

# COVER SHEET

for  
SEC FORM 17-Q

SEC Registration Number

0 6 9 - 0 3 9 2 7 4

COMPANY NAME

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 )

4 t h F l o o r , 6 7 5 0 O f f i c e T o w e r ,  
A y a l a A v e n u e , M a k a t i C i t y

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

N/A

Company's Telephone Number

7730-6300

Mobile Number

-

No. of Stockholders

3,180

Annual Meeting (Month / Day)

04/19

Fiscal Year (Month / Day)

12/31

## CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

ALAN T. ASCALON

Email Address

Ascalon.at@acenergy.com.ph

Telephone Number/s

(02) 7730-6300

Mobile Number

-

## CONTACT PERSON'S ADDRESS

4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, Philippines 1200

**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.

\*SGVFS160916\*

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, 2021**
2. Commission identification number **39274**
3. BIR Tax Identification No. **000-506-020-000**
4. Exact name of issuer as specified in its charter **AC ENERGY CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**
6. Industry Classification Code:  (SEC Use Only)
7. Address of issuer's principal office Postal Code  
**4<sup>th</sup> Floor, 6750 Office Tower, Ayala Avenue, Makati City, 1210**
8. Issuer's telephone number, including area code **(632) 7-730-6300**
9. Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Number of shares of common stock outstanding **38,234,027,174 shares**

Amount of debt outstanding **None registered in the Philippine SEC and listed in PDEX/others**

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

Yes  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 2, 2021.

### **AC ENERGY CORPORATION**



**JOHN ERIC T. FRANCIA**  
President & Chief Executive Officer



**MARIA CORAZON G. DIZON**  
Treasurer & Chief Financial Officer

**AC Energy Corporation  
and Subsidiaries**

**Unaudited Interim Condensed Consolidated  
Financial Statements  
As at September 30, 2021  
and for the Nine Months Period Ended  
September 30, 2021 and 2020  
(With comparative figures as at  
December 31, 2020)**

**AC ENERGY CORPORATION AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****September 30, 2021 (With Comparative Balances as at December 31, 2020)****(Amounts in Thousands)**

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Notes 5 and 32)	<b>₱33,592,439</b>	₱28,077,171
Receivables (Notes 6, 29 and 32)	<b>30,421,577</b>	16,611,719
Fuel and spare parts (Note 7)	<b>1,676,403</b>	1,391,340
Financial assets at fair value through other comprehensive income (FVOCI; Note 11)	–	12,620,756
Current portion of:		
Input value added tax (VAT)	<b>459,910</b>	438,738
Creditable withholding taxes	<b>662,368</b>	649,271
Other current assets (Notes 8 and 32)	<b>970,984</b>	453,424
	<b>67,783,681</b>	60,242,419
Assets held for sale (Note 9)	<b>261,504</b>	–
<b>Total Current Assets</b>	<b>68,045,185</b>	60,242,419
<b>Noncurrent Assets</b>		
Investments in:		
Financial assets at FVOCI (Note 12)	<b>357,658</b>	381,168
Associates and joint ventures (Notes 2 and 11)	<b>21,018,392</b>	18,795,088
Other financial assets at amortized cost (Note 13)	<b>25,365,865</b>	15,297,105
Property, plant and equipment (Note 10)	<b>33,833,300</b>	31,837,950
Right-of-use assets (Note 16)	<b>2,804,809</b>	2,343,404
Investment properties (Note 14)	<b>13,085</b>	341,549
Receivables - net of current portion (Notes 6, 30 and 33)	<b>12,050,215</b>	6,540,288
Goodwill and other intangible assets (Note 15)	<b>2,409,331</b>	2,537,094
Deferred income tax assets - net (Note 29)	<b>419,474</b>	416,353
Net of current portion:		
Input VAT	<b>1,094,314</b>	1,177,802
Creditable withholding taxes	<b>760,462</b>	601,840
Other noncurrent assets (Notes 17 and 33)	<b>1,329,932</b>	1,303,760
<b>Total Noncurrent Assets</b>	<b>101,456,837</b>	81,573,401
<b>TOTAL ASSETS</b>	<b>₱169,502,022</b>	₱141,815,820

