

COVER SHEETfor
SEC FORM 17-Q

SEC Registration Number

0 6 9 - 0 3 9 2 7 4

COMPANY NAME

A	C	E	N		C	O	R	P	O	R	A	T	I	O	N		(F	O	R	M	E	R	L	Y		A	C		
E	N	E	R	G	Y		C	O	R	P	O	R	A	T	I	O	N)		A	N	D		S	U	B	S	I	D	
I	A	R	I	E	S																									

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

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G	A	R	D	E	N	S		T	O	W	E	R		2	,		P	A	S	E	O		D	E				
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M	A	K	A	T	I		C	I	T	Y		1	2	2	6													

Form Type

1 7 - Q

Department requiring the report

S E C

Secondary License Type, If Applicable

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)
3,192	04/25	12/31

CONTACT PERSON INFORMATIONThe 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
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NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.**2** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 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 **ACEN CORPORATION**
(Formerly 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:
AC Energy Corporation
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the
RSA

Number of shares of common stock outstanding	39,677,394,773 shares
Amount of debt outstanding	P10.00 billion in bonds registered with Philippine SEC.
11. Are any or all of the securities listed on a Stock Exchange?

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange Common
12. Indicate by check mark whether the registrant:
 - (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17
thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections
26 and 141 of the Corporation Code of the Philippines, during the preceding twelve
(12) months (or for such shorter period the registrant was required to file such reports)

Yes No
 - (b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached ANNEX "A"

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

Please refer to attached ANNEX "B"

PART II--OTHER INFORMATION

Please refer to attached ANNEX "C"

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on November 3, 2022.

ACEN CORPORATION



JOHN ERIC T. FRANCIA
President & Chief Executive Officer



MARIA CORAZON G. DIZON
Treasurer & Chief Financial Officer



ACEN CORPORATION
(Formerly AC Energy Corporation)
and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at September 30, 2022
and for the Nine Months Period Ended
September 30, 2022 and 2021
(With comparative figures as at
December 31, 2021)

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30, 2022 (With Comparative Balances as at December 31, 2021)
(Amounts in Thousands)

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 5 and 26)	₱42,053,830	₱26,445,429
Accounts and notes receivable - net (Notes 6, 24 and 26)	29,724,287	33,309,297
Fuel and spare parts	1,886,097	1,490,559
Financial assets at fair value through profit or loss (FVTPL)	45,069	–
Current portion of:		
Input value added tax (VAT)	1,769,481	1,173,169
Creditable withholding taxes	348,605	837,472
Other current assets (Notes 13 and 26)	1,136,136	812,579
	76,963,505	64,068,505
Noncurrent assets held for sale (Note 7)	–	203,464
Total Current Assets	76,963,505	64,271,969
Noncurrent Assets		
Investments in:		
Associates and joint ventures (Note 8)	31,904,974	21,358,301
Other financial assets at amortized cost (Note 9)	36,533,133	26,085,959
Financial assets at FVTPL	1,456,069	406,739
Financial assets at fair value through other comprehensive income (FVOCI)	392,857	354,868
Property, plant and equipment (Note 10)	44,407,624	36,038,563
Right-of-use assets (Note 11)	2,116,570	2,135,479
Accounts and notes receivable - net of current portion (Notes 6, 24 and 26)	18,119,096	13,191,314
Goodwill and other intangible assets (Note 12)	2,356,918	2,375,980
Net of current portion:		
Input VAT	1,597,741	524,733
Creditable withholding taxes	1,603,467	726,804
Deferred income tax assets - net (Note 23)	1,004,968	512,366
Other noncurrent assets (Notes 13 and 26)	5,938,492	3,178,312
Total Noncurrent Assets	147,431,909	106,889,418
TOTAL ASSETS	₱224,395,414	₱171,161,387

(Forward)

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	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 14, 24 and 27)	P8,290,830	P6,280,829
Short-term loans (Notes 15 and 27)	6,900,000	–
Current portion of:		
Long-term loans (Notes 15, 26 and 27)	1,065,060	824,488
Lease liabilities (Notes 11, 26 and 27)	289,345	536,950
Income and withholding taxes payable	221,910	169,920
Due to stockholders (Note 24)	16,585	16,585
Total Current Liabilities	16,783,730	7,828,772
Noncurrent Liabilities		
Notes payable (Notes 15, 26 and 27)	33,222,950	20,195,054
Long-term loans – net of current portion (Notes 15, 26 and 27)	24,409,364	20,117,733
Lease liabilities – net of current portion (Notes 11, 26 and 27)	2,568,345	2,159,302
Deferred income tax liabilities – net (Note 23)	145,368	74,422
Other noncurrent liabilities (Note 16)	4,893,976	2,817,342
Total Noncurrent Liabilities	65,240,003	45,363,853
Total Liabilities	82,023,733	53,192,625
Equity		
Capital stock (Notes 1 and 17)	39,691,895	38,338,527
Additional paid-in capital (Notes 1 and 17)	107,492,243	98,043,831
Other equity reserves (Note 17)	(56,719,084)	(56,604,532)
Unrealized fair value loss on equity instruments at FVOCI	(108,139)	(90,089)
Unrealized fair value (loss) gain on derivative instruments designated as hedges – net of tax (Note 26)	(16,999)	6,228
Remeasurement loss on defined benefit plans – net of tax	(25,191)	(24,436)
Accumulated share in other comprehensive gain of associates and joint ventures (Note 8)	63,973	29,723
Cumulative translation adjustments	11,442,902	(359,910)
Retained earnings (Note 17)	10,528,870	8,707,301
Treasury shares (Note 17)	(28,657)	(28,657)
Total equity attributable to equity holders of the Parent Company	112,321,813	88,017,986
Non-controlling interests (Note 17)	30,049,868	29,950,776
Total Equity	142,371,681	117,968,762
TOTAL LIABILITIES AND EQUITY	P224,395,414	P171,161,387

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

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

	Three-Month Period Ended September 30 (Unaudited)		Nine-Month Period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
REVENUES				
Revenue from sale of electricity (Note 18)	₱9,231,940	₱5,416,855	₱25,107,463	₱18,736,217
Rental income	17,053	15,065	51,416	44,595
Dividend income	–	5,176	3,635	11,725
Other revenues	25,777	31,759	80,770	91,192
	9,274,770	5,468,855	25,243,284	18,883,729
COSTS AND EXPENSES				
Costs of sale of electricity (Note 19)	8,805,786	4,225,482	23,435,185	14,609,831
General and administrative expenses (Note 20)	474,341	655,689	1,123,203	1,876,908
	9,280,127	4,881,171	24,558,388	16,486,739
INTEREST AND OTHER FINANCE CHARGES (Note 21)	(558,625)	(435,731)	(1,822,998)	(1,239,399)
EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES (Note 8)	(166,466)	352,530	296,234	1,288,584
OTHER INCOME - NET (Note 22)	2,991,945	1,843,690	6,061,737	4,084,510
INCOME BEFORE INCOME TAX	2,261,497	2,348,173	5,219,869	6,530,685
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 23)				
Current	108,185	141,704	297,183	229,652
Deferred	(245,188)	(49,005)	(427,998)	(71,630)
	(137,003)	92,699	(130,815)	158,022
NET INCOME	₱2,398,500	₱2,255,474	₱5,350,684	₱6,372,663
Net Income Attributable To:				
Equity holders of the Parent Company	₱1,937,430	₱1,579,753	₱4,120,519	₱4,270,118
Non-controlling interests	461,070	675,721	1,230,165	2,102,545
	₱2,398,500	₱2,255,474	₱5,350,684	₱6,372,663
Basic/Diluted Earnings Per Share (Note 25)	₱0.05	₱0.06	₱0.10	₱0.16

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands, Except Per Share Figures)

	Three-Month Period Ended September 30 (Unaudited)		Nine-Month Period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
NET INCOME	₱2,398,500	₱2,255,474	₱5,350,684	₱6,372,663
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Cumulative translation adjustment	5,579,896	2,867,659	11,712,480	3,388,745
Unrealized fair value (loss) gain on derivative instruments designated as hedges - net of tax	(50,775)	(97,909)	18,881	(47,161)
	5,529,121	2,769,750	11,731,361	3,341,584
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Net changes in the fair value of equity instruments at FVOCI	(16,543)	11,198	(18,050)	(43,414)
Remeasurement loss on defined benefit plans – net of tax	–	–	(755)	(17,437)
	(16,543)	11,198	(18,805)	(60,851)
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES (Note 8)				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Unrealized fair value gain (loss) on derivative instruments designated as hedges - net of tax	14,732	(5,664)	30,222	11,038
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gain (loss) on defined benefit plans - net of tax	3,925	–	4,028	(126)
TOTAL OTHER COMPREHENSIVE INCOME	5,531,235	2,775,284	11,746,806	₱3,291,645
TOTAL COMPREHENSIVE INCOME	₱7,929,735	₱5,030,758	₱17,097,490	₱9,664,308
Total Comprehensive Income Attributable To:				
Equity holders of the Parent Company	₱7,515,421	₱4,297,451	₱15,915,549	₱7,501,737
Non-controlling interests	414,314	733,307	1,181,941	2,162,571
	₱7,929,735	₱5,030,758	₱17,097,490	₱9,664,308

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											Non-controlling Interests (Note 17)	Total Equity
	Capital Stock (Note 17)	Additional Paid-in Capital	Other Equity Reserves (Note 17)	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI	Unrealized Fair Value Gain on instruments designated as hedge – net of tax (Note 26)	Remeasurement Loss On Defined Benefit Plans – net of tax	Accumulated Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 8)	Cumulative Translation Adjustments	Retained Earnings (Note 17)	Treasury Shares (Note 17)	Total		
For the nine-month period ended September 30, 2022 (Unaudited)													
Balances at January 1, 2022	₱38,338,527	₱98,043,831	(₱56,604,532)	(₱90,089)	₱6,228	(₱24,436)	₱29,723	(₱359,910)	₱8,707,301	(₱28,657)	₱88,017,986	₱29,950,776	₱117,968,762
Net income (loss)	–	–	–	–	–	–	–	–	4,120,519	–	4,120,519	1,230,165	5,350,684
Other comprehensive income (loss)	–	–	–	(18,050)	(23,227)	(755)	34,250	11,802,812	–	–	11,795,030	(48,224)	11,746,806
Total comprehensive income (loss)	–	–	–	(18,050)	(23,227)	(755)	34,250	11,802,812	4,120,519	–	15,915,549	1,181,941	17,097,490
Dividends declared (Note 17)	–	–	–	–	–	–	–	–	(2,298,950)	–	(2,298,950)	(1,099,084)	(3,398,034)
Issuance of capital stock (Note 17)	1,320,746	9,237,832	–	–	–	–	–	–	–	–	10,558,578	–	10,558,578
Grants through Employee Stock Ownership Plan (Note 17)	32,623	210,586	–	–	–	–	–	–	–	–	243,209	–	243,209
Adjustment in grants through Employee Stock Ownership Plan	(1)	(6)	–	–	–	–	–	–	–	–	(7)	–	(7)
Non-controlling interest arising from a business combination	–	–	–	–	–	–	–	–	–	–	–	1,096	1,096
Acquisition of non-controlling interest in a subsidiary (Note 17)	–	–	(114,552)	–	–	–	–	–	–	–	(114,552)	15,139	(99,413)
	1,353,368	9,448,412	(114,552)	–	–	–	–	–	(2,298,950)	–	8,388,278	(1,082,849)	7,305,429
Balances at September 30, 2022	₱39,691,895	₱107,492,243	(₱56,719,084)	(₱108,139)	(₱16,999)	(₱25,191)	₱63,973	₱11,442,902	₱10,528,870	(₱28,657)	₱112,321,813	₱30,049,868	₱142,371,681

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Attributable to Equity Holders of the Parent Company

	Capital Stock (Note 17)	Additional Paid-in Capital	Other Equity Reserves (Note 17)	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI	Unrealized Fair Value Gain on derivative instruments designated as hedge – net of tax (Note 26)	Remeasurement Loss On Defined Benefit Plans – net of tax	Accumulated Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 8)	Cumulative Translation Adjustments	Retained Earnings (Note 17)	Treasury Shares (Note 17)	Total	Non-controlling Interests (Note 17)	Total Equity
For the nine-month period ended September 30, 2021 (Unaudited)													
Balances at January 1, 2021	₱13,706,957	₱8,692,555	₱28,662,357	₱143,625	₱57,409	(₱6,999)	(₱229,844)	(₱3,453,709)	₱6,349,084	(₱40,930)	₱53,880,505	₱50,398,831	₱104,279,336
Net income (loss)	–	–	–	–	–	–	–	–	4,270,118	–	4,270,118	2,102,545	6,372,663
Other comprehensive income (loss)	–	–	–	(43,414)	(47,161)	(17,437)	10,912	3,328,719	–	–	3,231,619	60,026	3,291,645
Total comprehensive income (loss)	–	–	–	(43,414)	(47,161)	(17,437)	10,912	3,328,719	4,270,118	–	7,501,737	2,162,571	9,664,308
Dividends declared (Note 17)	–	–	–	–	–	–	–	–	(1,195,787)	–	(1,195,787)	(1,876,753)	(3,072,540)
Issuance of capital stock	24,533,381	88,922,657	–	–	–	–	–	–	–	–	113,456,038	–	113,456,038
Grants through Employee Stock Ownership Plan	8,189	48,806	–	–	–	–	–	–	–	–	56,995	–	56,995
Stock issuance costs	–	(680,286)	–	–	–	–	–	–	–	–	(680,286)	–	(680,286)
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	(55,184)	(55,184)	–	(55,184)
Reissuance of treasury shares	–	133,526	–	–	–	–	–	–	–	61,616	195,142	–	195,142
Reversal of unrealized fair value upon redemption	–	–	–	(25,906)	–	–	–	–	–	–	(25,906)	–	(25,906)
Capital infusion of non-controlling interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	1,987	1,987
Capital redemption of non-controlling interest in a subsidiary (Note 17)	–	–	–	–	–	–	–	–	–	–	–	(20,338,769)	(20,338,769)
Effects of common control business combination	–	–	(84,281,187)	(162,899)	–	–	209,181	–	(1,696,967)	–	(85,931,872)	–	(85,931,872)
	24,541,570	88,424,703	(84,281,187)	(188,805)	–	–	209,181	–	(2,892,754)	6,432	25,819,140	(22,213,535)	3,605,605
Balances at September 30, 2021	₱38,248,527	₱97,117,258	(₱55,618,830)	(₱88,594)	₱10,248	(₱24,436)	(₱9,751)	(₱124,990)	₱7,726,448	(₱34,498)	₱87,201,382	₱30,347,867	₱117,549,249

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Nine-Month Period Ended September 30 (Unaudited)	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱5,219,869	₱6,530,685
Adjustments for:		
Interest and other finance charges (Note 21)	1,822,998	1,239,399
Depreciation and amortization (Notes 19 and 20)	1,725,717	1,507,334
Interest and other financial income (Note 22)	(4,071,198)	(2,962,364)
Equity in net income of associates and joint ventures (Note 8)	(296,234)	(1,288,584)
Foreign exchange (gains) losses – net	(163,611)	(40,852)
Pension and other employee benefits	(19,486)	14,313
Dividend income	(3,635)	(11,725)
Provision for (reversal of):		
Impairment loss on:		
Property, plant and equipment – net (Notes 10, 20 and 22)	36,410	71,215
Advances to contractors, net (Notes 13, 20 and 22)	4,545	(8,566)
Probable losses on deferred exploration costs (Notes 12 and 20)	584	23,379
Expected credit losses (Notes 6 and 20)	(4)	873
Noncurrent assets held for sale	–	5,371
Loss (gain) on:		
Sale of inventories and by-product (Note 22)	29,495	(28,043)
Sale of noncurrent assets held for sale (Notes 7 and 22)	8,400	–
Sale of property and equipment (Note 22)	8,292	439
Write-off of FVOCI	500	–
Divestment of investment in associate (Notes 8 and 22)	(734,667)	–
Realized foreign exchange forward contracts (Note 22)	(391,488)	(41,700)
Acquisition of investments (Note 22)	(212,120)	–
Unrealized foreign exchange forward contracts (Note 22)	(50,296)	–
Recovery of tax credit certificate on real property tax (Note 22)	–	(69,154)
Reversal of impairment of investments in joint venture (Note 8 and 22)	–	(37,635)
Operating income before working capital changes	2,914,071	4,904,385
Decrease (increase) in:		
Accounts receivable	1,777,983	(879,004)
Fuel and spare parts	(423,479)	(257,019)
Other current assets	(2,475,459)	(384,039)
Other noncurrent assets	–	93,256
Increase in accounts payable and other current liabilities	705,213	(1,864,414)
Cash generated from operations	2,498,329	1,613,165
Interest received	62,649	55,426
Income and withholding taxes paid	(245,197)	(504,349)
Net cash flows from operating activities	2,315,781	1,164,242
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Loans to related parties (Note 24)	(20,051,909)	(23,087,863)
Property, plant and equipment (Note 10)	(8,296,580)	(2,572,803)
Investments in associates and joint venture, net (Note 8)	(7,603,579)	(281,724)
Investments in redeemable preferred shares (Note 9)	(4,720,354)	(409,201)
Issuance of convertible loans (Note 9)	(2,807,214)	(6,293,784)

(Forward)

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	Nine-Month Period Ended September 30 (Unaudited)	
	2022	2021
Financial assets at FVTPL	(P912,534)	P-
Subscription deposits (Note 9)	(180,448)	(3,028,013)
Short-term investments	(179,149)	-
Investments in subsidiaries, net of cash acquired (Note 4)	(2,477)	-
Deferred exploration costs (Note 12)	(1,471)	(15,183)
Investment properties	-	(109,910)
Proceeds from:		
Collection of loans to related parties (Note 24)	25,705,039	6,487,332
Divestment of investment in associate (Notes 8 and 22)	734,667	-
Gain from acquisition of investments	212,120	-
Sale of noncurrent assets held for sale (Notes 7 and 22)	193,525	4,963
Redemption of convertible loan (Note 9)	14,508	791,328
Sale of property, plant and equipment	6,427	2,879
Redemption of financial assets at FVOCI	-	12,687,858
Dividends received from:		
Investments in associates and joint ventures (Note 8)	249,587	1,254,015
Financial assets at FVOCI	3,635	11,725
Interest received	1,743,085	1,451,639
Increase in other noncurrent assets, non-current portion of input VAT and CWT (Note 26)	(2,231,093)	(804,567)
Net cash flows used in investing activities	(18,124,215)	(13,911,309)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Availment of long-term debts (Notes 15 and 29)	11,914,000	848,276
Availment of short-term debts (Notes 15 and 29)	20,137,020	3,000,000
Issuance of capital stock (Notes 17 and 29)	10,801,786	27,581,161
Issuance of notes payable	10,000,000	20,289,838
Reissuance of treasury shares	-	195,141
Capital infusion of non-controlling interest in subsidiaries (Note 17)	-	1,988
Payments of:		
Long-term loans (Notes 15 and 29)	(7,276,074)	(1,950,476)
Short-term loans (Notes 19 and 29)	(13,237,020)	(7,635,000)
Cash dividends (Notes 17 and 29)	(3,398,034)	(3,055,955)
Interest on short-term and long-term loans (Note 29)	(1,504,304)	(1,080,437)
Debt issue cost (Note 15)	(310,428)	(22,518)
Interest on lease liabilities (Notes 11 and 21)	(168,698)	(101,156)
Acquisition of non-controlling interest (Notes 1 and 17)	(99,412)	-
Capital redemption of non-controlling interest in subsidiary (Note 21)	-	(20,338,769)
Lease liabilities (Notes 11 and 29)	(118,469)	(118,173)
Stock issuance costs	-	(680,287)
Treasury shares (Note 17)	-	(55,184)
Decrease in due to stockholders	-	(18,272)
Increase in other noncurrent liabilities	1,394,450	422,609
Net cash flows from financing activities	28,134,817	17,282,786
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	3,282,018	979,549
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,608,401	5,515,268
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	26,445,429	28,077,171
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	P42,053,830	P33,592,439

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION
(Formerly AC Energy Corporation)
AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information

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

The direct parent company (or intermediate parent company) of ACEN is AC Energy and Infrastructure Corporation (“ACEIC”), a wholly owned subsidiary of Ayala Corporation (“AC”), a publicly-listed company which is 47.89% owned by Mermac, Inc. (ultimate parent company), and the rest by the public. AC is a listed entity incorporated in the Philippines.

As at September 30, 2022, ACEIC directly owns 57.74% of the ACEN’s total outstanding shares of stock.

