(6,918)**	(36,950)
As at end of period	**₱219,975**	₱211,893

SLTEC

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

ACEN

On February 28, 2022, ACEN availed ₱2 billion loan from DBP with a term of 9 years.

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

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

NorthWind

NorthWind closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration. NorthWind is required to maintain a minimum historical DSCR of 1.05 times. As at March 31, 2022 and December 31, 2021, NorthWind is compliant with its loan covenants.

Guimaras Wind

The loan facility is secured by Guimaras Wind's wind farm, included in "Machinery and equipment" account under "Property, plant and equipment" with carrying values amounting to ₱3,754.17 million and ₱3,909.77 million as at September 30, 2021 and December 31, 2020, respectively (see Note 10). 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 September 30, 2021 and December 31, 2020. The compliance with the debt covenants is assessed annually by the lenders. The Company shall maintain a minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Guimaras Wind continues to take necessary measures to ensure compliance with loan covenants.

Total interest expense recognized on SLTEC's, ACEN's, NorthWind's and Guimaras Wind's long-term loans amounted to ₱394.43 million and ₱294.65 million for the three-month periods ended March 31, 2022 and 2021, respectively (see Note 27).

Principal payments made relative to the Group's long-term loans amounted to ₱2,000.00 million and ₱823.13 million for the three-month periods ended March 31, 2022 and 2021, respectively. The Group paid ₱15.00 million and ₱6.04 million debt issue costs for the relevant loans availed in for the current period 2022 and in 2021.

Short-term loans
This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at begining of period	**₱–**	₱4,635,000
Availments	**3,237,020**	3,000,000
Payments	–	(7,635,000)
Balance at end of period	**₱3,237,020**	₱–

In 2022, ACEN availed of a $62 million Promissory Note from BPI, of which, was paid in April 1, 2022.

Total interest expense recognized on ACEN's short-term loans amounted to ₱1.00 million and ₱55.00 million for the three-months period ended March 31,2022 and 2021, respectively (see Note 27).

Loans assumed through business combination

On May 19, 2020, ISLASOL and TLCTI Asia signed a loan payment agreement where ISLASOL will pay its ₱2,140.73 million loan. TLCTI Asia shall use this payment to pay its subscription of ₱2,780.24 million. The excess over the amount shall be paid in full by TLCTI Asia. The application for increase in authorized capital stocks is still pending as at March 31, 2022. ISLASOL tendered full payment of the loan amount in 2020.

Notes payable

This account consists of:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at begining of period	**₱20,195,054**	₱–
Availments	–	20,383,600
Unamortized debt issue cost	**(105,408)**	(114,939)
Cumulative translation adjustment	**586,746**	(73,607)
Balance at end of period	**₱20,676,392**	₱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 March 31, 2022 and December 31, 2021, 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.

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 Notes remain outstanding, ACEN Finance 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. These were complied with by the Group as at March 31, 2022 and December 31, 2021.

Total interest expense and other financing charges recognized on notes payable amounted to US$4.10 million (₱210.34 million) and nil for the three-months period ended March 31, 2022 and 2021, respectively. ACEN Finance has not paid any debt issue costs for the notes payable in the current period 2022 and in 2021.

22. Other Noncurrent Liabilities

	March 31, 2022 (Audited)	December 31, 2021 (Audited)
Due to related parties (Note 30)	**₱1,343,725**	₱536,212
Trade payable	**1,238,581**	1,238,581
Contract liabilities	**330,534**	338,489
Derivative liability (Note 34)	**216,452**	–
Asset retirement obligation	**170,484**	168,626
Deposit payable	**160,187**	174,581
Accrued interest expenses	**46,187**	252,742
Nontrade payable	**1,750**	2,598
Others	**64,699**	25,091
	₱3,572,599	₱2,736,920

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

₱13.75 million. NorthWind also recorded collections amounting to ₱115.08 million in relation to the Multilateral Agreement. Collections are presented as "Trade payables" under "Other noncurrent liabilities" (see Note 5).

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 the foreign exchange forward contracts and fuel hedges (see Note 34).

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

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

Accrued interest expenses mainly accounts for the interest on Green bonds issued in 2021 (see Note 21).

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

23. Equity

Capital Stock

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

	Number of Shares	
	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Authorized capital stock - ₱1 par value	**48,400,000,000**	48,400,000,000
Issued shares:		
Balance at beginning of the period	**38,338,527,174**	13,706,957,210
Issuance of new shares	**1,320,745,833**	24,631,569,964
Balance at end of the period	**39,659,273,007**	38,338,527,174

The issued and outstanding shares as at March 31, 2022 and December 31, 2021 are held by 3,188 equity holders.

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	24,631,569,964	1.00

**On April 7, 1997, par value was increased from ₱0.01 to ₱1.00.*
***Equivalent number of shares at ₱1.00 par.*

Retained Earnings
Retained earnings represent the Group's accumulated earnings, net of dividends declared. The balance includes accumulated earnings of subsidiaries, joint venture and associates, which are not available for dividend declaration. Retained earnings not available for dividend declaration included in the Group's retained earnings to the extent of (a) the cost of treasury shares amounted to ₱28.66 million as at March 31, 2022 and December 31, 2021, and (b) undistributed earnings of subsidiaries, associates and joint ventures included in the Group's retained earnings amounted to ₱29,298.09 million and ₱28,628.17 million as at March 31, 2022 and December 31, 2021, respectively.

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

Treasury Shares
Bulacan Power holds ACEN shares and are classified as treasury shares. In 2021, Bulacan Power acquired 23,284,346 ACEN shares amounting to ₱55.18 million through its participation in SRO, of which, was reissued subsequently through the secondary offer in FOO, comprising the 30,248,617 ACEN shares amounting to ₱61.62 million. The remaining 5,000 ACEN shares amounting to ₱5.84 million held by Bulacan Power were reissued on November 11, 2021.

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

Non-controlling Interest (NCI)

The rollforward of this account is as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	**₱29,950,776**	₱50,398,831
Net income attributable to NCI	**347,419**	2,415,063
OCI attributable to NCI	**42,107**	4,152
Capital infusions	**–**	1,988
Capital redemption	**–**	(20,386,275)
Dividends	**(352,344)**	(2,231,038)
Acquisition of NCI	**15,140**	(313,598)
Cumulative translation adjustments	**(5,760)**	61,653
Additions through business combination	**(9,381)**	–
Balance at end of period	**₱29,987,957**	₱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

	in US$	In Ph₱
2021		
UACH	$16,307	₱830,976
ACEC	400,000	19,507,793
NorthWind	–	47,506
	$416,307	₱20,386,275

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		
ACEC	$6,871	₱352,344
2021		
ACEC	$43,705	₱2,141,568
MSPDC	–	15,300
NorthWind	–	74,170
	$416,307	₱2,231,038

In 2022, the BOD of ACEC declared dividends to shareholders of its various redeemable preferred shares for a total of $6.87 million (₱352.34 million), which was paid during the period.

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 (₱521.19 million), $14.31 million (₱720.23 million) and $5.52 million (₱280.12 million), respectively, as owned by ACEFIL.

In 2021, the BOD of MSPDC approved three (3) declaration of cash dividends amounting to ₱15.00 million each, of which, ₱5.10 million was attributable to NCI. These were fully paid on March 6, 2021, June 28, 2021 and September 10, 2021.

Acquisition of non-controlling interest in BWPC
On March 18, 2022, ACEN acquired the 40.00% ownership interest of the minority stockholders of BWPC at an aggregate amount ₱93.55 million. Effective March 18, 2022, BWPC became a wholly-owned subsidiary of ACEN (see Notes 1 and 4).

The excess of consideration over carrying amount of non-controlling interest, recognized under other equity reserves, amounted to ₱110.42 million.

Acquisition of non-controlling interest in SolarAce4
On March 18, 2022, ACEN, through it's wholly-owned subsidiary ACE Endevor, Inc ("ACE Endevor"), acquired the 30.00% ownership interest of the minority stockholders of SolarAce4 at an aggregate amount ₱1.80 million. Effective March 18, 2022, SolarAce4 became a wholly-owned subsidiary of ACEN (see Notes 1 and 4).

The excess of consideration over carrying amount of non-controlling interest, recognized under other equity reserves, amounted to ₱0.07 million.

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.

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 billion. 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 90.00 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.

Acquisition of non-controlling interest in BWPC
On October 18, 2021, the BOD of ACEN approved the acquisition, directly or through its nominated affiliate, of the ownership interest of UPC Philippines Wind Investment Co. BV ("UPC Philippines") and Stella Marie L. Sutton in BWPC, the owner of the 160MW Pagudpud Wind that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte. This will be acquired together with NLR and other development special purpose vehicles for an aggregate consideration of up to ₱4.5 billion (subject to adjustments), subject to agreed conditions precedent including required partner, financing, and regulatory approvals, and subject further to execution of definitive documentation. The Sellers will in turn subscribe to up to 942 million common shares of ACEN with a subscription price of ₱11.32/share, subject to adjustments.

Moreover, on December 15, 2021, the stockholders of ACEN approved the issuance of up to 390 million common shares of ACEN to the owners, affiliates, and/or partners of UPC Philippines Wind Investment Co. BV.

Non-controlling interest arising from a business combination
On March 18, 2022, ACEN, through it's wholly-owned subsidiary ACE Endevor, UPC Philippines, UPC Philippine Wind Partners Ltd., and Ms. Sutton signed an agreement for the sale and purchase of UPC Philippines' and Ms. Sutton's shares and/or subscription rights in various non-operating, development special purpose vehicles (SPV) to ACE Endevor. The acquisition of control resulted to recognition of NCI amounting to ₱9.38 million (see Notes 1 and 4).

<u>Other Equity Reserves</u>

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Effect of common control business combinations (a)	**(₱53,276,727)**	(₱53,276,727)
Effect of purchase of SLTEC's 20.00% share (b)	**(2,229,587)**	(2,229,587)
Effect of purchase of NorthWind's 32.21% share (c)	**(723,974)**	(723,974)
Effect of purchase of MSPDC's 34.00% share (d)	**(261,728)**	(261,728)
Effect of purchase of ACEX shares	**(130,854)**	(130,854)
Effect of purchase of BWPC's 40% share (e)	**(110,423)**	–
Effect of purchase of SolarAce4's 30% share (e)	**(65)**	–
Effect of distribution of property dividends - ACEX shares	**1,107**	1,107
Other equity reserves from joint venture	**17,231**	17,231
	(₱56,715,020)	(₱56,604,532)

(a) This represents the impact of the share swap transactions with ACEIC to acquire the latter's ownership interest in various offshore and onshore entities in exchange for ACEN's issuance of additional primary shares via a tax-free exchange (see Note 5).

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

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

(c) This represents the impact of the Group's acquisition of the 32.21% interest in NorthWind thereby making it a wholly-owned subsidiary.

(d) This represents the impact of the Group's acquisition of the 34.00% interest in MSPDC thereby making it a wholly-owned subsidiary.

(e) This represents the impact of the Group's acquisition of the 40.00% interest in BWPC and 30.00% in SolarAce4 thereby making it a wholly-owned subsidiary (see Notes 1 and 4).