*(Forward)*

	September 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Notes 18, 30 and 33)	<b>₱5,339,850</b>	₱6,490,189
Short-term loans (Notes 19 and 33)	–	4,635,000
Current portion of long-term loans (Notes 19, 33 and 34)	<b>680,240</b>	707,782
Current portion of lease liabilities (Notes 16, 33 and 34)	<b>459,034</b>	285,001
Income and withholding taxes payable	<b>70,583</b>	345,281
Due to stockholders (Note 30)	<b>16,585</b>	18,272
<b>Total Current Liabilities</b>	<b>6,566,292</b>	12,481,525
<b>Noncurrent Liabilities</b>		
Notes payable (Notes 19, 33 and 34)	<b>20,291,476</b>	–
Long-term loans - net of current portion (Notes 19, 33 and 34)	<b>20,481,181</b>	21,546,373
Lease liabilities - net of current portion (Notes 16, 33 and 34)	<b>2,354,594</b>	1,631,628
Pension and other employee benefits	<b>82,679</b>	50,929
Deferred income tax liabilities - net (Note 29)	<b>41,225</b>	130,981
Other noncurrent liabilities (Note 20)	<b>2,135,326</b>	1,695,048
<b>Total Noncurrent Liabilities</b>	<b>45,386,481</b>	25,054,959
<b>Total Liabilities</b>	<b>51,952,773</b>	37,536,484
<b>Equity</b>		
Capital stock (Notes 1 and 21)	<b>38,248,527</b>	13,706,957
Additional paid-in capital (Notes 1 and 21)	<b>97,117,258</b>	8,692,555
Other equity reserves (Note 21)	<b>(55,618,830)</b>	28,662,357
Unrealized fair value (loss) gain on equity instruments at FVOCI (Note 12)	<b>(88,594)</b>	143,625
Unrealized fair value gain on derivative instruments designated as hedge accounting (Note 33)	<b>10,248</b>	57,409
Remeasurement loss on defined benefit plans	<b>(24,436)</b>	(6,999)
Accumulated share in other comprehensive loss of associates and joint ventures	<b>(9,751)</b>	(229,844)
Cumulative translation adjustments	<b>(124,990)</b>	(3,453,709)
Retained earnings (Note 21)	<b>7,726,448</b>	6,349,084
Treasury shares (Note 21)	<b>(34,498)</b>	(40,930)
Total equity attributable to equity holders of the Parent Company	<b>87,201,382</b>	53,880,505
Non-controlling interests (Note 21)	<b>30,347,867</b>	50,398,831
<b>Total Equity</b>	<b>117,549,249</b>	104,279,336
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱169,502,022</b>	₱141,815,820

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**AC ENERGY CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME**  
(Amounts in Thousands, Except Per Share Figures)

	Three-Month Period Ended September 30		Nine-Month Period Ended September 30	
	2021 (Unaudited)	2020 (As Restated, Note 4)	2021 (Unaudited)	2020 (As Restated, Note 4)
<b>REVENUES</b>				
Revenue from sale of electricity (Note 22)	P5,416,855	P5,262,547	P18,736,217	P15,150,025
Rental income	15,065	8,590	44,595	71,663
Dividend income (Note 12)	5,176	–	11,725	–
Other revenues	31,759	13,561	91,192	35,034
	<b>5,468,855</b>	5,284,698	<b>18,883,729</b>	15,256,722
<b>COSTS AND EXPENSES</b>				
Costs of sale of electricity (Note 23)	4,225,482	3,741,547	14,609,831	10,147,543
General and administrative expenses (Note 24)	655,689	714,617	1,876,908	1,698,913
	<b>4,881,171</b>	4,456,164	<b>16,486,739</b>	11,846,456
<b>INTEREST AND OTHER FINANCE CHARGES</b> (Note 27)	<b>(435,731)</b>	(503,247)	<b>(1,239,399)</b>	(1,429,825)
<b>EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES</b> (Note 11)	<b>352,530</b>	386,856	<b>1,288,584</b>	1,340,076
<b>OTHER INCOME - NET</b> (Note 28)	<b>1,843,690</b>	644,254	<b>4,084,510</b>	2,517,128
<b>INCOME BEFORE INCOME TAX</b>	<b>2,348,173</b>	1,356,397	<b>6,530,685</b>	5,837,645
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b> (Note 29)				
Current	141,704	210,862	229,652	361,258
Deferred	(49,005)	(204,468)	(71,630)	313,535
	<b>92,699</b>	6,394	<b>158,022</b>	674,793
<b>NET INCOME</b>	<b>P2,255,474</b>	P1,350,003	<b>P6,372,663</b>	P5,162,852
<b>Net Income Attributable To:</b>				
Equity holders of the Parent Company	P1,579,753	P938,557	P4,270,118	P3,511,963
Non-controlling interests	675,721	411,446	2,102,545	1,650,889
	<b>P2,255,474</b>	P1,350,003	<b>P6,372,663</b>	P5,162,852
<b>Basic/Diluted Earnings Per Share</b> (Note 31)	<b>P0.04</b>	P0.07	<b>P0.16</b>	P0.36