On December 15, 2021, the stockholders’ approved the amendment to the Articles of Incorporation for the change in corporate name from “AC Energy Corporation” to “ACEN CORPORATION”, removal of oil exploration, mining, and related activities from the Primary Purpose and Secondary Purposes, and specification of retail electricity supply and provision of guarantees, and the change of principal office address 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, with updated Bureau of Internal Revenue (BIR) Certificate of Registration on March 3, 2022. On July 20, 2022, the amendment to the Articles of Incorporation was approved by the SEC.

On the same date, the SEC approved the proposed amendments to ACEN’s By-Laws and are intended to reflect the change in corporate name and principal office of ACEN, align with the Revised Corporation Code and good corporate governance practices, and geared towards the digitalization of certain governance processes, the importance of which has been highlighted by the current circumstances.

The Parent Company's Amended Articles of Incorporation and By-Laws are effective July 20, 2022.

The accompanying unaudited interim condensed consolidated financial statements of ACEN and its subsidiaries (“the Group”) as at September 30, 2022, and for the nine-month periods ended September 30, 2022 and 2021 were approved and authorized for issuance by the Parent Company’s Audit Committee (pursuant to the authority delegated by the Parent Company's Board of Directors (BOD)) on November 3, 2022.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The unaudited interim condensed consolidated financial statements as at September 30, 2022 and for the nine-month periods ended September 30, 2022 and 2021 have been prepared on a historical cost basis, except for the financial assets at fair value through profit and loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), and derivative financial instruments which have been measured at fair value.

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

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2021.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of new standards and amendments 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.

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

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.

- 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.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

- Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported 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.

- 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.

- 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.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group. For the nine-month period ended September 30, 2022, the following are the changes in the Parent Company's ownership in its subsidiaries:

<i>Subsidiaries</i>	Principal Activities	Percentage of Ownership (%)			
		September 30, 2022		December 31, 2021	
		Direct	Indirect	Direct	Indirect
Bayog Wind Power Corp. ("BWPC")	Power generation	40.00	60.00	–	60.00
Buduan Wind Energy Co, Inc.	Power generation	–	100.00	–	–
Caraballo Mountains UPC Asia Corporation	Power generation	–	100.00	–	–
Pangasinan UPC Asia Corporation	Power generation	–	100.00	–	–
Sapat Highlands Wind Corporation	Power generation	–	100.00	–	–
UPC Mindanao Wind Power Corp.	Power generation	–	100.00	–	–
Itbayat Island UPC Asia Corporation	Power generation	–	100.00	–	–
Laguna Central Renewables, Inc.	Power generation	–	100.00	–	–
Laguna West Renewables, Inc.	Power generation	–	100.00	–	–
Suyo UPC Asia Corporation	Power generation	–	100.00	–	–
SolarAce4 Energy Corp. ^a	Power generation	–	100.00	–	100.00
Natures Renewable Energy Devt. Corporation ("NAREDCO")	Power generation	60.00	–	–	–

^a 70% effective ownership in 2021, with pending application of increase in Authorized Capital Stock and issuance of shares to minority owners.

The following are the significant transactions of the Group during the nine-month period ended September 30, 2022:

Acquisition of 50% interest in Batangas Clean Energy, Inc. ("BCEI")

On January 14, 2022, ACEX, BCEI, and Gen X Energy L.P. executed a Shareholders' Agreement and Subscription Agreements where ACEX will subscribe to a total of 150,002 shares in BCEI for a total subscription price of ₱150.22 million. Gen X Energy L.P. is a portfolio company of Blackstone Inc. (see Note 8).

Acquisition of additional 50% interest in UPC-AC Energy Australia (HK) Ltd. ("UPC-ACE Australia")

On March 11, 2022, ACEN, through its subsidiary ACEN Renewables International Pte. Ltd. ("ACRI"), UPC Renewables Asia Pacific Holdings Pte Limited ("UPCAPH"), and Mr. Anton Rohner ("Rohner") signed a Share Purchase Agreement for ACRI's acquisition of the 50% ownership interest of UPCAPH and Mr. Rohner in UPC-ACE Australia increasing ownership to 100% (see Note 8).

Acquisition of 100% interest in UPC Philippine renewable companies and businesses

On March 18, 2022, ACEN, its wholly owned subsidiary ACE Endeavor, Inc. ("ACE Endeavor"), UPC Philippines Wind Investment Co. BV ("UPC Philippines"), and Ms. Stella Marie L. Sutton ("Sutton") signed a Share Purchase Agreement for the Group's acquisition of the 100% ownership interest of UPC Philippines and Ms. Sutton's in their Philippine renewable companies and businesses (see Note 4).

Acquisition of 60% interest in Natures Renewable Energy Devt. Corporation (NAREDCO)

On March 24, 2022, ACEN, ACE Endeavor, CleanTech Renewable Energy 4. Corp. ("CREC4"), and NAREDCO executed a Shareholder's Agreement where ACEN and Endeavor will subscribe to a total of 82,500 shares in NAREDCO for a total subscription price of ₱8.25 million. After subscription by ACEN and Endeavor the ownership structure will be ACEN 55%, ACE Endeavor 5%, CREC 40%. Effectively, the Group will have 60% interest in NAREDCO. NAREDCO is the project company that will develop and operation the 200MW Lal-lo Solar Power Project in Lal-lo, Cagayan.

On August 16, 2022, ACEN, ACE Endeavor, and NAREDCO executed the agreements for the subscription by (1) ACEN to 275,000 Redeemable Preferred Shares A (“RPS A”) with a par value of ₱2,820.51 per share or an aggregate par value of ₱775.64 million and 200,000 Redeemable Preferred Shares C (“RPS C”) with a par value of ₱2,585.55 per share or an aggregate par value of ₱517.11 million; and (2) Endeavor to 25,000 Redeemable Preferred Shares B (“RPS B”) with a par value of ₱1.00 per share or an aggregate par value of ₱0.25 million in NAREDCO. Total Subscription Price amounted to ₱1,292.78 million.

Cancellation of the Property-for-Shares Swap between ACEX and ACEN, Stock Rights Offering, Follow-On Offering, and Shelf Registration

On June 3, 2022, ACEN BOD approved the cancellation of the property-for-share swap and Deed of Assignment between ACEN and its subsidiary, ACE Enexor, Inc. (ACEX) due to unfavorable market conditions. As a result, the Request for Confirmation of the Valuation of the Asset in exchange for the shares filed with the SEC, and the Issuance of the Certificate Authorizing Registration filed with the Bureau of Internal Revenue are being withdrawn.

On the same date, ACEX’s BOD also approved the cancellation of the conduct of a Stock Rights Offer of up to 105.00 million of ACEX’s shares at ₱10.00 per share; the cancellation of the issuance of up to 74.00 million shares of ACEX pursuant to ACEX’s planned follow-on offering (“FOO”) at an FOO price range of ₱10.00 to ₱11.84 per share; and the cancellation of filing by ACEX with the SEC of a registration statement covering a three-year shelf registration of up to 650.00 million primary common shares.

ACEN’s Php-denominated ASEAN Green Fixed Rate 5-year Bond

On July 6, 2022, ACEN’s Executive Committee authorized the establishment of up to ₱30,000.00 million debt securities (the “Debt Securities”) to be offered and issued in one or more tranches under a debt securities program (the “Debt Securities Program”).

The Executive Committee also authorized ACEN (1) to offer and issue, out of the Debt Securities to be shelf registered, up to ₱10,000.00 million Php-denominated ASEAN Green Fixed Rate 5-year Bonds (the “Bonds”) as the first tranche of the Debt Securities Program, and (2) to apply for the listing of the Bonds with the Philippine Dealing & Exchange Corp.

On September 22, 2022, ACEN issued and listed on the Philippine Dealing & Exchange Corp. its ASEAN Green fixed-rate bonds with a tenor of five (5) years, in the aggregate principal amount of ₱10,000.00 million due 2027 and with an interest rate of 6.0526% (the “Green Bonds”) (see Note 15).

ACEN approves the final tranche of its energy transition financing

On July 25, 2022, ACEN, at the special board meeting, approved the divestment of all its shares in its wholly-owned subsidiary, SLTEC, through energy transition financing. The 246 MW coal plant in Calaca, Batangas, is the only coal plant under ACEN’s portfolio. Subject to regulatory approval, the shares will be acquired by ETM Philippines Holdings, Inc. (“EPHI”) and other financial investors for an aggregate value of approximately ₱3,700.00 million. ACEN will use the proceeds from the divestment to invest in more renewable energy projects.

EPHI is a vehicle company that allows financial investors to invest in energy transition by accelerating the retirement of thermal power plants, and to fund the development of new clean energy technologies.

Issuances of Guarantees and Commitments

On July 25, 2022, the following guarantees were approved through a special board meeting:

- a. Issuance of a Parent Company guarantee for the benefit of Ingrid Power Holdings, Inc. (“Ingrid”) in connection with Ingrid’s Bid Security and Performance Security for the National Grid Corporation’s Competitive Selection Process for Ancillary Services, in exchange for an annual guarantee fee; and
- b. Issuance of corporate guarantees, comfort letters, letters of awareness, and similar documents in support of ACEN’s Australia projects of up to an aggregate of AU\$1,000.00 million with initial issuance of up to AU\$622.00 million for Australian Dollar Revolver/Term/Club Loan financing.

On September 28, 2022, ACEN BOD approved the commitment of up to AU\$800.00 million (in any combination of equity, credit support, and guarantees, and similar arrangements) in relation to the construction of the 520MWdc Stubbo Solar Farm Project in Australia.

ACEN Australia Pty Ltd. (“ACEN Australia”)’s execution of green long-term revolving loan facility, with ACEN as Guarantor

On August 18, 2022, ACEN Australia, a joint venture under ACRI, and DBS Bank Australia, executed a Common Provisions Agreement and a Facility Agreement for an AU\$100.00 million green long-term revolving loan facility. This green long-term revolving loan facility is part of ACEN’s aim to raise an initial issuance of over AU\$600.00 million to support the development of ACEN’s projects in Australia.

On the same date, ACEN, as Guarantor to ACEN Australia, executed a Common Provisions Agreement and a Facility Agreement with ACEN Australia and DBS Bank Ltd., Australia Branch for an AU\$100.00 million green long-term revolving loan facility.

On September 15, 2022, ACEN, as Guarantor to ACEN Australia, executed a Facility Agreement with ACEN Australia and MUFG Bank, Ltd., Sydney Branch (“MUFG”) for an AU\$140.00 million green term loan facility.

MUFG and ACEN Australia also entered into an Accession Letter to include MUFG as a Lender under the Common Provisions Agreement dated August 18, 2022 (with ACEN Australia and DBS Bank Ltd., Australia Branch and ACEN as Guarantor to ACEN Australia).

Divestment in The Blue Circle Pte. Ltd. (“TBC”)

On September 5, 2022, the Group entered into a buy out agreement in respect to its 25% investment in TBC (see Notes 8 and 22).

3. Significant Accounting Judgment, Estimates and Assumptions

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

Except as otherwise stated, the significant accounting policies, judgements, estimates and assumptions used in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2021.

Judgments

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

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 acquisitions of the Group were accounted for as business combinations (see Note 4).

Investment in joint venture

The Group's investments in joint ventures are structured in separate incorporated entities. The investment in BCEI and UPC-ACE Australia are accounted for as investment in joint venture since the fundamental business and operational matters requires unanimous consent from all parties (see Note 8).

Even though the Group holds 50% and 80% ownership interest in BCEI and UPC-ACE Australia, respectively, on these arrangements, their joint arrangement agreement requires 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 terms of the contractual arrangements.

Classification of investment in SLTEC

ACEN has committed to divest its ownership in SLTEC which is consistent with its net zero greenhouse gas commitment and strategy.

As of September 30, 2022, the investment in SLTEC is not yet available for immediate sale in its present condition. SLTEC's capital restructuring where the number of common shares are reduced, and the redeemable preferred shares are converted from voting to nonvoting has not been completed. Approval from the Philippine SEC on the reduction of common shares and conversion of redeemable preferred shares was obtained October 7, 2022. This is considered a non-adjusting subsequent event.

PEMC Multilateral Agreements

In December 2013, there were elevated WESM prices because of a Malampaya outage. As a result, ERC issued an Order imposing administered/regulated pricing, which was lower than the WESM rate at that time. ACEN was a net buyer and already paid these higher WESM prices to PEMC for purchased power. In July 2022, the Supreme Court declared the administered / regulated pricing void and upheld the December 2013 Meralco rate hike for recovery of costs. In October 2022, the Supreme Court denied all Motion of Reconsiderations. The ERC has not yet issued guidance on the method of implementation of these adjustments.

As of November 3, 2022, noncurrent receivable from PEMC amounts to ₱1.137.26 million (see Note 6) and noncurrent trade payables (see Note 14) amounts to ₱1,238.58 million. While it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, a reliable estimate cannot be made yet since ERC has yet to instruct IEMOP to recalculate the rates and issue adjustments.

Management's Use of Estimates

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

Purchase Price Allocation and Goodwill

The Group made several acquisitions in the 1st quarter of 2022 accounted for using the acquisition method which require extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities at acquisition date. It also requires the acquirer to recognize gain on bargain purchase or goodwill. The Group's acquisitions have resulted in goodwill. See Note 4 for related balances.

The Group determined the fair value of the net assets of the investee companies for the finalization of the purchase price allocation. Estimation of the fair value were used due to unavailability of information to facilitate fair value computation. Information related to certain bilateral contracts, and property plant and equipment are necessary for the valuation of assets (see Note 4).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for NCI, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred; the Group re-assesses whether it has correctly identified all the assets acquired, and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

4. **Business Combination**

Investment in UPC Philippines

On March 18, 2022, ACEN, its wholly owned subsidiary, ACE Endeavor, UPC Philippines, and

Stella Marie L. Sutton (collectively “the Sellers”) signed an agreement for the sale and purchase of UPC Philippine’s and Ms. Sutton’s share and/or subscription rights in the following companies to ACEN and ACE Endeavor:

- 40% interest in North Luzon Renewable Energy Corp. (“NLR”, the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte) (see Note 8),
- 39.98% interest in Bayog Wind Power Corp. (“BWPC”, the owner of the 160MW Pagudpud Wind Farm that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte) (see Note 17), and
- 100% in development and pipeline vehicle companies (collectively referred to as “Target Companies”):
 - Buduan Wind Energy Co, Inc.,
 - Caraballo Mountains UPC Asia Corporation,
 - Pangasinan UPC Asia Corporation,
 - Sapat Highlands Wind Corporation,
 - Mindanao Wind Power Corp.,
 - Itbayat Island UPC Asia Corporation,
 - Laguna Central Renewables, Inc.,
 - Laguna West Renewables, Inc.,
 - Suyo UPC Asia Corporation, and
 - SolarAce 4 Energy Corp. (“SolarAce 4”)

Prior to the acquisition of 39.98% in BPWC, ACEN indirectly owned 60.00% interest through its wholly owned subsidiary, Pagudpud Wind Power Corp. The acquisition resulted to 100.00% interest in BPWC and is accounted for as an acquisition of noncontrolling interest (see Note 17).

Prior to the acquisition of 30.00% in SolarAce4, ACEN indirectly owned 70.00% interest through its wholly owned subsidiary, Endeavor. The acquisition resulted to 100.00% interest in SolarAce4 and is accounted for as an acquisition of noncontrolling interest (see Note 17).

The following are the fair values of the identifiable assets and liabilities of the Target Companies as at the date of acquisition:

Assets	
Cash and cash equivalents	P2,690
Accounts and notes receivable	727
Input value added tax	2,640
Property, plant and equipment	202
Other noncurrent assets	71,762
	<hr/> 78,021
Liabilities	
Accounts payable and other current liabilities	3,345
Income and withholding taxes payable	4
Long-term loans – net of current portion	85,558
Other noncurrent liabilities	55,384
	<hr/> 144,291
Total identifiable net assets	(66,270)
Less: Cost of acquisition	5,167
Goodwill arising on acquisition (see Note 12)	<hr/> <hr/> P71,437

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Goodwill comprises the fair value of expected synergies arising from the acquisition. This is presented under Goodwill in the interim condensed consolidated statements of financial position. None of the goodwill recognized is expected to be deductible for income tax purposes.

Consideration transferred was paid in cash on transaction date.

Net cash outflow on acquisition is as follows:

Cash consideration	₱5,167
Less: Cash acquired with the subsidiary ^(a)	2,690
Net cash outflow	₱2,477

^(a)Cash acquired with the subsidiary is included in cash flows from investing activities.

If the acquisition had taken place at the beginning of 2022, revenue contribution for the nine-month period ended September 30, 2022, would have been ₱0.01 million and the additional contribution to the net loss attributable to ACEN would have amounted to ₱2.04 million.

Following the ACEN BOD approval made on October 18, 2021, whereby ACEN and Endeavor will acquire interest in UPC Philippines entities, the Sellers will in turn subscribe to up to 390.00 million common shares of ACEN with subscription price of ₱ 11.32/share, subject to adjustments. The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021.

Consequently, on March 22, 2022, ACEN signed Subscription Agreements with the Sellers for 389,995,833 ACEN shares for subscription price per share of ₱8.2889 per share (see Note 17).

5. Cash and Cash Equivalents

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand and in banks	₱22,757,922	₱22,990,899
Cash equivalents	19,295,908	3,454,530
	₱42,053,830	₱26,445,429

Interest income from cash in banks and cash equivalents for the nine-month period ended September 30, 2022 and 2021 amounted to ₱91.16 million and ₱95.25 million, respectively (Note 22).

6. Accounts and Notes Receivable

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Accounts receivable	₱9,576,863	₱8,880,659
Notes receivable (Note 24)		
Debt replacement loan	20,729,586	17,253,756
Development loan	10,039,537	15,549,644
Other loan	1,443,437	1,060,868
Accrued interest receivable	6,202,748	3,937,283
	47,992,171	46,682,210
Allowance for impairment loss	148,788	181,599
	47,843,383	46,500,611
Less: Noncurrent portion	18,119,096	13,191,314
Current portion	₱29,724,287	₱33,309,297

Accounts receivable

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables		
Third party		
Independent Electricity Market Operator of the Philippines (“IEMOP”)	₱2,524,022	₱2,219,536
RES Buyer	1,813,845	2,002,655
National Transmission Corporation (“TransCo”)	1,603,868	1,727,488
PEMC Multilateral Agreements National Grid Corporation of the Philippines (“NGCP”)	187,561	179,076
Philippine Electricity Market Corporation (“PEMC”)	38,961	75,752
Others	49,860	119,092
Related party - others (Note 24)	95,900	149,175
Other Receivables		
Third party	1,257,514	1,008,996
Related party (Note 24)	868,070	261,627
	9,576,863	8,880,659
Allowance for impairment loss	148,788	181,599
	9,428,075	8,699,060
Less noncurrent portion	2,305,339	2,093,042
Current portion	₱7,122,736	₱6,606,018

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

Notes receivable

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Debt replacement - related party (Note 24)	₱20,729,586	₱17,253,756
Development loan:		
Third party	6,120,494	2,847,976
Related party (Note 24)	3,919,043	12,701,668
Other loans:		
Third party	964,983	1,060,868
Related party (Note 24)	478,454	-
	32,212,560	33,864,268
Less noncurrent portion	11,771,471	9,586,187
Current portion	₱20,441,089	₱24,278,081

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

Receivables from Grencore Power Solutions 3, Inc. ("Grencore 3") (Joint venture)

On February 4, 2021, Grencore 3, ACEN, Citicore Solar Energy Corporation ("CSEC"), and Endeavor entered into an Omnibus Agreement wherein ACEN has granted term loan facility to the Company amounting to ₱2.68 billion, in order to finance the design, engineering, financing, construction, procurement and supply, manufacturing, commissioning, start-up, testing, delivery, ownership, operation and maintenance of the Arayat Phase 1 Project - 50 MWac (72MWdc) and any other activities incidental thereto.

On February 9, 2022, the Omnibus Agreement was amended to increase the loan facility by ₱185 million or total loan facility of ₱2.86 billion to finance additional costs in the construction, procurement and supply needed for the completion of the Arayat Phase 1 Project and to extend the maturity date of the loan from March 1, 2023 to June 30, 2023. The loan facility bears an interest of 6.5% to 7% per annum which is fixed at the date of drawdown and a commitment fee of 0.25% per annum for the cancelled and/or undrawn amount.

On May 25, 2022, Grencore 3, ACEN, CSEC, and Endeavor entered into an Omnibus Agreement wherein ACEN has granted term loan facility to the Company amounting to ₱1.99 billion, in order to finance the design, engineering, financing, construction, procurement and supply, manufacturing, commissioning, start-up, testing, delivery, ownership, operation and maintenance of the Arayat Phase 2 Project – 30 MWac (44MWdc) and any other activities incidental thereto.

On June 21, 2022, the Omnibus Agreement was amended to update the drawdown schedule. The loan facility bears an interest of 7% per annum which is fixed at the date of drawdown and a commitment fee of 0.25% per annum for the cancelled and/or undrawn amount.