24. Revenue from Sale of Electricity

The Group's revenue from different revenue streams are as follows:

	For the three-month period ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
Revenue from power supply contracts	**₱4,531,802**	₱3,568,459
Revenue from power generation	**2,826,575**	2,120,316
	₱7,358,377	₱5,688,775

FIT adjustment
On February 19, 2021, ERC clarified on its letter to National Transmission Corporation ("TransCo"), the Administrator of the FIT system, by specifying the timing and manner of billing the FIT Adjustment. Actual recovery of arrears shall be for a period of five (5) years. Billing for January 2016 generation period shall start in December 2020, and payment schedule shall start in January 2021, following the five-year recovery period. Moreover, pending the approval of the 2021 FIT-All rate and adjustment of FIT rates, the original approved FIT rates shall be used for the 2021 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 sale of electricity is net of ₱605 million buy-out fees upon termination of a RES customer contract.

25. Costs of Sale of Electricity

	For the three-month period ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
Costs of purchased power	**₱5,399,347**	₱2,362,900
Fuel (Note 8)	**1,287,326**	945,157
Depreciation and amortization (Notes 15, 16 and 18)	**525,476**	396,148
Repairs and maintenance	**183,468**	138,457
Taxes and licenses	**175,505**	333,646
Insurance	**100,772**	89,693
Salaries and directors' fees	**94,675**	80,038
Contractor's fee	**41,292**	36,369
Transmission costs	**18,039**	9,926
Rent	**14,490**	5,877
Pension and other employee benefits	**5,261**	3,374
Communication	**3,993**	3,497
Filing fees	**3,264**	6,150
Transportation and travel	**2,229**	2,612
Others	**12,997**	19,600
	₱7,868,134	₱4,433,444

26. General and Administrative Expenses

	For the three-month period ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
Management and professional fees	**₱52,474**	₱72,657
Taxes and licenses	**44,370**	141,723
Corporate social responsibilities	**41,947**	3,849
Salaries and directors' fees	**39,636**	65,001
Depreciation and amortization (Notes 15, 16 and 18)	**28,786**	39,361
Provision for impairment of property, plant and equipment (Note 15)	**26,485**	4,116
Contractor's fee	**6,461**	3,312
Insurance, dues and subscriptions	**6,373**	3,759
Pension and other employee benefits (Note 28)	**5,354**	3,835
Advertisements	**4,127**	3,356
Transportation and travel	**3,528**	9,152
Office supplies	**3,005**	1,210
Building maintenance and repairs	**2,152**	12,565
Rent	**1,924**	2,933
Meeting and conferences	**1,595**	547
Communication	**1,519**	979
Utilities	**610**	1,442
Provision for probable losses on deferred exploration costs (Note 16)	**584**	23,379
Provision for credit losses (Note 5)	–	873
Others	**14,038**	721
	₱284,968	₱394,770

27. Interest and Other Finance Charges

	For the three-month period ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
Interest expense on:		
Long-term loans (Note 21)	**₱394,431**	₱294,650
Lease obligations (Note 16)	**56,514**	9,948
Short-term loans (Note 21)	**999**	55,897
Amortization of debt issue cost (Note 21)	**26,935**	16,731
Discount on accounts payable	–	23,243
Other finance charges	**25,434**	28,210
	₱504,313	₱428,679

Other financing charges pertains to bank charges and interest expense on ARO Liability.

28. Other Income - Net

	For the three-month period ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
Interest and other financial income	**₱1,094,251**	₱812,920
Guarantee fee income	**86,150**	24,539
Foreign exchange gain - net	**60,049**	83,383
Reversal of impairment for credit losses (Note 7)	**32,807**	–
Claims on insurance	**25,809**	–
Reversal of impairment of advances to contractors (Note 9)	**5,462**	–
(Loss) gain on sale of inventories and by-product	**(60,359)**	7,403
Loss on sale of noncurrent assets held for sale	**(4,200)**	–
Reversal of allowance for impairment of property, plant and equipment (Note 13)	–	86,890
Gain on derivatives - net (Note 7)	–	41,700
Loss on foreign loan settlement	–	(62,200)
Loss on sale of property, plant and equipment (Note 15)	–	(470)
Others	**(20,164)**	20,287
	₱1,219,805	₱1,014,452

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:

	For the three-month period ended March 31	
	2022 (Unaudited)	2021 (Unaudited)
Interest income on:		
Cash in banks and short-term deposits (see Note 4)	**₱11,552**	₱10,863
Receivables and others (Notes 5 and 29)	**427,879**	307,072
Investment income (Note 10)	**654,820**	494,985
	₱1,094,251	₱812,920

Guarantee fee income arise from guarantee recoveries billed to affiliates (see Note 38).

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 (loss) on settlement of derivatives pertain to maturities of foreign exchange forward contracts entered by ACEN with various banks and settlement of coal hedge contracts (see Notes 7,18 and 34).

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.

29. Income Taxes

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

	For the three-month period ended March 31	
	2022 (Unaudited)	2021 (As Restated)
Current	**₱41,722**	₱135,201
Deferred	**(484,700)**	(6,824)
Provision for income tax	**(₱442,978)**	₱128,377

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.

Net deferred income tax assets and net deferred income tax liabilities amounted to ₱1,176.43 million and ₱243.75 million, respectively, as at March 31, 2022 and ₱512.37 million and ₱74.42 million, respectively, as at December 31, 2021.

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

30. 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. Outstanding balances at period-end are unsecured and are to be settled in cash throughout the financial year.

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 21).

The transactions and balances of accounts as at and for the period ended March 31, 2022 and December 31, 2021 with related parties are as follows:

a. Transaction with ACEIC, the Parent Company

Nature	Amount/Volume		Outstanding Balance Receivable (Payable)		Terms
	March 31		March 31		
	2021	2020	**2021**	2021	
Development loans	**₱–**	₱–	**₱9,820,440**	₱9,596,286	Interest bearing, unsecured
Interest income / receivable	**59,023**	–	**207,506**	144,621	30-day, non-interest bearing
Management fee income	**–**	17,089	**26,196**	26,196	30-day, non-interest bearing
Management fees expense	**15,510**	46,797	**(132,893)**	(132,893)	30-day, non-interest bearing
Due from related parties	**–**	–	**110,373**	110,373	Due and demandable

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

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

Total drawdowns amounted to US$189.00 million (₱9,060.20 million) in 2021.

As at and for the period ending March 31, 2021, outstanding receivable from ACEIC is US$189.00 million (₱9,820.44 million) while interest income amounted to US$1.2 million (₱59.02 million).

b. Notes Receivables

Nature	Related Party	Outstanding Balance		Terms
		March 31, 2022	December 31, 2021	
Development Loans				
Joint venture				
	Greencore	**₱212,292**	₱212,292	Due in 2023, interest bearing
	NAREDCO	**128,460**	–	12 months, interest bearing
	UPC-AC Energy Solar Limited (UPC-ACE Solar)	**1,039,200**	1,015,480	Due in 2023, interest bearing
Associate				
	The Blue Circle (TBC)	**751,030**	658,437	Due in 2022, interest bearing
Affiliate				
	Yoma Strategic Investments Ltd (Yoma)	**1,247,926**	1,219,173	Due in 2022, interest bearing
		3,378,907	3,105,382	
Debt Replacement Loans				
Joint venture				
	Greencore	**2,595,700**	2,078,400	Due in 2023 interest bearing
	BIM Wind Joint Stock Company (BIM Wind)	**4,426,213**	4,325,183	10 years, interest bearing
	BIMRE	–	1,914,180	12 months, interest bearing
	Asian Wind 1	**2,951,328**	2,883,963	Due in 2022, interest bearing
	Vietnam Wind Energy Limited (VWEL)	**3,816,390**	3,637,879	Due in 2022, interest bearing
	Asian Wind 2	**2,550,853**	2,414,151	25 years, interest bearing
		₱16,340,484	₱17,253,756	

Receivables from Greencore
On February 4, 2021, ACEN signed an Omnibus Agreement with Greencore, ACE Endevor and CSEC for the financing of the PV Solar Power Plant in Arayat and Mexico, Pampanga, Philippines with an installed nominal capacity of 50 MWac (72MWdc) (the "Solar Project"). Under the Omnibus Agreement, ACEN will be extending a term loan facility to Greencore in the amount of up to ₱2.675 billion to finance the design, engineering, financing, construction, procurement and supply, manufacturing, commissioning, start up, testing, delivery, ownership, operation and maintenance of the power plant, which is expected to be operational in November 2021. The loan will be secured by (1) a real estate mortgage over Greencore's real assets in favor of ACEN, (2) a mortgage and pledge over the shareholding of the shareholders of Greencore in favor of ACEN, and (3) the cashflows of the project.

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

Total drawdowns and principal payments made in 2022 and 2021 amounted to nil and US$13.3 million (₱679.29 million), respectively.

As at March 31, 2022 and December 31, 2021, outstanding balance of the interest-bearing loan amounted to US$ 20.00 million (₱1,039 million) and US$ 20.00 million (₱1,015 million), respectively.

Receivables from TBC
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 granted to TBC on April 26, 2018 with an initial aggregate principal amount of up to $10 million which was further extended to $20 million in February 2019. The loan receivable from an associate is a non-trade, interest-bearing loan, repayable in cash upon maturity on June 30, 2022.

Total drawdowns amounted to US$5.6 million (₱290.98 million) while principal payments totaling US$4.1 million (₱213.76 million) were made in 2022.

Receivables from Yoma
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, 2022.

As at March 31, 2022 and December 31, 2021, outstanding balance of the interest-bearing loan amounted to US$24.01 million (₱1,247.95 million) and US$24.01 million (₱1,219.17 million), respectively.

Receivables from BIM Wind
In 2020, the Group and BIM Wind entered into an interest-bearing loan agreement to fund the pre-development costs and turbine reservation fees of BIM Wind Project. The loan is repayable upon maturity on 5 months from initial utilisation date. On May 19, 2021, the short-term debt replacement facility was refinanced to a long-term facility with an aggregate principal amount of $91.0 million and a 10-year maturity from the utilization date. On August 12, 2021, the long-term debt replacement facility was amended to increase in aggregate principal amount to $102.0 million.

As at March 31, 2022 and December 31, 2021, outstanding balance of the interest-bearing loan amounted to US$ 85.19 million (₱4,426.21 million) and US$ 85.19 million (₱4,325.18 million) , respectively.

Receivables from BIMRE
In 2020, the Group and BIMRE entered into an interest-bearing loan agreement to partially fund the construction of the incremental project expansion. The interest-bearing loan has a total facility of US$40.00 million, bears an annual fixed interest with maturity in January 2022.

In 2022, the Group made another drawdown amounting to US$2.3 million (₱119.51 million) and principal payments of US$40.0 million (₱2,078.40 million) .

As at March 31, 2022 and December 31, 2021, outstanding balance of the interest-bearing loan amounted to nil and US$37.70 million (₱1,914.18 million), respectively.