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**AC ENERGY CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE**  
**INCOME**  
**(Amounts in Thousands, Except Per Share Figures)**

	Three-Month Period Ended September 30		Nine-Month Period Ended September 30	
	2021 (Unaudited)	2020 (Restated)	2021 (Unaudited)	2020 (As Restated Note 4)
<b>NET INCOME</b>	<b>₱2,255,474</b>	₱1,350,003	<b>₱6,372,663</b>	₱5,162,852
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Cumulative translation adjustment	<b>2,867,658</b>	(1,398,001)	<b>3,388,745</b>	(2,675,100)
Unrealized fair value (loss) gain on derivative instruments designated as hedges - net of tax (Note 33)	<b>(97,909)</b>	58,312	<b>(47,161)</b>	(131,380)
<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 (Note 12)	<b>11,198</b>	(107,878)	<b>(43,414)</b>	(146,554)
Remeasurement loss on defined benefit plans, net of tax	–	–	<b>(17,437)</b>	–
	<b>2,780,947</b>	(1,447,567)	<b>3,280,733</b>	(2,953,034)
<b>SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES (Note 11)</b>				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Unrealized fair value (loss) gain on derivative instruments designated as hedges - net of tax	<b>(5,664)</b>	(89,016)	<b>11,038</b>	(89,017)
<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	–	124,931	<b>(126)</b>	(616)
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX</b>	<b>2,775,283</b>	(1,411,652)	<b>3,291,645</b>	(3,042,667)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱5,030,757</b>	(₱61,649)	<b>₱9,664,308</b>	₱2,120,185
<b>Total Comprehensive Income (Loss) Attributable To:</b>				
Equity holders of the Parent Company	<b>₱4,297,451</b>	(₱472,487)	<b>₱7,501,737</b>	₱471,701
Non-controlling interests	<b>733,307</b>	410,838	<b>2,162,571</b>	1,648,484
	<b>₱5,030,758</b>	(₱61,649)	<b>₱9,664,308</b>	₱2,120,185

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



**AC ENERGY CORPORATION AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											Non-controlling Interests (Note 21)	Total Equity
	Capital Stock (Note 21)	Additional Paid-in Capital	Other Equity Reserves	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI (Note 12)	Unrealized Fair Value Gain (Loss) on derivative instruments designated as hedge accounting (Note 33)	Remeasurement (Gain) Loss on Defined Benefit Plans	Accumulated Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures	Cumulative Translation Adjustments	Retained Earnings (Note 21)	Treasury Shares (Note 21)	Total		
<b>For the nine-month period ended September 30, 2021 (Unaudited)</b>													
<b>Balances at January 1, 2021, as previously reported</b>	<b>₱13,706,957</b>	<b>₱8,692,555</b>	<b>(₱7,541,223)</b>	<b>(₱8,169)</b>	<b>₱57,409</b>	<b>(₱6,999)</b>	<b>(₱2,723)</b>	<b>–</b>	<b>₱5,167,685</b>	<b>(₱40,930)</b>	<b>₱20,024,562</b>	<b>₱1,330,507</b>	<b>₱21,355,069</b>
Effects of common control business combination (Note 4)	–	–	36,203,580	151,794	–	–	(227,121)	(3,453,709)	1,181,399	–	33,855,943	49,068,324	82,924,267
<b>Balances at January 1, 2021, as restated</b>	<b>13,706,957</b>	<b>8,692,555</b>	<b>28,662,357</b>	<b>143,625</b>	<b>57,409</b>	<b>(6,999)</b>	<b>(229,844)</b>	<b>(3,453,709)</b>	<b>6,349,084</b>	<b>(40,930)</b>	<b>53,880,505</b>	<b>50,398,831</b>	<b>104,279,336</b>
Net income	–	–	–	–	–	–	–	–	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 21)	–	–	–	–	–	–	–	–	(1,195,787)	–	(1,195,787)	(1,876,753)	(3,072,540)
Issuance of capital stock (Notes 4 and 21)	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 (Note 21)	–	(680,286)	–	–	–	–	–	–	–	–	(680,286)	–	(680,286)
Acquisition of treasury shares (Note 21)	–	–	–	–	–	–	–	–	–	(55,184)	(55,184)	–	(55,184)
Reissuance of treasury shares (Note 21)	–	133,526	–	–	–	–	–	–	–	61,616	195,142	–	195,142
Reversal of unrealized fair value gain upon redemption (Note 12)	–	–	–	(25,906)	–	–	–	–	–	–	(25,906)	–	(25,906)
Capital infusion of non-controlling interest in a subsidiary (Note 21)	–	–	–	–	–	–	–	–	–	–	–	1,987	1,987
Capital redemption of non-controlling interest in a subsidiary (Note 21)	–	–	–	–	–	–	–	–	–	–	–	(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)
	<b>24,541,570</b>	<b>88,424,703</b>	<b>(84,281,187)</b>	<b>(188,805)</b>	<b>–</b>	<b>–</b>	<b>209,181</b>	<b>–</b>	<b>(2,892,754)</b>	<b>6,432</b>	<b>25,819,140</b>	<b>(22,213,535)</b>	<b>3,605,605</b>
<b>Balances at September 30, 2021</b>	<b>₱38,248,527</b>	<b>₱97,117,258</b>	<b>(₱55,618,830)</b>	<b>(₱88,594)</b>	<b>₱10,248</b>	<b>(₱24,436)</b>	<b>(₱9,751)</b>	<b>(₱124,990)</b>	<b>₱7,726,448</b>	<b>(₱34,498)</b>	<b>₱87,201,382</b>	<b>₱30,347,867</b>	<b>₱117,549,249</b>