Both loan facilities will mature on or before June 30, 2023.

Receivables from Wind Power Hoa Dong (Hoa Dong) and Wind Power Lac Hoa (Lac Hoa)

On April 4, 2022, the Group entered into an interest-bearing loan facility with Hoa Dong and Lac Hoa to provide bridge financing and to partially fund the construction of the Soc Trang Wind projects. The interest-bearing loan has a total facility of US\$41.59 million for Hoa Dong and US\$47.41 million for Lac Hoa and bears an annual fixed rate payable. Principal is payable in full on December 31, 2022, in case of third-party financing or in tranches every first calendar quarter of the fourth period or every end of the calendar quarter, until full payment of the loan in case of no third-party refinancing.

Receivables from NEFIN Solar

On January 6, 2022, the Group and NEFIN Solar entered into an interest-bearing loan facility to provide bridge financing. The interest-bearing loan has a total facility of US\$35 million and bears an annual fixed rate payable from the second anniversary date of the first issuance. First issuance date is April 22, 2022.

Development loans from third parties include loans from Provincia and UPC Renewables Asia Pacific Holdings Limited (URAPHL).

Receivables from URAPHL

In 2022, the Group and URAPHL entered into a loan facility agreement to fund the development of renewable energy and energy storage projects in Asia Pacific. The interest-bearing loan has a total facility of US\$85.39 million (P5.01 billion) and bears an annual fixed interest and payable upon maturity.

Other loans receivable from third parties includes long term loan receivables for land acquisitions.

Receivables from Ingrid

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

Accrued interest receivable:

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Debt replacements:		
Third party	P–	P5,786
Related party (Note 24)	908,122	1,033,005
Development loans:		
Third party	34,717	118,898
Related party (Note 24)	386,294	305,360
Other financial assets at amortized cost – related party (Note 24)		
Redeemable preferred shares	2,147,021	946,559
Convertible loans	2,597,170	1,421,565
Other loans:		
Third party	22,731	100,557
Related party (Note 24)	1,111	–

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	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade receivables		
Third party	105,489	5,553
Related party (Note 24)	93	–
	6,202,748	3,937,283
Less noncurrent portion	4,042,286	1,512,085
Current portion	₱2,160,462	₱2,425,198

As at September 30, 2022 and December 31, 2021, the aging analysis of receivables are as follows:

	September 30, 2022 (Unaudited)							
	Neither Past Due nor Impaired	Past Due but not Impaired				More than 90 Days	Past Due Individually Impaired	Total
		<30 Days	30–60 Days	61–90 Days				
Trade receivables	₱5,666,259	₱108,787	₱7,229	₱55,025	₱1,454,398	₱63,681	₱7,355,379	
Due from related parties	27,522,506	301,302	11,074	1,983	4,293,678	320	32,130,863	
Others	6,439,186	22,251	61,664	311,131	1,586,909	84,788	8,505,929	
	₱39,627,951	₱432,340	₱79,967	₱368,139	₱7,334,985	₱148,789	₱47,992,171	

	December 31, 2021 (Audited)							
	Neither Past Due nor Impaired	Past Due but not Impaired				More than 90 Days	Past Due Individually Impaired	Total
		<30 Days	30–60 Days	61–90 Days				
Trade receivables	₱5,101,964	₱626,304	₱70,964	₱5,492	₱1,566,404	₱89,733	₱7,460,861	
Due from related parties	26,878,937	121,895	356,501	314,265	6,400,817	300	34,072,715	
Others	4,248,029	100,464	61,613	181,691	465,271	91,566	5,148,634	
	₱36,228,930	₱848,663	₱489,078	₱501,448	₱8,432,492	₱181,599	₱46,682,210	

7. Noncurrent Assets Held for Sale

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 ₱126.00 million, inclusive of VAT, and sold at cost.

On February 22, 2022, ACEN and SPC Island Power Corporation executed the Deed of Absolute Sale and Assignment implementing the sale of PB 102 amounting to ₱39.20 million, inclusive of VAT. 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. The sale resulted to a loss of ₱4.20 million.

On April 18, 2022, ACEN and SPC Power Corporation executed the Deed of Absolute Sale and Assignment implementing the sale of PB 103 amounting to ₱39.20 million, inclusive of VAT. The sale resulted to a loss of ₱4.20 million.

8. Investments in Associates and Joint Ventures

The Group's investment in associates and joint ventures and the corresponding effective percentage ownership are shown below:

	Percentage of ownership		Carrying amount	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Investments in associates:				
Star Energy Geothermal (Salak-Darajat) B.V. ("Salak-Darajat")	19.80	19.80	₱13,336,481	₱10,652,033
Maibarara Geothermal, Inc. ("MGI")	25.00	25.00	807,869	785,042
Asia Coal Corporation	28.18	28.18	631	631
			14,144,981	11,437,706
Interest in joint ventures:				
Philippine Wind Holdings Corp. ("PhilWind")	69.81	69.81	₱5,773,446	₱5,765,677
UPC-ACE Australia	80.00	50.00	4,712,858	903,333
NLR	33.30	–	2,399,890	–
BIM Renewable Energy Joint Stock Company ("BIMRE")	30.00	30.00	1,961,026	1,597,533
Ingrid	50.00	50.00	1,203,503	1,210,658
NEFIN Holding Limited ("NEFIN")	50.00	–	611,098	–
UPC Australia (HK) Limited ("UPC Australia")	80.00	–	548,811	–
Greencore 3	50.00	–	160,056	–
BIM Energy Joint Stock Company ("BIME")	30.00	30.00	123,159	111,825
BCEI	50.00	50.00	104,862	–
UPC Renewables Asia III Ltd. ("UPC Asia III")	10.00	10.00	81,374	47,035
BIM Wind Joint Stock Company ("BIM Wind")	65.00	–	79,073	–
AMI AC Renewables Corporation ("AAR")	50.00	50.00	–	275,573
Others	Various	Various	837	8,961
			17,759,993	9,920,595
			₱31,904,974	₱21,358,301

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This account consists of:

	September 30, 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	7,603,579	536,189
Conversion from subscription deposits (Note 9)	134,228	–
Reclassification from other noncurrent asset	22,997	–
Divestment	(94,339)	(186,738)
Acquisition of control	(8,250)	–
Cumulative translation adjustment	2,713,222	562,682
Balance at end of period	30,279,567	19,908,130
Accumulated equity in net earnings (losses):		
Balance at beginning of period	1,422,007	1,197,907
Equity in net earnings	296,234	1,952,753
Dividends received	(249,587)	(1,693,682)
Divestment	94,339	(34,971)
Balance at end of period	1,562,993	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	30,222	104,994
Remeasurement loss on defined benefit plans - net of tax	4,028	(54,608)
Effect of business combinations under common control	–	209,181
Balance at end of period	63,973	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	₱31,904,974	₱21,358,301

The Group received dividends amounting to:

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2022	2021	2022	2021
PhilWind	P–	P–	P248,165	P754,365
NLR	–	–	1,422	–
Salak-Darajat	–	–	–	336,410
Negros Island Biomass Holdings, Inc (NIBH)*	–	–	–	69,322
BIMRE	–	70,083	–	70,083
MGI	–	20,000	–	20,000
BIME	–	3,835	–	3,835
	P–	P93,918	P249,587	P1,254,015

*NIBH is presented under "Others"

NLR

On March 18, 2022, ACEN and UPC Philippines Holdco I BV executed a Deed of Absolute Sale of Shares covering 16,668 common shares and 740 preferred shares representing 33% ownership in NLR for P2,385.27 million.

PhilWind directly and indirectly owns 67% of NLR through its 38.00% direct interest and 28.70% indirect interest through its 100.00% owned subsidiary, Ilocos Wind Energy Holding Co., Inc.

The Group's investment in NLR is comprised of 42.96% direct interest in PhilWind, 26.80% indirect interest in PhilWind through wholly owned subsidiary, Giga Ace 1, Inc., and 33.00% direct interest in NLR. As of September 30, 2022, the Group's effective ownership in NLR is 79.87%.

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

UPC-ACE Australia and UPC Australia

On March 11, 2022, ACRI, UPCAPH and Mr. Rohner (collectively "the UPC AU Sellers") signed a Share Purchase Agreement for ACRI's acquisition of 50% effective ownership interest of UPCAPH and Mr. Rohner in UPC-ACE Australia.

On March 21, 2022, ACRI, UPCAPH, and Mr. Rohner signed separate instruments of transfer for the transfer to ACRI of UPCAPH's 7,150 ordinary shares in UPC-ACE Australia for US\$78.34 million (P4,070.41 million) and Rohner's 1,000,054 ordinary class B shares in UPC Australia for US\$9.36 million (P486.22 million), thereby completing the first tranche of the acquisition. The aggregate consideration paid by ACRI to UPCAPH and Mr. Rohner is US\$87.70 million (P4,556.63 million).

Following the ACEN BOD approval made on October 18, 2021, whereby ACRI will acquire interest in UPC-ACE Australia and UPC Australia, the Sellers will in turn subscribe to up to 942.00 million common shares of ACEN with subscription price of P11.32/share, subject to adjustments. The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021.

Consequently, on March 21, 2022, ACEN signed Subscription Agreements with the Sellers for 930,750,000 ACEN shares for subscription price per share of P7.871 per share (see Note 17).

UPC-ACE Australia is the joint venture holding company of ACRI and UPCAPH for Australia energy and power projects and investments.

UPC Renewables Australia, a subsidiary of UPC-ACE 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 8,000MW's located in NSW, Tasmania, Victoria and South Australia.

The Blue Circle Pte. Ltd. ("TBC")

Prior to divestment, the Group held 25% interest in TBC and accounted the investment as an associate by virtue of having significant influence. In September 2022, the Group disposed its 25% interest in TBC to a third party for a total consideration of \$12.77 million. The transaction has resulted in the recognition of a gain, calculated as follows:

	In US\$	In PHP
Consideration received	\$12,765	₱734,667
Less: Carrying amount of investment on the date of loss of significant influence*	–	–
Gain on divestment (Note 22)	\$12,765	₱734,667

*TBC is presented under "Others"

Capital call and subscription deposit

On various dates in January to September 30, 2022, the Group made investments equivalent to its proportionate share in the following investee companies:

- UPC-ACE Australia of US\$78.60 million (₱4,085.10 million)
- NLR of ₱2,385.27 million
- NEFIN of US\$10.00 million (₱517.44 million)
- UPC Australia of US\$9.36 million (₱486.42 million)
- BCEI of ₱126.78 million
- BIM Wind of US\$0.05 million (₱2.41 million)
- Various totaling ₱0.15 million

9. Other Financial Assets at Amortized Cost

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<i>Redeemable preferred shares</i>	₱18,108,966	₱12,766,483
AMI AC Renewables Corporation ("AAR")	7,351,827	6,202,339
UPC-AC Energy Solar Limited ("UPC Solar")	4,555,162	1,599,381
BIM Wind Joint Stock Company ("BIM Wind")	2,181,478	390,113
BIM Renewable Energy Joint Stock Company ("BIMRE")	1,429,668	1,238,209
UPC Renewables Asia III Ltd. ("UPC Asia III")	1,281,798	1,110,141

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	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
NEFIN Solar	₱604,424	₱-
BIM Energy Joint Stock Company ("BIME")	249,461	216,053
<i>Subscription deposits</i>		
BIM Wind	308,586	1,895,364
Suryagen Capital Pte. Ltd.	146,562	-
AAR	-	114,883
<i>Convertible loans</i>	18,424,167	13,319,476
UPC-AC Energy Australia (HK) Ltd. ("UPC- ACE Australia")	13,424,094	9,047,961
Vietnam Wind Energy Limited ("VWEL")	2,227,750	1,929,412
Asian Wind Power 1 HK Ltd ("Asian Wind 1")	1,524,250	1,247,771
Asian Wind Power 2 HK Ltd ("Asian Wind 2")	1,248,073	1,094,332
Balance at end of period	₱36,533,133	₱26,085,959

Investments in redeemable preferred shares

The rollforward analysis of this account follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balances at beginning of period	₱12,766,483	₱8,181,268
Subscription deposits	180,448	3,150,370
Subscription to redeemable preferred shares	4,720,354	866,258
Conversion of subscription deposits	(1,899,834)	(3,416,093)
Conversion to redeemable preferred shares	1,899,834	3,417,430
Conversion to investment in joint venture (Note 8)	(134,228)	-
Cumulative translation adjustment	575,909	567,250
Balances at end of period	₱18,108,966	₱12,766,483

Convertible loans

The rollforward analysis of this account follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	₱13,319,476	₱7,115,837
Additions	2,807,214	6,542,561
Reclassified from receivables from a related party	74,446	-
Redemptions	(14,508)	(791,328)
Cumulative translation adjustment	2,237,539	452,406
Balance at end of period	₱18,424,167	₱13,319,476

Convertible loan facilities bear interest ranging from 8.50% to 12.00% per annum. Dividends on convertible loans which are classified and accrued as interest income on a monthly basis are subject to declaration prior to payment.

Interest income

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

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
<i>Redeemable preferred shares</i>				
AAR	₱222,603	₱112,067	₱617,366	₱313,096
BIM Wind	404,704	–	428,758	–
UPC Solar	120,841	31,406	299,627	88,484
UPC Asia III	59,987	52,144	165,649	149,573
BIMRE	46,957	40,264	129,667	115,706
BIME	8,212	7,040	22,676	20,267
NEFIN Solar	12,915	–	12,915	–
<i>Convertible loans</i>				
UPC-ACE Australia	329,367	174,424	734,102	405,195
Asian Wind 1	58,692	42,426	151,919	123,103
Asian Wind 2	46,657	32,309	123,649	93,748
VWEL	–	62,542	–	179,596
	₱1,310,935	₱554,622	₱2,686,328	₱1,488,768

10. Property, Plant and Equipment

During the nine-month period ended September 30, 2022, the Group acquired assets with a cost of ₱9,422.63 million (year ended December 31, 2021: ₱5,548.43 million). This includes property, plant, and equipment acquired through business combination amounting to ₱0.20 million (see Note 4).

For the nine-month period ended September 30, 2022, the Group invested significant capital expenditures related to the following projects:

Project	Location	Amount
160 MW Balaoi and Caunayan wind project	Pagudpud, Ilocos Norte	₱5,707.36 million
238 MW Solar Project	Brgy. Sta. Fe San Marcelino, Zambales	₱3,321.26 million
Ayala Gardens Tower 2	Makati City	₱154.89 million

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

Project	Location	Amount
160 MW Balaoi and Caunayan wind project	Pagudpud, Ilocos Norte	₱1,186.19 million
40-MW battery energy storage system (BESS)	Alaminos, Laguna	₱963.49 million
120 MW solar project	Alaminos, Laguna	₱572.02 million

Project	Location	Amount
60 MW solar project	Palauig, Zambales	₱408.61 million
4.375 MWdc Renewable Energy Laboratory Facility with Energy Storage System Project	Mariveles Bataan	₱158.10 million
Purchase of parcels of land	Barrio Poonbato, Botolan, Zambales	₱109.91 million
Generator rotor for its Unit 2 122 MW thermal plant	Calaca, Batangas	₱68.84 million

As of September 30, 2022 and 2021, unpaid property, plant and equipment acquisitions amounted to ₱1,126.05 million and ₱1,108.55 million respectively.

Borrowing cost capitalized to property, plant, and equipment amounted to ₱584.81 million and nil as at September 30, 2022 and 2021, respectively. The capitalization rate used to determine the borrowing cost eligible for capitalization is 5.5% and nil in 2022 and 2021, respectively.

For the nine-month periods ended September 30, 2022 and 2021, depreciation and amortization included in the cost of sale of electricity amounted to ₱1,359.99 million and ₱1,051.18 million, respectively (see Note 19), while depreciation and amortization included as part of cost of expenses amounted to ₱101.39 million and ₱76.49 million, respectively.

The Group's property, plant, and equipment with carrying value of ₱3,546.88 million, and ₱3,702.37 million as at September 30, 2022 and 2021, respectively, were mortgaged as security for the long-term loan of the Group. There are no other property, plant, and equipment that are used to secure the borrowings of the Group (see Note 15).

11. Right-of-Use Assets and Lease Liabilities

The rollforward of these accounts follows:

	September 30, 2022 (Unaudited)						
	Right-of-Use Assets					Leasehold Rights	Total
	Land and Easement Rights	Land and Power plants	Office Space and Parking Slots	Land and Office Building			
As at January 1, 2022	₱154,346	₱815,512	₱935,360	₱229,184	₱1,077	₱2,135,479	₱2,696,252
New lease agreements	-	149,743	111,925	3,500	-	265,168	262,388
Amortization expense (Notes 19 and 20)	(7,061)	(31,851)	(95,947)	(9,286)	(404)	(144,549)	-
Reclassifications	(22,549)	-	-	22,549	-	-	-
Remeasurement	-	(141,756)	-	-	-	(141,756)	(41,871)
Remeasurement due to lease modification	-	2,228	-	-	-	2,228	2,309
Interest expense (Note 21)	-	-	-	-	-	-	168,698
Payments	-	-	-	-	-	-	(287,167)
Capitalized Amortization/ Interest Expense	-	-	-	-	-	-	(3,235)
Foreign exchange adjustments	-	-	-	-	-	-	60,316
As at September 30, 2022	₱ 124,736	₱ 793,876	₱ 951,338	₱ 245,947	₱ 673	₱ 2,116,570	₱ 2,857,690

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December 31, 2021 (Audited)							
Right-of-Use Assets							
	Land and Easement Rights	Land and Power plants	Office Space and Parking Slots	Land and Office Building	Leasehold Rights	Total	Lease Liabilities
As at January 1, 2021	₱357,573	₱1,923,002	₱43,112	₱19,717	₱-	₱2,343,404	₱1,916,629
New lease agreements	27,269	196,100	1,010,393	7,346	1,615	1,242,723	1,150,838
Amortization expense (Notes 19 and 20)	(9,157)	(142,690)	(118,145)	(1,433)	(538)	(271,963)	-
Transfers to Property, Plant, and Equipment (Note 10)	-	(672,133)	-	-	-	(672,133)	-
Reclassifications	(221,251)	(8,771)	-	230,022	-	-	-
Remeasurement due to lease modification	-	(8,114)	-	-	-	(8,114)	(31,119)
Capitalized Amortization/ Interest Expense	(88)	(3,438)	-	(22,055)	-	(25,581)	1,780
Deconsolidation	-	(468,444)	-	-	-	(468,444)	(78,051)
Interest expense	-	-	-	-	-	-	164,416
Payments	-	-	-	-	-	-	(450,271)
Foreign exchange adjustments	-	-	-	(4,413)	-	(4,413)	22,030
As at December 31, 2021	₱154,346	₱815,512	₱935,360	₱229,184	₱1,077	₱2,135,479	₱2,696,252

New Lease Agreements during the nine-month period ended September 30, 2022 are as follows:

Leased Property	Location	Lease Term
Parcels of land	Brgy. Malaya, Pililla, Rizal	June 1, 2022 – March 31, 2043
Office Space and Parking slots	6750 Ayala Ave. Office Tower	July 1, 2022 – June 30, 2027

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2022	2021	2022	2021
Right of Use Assets				
Amortization Expense (Note 19 and 20)	₱60,177	₱75,077	₱144,550	₱259,871
Lease Liabilities				
Interest Expenses (Note 21)	57,930	41,760	168,698	101,156
Cash outflows	131,996	79,207	287,167	219,329

12. Goodwill and Other Intangible Assets

The rollforward of this account follows:

September 30, 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	74,292	1,471	-	25,546	101,309
Balance at end of period	320,897	143,212	185,347	2,219,358	2,868,814
Accumulated amortization:					
Balance at beginning of period	-	-	40,757	265,291	306,048
Amortization (Notes 20 and 21)	-	-	6,090	113,697	119,787
Balance at end of period	-	-	46,847	378,988	425,835
Accumulated impairment:					
Balance at beginning of period	-	85,477	-	-	85,477
Impairment (Note 20)	-	584	-	-	584
Balance at end of period	-	86,061	-	-	86,061
Net book value	₱320,897	₱57,151	₱138,500	₱1,840,370	₱2,356,918

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	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 10)	–	–	243	–	243
Balance at end of year	246,605	141,741	185,347	2,193,812	2,767,505
Accumulated amortization:					
Balance at beginning of year	–	–	32,610	113,696	146,306
Amortization (Notes 20 and 21)	–	–	8,120	151,595	159,715
Reclass from PPE	–	–	27	–	27
Balance at end of year	–	–	40,757	265,291	306,048
Accumulated impairment:					
Balance at beginning of year	–	62,098	–	–	62,098
Impairment	–	23,379	–	–	23,379
Balance at end of year	–	85,477	–	–	85,477
Net book value	₱246,605	₱56,264	₱144,590	₱1,928,521	₱2,375,980

13. Other Assets

Other current asset

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Prepaid expenses	₱377,771	₱223,264
Advances to contractors	264,347	270,265
Derivative asset (Note 26)	259,396	241,744
Short-term investments	247,459	68,310
Other current assets	19,145	36,433
	1,168,118	840,016
Less allowance for impairment loss (Notes 20 and 22)	31,982	27,437
	₱1,136,136	₱812,579

Allowance for impairment relates to the advances to contractors paid by Bataan Solar Energy, Inc. (“BSEI”) for the development of its renewable energy laboratory facility with energy storage system project (see Note 10).