Receivables from Asian Wind I
In 2020, the Group and Asian Wind 1 entered into an interest-bearing loan agreement to refinance the Preferred B Facility Agreement and to provide additional funding for the development, financing and construction of the Dai Phong Project. The interest-bearing loan has a total facility of US$61.00 million and bears an annual fixed rate and payable 12 months from the commissioning date. On December 29, 2021, the debt replacement facility maturity date was amended to June 30, 2022.

As at March 31, 2022 and December 31, 2021, outstanding balance of the interest-bearing loan amounted to US$56.80 million (₱2,951.38 million) and US$56.80 million (₱2,883.96 million) , respectively.

Receivables from VWEL
In 2020, the Group and Vietnam Wind Energy entered into an interest-bearing loan facility to provide bridge financing and to partially fund the construction of the Soc Trang Wind projects. The interest bearing loan has a total facility of US$19.00 million and bears an annual fixed rate payable from the first utilization date. 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 $86.0 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 $89.0 million and extend the maturity date to June 30, 2022.

Total drawdowns for the period ended March 31, 2022 amounted to US$1.8 million (₱93.53 million).

As at March 31, 2022 and December 31, 2021, outstanding balance of the interest-bearing loan amounted to US$73.45 million (₱3,816.39 million) and US$ 71.64 million (₱3,637.88 million), respectively.

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

As at March 31, 2022 and December 31, 2021, outstanding balance of the interest-bearing loan amounted to US$ 49.02 million (₱2,550.85 million) and US$ 47.55 million (₱2,414.15 million), respectively

c. Interest Income and Receivable

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

Related Party	Interest Income		Interest Receivable		Terms
	March 31, 2022	March 31, 2021	**March 31, 2022**	December 31, 2021	
	In thousands				
Joint venture					
AAR	**₱193,327**	₱96,736	**₱805,312**	₱596,277	30-day, non-interest bearing
VWEL	**18,231**	108,046	**769,470**	733,811	various dates
AWP1	**103,625**	87,061	**476,447**	363,004	30-day, non-interest bearing
AWP2	**67,024**	74,196	**414,343**	479,550	various dates
BIMRE	**49,887**	83,157	**56,868**	208,096	30-day, non-interest bearing
BIM Wind	**98,856**	33,984	**153,846**	140,212	30-day, non-interest bearing
Greencore	**38,735**	–	**91,894**	53,766	30-day, non-interest bearing
BIMEH	**7,038**	6,494	**9,649**	2,488	30-day, non-interest bearing
NAREDCO	**2,856**	–	**2,763**	–	30-day, non-interest bearing
Infineum 4 Energy, Inc.	**102**	–	**87**	–	30-day, non-interest bearing
Associate					
TBC	**14,915**	11,607	**6,951**	74,101	30-day, non-interest bearing
UPC Asia III	**51,416**	48,163	**13,536**	55,789	30-day, non-interest bearing
UPC ACE Solar	**94,770**	43,381	**381,778**	276,126	various dates
UPC-AC Energy Australia (HK) Ltd.	**194,605**	97,986	**702,095**	494,156	various dates
Affiliate					
Yoma	**10,494**	11,305	**98,772**	84,490	30-day, non-interest bearing
	₱945,882	₱702,117	**₱4,063,924**	₱3,561,866	

Loan receivables from related parties bear interest ranging from 2.65% to 12.00% per annum.

d. Loans Payable

	Amount/Volume		Outstanding Balance Receivable (Payable)		Terms
	March 31, 2022	March 31, 2021	**March 31, 2022**	December 31, 2021	
Bank of the Philippine Island					
Interest Expense/Interest Payable	**₱27,800**	₱29,308	**(₱9,533)**	**(₱9,533)**	30 days, unsecured
Long-term loans (Note 19)	–	–	**(2,079,693)**	**(2,079,133)**	12 years, interest bearing
Short-term loans (Note 19)	–	–	**(3,237,020)**	–	12 months,interest bearing

e. Right of Use Assets / Lease Liabilities

The Group entered into lease agreements with Ayala Land, Inc, (ALI) and Fort Bonifacio Development Corporation (FBDC), affiliates, for the use of its office unit and parking spaces.

	Amortization / Interest Expense		ROU (Lease Liabilities)		Terms
	March 31, 2022	March 31, 2021	**March 31, 2022**	December 31, 2021	
ALI					
Right of use Assets (Note 14)	**₱29,364**	₱21,341	**₱907,688**	₱930,453	10 years , unsecured
Lease Liabilities (Note 14)	**9,867**	8,472	**(974,475)**	(990,107)	10 years , unsecured
FBDC		–			
Right of use Assets (Note 14)	**2,307**	–	**9,193**	11,500	3 years , unsecured
Lease Liabilities (Note 14)	**64**	–	**(7,450)**	(9,771)	3 years , unsecured

f. Other Related Party Transactions

	Amount/Volume		Outstanding Balance Receivable (Payable)		Terms
	March 31, 2022	March 31, 2021	**March 31, 2022**	December 31, 2021	
Management fee income	**₱13,533**	₱-	**₱477**	₱25,860	30-days, unsecured
Rental income	**3,490**	21,970	**3,829**	1,674	30-days, unsecured
Cost of sale of electricity	**103,160**	370,861	**(87,112)**	(94,110)	30-days, unsecured
Due from related parties	–	–	**292,237**	168,386	On demand, Unsecured
Due to related parties	–	–	**(1,359,858)**	(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 ₱86.77 million and ₱78.36 million as at March 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**
	March 31, 2022	March 31, 2021	**March 31, 2022**	December 31, 2021	
Accrued director's and annual incentives (Note 18)					
Directors' fee and annual incentives	**₱3,277**	₱25,537	**(₱26,629)**	(₱23,352)	On demand, Unsecured
Due to stockholders (Note 33)					
Cash dividends	-	1,197	**(16,585)**	(16,585)	On demand, Unsecured

i. Compensation of key management personnel

Compensation of key management personnel of the Group amounted to ₱21.68 million and ₱20.73 million for the three-month period ended March 31, 2022 and 2021, respectively.

Identification, Review and Approval of Related Party Transactions

All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the 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.

31. 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	
	2022 (Unaudited)	2021 (Unaudited)
(a) Net income (loss) attributable to equity holders of Parent Company	**₱405,026**	₱1,272,255
Common shares outstanding at beginning of period (Note 21)	**38,324,027,174**	13,692,457,210
Weighted average number of:		
Shares issued during the period	**132,074,583**	2,114,693,405
Shares buyback during the period	**–**	–
(b) Weighted average common shares outstanding	**38,456,101,757**	15,807,150,615
Basic/Diluted earnings (loss) per share (a/b)	**₱0.01**	₱0.08

On March 22, 2022, ACEN issued the 1,320,745,833 shares, pursuant to the Subscription Agreements with the UPC Group (see Notes 1 and 11).

On January 29, 2021, ACEN issued the 2,267,580,434 shares, pursuant to stock rights offering (SRO), at an entitlement ratio of 1.11 shares. 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.

On March 18, 2021, ACEN issued the 4 billion common shares through a private placement.

Diluted earnings per share is the same as basic earnings per share for the three-month periods ended March 31, 2022 and 2021.

32. Significant Laws, Commitments and Contracts

Updates to certain contracts and commitments disclosed in the annual consolidated financial statements as at December 31, 2021 and new contracts entered during the three-month period ended March 31, 2022 are provided below:

Administration and Management Agreement ("AMA")
Executed on October 4, 2019, ACEN and SLTEC entered into an Administration and Management Agreement ("AMA") granting ACEN the exclusive right and obligation to administer and manage all of the net available output of SLTEC's power plant and ACEN's obligation to supply and deliver the necessary coal to generate electricity at an agreed price, subject to certain adjustments. The AMA is effective from August 26, 2019 and shall terminate on April 23, 2040 and February 20, 2041 for Unit 1 and Unit 2, respectively.

On January 21, 2022, the BOD of ACEN approved the amendment to the Administration and Management Agreement with SLTEC to include, among others, the provision of operations and maintenance services by ACEN to SLTEC (see Note 1).

Loan facilities commitment
As at March 31, 2022, the Group through ACRI has outstanding commitments of $207.1 million ($207.1 million as at December 31, 2021) from the guarantees it provided to related parties.

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

The Group's significant foreign currency-denominated financial assets and financial liabilities as at March 31, 2022 and December 31, 2021 are as follows:

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
	U.S. Dollar (US$)	U.S. Dollar (US$)
Financial Assets		
Cash and cash equivalents	**$531,162**	$303,150
Other receivables	**927,553**	677,566
	$1,458,715	$980,716
Financial Liabilities		
Accounts payable and other current liabilities	**(18,204)**	(18,516)
Short-term loans	**(62,298)**	
Notes payable and loans-term loans	**(838,088)**	(397,744)
	($1,089,590)	($416,260)
Net foreign currency-denominated assets (liabilities)	**$369,125**	$564,456
Peso equivalent	**₱19,179,759**	₱28,657,431

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱51.96 to US$1.00 as at March 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$
March 31, 2022	**(₱0.50)**	**(₱1,274,153)**
(Unaudited)	**(1.00)**	**(2.548,306)**
	0.50	**1,274,153**
	1.00	**2.548,306**
December 31, 2021	(₱0.50)	(₱282,228)
(As restated)	(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, ACE 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	**₱14,523,556**	**$279,514**
Receivables	**36,404,965**	**700,635**
Investments in:		
Associates and joint ventures	**39,610,449**	**762,326**
Other financial assets at amortized cost	**30,231,526**	**581,823**
Financial asset at FVTPL	–	–
	120,770,506	**2,324,298**
Accounts payable and other current liabilities	**(1,498,026)**	**(28,830)**
Notes payable	**(20,676,392)**	**(397,929)**
Net foreign currency position	**₱98,596,088**	**$1,897,539**

	December 31, 2021 (Audited)	
	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 Philippine Peso - US Dollar exchange rate as at March 31, 2022 and December 31, 2021 used were ₱51.96 to US$1.00 and ₱50.77 to US$1.00.

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

		Increase (decrease) in Peso per foreign currency	**Effect on income before income tax**
March 31, 2022	**USD**	**($0.50)**	**(₱948,769)**
		(1.00)	**(1,897,538)**
		0.50	**948,769**
		1.00	**1,897,538**
December 31, 2021	USD	($0.50)	(₱1,118,686)
(As Restated)		(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.

	March 31, 2022 (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	**₱1,171,058**	**₱263,310**	**₱190,597**	**₱3,314,954**	**₱60,433**	**₱5,000,351**
Due from related parties	**470,030**	**611,129**	**23,120,730**	**679,586**	**23,700**	**24,905,175**
Others	**1,292,947**	**31,637**	**24,282**	**49,615**	**434,868**	**1,833,349**
Noncurrent						
Trade receivables	**1,676,706**	**218,804**	**–**	**–**	**6,754**	**1,902,264**
Due from related parties	**862,224**	**6,014,510**	**38,913**	**2,541,515**	**–**	**9,457,163**
Receivables from third parties	**30,504**	**3,768,244**	**–**	**1,846,786**	**6,998**	**5,652,532**
	₱5,503,469	**₱10,907,635**	**₱23,374,522**	**₱8,432,456**	**₱532,752**	**₱48,750,833**

	December 31, 2021 (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	₱470,270	₱3,315,917	₱2,130	₱1,679,530	₱82,980	₱5,550,827
Due from related parties	18,724,341	7,918	216,715	6,629,151	10,560	25,588,685
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	₱191,899	₱46,682,250

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 ₱352.41 and ₱354.87 million as at March 31, 2022 and December 31, 2021.