**Attributable to Equity Holders of the Parent Company**

	Capital Stock (Note 21)	Additional Paid-in Capital	Other Equity Reserves	Unrealized Fair Value Gain (Loss) on Equity Instruments at FVOCI (Note 12)	Unrealized Fair Value Gain (Loss) on derivative instruments designated as hedge accounting (Note 33)	Remeasurement (Gain) Loss on Defined Benefit Plans	Accumulated Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures	Cumulative Translation Adjustments	Retained Earnings (Note 21)	Treasury Shares (Note 21)	Total	Non-controlling Interests (Note 21)	Total Equity
<b>For the nine-month period ended September 30, 2020 (Unaudited, As restated)</b>													
Balances at January 1, 2020, as previously reported	₱7,521,775	₱83,768	₱5,366,480	(₱96,584)	(₱14,742)	₱9,254	(₱2,107)	–	₱3,296,295	(₱27,704)	₱16,136,435	₱248,584	₱16,385,019
Effects of common control business combinations	–	–	36,203,580	70,038	–	–	(166,047)	96,227	647,107	–	36,850,905	39,123,378	75,974,283
Balances at January 1, 2020, as restated	₱7,521,775	₱83,768	₱41,570,060	(₱26,546)	(₱14,742)	₱9,254	(₱168,154)	96,227	₱3,943,402	(₱27,704)	₱52,987,340	₱39,371,962	₱92,359,302
Net income (loss)	–	–	–	–	–	–	–	–	3,511,963	–	3,511,963	1,650,889	5,162,852
Other comprehensive income (loss)	–	–	–	(146,554)	(131,380)	–	(89,633)	(2,672,695)	–	–	(3,040,262)	(2,405)	(3,042,667)
Total comprehensive income (loss)	–	–	–	(146,554)	(131,380)	–	(89,633)	(2,672,695)	3,511,963	–	471,701	1,648,484	2,120,185
Dividends declared (Note 21)	–	–	–	–	–	–	–	–	(546,751)	–	(546,751)	(111,918)	(658,669)
Issuance of capital stock	6,185,182	8,473,700	–	–	–	–	–	–	–	–	14,658,882	–	14,658,882
Stock issuance costs	–	(109,441)	–	–	–	–	–	–	–	–	(109,441)	–	(109,441)
Acquisition of treasury shares	–	–	–	–	–	–	–	–	–	(28,657)	(28,657)	–	(28,657)
Reversal of unrealized fair value gain upon redemption	–	–	–	(11,105)	–	–	–	–	–	–	(11,105)	–	(11,105)
Capital infusion of non-controlling interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	–	767,678	767,678
Non-controlling interest arising from a business combination	–	–	–	–	–	–	–	–	–	–	–	1,099,344	1,099,344
Effects of common control business combination	–	158,467	(12,907,703)	88,455	–	(16,288)	–	–	(1,335,672)	–	(14,012,741)	–	(14,012,741)
	6,185,182	8,522,726	(12,907,703)	77,350	–	(16,288)	–	–	(1,882,423)	(28,657)	(49,813)	1,755,104	1,705,291
Balances at September 30, 2020	₱13,706,957	₱8,606,494	₱28,662,357	₱(95,750)	₱(146,122)	₱(7,034)	₱(257,787)	(2,576,468)	₱5,572,942	(₱56,361)	₱53,409,228	₱42,775,550	₱96,184,778