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Other noncurrent asset

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Advances to suppliers	₱3,522,247	₱2,531,010
Development costs	1,326,730	428,074
Advances for land acquisitions	873,444	–
Deposits	103,956	165,164
Investment properties	13,085	13,085
Others	99,030	40,979
	₱5,938,492	₱3,178,312

14. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade	₱3,576,497	₱2,534,044
Accrued expenses	2,100,010	1,274,403
Output VAT - net	1,118,900	1,022,706
Nontrade	653,049	425,619
Accrued interest expenses	439,642	196,177
Due to related parties (Note 24)	198,717	286,870
Retention payables	139,794	136,075
Accrued directors' and annual incentives (Note 24)	22,157	23,352
Derivative liability (Note 26)	–	241,744
Others	42,064	139,839
	₱8,290,830	₱6,280,829

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

ACEN has outstanding short-term loans availed in during the nine-month period ended September 30, 2022 from various local banks amounting to ₱6,900.00 million with interest range from 3.00% to 4.25% (year ended December 31, 2021: nil).

The rollforward of this account follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
As at beginning of period	₱-	₱4,635,000
Availments	20,137,020	3,000,000
Payments	(13,237,020)	(7,635,000)
As at end of period	₱6,900,000	₱-

As of December 31, 2021, the Group has no short-term loans.

Total interest expense recognized on short-term loans amounted to ₱135.07 million for the nine-month period ended September 30, 2022 (₱52.72 million for the nine-month period ended September 30, 2021) (Note 21).

Long-term Loans

This account consists of:

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ACEN								
₱1,175.00 million Loan A	₱1,175.00 million	January 11, 2017	July 11, 2029	6.50% per annum	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x* Based on the ACEN consolidated year-end balances. Tested semi-annual *On August 24, 2022, lender approved amendment to financial covenants. Previously, covenant included minimum DSCR 1.00x; maximum DE ratio of 1.50x; and minimum current ratio of 1.00x.	₱692,424	₱768,813
₱5,000.00 million Loan B	₱5,000.00 million	November 15, 2019	November 14, 2029	5.0505% per annum for the first 5 years; repricing for the succeeding five (5) years is the average of the 5-year BVAL, three (3) days prior to repricing date, plus a margin of ninety basis points per annum (0.90%), with the sum divided by 0.95	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	4,868,421	4,894,737
₱7,000.00 million Loan C	₱500.00 million ₱1,000.00 million	July 15, 2020 August 24, 2020	July 15, 2030 July 15, 2030	5.00% per annum 5.00% per annum	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	2,476,000	1,500,000

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	₱1,000.00 million	June 10, 2022	July 15, 2030	5.066% per annum				
₱4,500.00 million Loan D	₱805.00 million	March 30, 2021	March 30, 2031	Floating interest rate repriced on every succeeding semi-annual period. Can be converted to fixed up to the 2 nd anniversary of initial drawdown.	Principal and interest payable semi-annual	Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual	4,500,000	805,000
	₱2,000.00 million	February 28, 2022	March 30, 2031					
	₱1,695.00 million	April 11, 2022	March 30, 2031					
NorthWind								
₱2,300.00 million	₱2,300.00 million	May 29, 2020	May 29, 2032	Fixed at a rate of 5.13% for ten (10) years to be repriced after the 10 th anniversary at a rate equivalent to (a) the 2-year base fixed rate plus a spread of 1.115%, or (b) 5.125% per annum, whichever is higher	Principal and interest payable semi-annual	Minimum historical DSCR of 1.05 times Based on the standalone balances of the borrower. Tested annually at year end.	₱2,018,020	₱2,092,540
Guimaras Wind								
₱4,300.00 million loan	₱4,300.00 million	December 18, 2013	February 14, 2029	Fixed rate of 6.50% for Security Bank Corporation (SBC) and 6.25% for Development Bank of the Philippines (DBP)	Principal and interest payable semi-annual	Minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Based on the standalone balances of the borrower. Tested annually at year end.	1,142,503	1,280,524
SLTEC								
₱13,700.00 syndicated loan facility	₱10,200.00 million	April 29, 2019	April 29, 2031	4.44% to 7.11% for the New Omnibus Agreement and 4.49% to 6.60% for	Principal and interest	Minimum DSCR of 1.1x, and Net Debt to Equity Ratio of (i) 80:20 during the first 3 years from the	10,094,672	9,812,500

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Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms	Covenants / Collateral	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
				the old Omnibus Agreement	payable semi-annual	amendment effective date and (ii) 75:25 thereafter. Based on the standalone balances of the borrower. Tested annually at year end.		
Totals							₱25,792,040	₱21,154,114
Less unamortized debt issue cost							317,616	211,893
Less current portion							25,474,424	20,942,221
Long-term loans, net of current portion							₱24,409,364	₱20,117,733

The rollforward of this account follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
As at beginning of period	₱21,154,114	₱22,495,027
Availment	11,914,000	848,276
Payment	(7,276,074)	(2,188,811)
Foreign exchange translation	–	(378)
	25,792,040	21,154,114
Less unamortized debt issue cost	317,616	211,893
	25,474,424	20,942,221
Less current portion	1,065,060	824,488
	₱24,409,364	₱20,117,733

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
As at beginning of period	₱211,893	₱240,873
Additions	184,153	7,970
Derecognition	(58,074)	–
Amortization/accretion (Note 25)	(20,356)	(36,950)
As at end of period	₱317,616	₱211,893

ACEN and SLTEC signing of Amended and Restated Omnibus Loan and Security Agreement, Administration and Management Agreement (“AROLSA”), and Operations and Maintenance Agreement

On April 11, 2022, ACEN, as share security grantor, and its subsidiary SLTEC, as borrower, signed an Amended and Restated OLSA for the refinancing of the 246MW SLTEC Circulating Fluidized Bed thermal power plant under an energy transition financing with the Bank of Philippine Islands and Rizal Commercial Banking Corporation as lenders.

ACEN and SLTEC also signed an Operations and Maintenance Agreement, and Administration and Management Agreement for ACEN’s administration, control, and management of the entire capacity of the SLTEC power plant.

The Amended and Restated OLSA increased the facility from ₱11,000.00 million (₱9,800.00 million of which was outstanding at that time) to ₱13,700.00 million, which will be used to refinance the existing loan, finance the partial redemption of SLTEC shares held by ACEN upon regulatory approval, and fund transaction-related costs. ACEN, in turn, shall use the proceeds of the equity redemption to reinvest in renewable energy projects.

The above transactions are in line with ACEN’s commitment to net-zero greenhouse gas emissions by 2050 or earlier. This goal is supported by key milestones that will bring ACEN generation output to 100% renewable energy by 2025.

Through this mechanism, the coal plant’s operating life of up to 50 years will be cut in half, as ACEN commits to retire and transition the plant to a cleaner technology by 2040. This transaction shall serve as a pioneer energy transition financing in the country.

SLTEC New Loans

Facility	Loan Availed	Date of Availment	Maturity	Interest Rate	Payment Terms
SLTEC					
₱10,725.00 million 15-year Fixed Interest Rate Loan 9-year Floating Interest Rate	₱5,000.00 million ₱2,225.00 million	April 18, 2022 April 18, 2022	Nov 7, 2036 April 18, 2031	6.00% per annum 3.64% per annum	Principal and interest payable semi-annual
₱2,975.00 million 9-year Floating Interest Rate Loan	₱2,975.00 million	April 18, 2022	April 18, 2031	5.35% per annum	Principal and interest payable semi-annual

SLTEC optional prepayment

On April 8, 2022, SLTEC availed of the optional prepayment for its outstanding loans amounting to ₱5.95 billion from BDO Unibank, Inc. and ₱892.05 million from SBC. SLTEC incurred financing charges amounting to ₱91.90 million for prepayment penalties and ₱52.71 million for gross receipts tax (GRT).

Compliance with covenants

The Group has complied with the covenants required by the long-term loans payable as of September 30, 2022, and December 31, 2021.

As disclosed in Note 10, certain property, plant, and equipment are used as collateral to long-term loans.

Total interest expense recognized on long-term loans amounted to ₱586.82 million and ₱880.86 million for the nine-month period ended September 30, 2022 and 2021, respectively.

Notes payable

The rollforward of this account follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	₱20,309,993	₱–
Availments	10,000,000	20,383,600
Cumulative translation adjustments	3,125,440	(73,607)
	33,435,433	20,309,993
Unamortized debt issue cost	(212,483)	(114,939)
Balance at end of period	₱33,222,950	₱20,195,054

*The senior guaranteed undated fixed-for-life notes of US\$400.00 million (₱20,383.60 million) with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par was issued on September 8, 2021.

Senior guaranteed undated fixed-for-life notes under the MTN Programme Compliance with covenants

For as long as the senior guaranteed undated fixed-for-life notes remain outstanding, ACEN Finance Limited and ACEN are required to comply with certain covenants including the creation and permission to subsist only the liens created in respect of the limited recourse project financing of any project company and maintain a maximum net debt to equity ratio of 2.5 to 1.0 based on ACEN consolidated financials. These were complied with by the Group as at September 30, 2022 and December 31, 2021.

ACEN Fixed-Rate ASEAN Green Bonds due 2027

On September 22, 2022, ACEN issued an unsecured fixed-rate PHP Green Bonds with an aggregate principal of ₱10,000.00 million. The proceeds will be used to finance investments in various solar farms. There are no securities pledged as collateral for these bonds. The issue cost amounted to ₱126.28 million.

The offer is comprised of 5-year PHP Green Bonds due on September 22, 2027 with interest rate of 6.0526% per annum. This issuance is ACEN's first tranche offered out of the shelf registration of debt securities of ₱30,000.00 million to be offered within a period of three (3) years. Interest on the PHP Green Bonds is payable quarterly in arrears starting on December 22, 2022, for the first interest payment date and on March 22, June 22, September 22, and December 22 each year for each subsequent payment date.

As of September 30, 2022, the outstanding balance of the PHP Green Bonds is ₱10,000.00 million.

Redemption at the option of the Issuer

The Issuer has the right, but not the obligation, to redeem (in whole but not in part) the outstanding PHP Green Bonds before the relevant Maturity on any one of the following Interest Payment Dates indicated below, or the immediately succeeding Business Day if such date is not a Business Day, in accordance with the following schedule:

1. 12th to 15th Interest Payment Date at Call Option Price of 101.00%
2. 16th to 19th Interest Payment Date at Call Option Price of 100.50%

The amount payable to the Bondholders in respect of any such redemption shall be calculated as the sum of (i) the Call Option Price applied to the principal amount of the then outstanding PHP Green Bonds being redeemed; and (ii) all accrued interest on the PHP Green Bonds as of the Call Option Date.

The redemption option was assessed to be embedded derivatives that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Covenants

The PHP Green Bonds provide for the Issuer to comply with covenants including incurrence or guarantee of additional indebtedness; prepayment or redemption of subordinate debt and equity; making certain investments and capital expenditures; effecting any consolidation or merger with other entities where ACEN is not the surviving corporation in such merger or consolidation; and certain other covenants. The PHP Green Bonds requires the Issuer to maintain, for as long as any of the PHP Green Bonds remain outstanding, a Net Debt to Total Equity Ratio of not more than 3.0:1.0. These were complied with as at September 30, 2022.

For the nine-months period ended September 30, 2022 and 2021, total interest expense and other financing charges recognized on the USD Green Bonds amounted to US\$12.45 million (₱668.75 million) and US\$1.03 million (₱51.46 million), respectively, while nil for both periods for the PHP Green Bonds.

16. Other Noncurrent Liabilities

This account consists of:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Due to related parties (Note 24)	₱1,650,632	₱536,212
Trade payable	1,238,581	1,238,581
Deposit for future stock subscription	1,000,008	–
Contract liabilities	369,262	338,489
Asset retirement obligation	174,199	168,626
Derivative liability (Notes 26 and 27)	152,182	–
Pension and other employee benefits	99,153	80,422
Deposit payable	82,110	174,581
Accrued interest expenses	52,111	252,742
Nontrade payable	9,504	2,598
Others	66,234	25,091
	₱4,893,976	₱2,817,342

On June 30, 2022, Insular Life Assurance Company, Ltd. (“InLife”) signed a subscription agreement for 10.00 million Preferred Shares in SLTEC for a total subscription price of ₱1,000.00 million, and subject to conditions set forth in the agreement, including the approval of the SEC of SLTEC’s Amendment of Articles. The amount is booked under deposits for future stock subscription.

17. Equity

Capital Stock

This account consists of:

	Number of Shares	
	September 30, 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	1,353,368,499	24,631,569,964
Adjustment in grants through Employee Stock Ownership Plan	(900)	–
Balance at end of the period	39,691,894,773	38,338,527,174

The issued and outstanding shares as at September 30, 2022 and December 31, 2021 are held by 3,192 and 3,188 equity holders, respectively.

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

Year Approval	No. of shares Registered	No. of shares Issued	Par Value
Prior to 2005*	1,000,000,000	**840,601,987	₱0.01/1.00
2005	1,000,000,000	264,454,741	1.00
2007	–	552,528,364	1.00
2008	–	4,713,558	1.00
2009	–	304,419	1.00
2010	–	2,022,535	1.00
2011	2,200,000,000	1,165,237,923	1.00
2012	4,200,000,000	2,027,395,343	1.00
2013	–	6,603,887	1.00
2014	–	1,283,332	1.00
2016	–	20,751,819	1.00
2017	–	3,877,014	1.00
2019	–	2,632,000,000	1.00
2020	16,000,000,000	6,185,182,288	1.00
2021	24,000,000,000	24,623,380,967	1.00
2022	–	1,353,367,599	1.00

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

**Equivalent number of shares at ₱1.00 par.

Subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines

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

UPCAPH	869,119,204
Anton Rohner (“Rohner”)	61,630,796
Total ACEN shares to be issued	930,750,000
Subscription price per share	₱7.871
Total subscription price	₱7,325,933,250

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

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	₱3,232,636,460

The subscription by Sellers of UPC-ACE Australia and UPC Australia and Sellers of UPC Philippines to ACEN shares was approved by the BOD of ACEN on October 18, 2021.

The issuance and listing of the ACEN common shares were approved by ACEN's stockholders on December 15, 2021. On March 8, 2022, the BOD of ACEN approved a revised list of subscribers constituting the UPC Philippines, including a re-allocation of some of the shares for subscription, which was presented to the stockholders for approval during the 2022 annual stockholders' meeting of ACEN on April 25, 2022.

Employee Stock Ownership Plan ("ESOWN")

In 2021, stock options totaling 8,188,997 shares at a subscription price of ₱6.96 per share were granted under the Plan, of which 8,188,097 shares were issued in 2022, resulting to an adjustment of 900 shares in the grants.

On August 19, 2022, ACEN issued 32,622,666 common shares to various employees of the Group through the ESOWN.

Retained Earnings

Retained earnings represent the Group's accumulated earnings, net of dividends declared. The balance includes accumulated earnings of subsidiaries, joint venture and associates, which are not available for dividend declaration by the Parent Company until these are declared by the investee companies.

Retained earnings not available for dividend declaration are included in the Group's retained earnings to the extent of (a) accumulated equity in undistributed net earnings of consolidated subsidiaries, and associates and joint ventures accounted for under equity method amounting ₱32,078.95 million and ₱28,628.17 as at September 30, 2022 and December 31, 2021, respectively and (b) the cost of treasury shares amounted to ₱28.66 million as at September 30, 2022 and December 31, 2021.

As of September 30, 2022, and December 31, 2021, deferred tax liabilities have not been recognized on undistributed earnings of and cumulative translation adjustment of foreign subsidiaries since the timing of the reversal of the temporary difference can be controlled by the Group and management does not expect the reversal of the temporary differences in the foreseeable future. The undistributed earnings and cumulative translation adjustment amounted to US\$834.10 million (₱43,859.99 million) and US\$468.49 million (₱23,727.21 million) as of September 30, 2022, and December 31, 2021, respectively.

Dividends

On March 8, 2022, the BOD of ACEN approved the declaration of cash dividends of six centavos (₱0.06) per share on the 38,315,838,177 outstanding shares of ACEN, or a total dividend amounting to ₱2,298.95 million, paid on April 19, 2022, to the shareholders on record as at April 5, 2022.

Non-controlling Interest (NCI)

The rollforward of this account is as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Balance at beginning of period	₱29,950,776	₱50,398,831
Net income attributable to NCI	1,230,165	2,415,063
OCI attributable to NCI	42,108	4,152
Acquisition of NCI	15,139	(313,598)
Additions through business combination	1,096	–
Dividends	(1,099,084)	(2,231,038)
Cumulative translation adjustments	(90,332)	61,653
Capital infusions	–	1,988
Capital redemption	–	(20,386,275)
Balance at end of period	₱30,049,868	₱29,950,776

Dividends

	in US\$	In PHP
2022		
AC Energy Cayman (“ACEC”)	\$20,614	₱1,099,084
2021		
ACEC	\$43,705	₱2,141,568
Manapla Sun Power Development Corporation (“MSPDC”)	–	15,300
NorthWind Power Development Corporation (“NorthWind”)	–	74,170
	\$43,705	₱2,231,038

In 2022, the BOD of ACEC declared dividends to shareholders of its various redeemable preferred shares for a total of \$20.61 million (₱1,099.08 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) declarations of cash dividends amounting to ₱15.00 million each, of which, ₱5.10 million was attributable to NCI. These were fully paid on March 6, 2021, June 28, 2021 and September 10, 2021.

Acquisition of non-controlling interest in BWPC and SolarAce4

On March 18, 2022, the Group acquired 40.00% ownership interest of the minority stockholders of BWPC at an aggregate amount of ₱93.55 million, and 30.00% ownership interest of the minority stockholders of SolarAce4 at an aggregate amount of ₱1.80 million.

The acquisitions resulted to 100% ownership in BWPC and SolarAce4 (see Note 4). The excess of the consideration over the carrying amount of non-controlling interest is recognized under the equity reserves amounting to ₱110.42 million and ₱0.07 million for BWPC and SolarAce4, respectively

Other Equity Reserves

This account consists of:

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Effect of:		
Common control business combinations	(₱53,276,727)	(₱53,276,727)
Purchase of:		
20.00% in SLTEC	(2,229,587)	(2,229,587)
32.21% in NorthWind	(723,974)	(723,974)
34.00% in MSPDC	(261,728)	(261,728)
ACEX shares	(130,854)	(130,854)
40.00% in BWPC	(114,487)	–
30.00% in SolarAce4	(65)	–
Distribution of property dividends – ACEX shares	1,107	1,107
Other equity reserves from joint venture	17,231	17,231
	(₱56,719,084)	(₱56,604,532)

Capital Management

The primarily objective of the Group's capital management policy is to ensure that it maintains sufficient funds and equity capital in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjust it, in light of changes in economic conditions. No changes were made in the objectives, policies, or processes for the nine-month period ended September 30, 2022, and year ended December 31, 2021. The Group considers its total equity as capital.

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guarantees, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as of September 30, 2022, and December 31, 2021.

18. Revenue from Sale of Electricity

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

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2022	2021	2022	2021
Revenue from power supply contracts	₱6,357,693	₱3,614,357	₱16,943,957	₱11,768,509
Revenue from power generation	2,874,247	1,802,498	8,163,506	6,967,708
	₱9,231,940	₱5,416,855	₱25,107,463	₱18,736,217

Feed-in-Tariff ("FIT") adjustment

On February 19, 2021, ERC clarified in its letter to TransCo, the Administrator of the FIT system, by specifying the timing and manner of billing the FIT Adjustment. Actual recovery of arrears shall be for a period of five (5) years. Billing for January 2016 generation period shall start in December 2020, and payment schedule shall start in January 2021, following the five-year recovery period. Moreover, pending the approval of the 2021 FIT-All rate and adjustment of FIT rates, the original approved FIT rates shall be used for the 2021 and 2022 generation billing. Revenue in 2021 and 2022 was based on 2020 approved FIT rates in the absence of the 2021 FIT rates. Currently, there's a moratorium on interest on the delayed payments. It is expected that the adjusted FIT rates applicable for 2021 will also be collected in arrears in accordance with the approval of the ERC.