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, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial Assets at Amortized Cost (Portfolio 1)		
Cash and cash equivalents	**₱27,697,266**	₱26,445,429
Under "Receivables" account		
Current:		
Trade receivables	**5,000,351**	5,550,827
Due from related parties	**24,905,175**	25,588,685
Others	**1,833,349**	2,337,633
Noncurrent:		
Trade receivables	**1,902,264**	1,910,035
Due from related parties	**9,457,163**	8,484,028
Receivables from third parties	**5,652,532**	2,210,103
Other financial assets at amortized cost	**28,669,031**	26,085,959
Under "Other Noncurrent Assets" account		
Deposits	**164,700**	165,164
	₱105,281,831	₱99,378,763

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

	March 31, 2022 (Unaudited)				
		Lifetime ECL			
Grade	**12-month Stage 1**	**Stage 2**	**Stage 3**	**Simplified Approach**	**Total**
High	**₱27,697,266**	**₱–**	**₱–**	**₱23,363**	**₱23,363**
Standard		**–**	**–**	**–**	
Substandard	**–**	**–**	**–**	**–**	**–**
Default	**700,633**	**–**	**–**	**254**	**700,886**
Gross carrying amount	**28,397,899**	**–**	**–**	**23,617**	**724,250**
Less loss allowance		**–**	**–**	**–**	
Carrying amount	**₱28,397,899**	**₱–**	**₱–**	**₱23,617**	**₱724,250**

	December 31, 2021 (Audited)				
		Lifetime ECL			
Grade	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**	**₱34,506,949**

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, 2022 (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	**₱2,324,681**	**₱259,804**	**₱448,348**	**₱1,240,331**	**₱–**	**₱4,273,164**
Retention payable	**12,193**	**35,723**	**109,528**	**–**	**–**	**157,445**
Accrued expenses [a]	**236,268**	**976,710**	**391,810**	**–**	**–**	**1,604,788**
Accrued interest	**166,305**	**93,317**	**82,283**	**46,187**	**–**	**388,092**
Due to related parties	**178,037**	**2,926**	**45,977**	**1,343,725**	**–**	**1,570,666**
Others	**71,760**	**27,556**	**47,456**	**–**	**–**	**146,772**
Derivative Liability	**–**	**–**	**–**	**216,452**	**–**	**216,452**
Short-term loans	**3,237,020**	**–**	**–**	**–**	**–**	**3,237,020**
Due to stockholders	**16,585**	**–**	**–**	**–**	**–**	**16,585**
Lease liabilities [b]	**–**	**70,858**	**254,364**	**1,422,109**	**3,445,981**	**5,193,313**
Long-term loans [c]	**–**	**701,121**	**1,349,009**	**8,675,997**	**20,641,043**	**31,367,170**
Notes payable	**–**	**–**	**815,968**	**22,031,136**	**–**	**22,847,104**
Other noncurrent liabilities [d]	**–**	**–**	**–**	**395,370**	**–**	**395,370**
	₱6,242,849	**₱2,168,016**	**₱3,544,744**	**₱35,371,307**	**₱24,087,024**	**₱71,413,940**

[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, 2021 (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	₱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	–	–	1,274,403
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	29,107,782
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 March 31, 2022 and December 31, 2021, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	March 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	**₱27,697,266**	**₱–**	**₱–**	**₱–**	**₱27,697,266**
Short-term investments	**196,712**	**–**	**–**	**–**	**196,712**
Accounts and Notes Receivables:					
Accounts Receivables	**4,366,695**	**1,766,076**	**–**	**–**	**6,132,771**
Notes Receivables	**22,876,816**	**–**	**–**	**–**	**22,876,816**
Interest Receivables	**2,594,247**	**–**	**–**	**–**	**2,594,247**
Noncurrent:					
Receivables:					
Accounts Receivables	**–**	**–**	**–**	**2,091,729**	**2,091,729**
Notes Receivables	**–**	**–**	**–**	**13,160,768**	**13,160,768**
Interest Receivables	**–**	**–**	**–**	**1,745,711**	**1,745,711**
Derivative assets	**–**	**199,025**	**–**	**–**	**199,025**
Other financial assets at amortized cost	**–**	**–**	**–**	**28,669,031**	**28,669,031**
Financial assets at FVOCI:					
Quoted	**–**	**–**	**–**	**351,268**	**351,268**
Unquoted	**–**	**–**	**–**	**950**	**950**
	₱57,731,736	**₱1,965,101**	**₱–**	**₱46,019,457**	**₱105,716,294**

	December 31, 2021 (Audited)				
	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 Receivables	5,481,520	1,124,498	–	–	6,606,018
Notes Receivables	24,278,081	–	–	–	24,278,081
Interest Receivables	2,425,198	–	–	–	2,425,198
Noncurrent:					
Receivables:					
Accounts Receivables	–	–	–	2,093,042	2,093,042
Notes Receivables	–	–	–	9,586,187	9,586,187
Interest Receivables	–	–	–	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 March 31, 2022 and December 31, 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:

ACEN

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

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

On March 19, 2021, the Parent Company entered into a term loan agreement with DBP amounting to ₱4.50 billion. The loan has a term of ten (10) years with an option for a floater or fixed interest rate. As at December 31, 2021, the Parent Company has drawn ₱805 million and is subject to a floating interest rate, subject to repricing on every semi-annual payment date. The undrawn portion of the term loan facility amounting to ₱3.695 billion is still subject to interest rate risk depending on the then benchmark rate plus spread.

Guimaras Wind

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

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

On April 28, 2016, the Group prepaid a portion of its long-term debt in accordance with the terms of the Agreement as follows:
- the Group shall effect a mandatory prepayment of the loan, without premium or penalty, within three (3) business days from receipt by the Group of any transmission line proceeds;
- prepay the loan to the extent of seventy percent (70%) of the transmission line proceeds;
- the remaining thirty percent (30%) shall be transferred directly into the Group controlled distribution account for further distribution to the Project Sponsor.

SLTEC

On April 29, 2019 SLTEC entered into an Omnibus Loan and Security Agreement (the “New Omnibus Agreement”) with the following:
- BDO Unibank, Inc. (BDO), Security Bank Corporation (SBC) and Rizal Commercial Banking Corporation (RCBC) as the Lenders;
- ACEI, ACEN, and APHPC as the Sponsors;
- BDO Capital & Investment Corporation as the Mandated Lead Arranger and Sole Bookrunner;
- RCBC Capital Corporation and SB Capital Investment Corporation as the Lead Arrangers; and,
- BDO Unibank, Inc. - Trust and Investments Group as the Facility Agent, Security Trustee and Paying Agent

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

NorthWind
On May 29, 2020, NorthWind entered into an Omnibus Loan and Security Agreement with BPI for a long-term loan facility amounting to ₱2.30 billion. The proceeds of the loan were used to fully repay its senior loans. The loan shall be repaid in twenty-four (24) sculpted semi-annual amortizations as set forth in the agreement. The interest rate is fixed for the initial period of ten (10) years to be repriced after the 10th anniversary at a rate equivalent to (a) the 2-year base fixed rate plus a spread of 1.115%, or (b) 5.125% per annum, whichever is higher.

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 quarterly during the Group's Finance Committee ("FINCOM"). Continuation, addition, reduction and termination of existing hedges are decided by the FINCOM and any material change in permissible hedging instrument, counterparties and limits are elevated to the BOD for approval.

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

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

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

The hedge ineffectiveness can arise from:

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

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

	Maturity						
	< 1 month	**1-3 months**	**4-6 months**	**7-9 months**	**10-12 months**	**>12 months**	**Total**
As at March 31, 2022							
Foreign exchange forward contracts							
Notional amount ($000)	**$16,701**	**$16,218**	**$648**	**$7,404**	**$–**	**$–**	**$40,971**
Average forward rate ($/₱)	**48**	**48.33**	**48.37**	**48.72**	**–**	**–**	
Fuel							
Notional amount (in Metric Tons)	**–**	**–**	**4,800**	**7,200**	**2,400**	**–**	**14,400**
Notional amount (in $000)	**$–**	**$–**	**$503**	**$914**	**$332**	**$332**	**$1,749**
Average hedged rate ($ per Metric ton)	**–**	**–**	**685**	**685**	**685**	**–**	**–**
Coal							
Notional amount (in Metric Tons)	**–**	**–**	**–**	**6,000**	**3,000**	**–**	**9,000**
Notional amount (in $000)	**$–**	**$–**	**$–**	**$606**	**$286**	**$–**	**$891**
Average hedged rate ($ per Metric ton)	**–**	**–**	**–**	**121.50**	**121.50**	**–**	**–**
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 Group had fuel oil hedges entered in 2020 which were all settled also as at December 31, 2020.

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, 2022				
Foreign exchange forward contracts	**$40,971**	**₱151,539**	**Other current assets**	**₱151,539**
Commodity swap contracts – Fuel	**1,749**	**(64,913)**	**Other noncurrent liabilities**	**(48,685)**
Commodity swap contracts – Coal	**891**	**47,487**	**Other current assets**	**35,615**
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 March 31, 2022			
Highly probable forecast purchases	**(₱63,162)**	**(₱46,260)**	**₱–**
Highly probable forecast purchases	**151,539**	–	–
Fuel purchase	**(48,685)**	–	–
Coal purchase	**35,615**	–	–
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 March 31, 2022						
Foreign exchange forward contracts	**₱–**	**₱151,539**	**Other income (expense)**	**₱–**	**₱–**	**₱–**
Foreign exchange forward contracts	**(63,162)**	–	**Unrealized fair value gains on derivative instruments designated as hedges**	–	–	–
Commodity swap contracts - Fuel	**(48,685)**	–	**Unrealized fair value gains on derivative instruments designated as hedges**	–	–	–
Commodity swap contracts - Coal	**35,615**	–	**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.

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
Short-term debt (Note 21)	**₱3,237,020**	₱–
Long-term debt (Note 21)	**43,545,702**	41,137,275
Total debt	**46,782,722**	41,137,275
Less:		
Cash and cash equivalent (Note 6)	**27,697,266**	26,388,448
Short-term investments	**196,712**	68,310
Restricted cash (Note 6)	**–**	56,981
Net debt	**18,888,744**	14,623,536
Total equity	**130,400,799**	117,968,762
Debt to equity	**35.88%**	34.87%
Net debt to equity	**14.49%**	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.