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

**AC ENERGY CORPORATION AND SUBSIDIARIES**

**UNADITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in Thousands)

	Nine-Month Period Ended September 30	
	2021 (Unaudited)	2020 (As Restated, Note 4)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱6,530,685</b>	₱5,837,645
Adjustments for:		
Depreciation and amortization (Note 26)	<b>1,507,334</b>	1,388,653
Interest and other finance charges (Note 27)	<b>1,239,399</b>	1,429,825
Pension and other employee benefits	<b>14,313</b>	19,456
Dividend income (Note 12)	<b>(11,725)</b>	–
Foreign exchange losses (gains) – net	<b>(40,852)</b>	(29,138)
Equity in net income of associates and joint ventures (Note 11)	<b>(1,288,584)</b>	(1,340,076)
Interest and other financial income (Note 28)	<b>(2,962,364)</b>	(1,380,420)
Provision for:		
Property, plant and equipment	<b>71,215</b>	–
Probable losses on deferred exploration costs (Note 15)	<b>23,379</b>	–
Others (Notes 6, 8, 9 and 28)	<b>(2,322)</b>	432
Loss (gain) on:		
Recovery of tax credit certificate on real property tax (Note 28)	<b>(69,154)</b>	–
Settlement of derivatives (Note 28)	<b>(41,700)</b>	33
Reversal of impairment of investments in joint venture (Notes 11 and 28)	<b>(37,635)</b>	–
Sale of by-product (Note 28)	<b>(28,043)</b>	(17,806)
Sale of property and equipment (Note 28)	<b>439</b>	3,383
Disposal of investments	–	(867,067)
Bargain purchase	–	(49,970)
Operating income before working capital changes	<b>4,904,385</b>	4,994,950
Increase in:		
Receivables	<b>(879,004)</b>	676,629
Fuel and spare parts	<b>(257,019)</b>	(369,218)
Other current assets	<b>(384,039)</b>	(425,956)
Other noncurrent assets	<b>93,256</b>	–
Increase (decrease) in accounts payable and other current liabilities	<b>(1,864,414)</b>	(634,607)
Cash generated from (used in) operations	<b>1,613,165</b>	4,241,798
Interest received	<b>55,426</b>	342,875
Income and withholding taxes paid	<b>(504,349)</b>	(88,073)
Net cash flows from (used in) operating activities	<b>1,164,242</b>	4,496,600
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Loans to related parties (Note 30)	<b>(23,087,863)</b>	(9,614,768)
Convertible loans (Note 13)	<b>(6,293,784)</b>	(6,654,613)
Subscription deposits (Note 13)	<b>(3,028,013)</b>	–
Property, plant and equipment (Note 10)	<b>(2,572,803)</b>	(3,347,755)
Investments in redeemable preferred shares (Note 13)	<b>(409,201)</b>	(3,145,494)
Investments in joint venture (Note 11)	<b>(281,724)</b>	(2,853,713)
Investment properties (Note 14)	<b>(109,910)</b>	–
Deferred exploration costs (Note 15)	<b>(15,183)</b>	(13,571)

(Forward)