Pre-termination fees

Revenues from power supply contract from the nine-month period ended September 30, 2022 include RES customer pre-termination fees of ₱605.00 million.

19. Costs of Sale of Electricity

This account consists of:

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
Costs of purchased power	₱6,055,653	₱2,311,952	₱15,969,212	₱8,416,227
Direct materials	1,453,739	895,799	3,730,227	3,109,764
Depreciation and amortization (Notes 10, 11 and 12)	549,594	465,540	1,588,876	1,342,405
Repairs and maintenance	204,552	205,058	539,230	481,198
Taxes and licenses	172,301	37,589	520,096	355,823
Insurance	128,387	104,438	398,645	284,485
Salaries and directors' fees	102,533	95,381	330,696	294,374
Contractor's fee	43,258	52,210	122,982	130,624
Transmission costs	32,879	15,778	81,709	62,089
Rent	10,507	11,682	35,513	25,743
Pension and other employee benefits	3,948	3,611	15,036	10,617
Communication	5,149	4,326	13,414	12,694
Transportation and travel	6,069	2,192	11,990	6,816
Market fees	7,046	4,941	10,867	16,700
Others	30,171	14,985	66,692	60,272
	₱8,805,786	₱4,225,482	₱23,435,185	₱14,609,831

20. General and Administrative Expenses

This account consists of:

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
Management and professional fees	₱78,659	₱100,512	₱212,673	₱444,768
Taxes and licenses	112,619	326,129	205,297	726,178
Salaries and directors' fees	110,122	59,680	175,877	197,398
Depreciation and amortization (Notes 10, 11 and 12)	61,197	75,994	136,841	164,929
Insurance, dues and subscriptions	46,213	14,606	73,931	27,400
Corporate social responsibilities	19,459	2,375	68,058	7,120
Provision for impairment of property, plant and equipment	3,046	47,057	36,410	159,130
Contractor's fee	(27,966)	12,300	29,093	22,146
Rent	14,935	2,752	28,483	9,205
Transportation and travel	12,785	1,568	24,381	12,404
Building maintenance and repairs	3,214	4,827	19,895	18,732
Meeting and conferences	8,092	407	14,901	1,393
Pension and other employee benefits	4,429	3,385	14,693	10,615
Utilities	2,867	1,070	10,749	4,940

Forward

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	For the three-month period Ended September 30 (Unaudited)		For the nine-month period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
Provision for impairment of advances to contractors	₱9,053	₱–	₱9,053	₱–
Training and commitment fees	1,185	–	8,210	–
Advertisements	2,370	3,539	7,522	14,162
Office supplies	3,100	1,099	6,959	3,161
Communication	2,367	2,411	6,644	4,658
Provision for probable losses on deferred exploration costs (Note 12)	(16)	–	584	23,379
Provision (reversal) for credit losses (Note 6)	–	–	(4)	873
Others	6,611	(4,022)	32,953	24,317
	₱474,341	₱655,689	₱1,123,203	₱1,876,908

21. Interest and Other Finance Charges

This account consists of:

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
Interest expense on:				
Long-term loans and notes payable (Note 15)	₱358,938	₱354,825	₱1,255,575	₱932,322
Lease obligations (Note 11)	57,930	41,760	168,698	101,156
Short-term loans (Note 15)	97,348	19	135,066	52,716
Amortization of debt issue cost (Note 15)	10,323	9,596	18,899	34,000
Discount on accounts payable	–	24,177	–	72,533
Bank charges and interest expense on asset retirement obligation	34,086	5,354	244,760	46,672
	₱558,625	₱435,731	₱1,822,998	₱1,239,399

22. Other Income - Net

This account consists of:

	For the three-month period ended September 30 (Unaudited)		For the nine-month period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
Interest and other financial income	₱1,841,576	₱1,186,721	₱4,071,198	₱2,962,364
Gain on divestment (Note 8)	734,667	–	734,667	–
Realized gains on foreign exchange forward contracts (Note 26)	67,818	–	391,489	41,700
Guarantee fee income	104,750	10,779	290,122	149,462
Gain from acquisition of investments (Note 8)	212,120	–	212,120	–
Foreign exchange (loss) gain - net	(85,441)	487,945	170,588	503,548
Claims on insurance	45,433	69,818	72,993	90,735
Unrealized gains on foreign exchange forward contracts	50,296	–	50,296	–
Guaranteed performance differential	1,467	–	41,776	–
Reversal of impairment of advances to contractors (Note 13)	(1,056)	–	4,508	–
Loss on FVOCI written-off	–	–	(500)	–
(Loss) gain on sale of on sale of property, plant and equipment	(8,292)	546	(8,292)	(439)
Loss on sale of noncurrent assets held for sale	–	–	(8,400)	–
Gain (loss) on sale of inventories and by-product	25,708	4,834	(29,495)	28,043
Reversal of allowance for impairment of property, plant and equipment	–	–	–	86,890
Tax credits on real property taxes	–	–	–	69,154
Gain on reversal of impairment of investments in joint venture, net	–	–	–	37,635
Others	2,899	83,047	68,667	115,418
	₱2,991,945	₱1,843,690	₱6,061,737	₱4,084,510

Interest and Other Financial Income

This account consists of:

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period ended September 30 (Unaudited)	
	2022	2021	2022	2021
Interest income on:				
Cash in bank and cash equivalents (Note 5)	₱66,577	₱65,721	₱91,157	₱95,245
Accounts and notes receivables (Note 6)	464,064	566,378	1,293,713	1,378,351
Accounts receivable	54,065	(162,651)	272,570	88,382
Development loan	43,555	351,320	140,134	411,517
Other loan	366,444	377,709	881,009	878,452
Other financial assets at amortized cost (Note 9)	1,310,935	554,622	2,686,328	1,488,768
Redeemable preferred shares	876,219	242,921	1,676,658	687,126
Convertible loans	434,716	311,701	1,009,670	801,642
	₱1,841,576	₱1,186,721	₱4,071,198	₱2,962,364

ACRI Guarantee Agreement and guarantee fee income

ACRI serves as a guarantor for the following borrowings entered by its related parties which ACRI unconditionally and irrevocably guaranteed. Fees are charged for these guarantee agreements. ACRI assessed that the expected credit loss from its guaranteed obligation of the related parties is nil. Therefore, the obligation related to the guarantee extended by ACRI is nil.

Guarantee for India Solar Projects

As of September 30, 2022, the Group has an outstanding guarantee amounting to \$234.4 million related to solar projects in India. The purpose of the guarantees are to secure various modules and supply agreements for the projects, performance guarantee, hedge guarantees and loan guarantees. The group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

Guarantee for NESF Solar Project

On January 15, 2021, the Group entered into a guarantee agreement with the bank for a total of AUD 260 million (\$169.1 million) to guarantee the obligation of New England Solar Project to the project lender. As at September 30, 2022, total amount drawn from the loan was AUD98.98 million (\$71.72 million). The Group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

Parent Corporate Guarantee for BT Wind Projects

In 2020, the Group entered into various guarantee agreements with BT1 Windfarm JSC (“BT1 Wind”) and BT2 Windfarm JSC (“BT2 Wind”) to provide a Parent Company Guarantee (PCG) in favour of the contractors as security for the obligations of BT1 Wind and BT2 Wind. As at December 31, 2021, the guarantee has been released upon achievement of commercial operations date of the projects.

Guarantee for BT1 Windfarm's Bank Loan

On September 30, 2020, the Group signed an agreement with a bank to guarantee BT1 Windfarm's payment obligation to the project lender on its loan amounting to \$118.28 million. As at December 31, 2021, total amount drawn from the facility was \$110.98 million. On December 29, 2021, the guarantee has been terminated upon completion of conditions precedent. The Group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

Guarantee for AMI Khan Hoa Solar Project's Bank Loan

On October 12, 2018, the Group has entered into a guarantee agreement with a bank for a total of \$37 million to guarantee the obligation of AMI Khan Hoa Solar project to the project lender. Subsequently on October 3, 2020, loan amounting to \$33.71 million was drawn by AMI Khan Hoa. On March 16, 2022, the guarantee agreement has been terminated upon completion of the necessary conditions precedent. The group recognized guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

For the nine-month periods ended September 30, 2022 and 2021, the Group recognized corresponding guarantee fee income amounting to \$5.29 million (₱290.12 million) and \$3.10 million (₱149.46 million), respectively.

Loan facilities commitment

At September 30, 2022, the Group through ACRI has outstanding commitments of \$414.9 million (\$207.1 million as at December 31, 2021) from the loan facilities it provided to related parties.

23. Income Taxes

Provision for income tax consist of:

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
Current	₱105,546	₱128,684	₱293,548	₱211,428
Deferred	(245,188)	(49,005)	(427,998)	(71,630)
Final	2,639	13,020	3,635	18,224
	(₱137,003)	₱92,699	(₱130,815)	₱158,022

Net deferred tax liabilities amounted to ₱145.37 million and ₱74.42 million as at September 30, 2022 and December 31, 2021, respectively.

Net deferred tax assets amounted to ₱1,004.97 million and ₱512.37 million as at September 30, 2022 and December 31, 2021, respectively.

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.

24. 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.

Except as otherwise stated, outstanding balances at period-end are unsecured and are to be settled in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. No provision for credit losses was recognized for receivables from related parties recorded for the nine-month period ended September 30, 2022, and for the year ended December 31, 2021. The assessments of collectability of receivables from related parties is undertaken each financial year through examining the financial position of the related party and the market in which the related party operations.

In the ordinary course of business, the Group transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses, office space rentals, management service agreements and electricity supply.

The transactions and balances of accounts as at September 30, 2022 and December 31, 2021 and for the nine-month period ended September 30, 2022 and 2021 are:

a. Transaction with ACEIC, the Parent Company

Nature	Amount/ Volume		Outstanding Balance		Terms / Conditions
	September 30		September 30,	December 31,	
	2022 (Unaudited)	2021 (Audited)	2022 (Unaudited)	2021 (Audited)	
Development loans	(P8,365,161)	P–	P1,231,124	P9,596,286	Interest bearing; unsecured; no impairment
Interest receivable; interest income	106,672	24,894	10,289	144,621	Interest bearing unsecured; no impairment
Management fee income	13,081	20,745	–	26,196	Unsecured; no impairment
Management fee expense	19,472	297,808	(20,340)	(132,893)	Non-interest bearing; due and demandable
Due from related parties	–	–	125,915	110,373	Non-interest bearing; due and demandable
Due from related parties	–	–	(71,923)	–	Non-interest bearing; due and demandable

Development loans

On May 27, 2022, ACEIC partially settled its outstanding development loans amounting to US\$168.00 million (P9,235.80 million). The development loan is interest bearing and earned US\$2.05 million (P106.89 million) interest income.

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.

b. Notes Receivables

Relationship	Related Party	Outstanding Balance (<i>In thousands</i>)		Terms / Conditions
		September 30, 2022 (Unaudited)	December 31, 2021 (Audited)	
Development loans				
Joint Venture	UPC-ACE Solar	₱750,400	₱1,015,480	Due in 2023; interest bearing; unsecured; no impairment
	Greencore 3	–	212,292	Due in 2023; interest bearing; unsecured; no impairment
Associate	UPC-ACE Australia	529,519	–	Due in 2023; interest bearing; unsecured; no impairment
	TBC	–	658,437	Due in 2022; interest bearing; unsecured; no impairment
Affiliate	Yoma Strategic	1,408,000	1,219,173	Due in 2022; interest bearing; unsecured; no impairment
		₱2,687,919	₱3,105,382	
Debt replacements				
Joint Venture	BIM Wind	₱4,993,971	₱4,325,183	Due in 2030 interest bearing; unsecured; no impairment
	Greencore 3	4,106,590	2,078,400	Due in 2023; interest bearing; unsecured; no impairment
	Asian Wind 1	3,246,359	2,883,963	Due in 2022; interest bearing; unsecured; no impairment
	Lac Hoa	2,779,473	–	Due in 2022; interest bearing; unsecured; no impairment
	Asian Wind 2	2,560,618	2,414,151	Due 2045 interest bearing; unsecured; no impairment
	Hoa Dong	2,438,152	–	Due in 2022; interest bearing; unsecured; no impairment
	NEFIN Solar	604,423	–	Due in 2024; interest bearing; unsecured; no impairment
	VWEL	–	3,637,879	Due in 2022; interest bearing; unsecured; no impairment
	BIMRE	–	1,914,180	Due within 12 months; interest bearing; unsecured; no impairment
		₱20,729,586	₱17,253,756	
Other Loan				
Joint Venture	Ingrid	₱450,000	₱–	Due in 2022; interest bearing; unsecured; no impairment
Joint Venture	Infineum 4 Energy, Inc.	28,454	–	Due in 2024; interest bearing; unsecured; no impairment
		₱478,454	₱–	

Except for the discussion above, the movement in the notes receivable from related parties are revaluation of US\$ denominated notes receivable to Philippine peso from December 31, 2021, to September 30, 2022.

c. Interest Income and Receivable

This account consist of:

Related Party	Interest Income		Interest Receivable		Terms
	Sept 30,2022 (Unaudited)	Sept 30,2021 (Unaudited)	Sept 30,2022 (Unaudited)	Dec 31,2021 (Audited)	
	<i>In thousands</i>				
Other Financial Assets at Amortized Cost (Note 9)					
Redeemable preferred shares	₱1,676,658	₱687,126	₱2,147,021	₱946,559	various dates
Convertible loans	1,009,670	801,642	2,597,170	1,421,565	various dates
Development Loans					
Joint Venture					
UPC-ACE Solar	71,380	55,287	231,233	–	various dates
Associate					
UPC-ACE Australia	–	–	5,093	–	various dates
TBC	59,014	41,882	–	74,101	various dates
Affiliate					
Yoma Strategic	38,266	36,668	139,679	84,490	various dates
Debt replacements					
Joint Venture					
VWEL	57,697	207,000	454,131	394,970	various dates
Greencore 3	158,962	88,303	207,078	51,618	30-day, non-interest bearing
Asian Wind 2	136,230	219,228	105,136	253,989	various dates
BIM Wind	277,925	170,574	93,221	140,212	various dates
Lac Hoa	17,307	–	18,866	–	various dates
Hoa Dong	16,753	–	18,263	–	various dates
NEFIN Solar	15,058	2,534	11,427	–	various dates
BIMRE	10,134	218,371	–	192,216	various dates
Asian Wind 1	188,630	157,427	–	–	various dates
Others					
Affiliates	3,078	–	1,204	–	30-day, non-interest bearing
	₱ 3,736,762	₱2,686,042	₱ 6,029,522	₱3,559,720	

d. Loans Payable

Related Party	Interest Expense		Interest Payable		Terms
	Sept 30,2022 (Unaudited)	Sept 30,2021 (Unaudited)	Sept 30,2022 (Unaudited)	Dec 31,2021 (Audited)	
	<i>In thousands</i>				
Bank of the Philippines Island					
Short-term loans (Note 15)	₱–	₱–	(₱1,000,000)	₱–	12 months, interest bearing
Long-term loans (Note 15)	–	–	(9,028,053)	(2,079,133)	12 years, interest bearing
Interest Expense/Interest Payable	293,412	84,835	--	(9,533)	30 days, unsecured

e. Right of Use Assets / Lease Liabilities

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

Related Party	Amortization / Interest Expense		ROU / (Lease Liabilities)		Terms
	Sept 30,2022 (Unaudited)	Sept 30,2021 (Unaudited)	Sept 30,2022 (Unaudited)	Dec 31,2021 (Audited)	
	<i>In thousands</i>				
ALI					
Right of use Assets (Note 11)	₱87,789	₱76,493	₱959,956	₱930,453	10 years, unsecured
Lease Liabilities (Note 11)	37,508	29,257	(1,046,660)	(990,107)	10 years, unsecured
FBDC					
Right of use Assets (Note 11)	6,927	12,783	4,573	11,500	3 years, unsecured
Lease Liabilities (Note 11)	135	10,441	(7,521)	(9,771)	3 years, unsecured

f. Other Related Party Transactions

	Amount/Volume		Outstanding Balance Receivable (Payable)		Terms
	Sept 30, 2022 (Unaudited)	Sept 30, 2021 (Unaudited)	Sep30, 2022 (Unaudited)	Dec 31, 2021 (Audited)	
Management fee income	₱46,388	₱43,195	₱10,323	₱25,860	30-days, unsecured
Rental income	13,003	9,871	1,955	1,674	30-days, unsecured
Revenue from power supply contracts	10,499	–	–	–	30-days, unsecured
Cost of sale of electricity	(780,206)	(370,861)	(77,027)	(94,110)	30-days, unsecured
Due from related parties	–	–	524,607	168,386	On demand, Unsecured
Due to related parties	–	–	(1,680,058)	(596,079)	On demand, Unsecured

g. Receivables from Employees and Officers

Receivables from officers and employees amounting to ₱301.17 million and ₱78.36 million as at September 30, 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
	September 30, 2022 (Unaudited)	September 30, 2021 (Unaudited)	September 30, 2022 (Unaudited)	December 31 2021 (Audited)	
Accrued director's and annual incentives (Note 14)					
Directors' fee and annual incentives	(₱1,196)	(₱30,574)	(₱22,156)	(₱23,352)	On demand, Unsecured
Due to stockholders (Note 17)					
Cash dividends	–	–	(16,585)	(16,585)	On demand, Unsecured

Key Management Compensation

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

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Short term benefits	₱144,361	₱64,215
Post-Employment Benefits	19,692	2,691
	₱164,053	₱66,906

Identification, Review and Approval of Related Party Transactions

All (1) SEC-defined material related party transactions, i.e., related party transaction/s, either individually or in aggregate over a twelve (12)-month period of the Group with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited consolidated financial statements; and (2) any related party transaction/s that meet the threshold values approved by the Risk Management and Related Party Transactions Committee (the Committee), i.e., ₱50.00 million or five percent (5%) of the Group's total consolidated assets, whichever is lower, shall be reviewed by the Committee and approved by the BOD before its commencement, except transactions that are explicitly excluded/exempted by the SEC and transactions delegated to management.

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

25. Earnings Per Share

Basic and diluted EPS are computed as follows:

	For the three-month period Ended September 30 (Unaudited)		For the nine-month period Ended September 30 (Unaudited)	
	2022	2021	2022	2021
(In Thousands, Except for Number of Shares and Per Share Amounts)				
(a) Net income attributable to equity holders of Parent Company	₱1,937,430	₱1,579,753	₱4,120,519	₱4,270,118
Common shares outstanding at beginning of period (Note 17)	39,252,902,464	26,424,239,947	38,324,027,174	13,692,457,210
Weighted average number of: Shares issued during the period	10,276,737	–	939,152,927	12,731,782,737
(b) Weighted average common shares outstanding	39,263,179,201	26,424,239,947	39,263,180,101	26,424,239,947
Basic/Diluted earnings per share (a/b)	₱0.05	₱0.06	₱0.10	₱0.16

26. Financial Risk Management Objectives and Policies

Objectives and Investment Policies

The funds of the entities are held directly by the Group and are managed by the Corporate Finance and Treasury Group (“CFT”).

All cash investments of the Group are carried and governed by the following principles, stated in order of importance:

- Preservation of invested cash
- Liquidity of invested cash; and
- Yield on invested cash. Under no circumstance will yield to trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments

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

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

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

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

- Market risk
- Equity price risk

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

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

Risk Management Process

Foreign Exchange Risk

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

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

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

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

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

The Group’s significant foreign currency-denominated financial assets and financial liabilities as at September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
	U.S. Dollar (US\$)	U.S. Dollar (US\$)
Financial Assets		
Cash and cash equivalents	\$22,689	\$303,150
Other receivables	25	677,566
	22,714	980,716
Financial Liabilities		
Accounts payable and other current liabilities	(8,879)	(18,516)
Notes payable and loans-term loans	–	(397,744)
	(8,879)	(416,260)
Net foreign currency-denominated assets (liabilities)	\$13,835	\$564,456
Peso equivalent	₱815,020	₱28,657,431

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱58.91 to US\$1.00 as at September 30, 2022 and ₱50.77 to US\$1.00 as at December 31, 2021.

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

Pertinent Period	Increase (Decrease) in Foreign Exchange Rate	US\$
September 30, 2022	(P0.50)	(P6,917)
(Unaudited)	(1.00)	(13,835)
	0.50	6,917
	1.00	13,835
December 31, 2021	(P0.50)	(P282,228)
(Audited)	(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.