34. 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, 2022 and December 31, 2021:

	March 31, 2022 (Unaudited)			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Financial assets at FVTPL	**₱1,211,227**	**₱–**	**₱1,211,227**	**₱–**
Financial assets at FVOCI	**352,408**	**190**	**352,218**	**–**
Other financial assets at amortized cost	**28,669,031**	**–**	**–**	**34,369,140**
Derivative asset*	**199,025**	**–**	**199,025**	**–**
Refundable deposits**	**164,700**	**–**	**–**	**168,132**
Trade receivables***	**2,123,384**	**–**	**–**	**2,136,754**
Receivables from third parties****	**252,543**	**–**	**–**	**252,543**
	₱32,972,318	**₱190**	**₱1,762,470**	**₱36,926,569**
Liabilities				
Notes payable	**₱20,676,392**	**₱–**	**₱–**	**₱19,992,268**
Long-term debt	**22,869,310**	**–**	**–**	**22,008,229**
Deposit payables and other liabilities*****	**160,187**	**–**	**–**	**176,201**
Derivative liability	**–**	**–**	**–**	**–**
Lease liabilities	**2,577,328**	**–**	**–**	**3,242,466**
	₱46,283,217	**₱–**	**₱–**	**₱45,419,164**

** 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.*

	December 31, 2021 (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	₱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 5.56% to 5.89% and 4.40% to 7.10% as at March 31, 2022 and December 31, 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 4.52% and 4.40% as at March 31, 2022 and December 31, 2021 respectively.

Derivative asset
The fair value of the derivative asset 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.

35. **Operating Segments**

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The scope of the operating segments has been modified following the changes in the organization due to various acquisitions (see Notes 1, 4 and 5).

- Parent and Others - represents operations of the Parent Company (excluding Retail Electricity Supply (RES) / Commercial Operations) and ACE Shared Services, Inc. This also includes ACEN Finance Limited interest expense, the rest is classified under International.

- Philippines, which includes:
  1. RES or Commercial Operations;
  2. Petroleum and exploration;
  3. Renewables - generation, transmission, distribution and supply of electricity using renewable sources such as solar, wind and geothermal resources;

4. Thermal - generation, transmission, distribution and supply of electricity using conventional way of energy generation.
5. Project development expenses incurred by ACE Endevor and SPVs; and
6. Leasing, bulk water supply

- International - represents the operations of ACRI, which is the holding company for all offshore investments. This includes earnings from the international investments, as well as project development expenses for the various power projects in the pipeline, ACE International, ACEC and ACE HK. This also includes ACEN Finance Limited (excluding interest expense classified under Parent and Others).

The comparative segment information for the three-month period ended March 31, 2021 have been restated.

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

Revenue earned from a single external customer amounted to ₱2,095 million and ₱1,817 million for the three-month period ended March 31, 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 three-month period ended March 31, 2022 and 2021 and assets and liabilities as at March 31, 2022 and December 31, 2021:

	For the three months ended March 31, 2022			
	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**	**128,265**	**–**	**344,474**
Other income - net	**8,268**	**1,088,439**	**123,097**	**1,219,804**

Net income (loss) before income tax	**(723,676)**	**1,175,062**	**(141,920)**	**309,466**
Provision for (benefit from) income tax	**(295,945)**	**(21,163)**	**(125,870)**	**(442,978)**
Segment net income (loss)	**(₱427,731)**	**₱1,196,225**	**(₱16,050)**	**₱752,444**
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 March 31, 2022		
Operating assets	**₱36,081,421**	**₱56,714,736**	**₱98,043,914**	**₱190,840,071**
Operating liabilities	**₱17,554,647**	**₱22,219,546**	**₱20,665,080**	**₱60,439,273**
Other disclosures:				
Investments in associates and joint ventures	**₱10,157,344**	**₱19,043,308**	**₱–**	**₱29,200,652**
Pension & other employment benefits	**(48,093)**	**–**	**(46,101)**	**(94,194)**

	For the three months ended March 31, 2021 (As restated)			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱5,688,775	₱–	₱–	₱5,688,775
Rental income	13,664	–	–	13,664
Dividend income	–	6,549	–	6,549
Other revenues	3,889	8,116	6,851	18,856
	5,706,328	14,665	6,851	5,727,844
Costs and expenses				
Costs of sale of electricity	4,433,444	–	–	4,433,444
General and administrative expenses	304,834	61,076	28,860	394,770
	4,738,278	61,076	28,860	4,828,214
Interest and other finance charges	(228,367)	(14,149)	(186,162)	(428,678)
Equity in net income of associates and joint ventures	400,740	175,668	–	576,408
Other income (expense) - net	81,101	870,899	62,452	1,014,452
Net income (loss) before income tax	1,221,524	986,007	(145,719)	2,061,812
Provision for (benefit from) income tax	167,524	(7,289)	(31,858)	128,377
Segment net income (loss)	₱1,054,000	₱993,296	(₱113,861)	₱1,933,435
Other disclosures:				
Depreciation and amortization	1,856,163	51	149,653	2,005,867
Capital expenditures	5,005,192	256	723,308	5,728,755
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	229,149	–	69,146	298,295

	As at December 31, 2021 (As restated)			
Operating assets	₱64,282,801	₱90,206,147	₱16,672,440	₱171,161,388
Operating liabilities	₱20,313,914	₱21,165,660	₱11,713,052	₱53,192,626
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)

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.

36. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the three-month period ended March 31, 2022 and 2021 are as follow:

	Three-Month Period Ended March 31 (Unaudited)	
	2022	2021 (As restated)
Non-cash additions to property, plant and equipment	**₱33,334**	₱381,264
Set-up of ROU assets from new lease agreements	**–**	1,141,175
Reclassifications to (from):		
Property, plant and equipment	**9,420**	(292,976)
Noncurrent assets held for sale	**68,512**	14,890
Creditable withholding taxes	**(160,731)**	–

Movements in the Group's liabilities from financing activities for the three-month period ended March 31, 2022 and 2021 are as follows:

	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**

	January 1, 2021 (Audited)	Availments/ Proceeds	Payments	Others	March 31, 2021 (As restated)
Current portion of:					
Short-term loans	₱4,635,000	₱3,000,000	(₱10,000,800)	₱4,865,800	₱2,500,000
Long-term loans	707,782	–	(939,135)	891,153	659,800
Lease liabilities	285,001	–	(65,403)	129,803	349,401
Interest payable	265,313	–	(464,331)	442,659	243,641
Due to stockholders	18,272	–	(16,731)	1,197,602	1,199,143
Noncurrent portion of:		–	–		
Long-term loans	21,546,373	823,125	–	(878,999)	21,490,499
Lease liabilities	1,631,628	–	–	853,418	2,485,046
Other noncurrent liabilities	1,695,048	81,880	–	2,675	1,779,603
Total liabilities from financing activities	₱30,784,417	₱3,905,005	(₱11,486,400)	₱7,504,111	₱30,707,133

2021 restatement eliminated BWPC long-term loans from ACE International with carrying amount of ₱137.99 million.

37. Provisions and Contingencies

Tax assessments:

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

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

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

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

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

In its decision dated September 28, 2018, the CTA Third Division granted ACEN's petition and ordered the cancellation and withdrawal of the FLD (the "CTA Third Division Decision"). On January 18, 2019, the CTA denied the Commissioner of Internal Revenue's ("CIR") motion for reconsideration ("CTA Resolution"). On February 22, 2019, the CIR filed a petition for review with the CTA *en banc* seeking the reversal of the CTA Third Division's Decision and CTA Resolution. On July 21, 2020, the CTA *en banc* upheld the CTA Third Division Decision and denied the CIR's petition. The CIR filed a motion for reconsideration dated August 26, 2020. In response, ACEN filed its Comment/ Opposition. As at May 16, 2022, the CIR's motion for reconsideration has not been resolved by the CTA *en banc*.

b. NLR is a party to several cases involving the assessment and collection by the Provincial Treasurer of Ilocos Norte of real property tax ("RPT") on the wind turbine generators, civil works, equipment, machinery, and transmission lines of NLR located in the municipalities of Pagudpud, Bacarra, Burgos, Pasuquin, and Bangui. NLR was assessed RPT at a rate of two percent (2%) or an aggregate amount of ₱411.01 million for years 2015 to 2019. NLR paid under protest the RPT thereon and filed a protest questioning the imposition of 2% tax rate on its RE facilities, and the penalty assessed for the RPT for the year 2015. Under Section 15 (c) of the RE Act, realty and other taxes on civil works, equipment, machinery, and other improvements of a Registered RE Developer actually and exclusively used for RE facilities shall not exceed 1.5% of their original cost less accumulated normal depreciation or net book value.

   In 2017, the Central Board Assessment Appeals ("CBAA") ruled in favor of NLR stating that NLR can recover the RPT paid in year 2015 to 2016 and the penalty paid in 2015 totaling ₱50.96 million. In a decision dated February 26, 2020, the CTA *en banc* upheld the CBAA ruling and ruled in favor of NLR. On March 16, 2021, the CTA *en banc* issued a resolution granting NLR's Motion for Entry of Judgment. On July 26, 2021, the CTA *en banc* released the actual Entry of Judgment affirming the favorable decision of the CBAA dated 10 October 2017. As at December 31, 2021, the said CBAA decision is already final and executory.

   As at May 16, 2022, the 2017 to 2021 RPT protest, regarding an aggregate amount of ₱369.37 million, are still pending decision with the Local Boards of Assessment Appeals of Ilocos Norte.

<u>Claims for tax refund</u>

a. On August 15, 2016, Guimaras Wind filed with the BIR a letter and application for tax credits or refund for Guimaras Wind's excess and unutilized input VAT for the period July 1, 2014 to June 30, 2015 amounting to ₱335.76 million attributable to Guimaras Wind's zero-rated sales. On December 19, 2016, Guimaras Wind received a letter from the BIR denying the administrative claim for refund of excess and unutilized input VAT for the period July 1, 2014 to December 31,

2014. On January 11, 2017, Guimaras Wind filed with the CTA a Petition for Review. In 2018, Guimaras Wind and the BIR presented their evidence and arguments. On January 9, 2020, Guimaras Wind received a copy of the Decision of the CTA.

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

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

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

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

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

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

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

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

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

b. In 2018, SACASOL filed a Petition for Review with the CTA regarding the disallowed claim of 2014 and 2015 input VAT amounting to ₱62.64 million. On February 3, 2020, SACASOL filed a Memorandum with the CTA on the pending case. No decision has been received from the CTA as at report date.

c. In March 2018, NLR filed a claim with the BIR for the conversion of its unutilized Input VAT for the taxable period from 1st quarter to 4th quarter of 2016 amounting to ₱9.28 million into tax credit certificates, of which, ₱8.32 million was disallowed by the BIR. Related impairment loss of the same amount was recognized in 2019 for the disallowed input VAT.