**Nine-Month Period Ended  
September 30**

	<b>2021</b>	2020
	<b>(Unaudited)</b>	(As Restated, Note 4)
Right-of-use assets	<b>₱–</b>	(₱261,731)
Investments in subsidiaries, net of cash acquired	–	(4,026,861)
Financial assets at fair value through profit or loss (FVTPL)	–	(5,474,708)
Proceeds from:		
Redemptions of financial assets at FVOCI (Note 12)	<b>12,687,858</b>	–
Collection of loans to related parties (Note 30)	<b>6,487,332</b>	3,192,280
Redemption of convertible loan (Note 13)	<b>791,328</b>	–
Sale of assets held for sale	<b>4,963</b>	–
Sale of property, plant and equipment	<b>2,879</b>	20,232
Redemption of investments in financial assets at FVOCI	–	7,275,900
Sale of investments in financial assets at FVTPL	–	6,346,901
Termination of short-term investments	–	100,000
Dividends received from:		
Investments in associates and joint ventures (Note 11)	<b>1,254,015</b>	428,980
Financial assets at FVOCI (Note 12)	<b>11,725</b>	–
Interest received	<b>1,451,639</b>	787,579
Increase in other noncurrent assets, non-current portion of input VAT and CWT (Note 36)	<b>(804,567)</b>	(2,109,694)
<b>Net cash flows used in investing activities</b>	<b>(13,911,309)</b>	<b>(19,351,036)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Issuance of capital stock (Note 21)	<b>27,581,161</b>	–
Issuance of notes payable (Note 19)	<b>20,289,838</b>	–
Availment of short-term debt (Notes 19 and 36)	<b>3,000,000</b>	11,306,375
Availment of long-term debt (Notes 19 and 36)	<b>848,276</b>	3,800,000
Reissuance of treasury shares	<b>195,141</b>	–
Capital infusion of non-controlling interest in subsidiary (Note 21)	<b>1,988</b>	767,678
Payments of:		
Capital redemption of non-controlling interest in subsidiary (Note 21)	<b>(20,338,769)</b>	–
Short-term loans (Notes 19 and 36)	<b>(7,635,000)</b>	(753,556)
Cash dividends (Note 21)	<b>(3,055,955)</b>	(658,669)
Long-term loans (Notes 19 and 36)	<b>(1,950,476)</b>	(2,590,816)
Interest on short-term, long-term loans (Note 36)	<b>(1,080,437)</b>	(1,261,027)
Stock issuance costs (Note 21)	<b>(680,287)</b>	(109,441)
Lease liabilities (Notes 16 and 36)	<b>(118,173)</b>	(33,260)
Interest on lease liabilities (Notes 16 and 36)	<b>(101,156)</b>	(107,895)
Treasury shares (Note 21)	<b>(55,184)</b>	(28,657)
Debt issue cost (Note 19)	<b>(22,518)</b>	(28,500)
Increase (decrease) in due to stockholders	<b>(18,272)</b>	5,091
Increase in other noncurrent liabilities	<b>422,609</b>	153,541
<b>Net cash flows from financing activities</b>	<b>17,282,786</b>	<b>10,460,864</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>979,549</b>	<b>(963,408)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,515,268</b>	<b>(5,356,980)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>28,077,171</b>	<b>39,630,296</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)</b>	<b>₱33,592,439</b>	<b>₱34,273,316</b>

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

## **AC ENERGY CORPORATION AND SUBSIDIARIES**

### **NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(Amounts in Thousands, Except When Otherwise Indicated)**

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#### **1. Corporate Information and Status of Operations**

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

As at September 30, 2021, AC Energy and Infrastructure Corporation (“ACEIC”, formerly AC Energy, Inc.) directly owns 71.84% of the ACEN’s total outstanding shares of stock.

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

The registered office address of ACEN is 4th Floor, 6750 Ayala Avenue Office Tower, Makati City.

Pursuant to delegated authority from the Parent Company’s BOD, on November 2, 2021, the Parent Company’s Audit Committee approved and authorized the issuance of the Q3 2021 interim condensed consolidated financial statements.

The following are the significant transactions of the Group during the nine-month period ended September 30, 2021:

On March 18, 2021, the Board of Directors (“BOD”) of ACEN approved, among others, the following matters:

- i) Approval of the issuance of 1.58 billion primary shares for the Parent Company’s Follow-on Offering (FOO);
- ii) Approval of the property-for-share swap with ACEIC and the issuance of 16.686 billion primary shares to ACEIC in exchange for ACEIC’s shares of stock in ACE International, for an issue price of ₱5.15 per ACEN share; and
- iii) Approval of the amendment to the Articles of Incorporation to increase the number of shares exempt from the pre-emptive right of shareholders for issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt from 16 billion shares to 24 billion shares.

During the Annual Stockholders' Meeting held on April 19, 2021, the stockholders of the Parent Company approved, among others, the following corporate actions:

- i) Amendment to the Seventh Article of the Articles of Incorporation:
  - a. to increase the ACS from ₱24.40 billion divided into 24.40 billion shares at par value of ₱1.00 per share, to ₱48.40 billion divided into 48.4 billion shares at par value of ₱1.00 per share; and
  - b. to increase the number of shares exempt from pre-emptive rights in relation to shares issued in exchange for property needed for corporate purposes or in payment for previously contracted debt from 16 billion shares to 24 billion shares.
- ii) Issuance of 4 billion shares to Arran Investment Pte Ltd.
- iii) Issuance of 1.58 billion primary common shares pursuant to the Corporation's FOO
- iv) Issuance of 16,685,800,533 common shares to ACEIC in exchange for ACEIC's International Renewable Energy Assets and Investments
- v) Waiver of the requirement to Conduct a Rights or Public Offering of Shares in Relation to the Issuance of 16,685,800,533 shares to ACEIC in Exchange for ACEIC's International Renewable Energy Assets and Investments
- vi) Stock Ownership Plan to qualified officers, employees and consultants of the Group, and to allocate 960 million common shares from the unsubscribed portion of the ACEN's ACS for the Stock Ownership Plan.