	September 30, 2022 (Unaudited)	
	Peso	US\$
Cash and cash equivalents	P23,117,528	\$394,329
Receivables	32,795,436	559,410
Investments in:		
Associates and joint ventures	21,453,990	365,953
Other financial assets at amortized cost	36,533,133	623,166
Financial asset at FVTPL	1,501,138	25,606
	115,401,225	1,968,464
Accounts payable and other current liabilities	(1,770,418)	(30,199)
Notes payable	(23,349,225)	(398,281)
Net foreign currency position	P90,281,582	\$1,539,984

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

		Increase (decrease) in Peso per foreign currency	Effect on income before income tax
September 30, 2022	USD	(\$0.50)	(₱1,198,472)
(Unaudited)		(1.00)	(2,396,944)
		0.50	1,198,472
		1.00	2,396,944
December 31, 2021	USD	(\$0.50)	(₱1,118,686)
(Audited)		(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.

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	September 30, 2022 (Unaudited)				
	Neither Past Due nor Impaired			Past Due	Total
	Class A	Class B	Class C	Individually Impaired	
Trade and other receivables					
<i>Current:</i>					
Trade receivables	₱502,267	₱464,738	₱48,320	₱4,664,932	₱5,680,257
Due from related parties	21,405,995	9,240	9,134	877,180	22,301,549
Others	321,858	13,789	53,320	1,488,551	1,877,518
<i>Noncurrent</i>					
Trade receivables	553,125	202,535	–	–	755,660
Due from related parties	15,230,111	–	110,602	1,620,592	16,961,305
Receivables from third parties	415,229	654	–	–	415,883
	₱38,428,585	₱690,956	₱221,376	₱8,651,255	₱47,992,172

	December 31, 2021 (Audited)				
	Neither Past Due nor Impaired			Past Due	Total
	Class A	Class B	Class C	Individually Impaired	
Trade and other receivables					
<i>Current:</i>					
Trade receivables	₱470,270	₱3,315,917	₱2,130	₱1,762,510	₱5,550,827
Due from related parties	18,724,341	7,918	216,715	6,639,711	25,588,685
Others	609,083	207,906	627,037	893,647	2,337,673
<i>Noncurrent</i>					
Trade receivables	–	1,313,647	–	596,387	1,910,034
Due from related parties	8,484,028	–	–	–	8,484,028
Receivables from third parties	2,210,103	–	29,577	571,283	2,810,963
	₱30,497,825	₱4,845,388	₱875,459	₱10,463,538	₱46,682,210

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 ₱392.86 million and ₱354.87 million as at September 30, 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:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
<i>Financial Assets at Amortized Cost (Portfolio 1)</i>		
Cash and cash equivalents	₱42,053,830	₱26,445,429
Short-term investments	247,459	68,310
Under "Receivables" account		
Current:		
Trade receivables	5,630,084	5,550,827
Due from related parties	22,301,549	25,588,685
Others	1,792,654	2,337,633
Noncurrent:		
Trade receivables	748,906	1,910,035
Due from related parties	16,954,307	8,484,028
Receivables from third parties	415,883	2,210,103
Other financial assets at amortized cost	36,533,133	26,085,959
Under "Other Noncurrent Assets" account		
Deposits	103,956	165,164
	₱126,781,761	₱98,846,173

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

Grade	September 30, 2022 (Unaudited)				Total
	12-month Stage 1	Lifetime ECL			
		Stage 2	Stage 3	Simplified Approach	
High	₱32,791,401	₱-	₱-	₱ 22,622	₱32,814,023
Standard	-	-	-	730,619	730,619
Substandard	-	-	-	-	-
Default	-	-	-	3,132	3,132
Gross carrying amount	32,791,401	-	-	756,373	33,547,774
Less loss allowance	-	-	-	-	-
Carrying amount	₱32,791,401	₱-	₱-	₱756,373	₱33,547,774

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December 31, 2021 (Audited)					
Grade	12-month Stage 1	Lifetime ECL			Total
		Stage 2	Stage 3	Simplified Approach	
High	₱34,297,803	₱–	₱–	₱26,743	₱34,324,546
Standard	183	–	–	–	183
Substandard	–	–	–	–	–
Default	–	–	–	621	621
Gross carrying amount	34,297,986	–	–	27,364	34,325,350
Less loss allowance	181,599	–	–	–	181,599
Carrying amount	₱34,116,387	₱–	₱–	₱27,364	₱34,143,751

Liquidity Risk

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

Liquidity risk is managed through:

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

September 30, 2022 (Unaudited)						
	On Demand	Less than 3 Months	3 to 12 Months	More than 1	More than 5 Years	Total
				Year to 5 Years		
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	₱4,040,675	₱228,719	₱23,416	₱181,733	₱–	₱ 4,474,543
Retention payable	34,428	25,172	52,815	27,378	–	139,793
Accrued expenses ^a	1,220,665	28,678	13,481	1,349	–	1,264,173
Accrued interest	431,253	8,183	–	207	–	439,643
Due to related parties	603,982	18,464	3,010	15,721	–	641,177
Others	97,072	1,193	1,706	6,854	–	106,825
Derivative Liability	–	–	–	152,182	–	152,182
Short-term loans	–	4,000,000	2,900,000	–	–	6,900,000
Due to stockholders	16,585	–	–	–	–	16,585
Lease liabilities ^b	–	85,074	250,130	1,442,384	3,272,665	5,050,253
Long-term loans ^c	–	825,564	1,265,881	8,264,535	18,475,981	28,831,961
Notes payable	–	–	–	33,222,950	–	33,222,950
Other noncurrent liabilities ^d	–	–	–	4,270,297	1,720	4,272,017
	₱6,444,660	₱5,221,047	₱4,510,439	₱47,585,590	₱21,750,366	₱85,512,102

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

^b Gross contractual payments.

^c Including contractual interest payments.

^d Excluding contract liabilities.

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	December 31, 2021 (Audited)					Total
	On Demand	Less than 3 Months	3 to 12 Months	More than 1 Year to 5 Years	More than 5 Years	
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	₱2,163,882	₱76,624	₱293,538	₱1,238,581	₱-	₱3,772,625
Retention payable	-	-	136,075	-	-	136,075
Accrued expenses ^a	644,535	128,384	501,485	-	-	1,274,404
Accrued interest	169,053	27,124	101,236	252,742	-	550,155
Due to related parties	276,322	5,573	4,975	536,212	-	823,082
Others	18,270	987	120,582	-	-	139,839
Derivative Liability	-	-	241,744	-	-	241,744
Short-term loans	-	-	-	-	-	-
Due to stockholders	16,585	-	-	-	-	16,585
Lease liabilities ^b	-	112,360	226,672	1,401,896	3,566,932	5,307,860
Long-term loans ^c	-	230,879	1,774,699	8,374,528	18,727,675	29,107,781
Notes payable	-	-	-	20,195,054	-	20,195,054
Other noncurrent liabilities ^d	-	-	-	2,392,953	4,333,333	6,726,286
	₱3,288,647	₱581,931	₱3,401,006	₱34,391,966	₱26,627,940	₱68,291,490

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

^b Gross contractual payments.

^c Including contractual interest payments.

^d Excluding contract liabilities.

As at September 30, 2022 and December 31, 2021, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	September 30, 2022 (Unaudited)				Total
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	
Loans and receivables:					
<i>Current:</i>					
Cash and cash equivalents	₱42,053,830	₱-	₱-	₱-	₱42,053,830
Short-term investments	-	-	-	-	-
Accounts and Notes Receivables:					
Accounts Receivables	6,223,532	899,206	-	-	7,122,738
Notes Receivables	20,441,089	-	-	-	20,441,089
Interest Receivables	2,160,460	-	-	-	2,160,460
<i>Noncurrent:</i>					
Receivables:					
Accounts Receivables	-	-	-	2,305,339	2,305,339
Notes Receivables	-	-	-	11,771,471	11,771,471
Interest Receivables	-	-	-	4,042,287	4,042,287
Derivative assets	259,396	-	-	-	259,396
Other financial assets at amortized cost	-	-	-	36,533,133	36,533,133
Financial assets at FVOCI:					
Quoted	-	-	-	392,167	392,167
Unquoted	-	-	-	690	690
	₱71,138,307	₱899,206	₱-	₱55,045,087	₱127,082,600

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	December 31, 2021 (Audited)				Total
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	
Loans and receivables:					
<i>Current:</i>					
Cash and cash equivalents	P26,445,429	P-	P-	P-	P26,445,429
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
<i>Noncurrent:</i>					
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
	P58,698,538	P1,366,242	P-	P39,632,141	P99,696,921

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 September 30, 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:

Market Risk

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

Equity Price Risk

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

*Commodity Price Risk*Cash flow hedges

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

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

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

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

Monitoring and assessment of the hedge effectiveness and Coal and Fuel Hedging Strategy are reviewed periodically by the Commercial Operations. Continuation, addition, reduction and termination of existing hedges are decided by the Head of CO and any material change in permissible hedging instrument, counterparties and limits are elevated to the BOD for approval.

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

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

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

The hedge ineffectiveness can arise from:

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

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

	Maturity						Total
	< 1 month	1-3 months	4-6 months	7-9 months	10-12 months	>12 months	
As at September 30, 2022							
<i>Foreign exchange forward contracts</i>							
Notional amount (\$000)	\$2,191	\$11,410	\$3,050	\$-	\$-	\$-	\$16,651
Average forward rate (\$/₱)	55.58	55.59	56.68	-	-	-	
<i>Fuel</i>							
Notional amount (in Metric Tons)	2,400	-	16,800	-	-	-	19,200
Notional amount (in \$000)	\$194	\$-	(\$1,981)	\$-	\$-	\$	\$1,787
Average hedged rate (\$ per Metric ton)	\$663.00	-	\$659.67	-	-	-	
<i>Coal</i>							
Notional amount (in Metric Tons)	-	-	9,000	-	-	1,950	10,950
Notional amount (in \$000)	\$-	\$-	\$2,631	\$-	\$-	\$122	\$2,754
Average hedged rate (\$ per Metric ton)	-	-	\$121.50	-	-	\$260.00	
As at December 31, 2021							
<i>Foreign exchange forward contracts</i>							
Notional amount (\$000)	\$-	\$360	\$270	\$181	\$273	\$-	\$1,084
Average forward rate (\$/₱)	-	48.23	48.38	48.37	48.72	-	-

There were no additional fuel and coal commodity swap contracts entered into and the remaining coal contracts in 2021 were all settled as at December 31, 2021.

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

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
As at September 30, 2022				
Foreign exchange forward contracts	\$16,651	₱50,296	Other current assets	₱50,296
Commodity swap contracts – Fuel	(1,787)	46,885	Other current assets	35,164
Commodity swap contracts – Fuel		(152,182)	Other noncurrent liabilities	(114,137)
Commodity swap contracts – Coal	2,754	162,215	Other current assets	121,661
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	-

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

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
As at September 30, 2022			
Highly probable forecast purchases	₱65,915	(₱88,438)	₱-
Highly probable forecast purchases	50,296	-	-
Fuel purchase	35,164	-	-
Fuel purchase	(114,137)	-	-
Coal purchase	121,661	-	-
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 September 30, 2022						
Foreign exchange forward contracts	₱-	₱50,296	Other income (expense)	₱-	₱-	₱-
Foreign exchange forward contracts	65,915	-	Unrealized fair value gains on derivative instruments designated as hedges	-	-	-
Commodity swap contracts - Fuel	35,164	-	Unrealized fair value gains on derivative instruments designated as hedges	-	-	-
Commodity swap contracts - Fuel	(114,137)	-	Unrealized fair value gains on derivative instruments designated as hedges	-	-	-
Commodity swap contracts - Coal	121,661	-	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.

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Short-term debt (Note 15)	₱6,900,000	₱-
Long-term debt (Note 15)	58,697,374	41,137,275
Total debt	65,597,374	41,137,275
Less:		
Cash and cash equivalent (Note 5)	42,053,830	26,388,448
Short-term investments (Note 13)	247,459	68,310
Restricted cash (Note 5)	-	56,981
Net debt	23,296,085	14,623,536
Total equity	142,371,681	117,968,762
Debt to equity	46.07%	34.87%
Net debt to equity	16.36%	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.

27. Fair Values

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at September 30, 2022 and December 31, 2021:

	September 30, 2022 (Unaudited)			
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVTPL	P1,501,138	P-	P1,501,138	P-
Financial assets at FVOCI	392,857	190	392,667	-
Other financial assets at amortized cost	36,533,133	-	-	36,533,133
Derivative asset*	259,396	-	259,396	-
Refundable deposits**	103,956	-	-	110,069
Trade receivables***	2,067,049	-	-	2,091,601
Receivables from third parties****	38,961	-	-	38,961
	P40,896,490	P190	P2,153,201	P38,773,764
Liabilities				
Notes payable	P33,222,950	P-	P-	P28,899,506
Long-term debt	25,474,424	-	-	24,099,054
Deposit payables and other liabilities*****	82,110	-	-	89,583
Derivative liability*****	152,182	-	-	152,182
Lease liabilities	2,857,690	-	-	2,910,484
	P61,789,356	P-	P-	P56,150,809

* Included under "Other current assets" account.

** Included under "Other noncurrent assets" account.

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

**** Included under "Receivables"

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

***** Included under "Other noncurrent Liabilities"

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	December 31, 2021 (Audited)			
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at 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 September 30, 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 September 30, 2022 and December 31, 2021 respectively.

Derivative asset and liability

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

28. Operating Segments

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

For management purposes, the Group is organized into the following business units:

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

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

Revenue earned from a single external customer amounted to ₱8,818.35 million and ₱5,600.91 million for the nine-month period ended September 30, 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.

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The following tables regarding operating segments present revenue and income information for the nine-month period ended September 30, 2022, and 2021 and assets and liabilities as at September 30, 2022 and December 31, 2021:

	For the nine months ended September 30, 2022			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱25,107,463	₱–	₱–	₱25,107,463
Rental income	51,416	–	–	51,416
Dividend income	–	3,635	–	3,635
Other revenues	29,042	8,229	43,499	80,770
	25,187,921	11,864	43,499	25,243,284
Costs and expenses				
Costs of sale of electricity	23,435,185	–	–	23,435,185
General and administrative expenses	295,928	419,236	408,039	1,123,203
	23,731,113	419,236	408,039	24,558,388
Interest and other finance charges	(667,005)	(76,003)	(1,079,990)	(1,822,998)
Equity in net income of associates and joint ventures	425,743	(129,509)	–	296,234
Other income - net	572,891	4,792,760	696,086	6,061,737
Net income (loss) before income tax	1,788,437	4,179,876	(748,444)	5,219,869
Provision for (benefit from) income tax	374,660	21,163	(526,638)	(130,815)
Segment net income (loss)	₱1,413,777	₱4,158,713	(₱221,806)	₱5,350,684
Other disclosures				
Depreciation and amortization	1,606,394	82	119,241	1,725,717
Capital expenditures	6,904,020	–	–	6,904,020
Provision for impairment of property, plant and equipment and advances to contractors	45,463	–	–	45,463
As at September 30, 2022				
Operating assets	₱59,621,086	₱72,048,675	₱92,725,653	₱224,395,414
Operating liabilities	₱26,270,394	₱25,173,484	₱30,579,855	₱82,023,733
Other disclosures:				
Investments in associates and joint ventures	₱10,450,984	₱21,453,990	₱–	₱31,904,974
Pension & other employment benefits	56,893	–	42,260	99,153

	For the nine months ended September 30, 2021 (Unaudited)			
	Philippines	International	Parent and Others	Consolidated
Revenues				
Revenue from sale of electricity	₱18,736,217	₱–	₱–	₱18,736,217
Rental income	44,595	–	–	44,595
Dividend income	–	11,725	–	11,725
Other revenues	12,470	26,007	52,715	91,192
	18,793,282	37,732	52,715	18,883,729

(Forward)

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For the nine months ended September 30, 2021 (Unaudited)				
	Philippines	International	Parent and Others	Consolidated
Costs and expenses				
Costs of sale of electricity	₱14,609,831	₱–	₱–	₱14,609,831
General and administrative expenses	1,187,076	367,788	322,044	1,876,908
	15,796,907	367,788	322,044	16,486,739
Interest and other finance charges	(691,867)	(97,281)	(450,251)	(1,239,399)
Equity in net income of associates and joint ventures	738,369	550,215	–	1,288,584
Other income (expense) - net	315,492	3,313,264	455,754	4,084,510
Net income (loss) before income tax	3,358,369	3,436,142	(263,826)	6,530,685
Provision for (benefit from) income tax	185,183	8,551	(35,712)	158,022
Segment net income (loss)	₱3,173,186	₱3,427,591	(₱228,114)	₱6,372,663
Other disclosures:				
Depreciation and amortization	1,419,216	17,194	70,924	1,507,334
Capital expenditures	3,771,638	–	19,633	3,791,271
Provision for impairment of property, plant and equipment	159,130	–	–	159,130
As at December 31, 2021 (Audited)				
Operating assets	₱64,282,801	₱90,206,146	₱16,672,440	₱171,161,387
Operating liabilities	₱18,064,751	₱21,165,040	₱13,962,834	₱53,192,625
Other disclosures:				
Investments in associates and joint ventures	₱7,762,008	₱13,596,293	₱–	₱21,358,301
Pension & other employment benefits	48,499	–	31,923	80,422

Seasonality of Operations

The operations subject to seasonality and cyclicity are the wind farms of Guimaras Wind Corporation and NorthWind Power Development Corporation. 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”). Solar projects are not subject to seasonality and cyclicity. 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.

29. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the nine-month period ended September 30, 2022 and 2021 are as follow:

	For the nine-month period Ended September 30 (Unaudited)	
	2022	2021
Non-cash additions to property, plant and equipment	₱1,126,046	₱1,108,547
Set-up of ROU assets from new lease agreements	265,168	1,167,222
Reclassifications to (from):		
Other noncurrent assets	1,054,610	–
Creditable withholding taxes	488,867	(13,098)
Property, plant and equipment	181,151	529,189
Investments in associates and joint ventures	148,975	–
Investments in other financial assets at amortized cost	(59,782)	(192,491)
Noncurrent assets held for sale	(1,539)	271,838
Investment properties	–	(438,375)
Goodwill and other intangible assets	–	219
Acquired through business combinations:		
Other noncurrent assets	158,132	–
Property, plant and equipment	202	–

Movements in the Group's liabilities from financing activities for the nine-month period ended September 30, 2022 and 2021 are as follows:

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

	January 1, 2021 (Audited)	Availments/ Proceeds	Payments	Others	September 30,2021 (Unaudited)
Current portion of:					
Short-term loans	₱4,635,000	₱3,000,000	(₱7,635,000)	₱–	₱–
Long-term loans	707,782	–	(1,950,476)	1,922,934	680,240
Lease liabilities	285,001	–	(219,329)	393,362	459,034
Interest payable	265,313	–	(1,080,437)	1,031,708	216,584
Due to stockholders	18,272	–	(3,074,227)	3,072,540	16,585
Noncurrent portion of:					
Notes payable	–	20,289,838	–	1,638	20,291,476
Long-term loans	21,546,373	848,276	–	(1,913,468)	20,481,181
Lease liabilities	1,631,628	–	–	722,966	2,354,594
Other noncurrent liabilities	1,695,048	422,608	–	17,670	2,135,326
Total liabilities from financing activities	₱30,784,417	₱24,560,722	(₱13,959,469)	₱5,249,350	₱46,635,020

30. Provisions and Contingencies

Tax assessments:

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 November 3, 2022, the CIR's motion for reconsideration has not been resolved by the CTA *en banc*.

Claims for tax refund

- a. On May 19, 2022, Guimaras Wind received a copy of the Decision of the CTA En Banc dated May 17, 2022 denying Guimaras Wind 's Petition for Review for lack of merit. The CTA en banc affirmed the decision dated January 3, 2020 and Resolutions dated July 1, 2020 and September 23, 2020, both rendered by the CTA Third Division, which partially granted Guimaras Wind 's claim for the refund of or the issuance of a tax credit certificate in the reduced amount of ₱16,149,514.98, out of the total amount claimed of ₱335,759,253, representing Guimaras Wind's excess and unutilized input value-added tax for Q3 and Q4 of 2014 and Q1 and Q2 of 2015. Guimaras Wind filed its Motion for Reconsideration (MR) to the CTA En Banc on June 3, 2022.

On 27 June 2022, the Company received a Resolution from the CTA En Banc directing Guimaras Wind to file its Comment to the MR filed by the Commissioner of Internal Revenue within five (5) days from receipt of the said Resolution. Consequently, Guimaras Wind complied with the Resolution and filed its Comment to the CTA En Banc on July 4, 2022. As at November 3, 2022, no new updates from external legal counsel.

- b. In 2018, SACASOL filed a Petition for Review with the CTA regarding the disallowed claim of 2014 and 2015 input VAT amounting to ₱62.64 million. On February 3, 2020, SACASOL filed a Memorandum with the CTA on the pending case. CTA Third Division denied the Petition of SACASOL on Feb. 3, 2021. A Motion for Reconsideration, Supplement to the Motion for Reconsideration with Ad Cautelam Motion to Admit Additional Evidence, and Second Supplement to the Motion for Reconsideration with Ad Cautelam Motion to Admit Additional Evidence were filed in 2021. As of December 13, 2021, CTA Third Division denied the MR. As of February 2, 2022, SACASOL elevated and filed a Petition for Review before the CTA En Banc.