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

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

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

d. On June 18, 2018, ISLASOL filed an appeal before the Local Board of Assessment Appeals (LBAA) of La Carlota when its request to the Office of the City Treasurer of La Carlota (the "Treasurer") to reduce the tax rate of the RPT from 2.5% to 1.5% as provided undersection 15 (c) of Republic Act No. 9153 or the Renewable Energy Act of 2008 (RE Law) was denied. On February 15, 2021, the LBAA issued a Resolution setting aside and annulling the Treasurer's letter of denial of the ISLASOL's request, directing the Treasurer to recompute the RPT due and apply the maximum special RPT tax rate of 1.5% less accumulated normal depreciation or net book value and ordering the Treasurer to refund to ISLASOL the amount of RPT paid for year 2017 in excess of the maximum specialty tax rate of 1.5%. On March 29, 2021, ISLASOL submitted a Letter of Intent to the Treasurer availing Tax Credit Certification for its RPT overpayment and requesting application of the Tax Credit Certificate to future RPT assessments of ISLASOL. On June 15, 2021, City Treasurer of La Carlota issued a Certificate of tax credit amounting to ₱69.15 million covering the overpayment from 2017 to 2020.

Power Barge 102 Oil Spill

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

Star Shipping Services, Inc. ("Harbor Star"), a leading maritime services provider, to complete the clean-up of both the waters and the coastline.

As at May 16, 2022, the Group has incurred ₱12.88 million in fuel loss, community assistance oil containment and recovery expenses, net of insurance proceeds. The Group will continue to take measures to mitigate the environmental impact of the spill and to fully cooperate with authorities to address all relevant concerns.

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

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

The Parent Company has contested this Resolution and filed a Motion for Reconsideration (MR). A technical conference was conducted by PAB on December 2, 2021 where the Parent Company manifested the pending MR. The Parent Company was then required by PAB to submit its Position Paper on an *ad cautelam* basis.

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

Compliance with Must Offer Rule

On October 4, 2018, CIPP, One Subic Power, Bulacan Power and the Parent Company received a letter from PEMC for pending investigation of trading intervals covering periods from 2014 to 2018. The scope of the investigation covers possible non-compliance with the Must Offer Rule (MOR) and with the Real-Time Dispatch (RTD) or System Operator Instructions. As at May 16, 2022, the investigations are still ongoing.

Refund of Market Transaction Fee from PEMC

On July 9, 2020, the ERC issued its Decision on ERC Case 2015-160 RC ordering PEMC to refund the over collection in the Market Transaction Fee (MTF) in 2016 and 2017. The ERC determined the over collection by getting the variance between the MTF collected in 2016 and 2017, and the ERC-Approved Budget of PEMC for the same period. The total refund was determined at ₱433.20 million which shall be apportioned among all the Luzon and Visayas participants. The ERC has directed PEMC to implement the refund over twelve (12) months beginning the next billing month upon receipt of the relevant Decision.

The PEMC filed a motion for reconsideration with the ERC. In an Order promulgated on June 11, 2021, the ERC resolved to deny the motion for reconsideration filed by the PEMC and directed PEMC to submit its plan of action for the refund scheme. The Group monitors PEMC's action relative to the ERC's Decision and Order.

ACRI Guarantee Agreements
In, 2021, the Group entered into various guarantee agreements with the banks for a total of $48.5 million (2020: $39.8 million) for projects in India and Vietnam, of which $48.5 million (2020: $36.1 million) is outstanding as of year-end. The purpose of the guarantee is to secure various module and supply agreements of the projects.

Also, in 2021, the Group entered into various guarantee agreements with the bank for a total of INR 718.2 million ($9.5 million) as the guarantor for various solar projects in India, of which $5.5 million is outstanding as at December 31, 2021.

On January 15, 2021, the Group entered into a guarantee agreement with the bank for a total of AUD 260 million ($185.5 million) to guarantee the obligation of New England Solar Project to the project lender. As at December 31, 2021, total amount drawn from the loan was AUD98.98 million ($70.64 million). The group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance

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.

On September 30, 2020, the Group signed an agreement with the bank to guarantee BT1 Windfarm's payment obligation to the project lender on its loan amounting to $118.28 million. As at December 31, 2021, total amount drawn from the facility was $110.98 million. The group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance

On October 12, 2018, the Group has entered into a guarantee agreement with the bank for a total of $37 million to guarantee the obligation of AMI Khan Hoa Solar project to the project lender. Subsequently on October 3, 2020, loan amounting to $33.71 million was drawn by AMI Khan Hoa. The group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

For the three-month periods ended March 31, 2022 and 2021, the Group recognized corresponding guarantee fee income amounting to $1.65 million (₱86.15 million) and to $0.51 million (₱24.54 million), respectively (see Note 28).

38. Events After the Reporting Period

Below are the events after the reporting period which are treated as non-adjusting events as at March 31, 2022.

ib vogt and ACEN to set up 1,000 MW asset platform for solar in Asia
On April 4, 2022, ib vogt and ACEN have 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.

ACEN and Citicore energize solar plant in Pampanga
On March 31, 2022, the Arayat-Mexico solar farm, a joint venture between Citicore and ACEN, Ayala group’s listed energy platform, reached its full capacity last March 23, 2022 and is expected to add much needed capacity to the grid in time for the demand surge during the hot summer season.

After its successful energization, the National Grid Corporation of the Philippines (NGCP) will be conducting its own set of testing for grid compliance, which is expected to be completed by the second week of April.

ACEN and SLTEC signing of Amended and Restated Omnibus Loan and Security Agreement, Administration and Management Agreement, and Operations and Maintenance Agreement
ACEN, as share security grantor, and its subsidiary SLTEC, as borrower, signed today an Amended and Restated Omnibus Loan and Security Agreement (“OLSA”) for the refinancing of the 2x135 MW 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 Administration and Management Agreement for ACEN’s administration, control, and management of the entire capacity of the SLTEC power plant, and an Operations and Maintenance (“O&M”) Agreement.

The Amended and Restated OLSA increased the facility from ₱11 billion (₱9.8 billion of which is outstanding to date) to ₱13.7 billion, 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.

Sale of Power Barge 103
On April 19, 2022, the Company and SPC executed the Deed of Absolute Sale and Assignment implementing the sale effective April 18, 2022, amounting to ₱39.2 million.

On August 20, 2021, the Executive Committee of the Company approved the sale of Power Barge (PB) 103 to SPC Island Power Corporation ("SIPC") or its designated affiliate or subsidiary.

ACEN enters partnership to repower wind farms in the US
On April 26, 2022, ACEN, announced the board approval on the company's 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.

The new 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.

AC acquires P14 billion ACEN shares
On May 10, 2022, AC, the intermediate parent company of ACEIC, completed its purchase of 1,861,000,000 ACEN common shares from ACEIC, following the AC BOD approval last April 29, 2022, via a block sale at ₱7.60 per share.

ANNEX B

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of AC Energy Corporation or ACEN and its subsidiaries collectively referred to as "the Group", should be read in conjunction with the unaudited interim consolidated financial statements as at March 31, 2022, for the three-month period ended March 31, 2022 and 2021 and the audited consolidated financial statements as at December 31, 2021. The unaudited interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standards ("PAS") 34, *Interim Financial Reporting*.

Corporate Highlights:

- To help achieve its capacity expansion targets and return to a robust growth trajectory, ACEN recently entered into new partnerships. In March, the Group formed a joint venture with CleanTech Renewable Energy 4 Corporation to begin construction on a 133-MW solar farm and transmission line in Lal-lo, Cagayan, Philippines. The following month, ACEN and ib vogt, a German-based developer of tracking solar farms, have agreed to set up a 1,000-MW solar asset platform in Asia. Finally, in late April, ACEN announced the formation of a strategic partnership with United States-based firms Pivot Power Management and UPC Solar & Wind Investments LLC to pursue opportunities to acquire operating wind projects in the US and to explore strategies for extending their useful life through preventative maintenance and repowering.

Operating Highlights:

- Attributable output increased by 4% to 1,161 gigawatt-hours (GWh) in the first quarter of 2022. Although output grew as a result of new operating capacity opened in 2021, this was offset by the effects of the SLTEC maintenance outage, as well as curtailment in the Visayas.

- Output from International assets rose by a noteworthy 62%, reducing the impact of the decline in Philippine generation. Renewables' contribution to ACEN's output increased by a significant 52%, bringing RE's share to 76% of total energy production.

- ACEN currently has ~3,800 MW of pro forma attributable capacity in the Philippines and across the region, of which ~3,300 MW, or close to 90%, is renewable. This puts the Group in a strong position to reach its 5,000-MW target earlier than 2025, towards 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 **₱405.03 million** for the first quarter of 2022 compared to **₱1,272.25 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, 2022 and 2021.

Revenues

In thousand Pesos	Jan - Mar 2022	2021	Increase (Decrease) Amount	%
Revenue from sale of electricity	7,358,378	5,688,775	1,669,603	29%
Rental income	17,053	13,663	3,390	25%
Dividend Income	3,635	6,549	(2,914)	(44%)
Other revenue	23,540	18,856	4,684	25%

- **Revenue from sale of electricity** registered 29% growth from last year mainly driven by the following: 1) revenue contribution from 600MWdc Palauig Solar Farm and 120MWdc Alaminos Solar Farm that started operations April 2021 and June 2021, respectively; 2) revenues generated by merchant plants at higher WESM prices this 2022 vs. 2021; 3) higher wind resource and plant availability from wind plants this year vs. lower generation due to outages in 2021; and 4) higher dispatch and dependable capacity from diesel plants. The growth is partly offset by SLTEC outages, RES customer contract buy-out fee, and curtailment of Visayas plants.
- **Rental income** increased mainly coming from BCHC.
- **Dividend income** came from UPC Sidrap, which is recognized as financial asset at FVOCI.
- **Other revenue** consists of management fees earned by ACEN from its joint venture and bulk water sales.

Costs and Expenses

In thousand Pesos	Jan - Mar 2022	2021	Increase (Decrease) Amount	%
Cost of sale of electricity	7,868,135	4,433,444	3,434,691	77%
General and administrative	284,969	394,770	(109,801)	(28%)

- **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. Other operating costs also increased such as fuel cost with increasing oil prices as well as repairs following SLTEC outages during the quarter. The Group registered negative gross profit margin for the period ended March 31, 2022 of ₱509.76 million vs. ₱1,255.33 million gross profit contribution from same period last year with lower supply amidst increasing WESM prices as well as the ₱605 million buy-out fees.
- **General and administrative expenses** were lower than last year with higher development management and borrowing costs that were capitalized in the first quarter of 2022.

Other Income and Expenses

In thousand Pesos	Jan – Mar 2022	2021	Increase (Decrease) Amount	%
Interest and other finance charges	(504,313)	(428,679)	(75,634)	18%
Equity in net income of associates and joint ventures	344,473	576,408	(231,935)	(40%)
Other income – net	1,219,804	1,014,451	205,353	20%

- **Interest and other finance charges** is higher due to increased volume of currently held long-term and short-term loans from period to period with additional availments during the quarter.
- Lower **equity in net income of associates and joint ventures** coming from NLR and ACRI, as well as income from NIBH in Q1 last year, none this year.
- **Other income** registered an increase vs. last year with higher interest income mainly coming from international loan receivables and investments in convertible loans and redeemable preferred shares.