The proposed increase in ACS is meant to enable the implementation of the assets-for-share swap between ACEN and ACEIC for the latter's international assets, and provide future capital raising exercises to fund its various greenfield projects and other acquisitions.

The proposed increase in the number of shares that are exempt from the pre-emptive right of existing shareholders is meant to implement the property-for-share swap for the infusion by ACEIC of its international assets into ACEN (see Note 4).

*Completion of the Stock Rights Offering (the "Rights Offer" or the "SRO")*

During the Rights Offer Period from January 18, 2021 to January 22, 2021, ACEN sold, by way of SRO, a total of 2,267,580,434 Common Shares at an Offer Price of ₱2.37 per share to eligible stockholders of record as at January 13, 2021 (See Note 21).

There were 2,094,898,876 shares and 172,681,558 shares sold in first round and second round allocation, respectively. The Rights Shares was listed with the PSE on January 29, 2021.

Proceeds from the SRO were used to fund ongoing Solar Power Projects of SolarAce1, Gigasol 3 and Grencore 3 Power Solutions, Inc. as well as other projects such as investment into a renewable energy laboratory, and funding for up to U.S.\$100 million for new technology investments in the Philippines.

Bulacan Power Generation Corporation's ("Bulacan Power"), a subsidiary of ACEN, participated in the SRO acquired 23,284,346 ACEN shares. This is recognized as treasury shares in the consolidated financial statements (see Note 21).

*Original issuance of Shares by ACEN to Arran Investment Pte Ltd ("Arran") pursuant to a private placement*

On March 18, 2021, pursuant to the Investment Agreement that ACEN signed with Arran, of an affiliate of GIC Private Limited ("GIC"), (together ACEIC, ACEN's parent company) on December 30, 2020, Arran subscribed to 4 billion common shares of ACEN at a price of ₱2.97 per Common Share through a private placement (the "Private Placement"), for an aggregate value or

consideration of ₱11.88 billion. The subscription price was offered by Arran pursuant to its binding offer on November 10, 2020, and which offer was approved by the BOD of ACEN during its meeting of November 11, 2020 (see Note 21).

Upon completion of the Private Placement in accordance with the Investment Agreement, Arran shall own 20.04% of the issued and outstanding common shares of ACEN.

The Private Placement will decrease the public float of ACEN from 24.96% to 19.96%, while foreign ownership level will increase from 2.88% to 22.34%.

The closing of Arran's Private Placement is subject to contractual terms and conditions customary for transactions of a similar nature. Since the shares to be issued pursuant to the Private Placement will not exceed 35% of the resulting total subscribed capital stock, it is exempt from pre-emptive rights of existing stockholders pursuant to the second paragraph of Article Seventh of ACEN's Articles of Incorporation.

The Private Placement will enable ACEN to raise additional capital to fund its various developmental and operating projects, as well as potential acquisitions. The entry of Arran as an institutional investor will also strengthen ACEN's investor base. The value or consideration per share for the Private Placement was determined by Arran after conducting a due diligence exercise on ACEN's existing business and potential. Arran valued the existing operating assets of ACEN as well as the various developmental projects in its pipeline.

Pursuant to the Investment Agreement, after completion of the Private Placement, ACEN's planned FOO, the proposed property for shares swap between ACEN and ACEIC for the infusion by ACEIC of its international assets to ACEN, and the purchase of Arran of secondary shares from ACEIC, Arran shall own 17.5% of ACEN.

#### *Completion of FOO*

During the retail offer period for the FOO on May 3, 2021 to May 7, 2021, ACEN completed the FOO of 2.01 billion common shares priced at ₱6.50 per share, consisting of 1.58 billion shares sold pursuant to the primary offer, 330.24 million shares sold by ACEIC and Bulacan Power pursuant to a secondary offer, and an over-subscription of 100 million secondary shares sold by ACEIC.

The primary shares were listed on the PSE on May 14, 2021. This brought ACEN's total listed common shares to 21.54 billion, with a market capitalization of over ₱150 billion.

Bulacan Power disposed of 30,248,617 ACEN shares through its participation as seller of secondary shares in ACEN's follow-on offering at ₱6.50 per share. This was recognized previously as treasury shares in the consolidated financial statements (see Note 21).