Compliance with Must Offer Rule

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

On October 28, 2020 and August 17, 2021, the PEMC Board cleared CIP and found no breaches from August 2014 to December 2015. On 03 June 2022, the PEMC Board cleared OSPGC and found no breaches for the period May- December 2014 period. In the May 2022 meeting, PEMC met with trading participants with pending investigations and discussed a shortened process in the investigation while at the same time ensuring due process for all participants. The shortened process will adopt the current PEMC process of frequently flagging the trading participant of the intervals under investigation and requesting for immediate replies and dispensing with lengthy discussions in its investigation reports. The PEMC hopes to finish all investigations in 2022.

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.

31. Events After the Reporting Period

Below are the events after the reporting period which are treated as non-adjusting events as at September 30, 2022:

Retirement by SLTEC of a portion SLTEC Common Shares held by ACEN

On October 18, 2021, ACEN's BOD authorized ACEN management to work towards the early retirement of the 246MW SLTEC coal plant by 2040 (15 years ahead of the end of its technical life) through the use of an Energy Transition Mechanism ("ETM"). The ETM aims to leverage low cost and long-term funding geared towards early coal retirement and reinvestment of proceeds to enable renewable energy.

The equity divestment feature of the ETM includes the reduction of authorized capital stock and consequent retirement of a portion SLTEC Common Shares held by ACEN. The return of equity will be funded by a drawdown from the Amended and Restated Omnibus Loan and Security Agreement ("OLSA") dated April 11, 2022 among SLTEC, as borrower, ACEN, as share security guarantor, and BPI and RCBC as lenders. Proceeds received by ACEN from the retirement of the SLTEC Common Shares will be deployed for its renewable energy investments.

On October 7, 2022, the SEC approved SLTEC's application for decrease of authorized capital stock ("ACS") from ₱7,166.05 million, divided into 35,830,250 Common Shares, with a par value of ₱100.00 per Common Share, and 35,830,250 Preferred Shares, with a par value of ₱100.00 per Preferred Share, to ₱3,666.28 million, divided into 832,500 Common Shares, with a par value of ₱100.00 per Common Share, and 35,830,250 Preferred Shares, with a par value of ₱100.00 per Preferred Share.

Following the SEC's approval of SLTEC's application for decrease of ACS and the fulfillment of condition precedents under the OLSA for the drawdown, on October 28, 2022, SLTEC retired 34,997,750 Common Shares held by ACEN at par value of ₱100.00 per Common Share or a total of ₱3,499,775,000.

SLTEC's retirement of its 34,997,750 Common Shares of ACEN will enable the return of capital to ACEN, which it can use to fund new renewable energy investments. The ETM will ultimately result in the early retirement of the 246MW SLTEC coal plant by 2040 (15 years ahead of the end of its technical life), which will help ACEN to fulfill its commitment to achieve Net Zero greenhouse gas emission by 2050 or earlier.

Partial redemption by SLTEC of SLTEC Preferred Shares owned by ACEN

On October 21, 2022, in line with ACEN BOD's authorization towards the early retirement of the 246MW SLTEC coal plant by 2040, SLTEC redeemed 32.00 million SLTEC Preferred Shares from ACEN at par value ₱100.00 per Preferred Share for a total redemption price of ₱3,200.00 million.

Execution of Option Agreements between ACEN and InLife and EPHI to implement the overall energy transition mechanism for SLTEC

On October 24, 2022, ACEN executed separate Option Agreements with InLife and EPHI, (the “Investors”) involving the 246MW coal plant of the SLTEC, following the issuance of SLTEC shares to these Investors.

The Option Agreements entitle ACEN and the Investors, severally, to exercise call and put options, respectively, based on certain pre-agreed conditions, to enable the early retirement of the coal plant by 2040, and its transition to a cleaner technology.

Power Purchase and Supply Agreement with GNPowder Dinginin Ltd. Co.

On October 25, 2022, The BOD of ACEN approved the execution of a Power Purchase and Supply Agreement (“PPSA”) between ACEN and GNPowder Dinginin Ltd. Co. (“GNPD”) for the supply of 43 MW of capacity.

The PPSA is scheduled to commence on 26 October 2022.

GNPD is a joint venture among Aboitiz Power Corporation, Power Partners Ltd. Co., and ACEIC. ACEIC, which has a 62.43% ownership in ACEN, has an effective 20% economic interest in GNPD.

Issuance of Corporate Guarantee in Support of the Company’s Australia Projects

On October 27, 2022, ACEN, as Guarantor to ACEN Australia, executed a Facility Agreement with ACEN Australia and Clean Energy Finance Corporation (“CEFC”) for a AU\$ 75.00 million green term loan facility. CEFC and ACEN Australia also entered into an Accession Letter to include CEFC as a Lender under the Common Provisions Agreement dated August 18, 2022 (with ACEN Australia, DBS Bank Ltd., Australia Branch, MUFG Bank, Ltd., Sydney Branch and the Company as Guarantor to ACEN Australia).

ANNEX B

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of ACEN CORPORATION (formerly 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 September 30, 2022, for the nine-month period ended September 30, 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 Updates:

- In September, ACEN Issued its maiden Peso ASEAN Green Bonds worth ₱10.0 billion, at a fixed interest rate coupon of 6.0526% with a five-year tenor, or due in 2027. With strong participation from leading institutional investors, the bonds were 8.6x oversubscribed. The bonds have been rated PRS Aaa, the highest possible from Philippine Rating Services Corp. (PhilRatings), and are listed on the Philippine Dealing & Exchange Corp. (PDEX) platform.
- In August and September, ACEN also executed agreements of ACEN Australia for Green long-term loans with DBS Bank Australia in August for a AU\$100-million long-term revolver facility, MUFG Bank Sydney Branch in September for a AU\$140-million facility, and the Australian government’s Clean Energy Finance Corporation (CEFC) in October for a AU\$75-million investment. These transactions are part of ACEN’s aim to raise over AU\$600 million to support the development of its renewable energy projects in Australia.
- On July 6, 2022, ACEN’s Executive Committee approved the offer and issuance of up to ₱10.00 billion in fixed-rate green bonds with a five-year tenor, as the first tranche of a shelf registration program of up to ₱30.00 billion in debt securities. The offering will be the Group’s debut peso bond issue, allowing it to diversify its funding sources by tapping into Philippine debt capital markets. The bonds are intended to comply with ASEAN Green Bond Standards, and proceeds will be used for the construction of the Arayat-Mexico Solar Farm expansion, Cagayan Solar Phase 1, and San Marcelino Solar Phase I. The offering has received a rating of PRS Aaa, the highest possible rating awarded by Philippine Rating Services Corporation (PhilRatings).
- On July 26, 2022, ACEN’s Board of Directors approved the divestment of all of its shares in wholly owned subsidiary, SLTEC. This is the final tranche of the implementation of the energy transition mechanism (ETM) for the only coal asset in ACEN’s portfolio. In the first tranche of the ETM, SLTEC earlier signed a ₱13.7 billion Omnibus Loan and Security Agreement, which refinanced its previous ₱9.8 billion loan and is intended to fund the partial redemption of ₱3.5 billion of capital in SLTEC held by ACEN. Subject to regulatory approval, ACEN’s remaining shares in SLTEC will be acquired by ETM Philippines Holdings, Inc. (EPHI) and Insular Life for an aggregate value of ₱3.7 billion. A total of ₱7.2 billion in proceeds is expected from this ETM transaction.

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- To help achieve its capacity expansion targets and return to a robust growth trajectory, ACEN recently entered into new partnerships and joint ventures:
 - In March 2022, ACE Endeavor formed a joint venture company with CleanTech Renewable Energy 4 Corporation to develop, own and operate a 133-MW solar farm and transmission line in Lal-lo, Cagayan, Philippines.
 - In April 2022, ACEN and ib vogt, a German-based developer of tracking solar farms, have agreed to set up a platform to fund the construction and operation of large-scale solar power projects throughout Asia, subject to regulatory approvals. The JV targets a minimum operational capacity of 1,000MW over the coming years, and will focus on late-stage, shovel-ready projects in Indonesia, Vietnam, Malaysia, Laos, Bangladesh, and other countries in the region.
 - In April 2022, ACEN also announced the board approval of the company's plans to enter the United States renewable energy market through a newly formed strategic partnership with UPC Solar & Wind Investments LLC (UPC) and Pivot Power Management (PPM), to pursue opportunities to acquire operating wind projects in the US and explore strategies for extending their useful life through preventative maintenance and repowering. The transaction is subject to usual and customary conditions precedent to closing.
 - In May 2022, ACEN announced that it agreed to work together with the Puri Usaha Group in a platform for the joint development of groundbreaking renewable energy projects in Indonesia focusing on large-scale solar power plants, battery energy storage system and green hydrogen projects, subject to applicable regulatory approvals and execution of definitive documentation. The proposed joint venture entity is Suryagen Capital Pte. Ltd. The Suryagen platform covers the Batam, Bintan and Karimun (BBK) islands as well as East Nusa Tenggara province where the majority of the projects that the Puri Usaha Group have been developing are located, with the aim to begin the construction of its first project by 2023

Operating Highlights:

- ACEN currently has ~4,040 MW of pro forma attributable capacity of operational and projects under construction in the Philippines and across the region, of which ~3,700 MW, or 93%, is renewable. This puts the Group in a strong position to reach its 20-GW RE target by 2030, towards its vision of becoming the largest listed renewables platform in Southeast Asia.
 - On May 26, 2022, ACEN announced start of construction for the 42 MW Arayat-Mexico Solar Expansion in partnership with Citicore. This brings the total capacity of the Arayat Solar plant to 114 MW.
 - On June 23, 2022, notice to proceed was issued for the construction of the 133 MW Cagayan Solar plant with CleanTech.
 - On July 28, 2022, ACEN announced the start of construction for the 70 MW Caparispisan Wind Project, an expansion of the currently operating 81 MW North Luzon Renewables Project.
 - On August 29, 2022, ACEN announced the 72 MW Arayat-Mexico Solar Farm as fully operational, with additional 44 MW second phase in full swing.
- Attributable output increased by 11% to 3,740 gigawatt-hours (GWh) for the nine-month period ended 2022. Output grew as a result of new operating capacity from Vietnam wind farms and Philippine and India solar farms, but this was offset by the effects of the SLTEC outages, as well as curtailment in the Visayas as a result of transmission line damages from Typhoon Odette.

- Renewables' share of ACEN's total attributable output increased by 52% from new renewable capacity built, bringing RE's share to 68% of total energy production.

Financial Highlights:

- The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to **₱4,120.52 million** for the nine-month period ended September 30, 2022 compared to **₱4,270.12 million** net income in the same period last year.

The tables below summarize the impact of operations on the Group's consolidated revenues, costs and expenses for the year ended September 30, 2022 and 2021.

Revenues

<i>In thousand Pesos</i>	Jul - Sep		Jan - Sep		Jul - Sep		Jan - Sep	
	2022	2021	2022	2021	Inc (Dec)	%	Inc (Dec)	%
Revenue from sale of electricity	9,231,940	5,416,855	25,107,463	18,736,217	3,815,085	70	6,371,246	34
Rental income	17,053	15,066	51,416	44,595	1,987	13	6,821	15
Dividend income	–	5,176	3,635	11,725	(5,176)	(100)	(8,090)	(69)
Other revenues	25,777	31,759	80,770	91,192	(5,982)	(19)	(10,422)	(11)
	9,274,770	5,468,856	25,243,284	18,883,729	3,805,914	70	6,359,555	34

- Revenue from sale of electricity** registered 34% growth from last year mainly driven by revenue contribution from 600MWdc Palauig Solar Farm and 120MWdc Alaminos Solar Farm that started operations April 2021 and June 2021, respectively; revenues generated by merchant plants at higher WESM prices this 2022 vs. 2021; and higher dispatch and dependable capacity from diesel plants. The growth is partly offset by SLTEC outages, retail energy supply (RES) customer contract buy-out fee; curtailment of Visayas plants especially during the first quarter of the year; and lower wind resource and plant availability from wind plants in second to third quarter of the year.
- Rental income** increased mainly coming from BCHC.
- Dividend Income** came from UPC Sidrap, which is recognized as financial asset at FVOCI.
- Other revenue** consists of management fees earned by ACEN from its joint venture and bulk water sales.

Costs and Expenses

<i>In thousand Pesos</i>	Jul - Sep		Jan - Sep		Jul - Sep		Jan - Sep	
	2022	2021	2022	2021	Inc (Dec)	%	Inc (Dec)	%
Cost of sale of electricity	8,805,786	4,225,482	23,435,185	14,609,831	4,580,304	108	8,825,354	60
General and administrative expenses	474,341	655,689	1,123,203	1,876,908	(181,348)	(28)	(753,705)	(40)
	9,280,127	4,881,171	24,558,388	16,486,739	4,398,956	90	8,071,649	49

- Costs of sale of electricity** increased largely on higher costs of purchased power due to elevated spot market prices during a major preventive maintenance outage of the SLTEC thermal plant in various periods in 2022. Other operating costs also increased such as fuel cost with increasing oil prices as well as repairs following SLTEC outages in first and third quarter. The Group registered lower gross profit margin for the period ended September 30, 2022 of ₱1,672.28 million vs.

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₱4,126.39 million gross profit contribution from same period last year with lower supply amidst increasing WESM prices as well as the ₱605.00 million buy-out fees.

- **General and administrative expenses** drop in GAE with higher capitalized development management expenses in 2022 vs. last year given increase in new projects under development.

Other Income and Expenses

<i>In thousand Pesos</i>	Jul - Sep		Jan - Sep		Jul - Sep		Jan - Sep	
	2022	2021	2022	2021	Inc (Dec)	%	Inc (Dec)	%
Interest and other finance charges	(558,625)	(435,731)	(1,822,998)	(1,239,399)	(122,894)	28	(583,599)	47
Equity in net income of associates and joint ventures	(166,466)	352,530	296,234	1,288,584	(518,996)	(147)	(992,350)	(77)
Other Income	2,991,945	1,843,690	6,061,737	4,084,510	1,148,255	62	1,977,227	48

- **Interest and other finance charges** higher due to increased volume of currently held long-term and short-term loans from period to period with additional availments during the nine-month period ended.
- **Equity in net income of associates and joint ventures** decreased mainly driven by ₱327.85 million from Philwind/NLR ; ₱679.72 million from ACRI, of which, majority are due to higher pre-operating losses in AU projects (UPC-ACE Australia) and higher losses with VND depreciation against US\$ impact to its US\$ debt (AAR); ₱104.30 million from Negros Island Biomass Holdings, Inc (NIBH) which was disposed effective June 30, 2021; partly cushioned by increase of ₱165.85 million from Greencore 3 share in earnings following COD in 2022.
- **Other income** is mainly comprised of interest and other financial income from investments in redeemable preferred shares of associates and joint ventures, and from development loans and advances to associates and joint ventures, which registered an increase versus last year with higher interest income mainly coming from international loan receivables and investments in convertible loans and redeemable preferred shares. Other income as of September 30, 2022 also includes gain on divestment in TBC (₱734.67 million), other income and distributions received from NLR (₱212 million) and realized forex hedge gains from BWPC (₱272.63 million).

Provision for (benefit from) income tax

<i>In thousand Pesos</i>	Jul - Sep		Jan - Sep		Jul - Sep		Jan - Sep	
	2022	2021	2022	2021	Inc (Dec)	%	Inc (Dec)	%
Current	108,185	141,704	297,183	229,652	(33,519)	(24)	67,531	29
Deferred Income tax	(245,188)	(49,005)	(427,998)	(71,630)	(196,183)	400	(356,368)	498

- The increase in **provision for income tax - current** due to higher taxable income for the year.
- **Deferred income tax benefit** increased mainly driven by ACEN and SLTEC set-up of DTA on NOLCO.

Material changes in Consolidated Statements of Financial Position accounts

<i>In thousand pesos</i>	September 30, 2022	December 31, 2021	Increase (Decrease)	
			Amount	%
Current Assets				
Cash and cash equivalents	₱42,053,830	₱26,445,429	₱15,608,401	59
Accounts and notes receivable - net	29,724,287	33,309,297	(3,585,010)	(11)
Fuel and spare parts	1,886,097	1,490,559	395,538	27
Financial assets at fair value through profit or loss (FVTPL)	45,069	–	45,069	–
Current portion of:				
Input value added tax (VAT)	1,769,481	1,173,169	596,312	51
Creditable withholding taxes	348,605	837,472	(488,867)	(58)
Other current assets	1,136,136	812,579	323,557	40
Noncurrent assets held for sale	–	203,464	(203,464)	(100)
	76,963,505	64,271,969	12,691,536	20
Noncurrent Assets				
Investments in:				
Associates and joint ventures	31,904,974	21,358,301	10,546,673	49
Other financial assets at amortized cost	36,533,133	26,085,959	10,447,174	40
Financial assets at FVTPL	1,456,069	406,739	1,049,330	258
Financial assets at fair value through other comprehensive income (FVOCI)	392,857	354,868	37,989	11
Plant, property and equipment	44,407,624	36,038,563	8,369,061	23
Right-of-use assets	2,116,570	2,135,479	(18,909)	(1)
Accounts and notes receivable - net of current portion	18,119,096	13,191,314	4,927,782	37
Goodwill and other intangible assets	2,356,918	2,375,980	(19,062)	(1)
Net of current portion:				
Input VAT	1,597,741	524,733	1,073,008	204
Creditable withholding tax	1,603,467	726,804	876,663	121
Deferred income tax assets – net	1,004,968	512,366	492,602	96
Other noncurrent assets	5,938,492	3,178,312	2,760,180	87
	147,431,909	106,889,418	40,542,491	38

- Increase in **Cash and cash equivalents** were attributable to ₱10,558.58 million issuance of shares to UPC and its entities, ₱32,051.02 million additional loans borrowed and the ₱10,000.00 million maiden PHP Green Bond issuance by the Group. This was partly offset by the Group's acquisition and additional investment in various associates and joint ventures totaling to ₱7,603.58 million (i.e., NLR, UPC entities, NEFIN and BCEI) and ₱20,513.09 million short and long-term loan repayments, as well as ₱3,398.03 dividends and ₱4,720.35 million additional investments in RPS.
- Decrease in **Accounts and notes receivable** mainly attributable to settlement of development loan to a related party, partially neutralized by increase in trading revenues driven by new operating capacity and power supply deals.
- **Fuel and spare parts** went up as a result of ACEN and SLTEC's purchases of spare parts and other direct materials in preparation for maintenance works, coupled with the SLTEC's purchases of coal which have not yet been consumed as of September 30, 2022
- Increase in **current portion of input VAT** mainly driven by ACEN being at buyer position coupled with high cost of power purchases (fuel and spot price) resulting to higher input VAT.
- Total **creditable withholding tax (CWT)** went up parallel to increased revenue, driven by new operating capacity and power supply deals. However, total CWT of the Parent Company were reclassified to non-current based on projected utilization.
- **Other current assets** increased primarily due to the Group's prepaid insurance, prepaid rent, and

advances to its contractors by ₱150.00 million, SLTEC also has increased its short-term investments through BPI by ₱129.15 million.

- **Assets held for sale** decreased from last year is due to disposal of assets in PB 101 and PB 102.
- **Investments in associates and joint ventures** increased mainly due to additional investment in UPC-ACE Australia (₱4,070.41 million) and NLR (₱2,385.27 million). There are also new joint venture investments reported during the period such as BCEI, NEFIN, and UPC Australia (HK) Limited with a total combined subscription of ₱1,128.79 million. Accumulated equity in net earnings increased for the period largely coming from PhilWind/NLR (₱271.98 million) and Salak-Darajat (₱951.21 million) but offset by share in net losses from UPC-ACE Australia (₱864.98 million) and AAR (₱284.34 million) and reduced by ₱249.59 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 around ₱4,900.80 million, as well as ₱2,807.21 million additional loan facilities extended.
- **Noncurrent financial assets at FVTPL** pertains to Compulsorily Convertible Debentures (CCDs) from Masaya Solar. Masaya Solar is currently constructing the 420MW solar farm in the Central Indian state of Madhya Pradesh.
- **Noncurrent financial assets at FVOCI** are largely the investment in UPC Sidrap and also include golf club shares and listed equity instruments.
- **Plant, property and equipment** increased mainly due to increase in capitalization for the construction of Solar Plant and Transmission Lines in Marcelino, Zambales (₱3,454.65 million), and Wind Farm in Balaoi and Caunayan Pagudpud, Ilocos Norte (₱8,925.90 million) The Group also had ₱448.98 million capitalized borrowing costs from project companies during the current period.
- **Right-of-use asset's** decrease came from amortizations of leases.
- **Receivables - net of current portion** increased primarily due to non-current portion of loans and interest receivable of ACRI.
- **Goodwill & other intangible assets** decreased mainly due to amortizations of other intangibles for the period and offset by combined ₱74.29 million goodwill recognized from control acquisition over various UPC PH development entities and NAREDCO.
- Majority of the balance of **Deferred tax asset** came from recognition on accrued expenses, NOLCO, MCIT and lease liabilities.
- **Input VAT non-current** increased due to large purchases of SCSE (₱417.65 million) and BWPC (₱578.64 million) for their ongoing projects.
- **Other non-current assets** include various advances to contractors for the ongoing project developments and investment properties. Increase is mainly attributable to capitalization of developmental costs and increase in advances by the Group to its contractors.