Provision for (benefit from) income tax

In thousand Pesos	2022	2021	Increase (Decrease) Amount	%
Current	41,722	135,201	(93,479)	(69%)
Deferred	(484,700)	(6,824)	(477,876)	7,003%

- The increase in **Provision for income tax - current** was due to lower consolidated taxable income with sustained losses for the current period.
- **Benefit for deferred income tax** in 2022 increased with the additional set-up of DTA on NOLCO of ACEN Parent and SLTEC for the quarter.

Material changes in Consolidated Statements of Financial Position accounts

In thousand pesos	March 31, 2022	December 31, 2021	Increase (Decrease) Amount	%
Current Assets				
Cash and cash equivalents	**27,697,266**	26,445,429	1,251,837	5%
Short-term investments	**196,712**	68,310	128,402	188%
Accounts and notes receivable	**31,603,834**	33,309,297	(1,705,463)	(5%)
Fuel and spare parts	**1,663,322**	1,490,559	172,763	12%
Current portion of:				
Input value added tax (VAT)	**1,840,884**	1,173,169	667,715	57%
Creditable withholding taxes	**998,203**	837,472	160,731	19%
Other current assets	**1,040,284**	744,269	296,015	40%
Assets held for sale	**119,179**	203,464	(84,285)	(41%)
Noncurrent Assets				
Investments in:				
Associates and joint ventures	**29,200,652**	21,358,301	7,842,351	37%
Other financial assets at amortized cost	**28,669,031**	26,085,959	2,583,072	10%
Financial assets at FVTPL – Noncurrent	**1,211,227**	406,739	804,489	198%
Financial assets at FVOCI – Noncurrent	**352,408**	354,868	(2,460)	(1%)
Plant, property and equipment	**37,998,678**	36,038,563	1,960,115	5%
Right-of-use (ROU) assets	**1,972,345**	2,135,480	(163,135)	(8%)
Investments properties	**13,085**	13,085	–	–
Accounts and notes receivable - net of current portion	**16,998,207**	13,191,314	3,806,893	29%
Goodwill and other intangible assets	**2,433,909**	2,375,980	57,929	2%
Net of current portion:				
Input VAT - net of current portion	**612,102**	524,732	87,370	17%

In thousand pesos	March 31, 2022	December 31, 2021	Increase (Decrease) Amount	%
Creditable withholding tax - net of current portion	**709,584**	726,804	(17,220)	(2%)
Deferred income tax assets – net	**1,176,429**	512,367	664,062	130%
Other noncurrent assets	**4,332,731**	3,165,227	1,167,504	37%

- Increase in **Cash and cash equivalents** were mainly attributable to issuance of shares to UPC and its entities totaling to ₱10,558.58 million. This was partly offset by the Group's acquisition and additional investment in various associates and joint ventures totaling to ₱7,485.35 million (i.e. NLR, UPC entities, NEFIN Limited and BCEI), as well as additional capital expenditures, interest and dividend payments during the quarter.
- Decrease in **Accounts and notes receivable** with timely collection of accounts vs. last year when Bayanihan law was still effective which extended due dates of receivables.
- **Short-term investments** include cash placements to cover for expected loan principal and interest repayments upon maturity.
- **Fuel and 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 March 31, 2022
- 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 due to improvement in collection of ACEN's receivable from retail customers and unutilized CWT.
- **Other current assets** increased primarily due to ACEN's fuel hedge valuation amounting to ₱199M and increase in the Group's prepaid insurance and prepaid taxes. Increase is partially offset by last year's derivative asset on forward contracts (₱241.74 million).
- **Assets held for sale** as of March 31, 2022 include Power Barge (PB) 103 valued at its fair value less cost to sell amount as well as building improvements, machineries, tools, and equipment of ACEN and BSEI that are available for immediate sale. Decrease from last year is due to disposal of PB 101 and PB 102 during the first quarter of 2022.
- **Investments in associates and joint ventures** increased mainly due to additional investment in UPC-ACE Australia (₱4,070.41 million) and Philwind/NLR (₱2,286.00 million). There are also new joint venture investments reported during the period such as Batangas Clean Energy, Inc., NEFIN Limited, and UPC Australia (HK) Limited. Accumulated equity in net earnings increased for the period largely coming from PhilWind/NLR (₱227.10 million) and Salak-Darajat (₱251.71 million) but reduced by ₱233.65 million total dividend payout coming from PhilWind/NLR.
- **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** pertains to Compulsorily Convertible Debentures (CCDs) from Masaya Solar. Masaya Solar is currently constructing the 420MWp solar farm in the Central Indian state of Madhya Pradesh.
- **Noncurrent financial assets at FVOCI** are largely the investment in UPC Sidrap and also include golf club shares and listed equity instruments.
- **Plant, property and equipment's** increased mainly due to increase in capitalization for the construction of Solar Plant and Transmission Lines in Marcelino, Zambales (₱249 million), and Wind Farm in Balaoi and Caunayan Pagudpud, Ilocos Norte (₱1.52 billion). The Group also had ₱86.6 million capitalized borrowing costs from project companies during the year.
- **Right-of-use asset's** decrease came from amortizations of leases.

- **Investment properties** pertains to Bulacan Power's land amounting to ₱13.09 million.
- **Receivables - net of current portion** increased primarily due to non-current portion of loans and interest receivable of ACRI.
- **Goodwill & other intangible assets** increased mainly due to goodwill arising from control acquisition over various UPC PH development entities ₱93.38 and offset by amortizations of other intangibles for the period.
- 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 reclassification of input vat of Endevor entities from current to non-current.
- **Other non-current assets** include various advances to contractors for the ongoing project developments.

In thousand pesos	March 31, 2022	December 31, 2021	Increase (Decrease) Amount	%
Current Liabilities				
Accounts payable and other current liabilities	**6,926,631**	6,280,829	645,802	10%
Short-term loans	**3,237,020**	–	3,237,020	–
Current portion of long-term loans	**830,995**	824,488	6,507	1%
Current portion of lease liability	**192,637**	536,950	(344,313)	(64%)
Income and withholding taxes payable	**225,470**	169,920	55,550	33%
Due to stockholders	**16,585**	16,585	–	–
Noncurrent Liabilities				
Notes payable	**20,676,392**	20,195,054	481,338	2%
Long-term loans - net of current portion	**22,038,315**	20,117,733	1,920,582	10%
Lease liabilities - net of current portion	**2,384,690**	2,159,302	225,388	10%
Pension and other employment benefits	**94,194**	80,422	13,772	17%
Deferred tax income liabilities - net	**243,745**	74,422	169,322	228%
Other noncurrent liabilities	**3,572,599**	2,736,920	835,679	31%
Equity				
Capital Stock	**39,659,273**	38,338,527	1,320,746	3%
Additional paid-in capital	**107,281,663**	98,043,831	9,237,832	9%
Other equity reserves	**(56,715,021)**	(56,604,533)	(110,488)	0%
Unrealized fair value loss on equity instruments at FVOCI	**(103,546)**	(90,090)	(13,456)	15%
Unrealized fair value gain on derivative instruments designated under hedge accounting	**56,320**	6,228	50,092	804%
Remeasurement loss on defined benefit plan	**(25,191)**	(24,436)	(755)	3%
Accumulated share in other comprehensive loss of associates and a joint venture	**69,551**	29,723	39,828	134%
Cumulative translation adjustments	**1,106,123**	(359,911)	1,466,033	(407%)
Retained earnings	**9,112,328**	8,707,302	405,026	5%
Treasury shares	**(28,657)**	(28,657)	–	–
Non-controlling interests	**29,987,957**	29,950,776	37,181	0%

- **Accounts payable and other current liabilities** increased mainly on BWPC loan from ACEIC amounting to ₱785 million, as well as increase in output tax (current and deferred) and accrued expenses.

- **Short-term loans** increased from the Parent's availment during the period amounting to ₱3.23 billion from BPI.
- **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** decreased due to lease payments during the period.
- Increase in **income and withholding taxes payable** was mainly due to income tax provision for the period and increase in expanded withholding tax payable.
- **Notes payable** pertains to 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 to the new loans availed by ACEN (₱2.0 billion). The increase was offset by the principal payments made by ACEN (₱887.8 million) and GWC (₱66.9 million).
- **Lease Liabilities-net of current portion** increased mainly due to interest expense recognized during the period.
- **Pension and other employment benefits** increased due to accrual of retirement expense for 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 ₱1.13 billion trade payables in relation to a Multilateral Agreement signed by the Group, PEMC and other WESM participants. These also include contract liabilities and asset retirement obligations related to solar operations.
- **Capital stock and additional paid in capital** increased by 1.32 billion shares at ₱7.87 and ₱8.29 per share from share issuance to UPC international and Philippine development entities, respectively.
- The movement in **other equity reserves** pertain to the impact of the share issuance to UPC Philippine development entities, mainly BWPC. Excess of consideration from acquisitions of non-controlling interest in BWPC amounted ₱110.42 million.
- 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 due to fuel hedge valuation.
- **Remeasurement loss on defined benefit plan** decreased parallel to various actuarial loss and loss 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. Non-controlling interests' share in net income amounted to ₱347.42 million, which was offset by dividends totaling ₱352.42 million. The Group also acquired the non-controlling interest in BWPC with carrying amount of ₱16.87 million in BWPC.

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-22 (Unaudited)	31-Dec-21 (Audited)	Increase (Decrease) Amount	%
Liquidity Ratios					
Current Ratio	Current assets / Current liabilities	**5.70**	8.21	(2.51)	(31%)
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets / Current liabilities	**5.21**	7.64	(2.43)	(32%)
Solvency Ratios					
Debt/Equity ratio	Total liabilities / Total equity	**0.46**	0.45	0.01	2%
Asset-to-equity ratio	Total assets / Total equity	**1.46**	1.45	0.01	1%
Interest Coverage Ratio	Earnings before interest & tax (EBIT) / Interest expense	**1.61**	4.57	(2.96)	(65%)
Net bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents / Total Equity	**(0.01)**	(0.05)	0.04	(80%)
Profitability Ratios					
Return on equity	Net income after tax attributable to equity holders of the Parent Company / Average stockholders' equity	**1.72%**	6.04%	(4.32%)	(72%)
Return on assets	Net income after taxes / Average total assets	**1.66%**	4.09%	(2.43%)	(59%)
Asset Turnover	Revenues / Average total assets	**4.09%**	13.09%	(9.00%)	(69%)

Current ratio & Acid test ratio

Current ratio & acid test ratio decreased with increase in accounts payable and availment of short-term loans, which 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 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

Higher cash and cash equivalents vs. short-term loans resulted to negative ratio for the current period.

Return on equity and assets

Return on equity dropped with lower net income generated for the period, coupled with increase in paid-in capital.

Asset turnover

Asset turnover decreased due to lower net revenues and increase in 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 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 38 of the Interim Consolidated Financial Statements.