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<i>In thousand pesos</i>	September 30, 2022	December 31, 2021	Increase (Decrease)	
			Amount	%
Current Liabilities				
Accounts payable and other current liabilities	₱8,290,830	₱6,280,829	₱2,010,001	32
Short-term loans	6,900,000	–	6,900,000	–
Current portion of:				
Long-term loans	1,065,060	824,488	240,572	29
Lease liabilities	289,345	536,950	(247,605)	(46)
Income and withholding taxes payable	221,910	169,920	51,990	31
Due to stockholders	16,585	16,585	–	–
	16,783,730	7,828,772	8,954,958	114
Noncurrent Liabilities				
Notes payable	33,222,950	20,195,054	13,027,896	65
Long-term loans - net of current portion	24,409,364	20,117,733	4,291,631	21
Lease liabilities - net of current portion	2,568,345	2,159,302	409,043	19
Deferred tax income liabilities - net	145,368	74,422	70,946	95
Other noncurrent liabilities	4,893,976	2,817,342	2,076,634	74
	65,240,003	45,363,853	19,876,150	44
Equity				
Capital Stock	39,691,895	38,338,527	1,353,368	4
Additional paid-in capital	107,492,243	98,043,831	9,448,412	10
Other equity reserves	(56,719,084)	(56,604,532)	(114,552)	1
Unrealized fair value loss on equity instruments at FVOCI	(108,139)	(90,089)	(18,050)	20
Unrealized fair value (loss) gain on derivative instruments designated as hedges – net of tax	(16,999)	6,228	(23,227)	(373)
Remeasurement loss on defined benefit plans – net of tax	(25,191)	(24,436)	(755)	3
Accumulated share in other comprehensive gain of associates and joint ventures	63,973	29,723	34,250	115
Cumulative translation adjustments	11,442,902	(359,910)	11,802,812	(3,279)
Retained earnings	10,528,870	8,707,301	1,821,569	21
Treasury shares	(28,657)	(28,657)	–	–
Non-controlling interests	30,049,868	29,950,776	99,092	1
	142,371,681	117,968,762	24,402,919	21

- **Accounts payable and other current liabilities** increased mainly on output tax (current and deferred), trade payables and accrued expenses.
- **Short-term loans** are outstanding loans lent by banks with interest range from 3.00% to 4.25%
- **Current portion of long-term loans** increased due to reclassifications of currently maturing principal within 12-month period, offset by repayments during the period.
- **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** increased through the issuance of ₱10,000.00 million 5-year PHP Green Bonds, ACEN's first tranche offered out of the shelf registration of debt securities of ₱30,000.00 million to be offered within a period of three (3) years.
- **Long-term loans - net of current portion** increased to the new loans availed by ACEN and SLTEC (₱4,689.00 million and ₱7,225.00 million, respectively). The increase was offset by the principal payments made by ACEN (₱120.70 million), Guimaras Wind (₱138.02 million) and SLTEC's prepayment of loans (₱6,942.83 million).
- **Lease Liabilities-net of current portion** increased mainly due to interest expense recognized during the period.
- Majority of the balance of **deferred income tax liabilities** came from recognition on unrealized foreign exchange gains and right-of-use assets of the Group as at period ended.

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- **Other non-current liabilities** include Deposit for future stock subscription of InLife in SLTEC amounting to ₱1,000.00 million while ACRI payable to Masaya Solar increased by ₱1,114.42 million (\$28.15 million). This account also include ₱1,123.51 million trade payables in relation to a Multilateral Agreement signed by the Group, PEMC and other WESM participants as well as contract liabilities, pension and other employment benefits, and asset retirement obligations related to solar operations.
- **Capital stock and additional paid in capital** increased by 1,320.75 million shares at ₱7.87 and ₱8.29 per share from share issuance to UPC international and Philippine development entities, respectively.
- The movement in **other equity reserves** pertain to excess of consideration from acquisitions of non-controlling interest in BWPC amounted ₱114.49 million and impact of share issuance to UPC Philippine development entities.
- 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 loss on derivative instruments designated as hedges** increased due to fuel hedge valuation.
- **Remeasurement loss on defined benefit plan** increased parallel to various actuarial loss and loss on return on plan assets.
- The increase in **accumulated share in other comprehensive gain of associates and joint ventures** came from share in investment derivatives of UPC Asia III.
- **Retained earnings**' net decreased resulting from ₱2.30 billion dividends during the current period.
- **Treasury shares** has no movement during the period.
- **Non-controlling interests** are mainly comprised of redeemable preferred shares (RPS) of ACEN Cayman held by AC Energy Finance International Limited. Non-controlling interests' share in net income amounted to ₱1,230.17 million, which was offset by dividends totaling ₱1,099.08 million. The Group also acquired the non-controlling interest in BWPC and Solarace4 with carrying amounts of negative ₱16.87 million and ₱1.74 million respectively.

Key Performance Indicators

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

Key Performance Indicator	Formula	30-Sep-22 (Unaudited)	31-Dec-21 (Audited)	Increase (Decrease)	
				Amount	%
<i>Liquidity Ratios</i>					
Current Ratio	Current assets	4.59	8.21	(3.62)	(44%)
	Current liabilities				
Acid test ratio	Cash + Short-term investments + Accounts receivables + Other liquid assets	4.28	7.64	(3.36)	(44%)
	Current liabilities				
<i>Solvency Ratios</i>					
Debt/Equity ratio	Total liabilities	0.58	0.45	0.13	29%
	Total equity				
Asset-to-equity ratio	Total assets	1.58	1.45	0.13	9%
	Total equity				
Interest Coverage Ratio	Earnings before interest & tax (EBIT)	3.86	5.61	(1.75)	(31%)
	Interest expense				
Net Bank Debt to Equity ratio	Short & long-term loans - Cash & Cash Equivalents	0.17	0.12	0.05	42%
	Total Equity				
<i>Profitability Ratios</i>					
Return on equity*	Net income after tax attributable to equity holders of the Parent Company	-	-	-	-
	Average stockholders' equity				
Return on assets*	Net income after taxes	-	-	-	-
	Average total assets				
Asset Turnover	Revenues	12.76%	16.67%	(3.91%)	(23.46%)
	Average total assets				

*Computed on annual basis.

Current ratio & Acid test ratio

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

Debt/Equity ratio & Asset-to-equity ratio

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

Interest coverage ratio

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

Net bank debt to equity ratio

Increased from year-end 2021 due to additional availments of short-term and long-term loans.

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 the Interim Condensed 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 Endeavor 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 Endeavor and Citicore;
 - 500MW solar power project in San Marcelino, Zambales through Santa Cruz Solar;
 - 2x20MW 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;

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- 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;
- 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 TBC.
 - 60MW Lac Hoa & Hoa Dong wind farm in Soc Trang through a joint venture with UPC
- Funding of up to US\$100 million for new technology investments in the Philippines. Refer to Notes to Consolidated Financial Statements for the details.
- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations
 - The results of operations of ACEN and its subsidiaries depend to a significant extent, on the performance of the Philippine economy.
 - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and community quarantines resulted in lower demand for electricity and have driven market prices of electricity downward.
 - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Group’s financial results.
- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant’s liquidity increasing or decreasing in any material way - The Group is developing a line-up of renewable energy projects as part of its growth aspiration. The capital expenditures shall be funded by a combination of equity and debt. Several capital raising activities 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 cyclicalities 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”).

ACEN CORPORATION (“ACEN” or the “Company”)

(For Q3 2022)

1. July 6, 2022 – Material Information/Transactions - Executive Committee approval of the Company’s Php-denominated ASEAN Green Fixed Rate 5-year Bond
2. July 8, 2022 – Clarification of the news article in Inquirer (Online Edition) posted on July 8, 2022 entitled, “ACEN boosts RE portfolio with P17-B project”
3. July 12, 2022 – Filing of Registration Statement with the Securities and Exchange Commission for the Company’s Securities Program and Php-denominated ASEAN Green Fixed Rate 5-year Bond
4. July 12, 2022 – Press Release on ACEN Approves Debut Issuance of Peso-denominated Green Bonds
5. July 14, 2022 – List of top 100 Stockholders for the period ended 30 June 2022
6. July 15, 2022 – Public Ownership Report as of 30 June 2022
7. July 15, 2022 – Approval of joint venture with CleanTech Global Renewables, Inc.
8. July 18, 2022 – Disbursements of the proceeds as of 30 June 2022 generated from the Company’s Follow-On Offering
9. July 18, 2022 – Disbursements of the proceeds as of 30 June 2022 generated from the Company’s Stock Rights Offering
10. July 22, 2022 – Amendments to the Articles of Incorporation approved by the SEC on 20 July 2022
11. July 22, 2022 – Amendments to the By-Laws approved by the SEC on 20 July 2022
12. July 22, 2022 – Change in corporate name of the Company from AC Energy Corporation to ACEN CORPORATION
13. July 22, 2022 – Disposal of 2,000,000 shares of Gabino Ramon G. Mejia
14. July 26, 2022 – Matters approved at the special board meeting on 25 July 2022:
 - a. (i) Issuance of a notice to proceed for the 70 MW Amihan (Caparispisan 2) wind power project in Pagudpud, Ilocos Norte (the “Amihan Project”), (ii) issuance of a parent company guarantee for the Amihan Project in relation to the contracts with Siemens Gamesa Renewable Energy for the benefit of Amihan Renewable Energy Corp. (“AREC”), in exchange for a guarantee fee, (iii) procurement of a Performance Bond for the Green Energy Auction Program for the account of AREC, in exchange for a fee payable by AREC, and (iv) infusion of up to Php1 billion as equity into AREC, either directly or through AREC’s parent company and the Company’s subsidiary, North Luzon Renewable Energy Corp.;
 - b. Issuance of a parent company guarantee for the benefit of Ingrid Power Holdings, Inc. (“Ingrid”) in connection with Ingrid’s Bid Security and Performance Security for the National Grid Corporation’s Competitive Selection Process for Ancillary Services, in exchange for an annual guarantee fee;
 - c. (i) Additional investment in the San Marcelino Solar Energy Power Plant Project (Phases 1 and 2) and funding into the project company, Santa Cruz Solar Energy, Inc., by way of equity and/or loans/advances, and (ii) the use of ACEN lines and/or issuance by the Company of a corporate guarantee that may be needed for purposes of implementing the additional investments into the project;
 - d. Issuance of corporate guarantees, comfort letters, letters of awareness, and similar documents in support of the Company’s Australia projects of up to an aggregate of AUD 1.0 billion with initial issuance of up to AUD 622 million for AUD Revolver/Term/Club Loan financing; and
 - e. (i) Sale of the Company’s common shares in South Luzon Thermal Energy Corporation (“SLTEC”) to ETM Philippines Holdings, Inc. (“EPHI”), consistent with the Company’s announced efforts on the early retirement of the SLTEC coal power plant in Calaca,

Batangas by 2040 (15 years ahead of its technical life) under an Energy Transition Mechanism, which aims to leverage a market-based approach to accelerate the transition from fossil fuels to clean energy, and (ii) extension of a bridge loan to EPHI subject to definitive documentation and agreed conditions precedent.

15. July 26, 2022 – Material Information / Transactions - ACEN approves the final tranche of its energy transition financing
16. July 26, 2022 – Press Release on ACEN approves the final tranche of its energy transition financing
17. July 29, 2022 – Material Information/Transaction - ACEN is set for its next wind farm in Ilocos Norte
18. August 8, 2022 – Matters approved at the special board meeting on 5 August 2022:
 - a. The Company’s Interest Rate Risk Management Policy; and
 - b. The retirement of the Company’s business office / permit for its office located on the 22nd Floor of the 6750 Office Tower, Ayala Avenue, Makati City
19. August 8, 2022 – Amended 2022 General Information Sheet to report the change of name to ACEN CORPORATION
20. August 8, 2022 – Material Information/Transaction - ACEN targets 20 GW renewables by 2030
21. August 9, 2022 – Material Information/Transaction, Q2 2022 Earnings of ACEN CORPORATION and Subsidiaries
22. August 9, 2022 – Press Release on ACEN net income reaches Php2.2 billion in the first half of 2022
23. August 11, 2022 – Quarterly Report for the period ended 30 June 2022
24. August 17, 2022 – Approval of joint venture with CleanTech Global Renewables, Inc.
25. August 17, 2022 – Subscription by the Company to shares in Natures Renewable Energy Devt. (NAREDCO) Corporation
26. August 17, 2022 – Submission of SEC Form 23-B of Ronald F. Cuadro to report the disposal of 200,000 ACEN shares
27. August 18, 2022 – Issuance of Corporate Guarantee in Support of the Company’s Australia Projects
28. August 18, 2022 – Press Release on ACEN-DBS Green Long-Term Revolver
29. August 25, 2022 – Submission of SEC Form 23-B of Alan T. Ascalon to report the acquisition of 152,904 shares of the Company through the Employee Stock Ownership Plan (“ESOWN”)
30. August 25, 2022 – Submission of SEC Form 23-B of Dodjie D. Lagazo to report the acquisition of 1,327,169 shares of the Company through the ESOWN
31. August 26, 2022 – Submission of SEC Form 23-B of John Eric T. Francia to report the acquisition of 7,261,692 shares of the Company through the ESOWN
32. August 26, 2022 – Submission of SEC Form 23-B of Maria Corazon G. Dizon to report the acquisition of 2,611,835 shares of the Company through the ESOWN
33. August 26, 2022 – Submission of SEC Form 23-B of Patrice R. Clause to report the acquisition of 3,846,153 shares of the Company through the ESOWN
34. August 26, 2022 – Submission of SEC Form 23-B of Jose Maria Eduardo P. Zabaleta to report the acquisition of 3,846,153 shares of the Company through the ESOWN
35. August 26, 2022 – Submission of SEC Form 23-B of Gabino Ramon G. Mejia to report the acquisition of 976,425 shares of the Company through the ESOWN
36. August 26, 2022 – Submission of SEC Form 23-B of Ronald F. Cuadro to report the acquisition of 226,153 shares of the Company through the ESOWN
37. August 26, 2022 – Submission of SEC Form 23-B of Irene S. Maranan to report the acquisition of 477,835 shares of the Company through the ESOWN
38. August 26, 2022 – Submission of SEC Form 23-B of Roman Miguel G. De Jesus to report the acquisition of 1,328,896 shares of the Company through the ESOWN

39. August 30, 2022 – Press Release on 72 MW Arayat-Mexico Solar Farm now operational
40. September 5, 2022 – Submission of SEC Form 23-B of Roman Miguel G. De Jeses to report the acquisition of 1,000,000 shares of the Company
41. September 8, 2022 – Clarification of news article entitled, “SEC approves ACEN’s P30-billion green bond issue” posted in BusinessWorld (Online Edition) on September 08, 2022
42. September 9, 2022 – Update on the Company's Securities Program and Php-denominated ASEAN Green Fixed Rate 5-year Bond
43. September 9, 2022 – Press Release on SEC Approves ACEN’s Maiden Peso Fixed-Rate Green Bond Issuance
44. September 12, 2022 - Submission of SEC Form 23-B of Solomon M. Hermosura to report the acquisition of 100,000 shares of the Company
45. September 12, 2022 – Resignation of Fernando Zobel de Ayala as member and Chairman of the Board of Directors effective 12 September 2022
46. September 14, 2022 – Additional Issuance of 32,622,666 Common Shares to various employees of the Company through the ESOWN
47. September 15, 2022 – Issuance of Corporate Guarantee in Support of the Company’s Australia Projects
48. September 20, 2022 – Press Release on ACEN - MUFG green term loan agreement
49. September 22, 2022 – Issue and Listing of ACEN's Php-denominated ASEAN Green Fixed Rate 5-year Bonds
50. September 22, 2022 – Press Release on ACEN Successfully Issues PhP10 Billion in Green Bonds, 8.6 Times Oversubscribed
51. September 23, 2022 – Submission of SEC Form 23-B of Solomon M. Hermosura to report the acquisition of 100,000 shares of the Company
52. September 27, 2022 – Submission of SEC Form 23-B of Arran Investment PTE LTD to report the change in the percentage shareholding to the Company from 16.87% to 16.86%
53. September 29, 2022 – Matters approved at the special board meeting on 28 September 2022:
 - a. Election of (i) Mr. Delfin L. Lazaro as director to replace Mr. Fernando Zobel de Ayala to serve his unexpired term; and (ii) Mr. Jaime Alfonso Antonio Zobel de Ayala as director to replace Jaime Augusto Zobel de Ayala to serve his unexpired term;
 - b. Appointment of (i) Mr. Delfin L. Lazaro as Chairman of the Board and Chairman of the Executive Committee; (ii) Mr. Cezar P. Consing as Vice-Chairman of the Board and Vice-Chairman of the Executive Committee; and (iii) Mr. Jaime Alfonso Antonio Zobel de Ayala as a member of the Executive Committee;
 - c. The Company’s Long Term Incentive Plan, on terms as presented;
 - d. The Company’s Succession Policy, as presented;
 - e. (i) Commitment of up to AU\$800 million (in any combination of equity, credit support, and guarantees, and similar arrangements) in relation to the construction of the 520MWdc Stubbo Solar Farm Project in Australia, on terms as presented; and (ii) Authority to ACEN Australia and its relevant subsidiaries to enter into PV module supply agreement for the project;
 - f. Investment in and construction of the 300MWp/237MWac Giga Ace 8 Solar Power Project (including transmission line for 1200 MWac) of Giga Ace 8, Inc. in Palauig, Zambales;
 - g. Funding of the 208 MWdc NAREDCO Solar Power Plant Project (including a 100MWdc expansion) in La-lo, Cagayan;
 - h. Investment in a 60MWp solar plant in Pangasinan through the acquisition of Sinocalan Solar Power Corporation, the project SPV, and the execution of a Technical Services Agreement with Sungrow Power Renewables Corp, on terms as presented, and subject to agreed conditions precedent and applicable regulatory approvals;

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- i. (i) new Omnibus Credit Lines with Maybank, AUB and CTBC, and increased Omnibus Credit Lines with BDO on terms as presented; and (ii) authority to (a) share such credit facilities with its subsidiaries under a co-use arrangement and (b) provide guarantees to its subsidiaries in proportion to its percentage of interest for the use of such facilities;
 - j. Negotiation of terms and upsizing of the Company's term loan with BDO, as presented;
 - k. Updating of the list of the Company's authorized representatives/signatories; and
 - l. Appointment of Ms. Kyla Kamille U. Samson as Controller to replace Mr. Ronald F. Cuadro effective 1 October 2022.
54. September 29, 2022 – Resignation of director, Election of directors, and Appointment of officers, as amended:
- a. Resignation of Jaime Augusto Zobel de Ayala as director and Vice Chairman effective 28 September 2022
 - b. Resignation of Ronald F. Cuadro as Controller effective 10 October 2022
 - c. Election of Delfin L. Lazaro as director, Chairman of the Board and Chairman of the Executive Committee effective 28 September 2022
 - d. Election of Cezar P. Consing as Vice Chairman of the Board and Vice Chairman of the Executive Committee effective 28 September 2022
 - e. Election of Jaime Alfonso Antonio E. Zobel de Ayala as Director and member of the Executive Committee effective 28 September 2022
 - f. Appointment of Kyla Kamille U. Samson as Controller effective 1 October 2022
55. September 29, 2022 – Submission of SEC Form 23-A of Jaime Alfonso Antonio E. Zobel de Ayala as newly elected Director of the Company
56. September 29, 2022 – Submission of SEC Form 23-A of Kyla Kamille U. Samson as newly appointed Controller of the Company
57. September 29, 2022 – Submission of SEC Form 23-B of Solomon M. Hermosura to report the acquisition of 200,000 shares of the Company
58. September 30, 2022 – Submission of SEC Form 23-B of Kayla Kamille U. Samson to report the acquisition of 98,800 shares of the Company
59. September 30, 2022 – Submission of SEC Form 23-A of Delfin A. Lazaro as newly elected Director of the Company