- ACEN has material commitments to invest in capital expenditure projects mainly in the following:

    - 288MW solar project in Buguey and Lal-lo, Cagayan and the proposed 275MW expansion of Gigasol Palauig solar project in Zambales.
    - 120MWdc solar power project in Alaminos, Laguna through Solarace1;
    - 150MW diesel plant in Pililla, Rizal through Ingrid, a joint venture of ACEN, ACE Endevor and APHPC
    - 60MWdc solar power project in Palauig, Zambales through Gigasol3;
    - 50MWac (72MWdc) solar power project in Arayat and Mexico, Pampanga through Greencore 3, a joint venture of ACEN, ACE Endevor and Citicore;
    - 500MW solar power project in San Marcelino, Zambales through Santa Cruz Solar;
    - 2x20 MW Alaminos Battery Energy Storage System (BESS) Project through Giga Ace 4;
    - 160MW wind farm in Balaoi, Pagudpud, Ilocos Norte through BWPC, in partnership with UPC Renewables;
    - Investment into 4MW renewable energy laboratory in Bataan through BSEI;

- o 521MWdc 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.
- o Various Vietnam wind farms:
  - 252MW wind farm in Quang Binh through AMI Renewables Energy Joint Stock Company
  - 88MW wind farm in Ninh Thuan through BIM Energy Joint Stock Co.("BIME")
  - 40MW second phase of the Mui Ne Wind Farm in Binh Thuan through the partnership with the Blue Circle.
  - 60MW Lac Hoa & Hoa Dong wind farm in Soc Trang through a joint venture with UPC

- Funding of up to U.S.$100 million for new technology investments in the Philippines. Refer to Notes to Consolidated Financial Statements for the details.

- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations
  - The results of operations of ACEN and its subsidiaries depend to a significant extent, on the performance of the Philippine economy.
  - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and community quarantines resulted in lower demand for electricity and have driven market prices of electricity downward.
  - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Group's financial results.

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way - The Group is developing a line-up of renewable energy projects as part of its growth aspiration. The capital expenditures shall be funded by a combination of equity and debt. Several capital raising activities are also set for 2022.

- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or results of operations.

- There were no operations subject to seasonality and cyclicality except for the operation of wind farms. The wind regime is high during the northeast monsoon ("amihan") season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon ("habagat").

ANNEX C
AC Energy Corporation ("ACEN" or the "Company")
(For Q1 2022)

1. January 12, 2022 – Submission of SEC Form 23-B of John Philip S. Orbeta
2. January 14, 2022 –Report of attendances of the Company's Directors in the meetings of calendar year 2021.
3. January 18, 2022 – Disbursement of Proceeds and Progress Report in connection with the proceeds generated from the Company's Stock Rights Offering (in compliance with the Notice of Approval from PSE dated December 18, 2020).
4. January 18, 2022 – Disbursement of Proceeds and Progress Report in connection with the proceeds generated from the Company's Follow-On Offering (in compliance with the Notice of Approval from PSE dated April 23, 2021).
5. January 19, 2022 – Change in Number of Issued and/or Outstanding Shares
6. January 19, 2022 – Public Ownership Report
7. January 20, 2022 – Amendment of Public Ownership Report
8. January 20, 2022 – List of Top 100 Stockholders for the period ended 31 December 2021
9. January 24, 2022 – Notice of Annual Stockholders' Meeting
10. January 24, 2022 – Change in Directors and/or Officers
11. January 24, 2022 – Material Information/Transactions – Matters approved at the special meeting held on 21 January 2022, via video conference:
    a. Schedule and agenda of the 2022 annual stockholders meeting;
    b. Amendment to the Administration and Management Agreement with South Luzon Thermal Energy Corp. ("SLTEC") to include, among others, the provision of operations and maintenance services by the Company to SLTEC;
    c. Appointment of Mr. John Eric T. Francia as the Company's proxy to vote the Company's shares at SLTEC's stockholders' meeting on 26 January 2022 (and any adjournment or rescheduling thereof);
    d. Resignation of Mr. Henry T. Gomez, Jr. as Chief Audit Executive effective 1 February 2022; and
    e. Appointment of Mr. Arnel A. Racelis as OIC Chief Audit Executive effective 1 February 2022.
12. January 25, 2022 – Update on Corporate Actions/Material Transactions – Signing of Asset Purchase Agreement in connection with the sale of Power Barge 101to MORE Power Barge, Inc.
13. January 27, 2022 – Amendment of the disclosure on the Executive Committee's approval of the sale of Power Barge (PB) 101 to Prime Strategic Holdings Inc. or its designated affiliate or subsidiary.

14. January 31, 2022 – Press Release on ACEN and UPC Renewables to construct their largest solar project in India.
15. February 02, 2022 – Press Release on ACEN to acquire 49% interest in Vietnam solar platforms of Super Energy Corporation.
16. February 02, 2022 – Certification on Participation of Directors and Officers in Corporate Governance Training for the year ended 31 December 2021
17. February 04, 2022 –Submission of SEC Form 23-A of Arnel A. Racelis
18. February 04, 2022 –Change in the Company's Business Address.
19. February 04, 2022 – Material Information/Transactions - Amendment of Disclosure on Matters approved at the special board meeting held on January 21, 2022, via video conference.
    a. Schedule and agenda of the 2022 annual stockholders meeting;

   b. Amendment to the Administration and Management Agreement with South Luzon Thermal Energy Corp. ("SLTEC") to include, among others, the provision of operations and maintenance services by the Company to SLTEC;
   c. Appointment of Mr. John Eric T. Francia as the Company's proxy to vote the Company's shares at SLTEC's stockholders' meeting on 26 January 2022 (and any adjournment or rescheduling thereof);
   d. Resignation of Mr. Henry T. Gomez, Jr. as Chief Audit Executive effective 1 February 2022; and
   e. Appointment of Mr. Arnel A. Racelis as OIC Chief Audit Executive effective 1 February 2022.
20. February 09, 2022 – Update on Corporate Actions/Material Transactions – Property for shares swap between ACE Enexor, Inc. and AC Energy Corporations.
21. February 15, 2022 – Acquisition by the Company of shares in Buendia Christiana Holdings Corp.
22. February 22, 2022 – Submission of SEC Form 23-B of Jaime Augusto Zobel de Ayala.
23. February 23, 2022 – Press Release on ACEN powers up country's first solar and storage project.
24. February 24, 2022 –Disposition of Power Barge 102.
25. February 28, 2022 – Submission of SEC Form 23-B of Ronald F. Cuadro
26. March 02, 2022 –Notice of Full Year 2021 Analyst and Investor Briefing on 09 March 2022.
27. March 09, 2022 – Matters approved at the regular board meeting held on March 08, 2022:
   a. Procurement of (i) additional omnibus credit lines of up to PhP7.5 billion from banks, and the co-use of these facilities with the Company's subsidiaries, and (ii) additional term loan facilities of up to PhP23 billion;
   b. Declaration of cash dividends of six centavos (PhP0.06) per share on the 38,315,838,177 outstanding shares of the Company, to be paid on or before 19 April 2022 to stockholders of record as of 5 April 2022;
   c. Endorsement to the stockholders of the revised compensation of Directors;
   d. Revision to the list of subscribers to the 389,995,833 shares (UPC Philippines and affiliates) as approved by the stockholders on 15 December 2021 under Resolution No. S-2021-018;
   e. Amendment to the Agenda of the 25 April 2022 Annual Stockholders' Meeting as follows:
      I. Call to Order
      II. Certification of Notice and Quorum
      III. Approval of Minutes of Previous Meeting
      IV. Annual Report of Management including the 2021 Audited Financial Statements
      V. Ratification of the Acts of the Board of Directors and Officers
      VI. Approval of Compensation of Directors
      VII. Issuance of up to 390 million shares to UPC Philippine Wind Partners and Affiliates
      VIII. Approval of the Management Agreement with South Luzon Thermal Energy Corporation
      IX. Election of Directors (Including Independent Directors)
      X. Appointment of External Auditor and Fixing of its Remuneration
      XI. Consideration of Such Other Business as May Properly Come Before the Meeting
      XII. Adjournment
   f. The Company's 2021 Audited Financial Statements; and
   g. Re-appointment of SGV & Co. as the Company's external auditor for 2022 subject to approval of the stockholders during the 2022 Annual Stockholders' Meeting.
28. March 09, 2022 – Amendment of Notice of Annual Stockholders' Meeting
29. March 09, 2022 –Declaration and Payment of Cash Dividends to Stockholders.

30. March 14, 2022 – Update on Acquisition by ACEN of the effective ownership interest of UPC Renewables Asia Pacific Holdings Pte Limited ("UPCAPH") and Mr. Anton Rohner ("Rohner") in UPC-AC Renewables Australia.
31. March 15, 2022 – Acquisition by ACEN of the effective ownership interest of UPCAPH and Mr. Rohner UPC-AC Renewables Australia.
32. March 21, 2022 – Material Information/Transactions - Acquisition by ACEN of the ownership interest of UPC Philippines Wind Investment Co. BV ("UPC Philippines") and Stella Marie L. Sutton in their Philippine renewable energy companies and businesses.
33. March 21, 2022 – Amendment of Disclosure on Acquisition by ACEN of the ownership interest of UPC Philippines and Stella Marie L. Sutton in their Philippine renewable energy companies and businesses.
34. March 22, 2022 – Submission of SEC Form 23-B of Ronald F. Cuadro.
35. March 22 , 2022 – Update on Acquisition by ACEN of the effective ownership interest of UPCAPH and Mr. Rohner in UPC-AC Renewables Australia. =
36. March 22, 2022 – Material Information/Transactions – Subscription by UPCAPH Mr. Rohner to Shares in the Company.
37. March 22, 2022 – Amendment of Disclosure on Acquisition by ACEN of the effective ownership interest of UPCAPH and Mr. Rohner in UPC-AC Renewables Australia.
38. March 23, 2022 – Update on Acquisition by ACEN by the ownership interest of UPC Philippines and Stella Marie L. Sutton in their Philippine renewable energy companies and businesses.
39. March 23, 2022 – Material Information/Transactions – Subscription by UPC Philippines Group to shares in the company.
40. March 23, 2022 - Amendment of Disclosure on Acquisition by ACEN of the ownership interest of UPC Philippines and Stella Marie L. Sutton in their Philippine renewable energy companies and businesses.
41. March 25, 2022 – Acquisition by the Company of shares in Nature Renewable Energy Devt. (NAREDCO) Corporation.
42. March 25, 2022 –Approval of joint venture with Clean Tech Global Renewables, Inc.
43. March 28, 2022 – Press release on ACEN and CleanTech finalize Cagayan solar far joint venture.
44. March 28, 2022 – Amendment of Notice of Annual Stockholders' Meeting.
45. March 31, 2022 – Acquisition by the Company of shares in ACEN Renewables International.
46. April 04, 2022 – Press release on ib vogt and ACEN to set up 1,000 MW asset platform for solar in Asia.
47. April 04, 2022 –Company's Definitive Information Statement for the 2022 Annual Stockholders' Meeting.
48. April 05, 2022 – Press release on ACEN and Citicore energize solar plant in Pampanga.
49. April 06, 2022 –ACEN Executive Committee approval of sponsor documents for SLTEC Refinancing.
50. April 11, 2022 –ACEN and SLTEC signing of Amended and Restated Omnibus Loan and Security Agreement, Administration and Management Agreement, and Operations and Maintenance Agreement.
51. April 11, 2022 – Press release on ACEN pioneers' energy transition financing to enable more renewables.