#### *Acquisition of ACEIC's offshore subsidiaries through share swap*

On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares at a subscription price of ₱5.15 per share, or an aggregate subscription price of ₱85,931,872,744.95 in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in AC Energy International, Inc. (formerly Presage Corporation) (share swap agreement), which holds ACEIC's international renewable assets.

On June 7, 2021, the SEC approved the ACEN's increase in ACS from ₱24.4 billion divided into 24.4 billion shares, to ₱48.4 billion divided into 48.4 billion shares, and the Amended Articles of Incorporation for the increase in ACS and the increase in number of shares exempt from the preemptive rights of the shareholders for issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt from 16 billion shares to 24 billion shares. The SEC's approval for the increase in ACS is subject to the conditions set forth in the Guidelines Covering the Use of Properties that Require Ownership as Paid-Up of Corporations adopted by the SEC on 15 November 1994, and as amended on 8 August 2013, per SEC Memorandum Circular No. 14, series of 2013.

The acquisition was accounted for using the pooling-of-interests method with prior period restatement to account for the retroactive impact of the share swap transaction effective July 1, 2019, the date when ACEN and the Offshore Companies became under the common control of ACEIC. Detailed information on the share swap is disclosed in Note 4.

*President Duterte signed Corporate Recovery and Tax Incentives for Enterprises ("CREATE") bill into law*

On March 26, 2021, President Duterte has signed Republic Act (RA) 11534 or the CREATE Act which introduce reforms to the corporate income tax and incentives system and to attract more investments and maintain fiscal prudence and stability.

RA 11534 cuts corporate income tax rate to 25% from the current 30%. This is retroactive from July 1, 2020. The law provides that corporations' income and expenses for the fiscal year shall be deemed to have been earned and spent equally for each month of the period. The corporate income tax rate shall be applied on the amount computed by multiplying the number of months covered by the new rate within the fiscal year by the taxable income of the corporation for the period, divided by the twelve (see Note 29).

RA 11524, which was released by Malacañang on March 26, 2020, takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation.

*Acquisition by the Parent Company of Shares in Solar Philippines Central Luzon Corporation*

On January 22, 2021, ACEN signed a Deed of Absolute Sale of Shares with Solar Philippines Power Project Holdings, Inc. ("SP") for the acquisition by ACEN of SP's 0.24 million common shares in Solar Philippines Central Luzon Corporation ("SPCLC") with a par value of ₱1.00 per share or a total par value of ₱0.24 million (see Note 11).

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

*Withdrawal from SC 6 consortium by ACE Enexor, Inc. ("ACEX")*

On January 27, 2021, ACEX's Executive Committee approved ACEX's withdrawal from the SC 6 consortium. ACEX holds 7.78% participating interests in SC 6 Block A, located in offshore North Palawan. SC 6 does not have any commercial operations (see Note 15).



*Shareholders' Agreement among ACEN, ACE Endeavor, and Citicore Solar Energy Corporation ("CSEC")*

On February 4, 2021, ACEN and ACE Endeavor signed a Shareholders' Agreement with CSEC, and Grencore Power Solutions 3, Inc. ("Grencore"), for the development, construction, and operation of a PV Solar Power Plant in Arayat and Mexico, Pampanga, Philippines with an installed nominal capacity of 50 MWac (72MWdc) (the "Project") (see Note 11).

The Project is scheduled to start operations in November 2021. Under the Shareholders' Agreement, CSEC will have 50% of the shares in Grencore, the special purpose vehicle of the Project, while ACEN and ACE Endeavor will hold a 45% and 5% interest, respectively. ACEN has agreed to provide a term loan facility to Grencore to finance the construction of the Project. Grencore and its shareholders agreed to execute the necessary loan and security agreement for this purpose.

*Term Loan Facility with Grencore*

On February 4, 2021, ACEN signed an Omnibus Agreement with Grencore, ACE Endeavor and CSEC for the financing of the PV Solar Power Plant in Arayat and Mexico, Pampanga, Philippines with an installed nominal capacity of 50 MWac (72MWdc) (the "Solar Project") (see Note 11).

Under the Omnibus Agreement, ACEN will be extending a term loan facility to Grencore in the amount of up to ₱2.675 billion to finance the design, engineering, financing, construction, procurement and supply, manufacturing, commissioning, start up, testing, delivery, ownership, operation and maintenance of the power plant, which is expected to be operational in November 2021. The loan will be secured by (1) a real estate mortgage over Grencore's real assets in favor of ACEN, (2) a mortgage and pledge over the shareholding of the shareholders of Grencore in favor of ACEN, and (3) the cashflows of the project.

*Subscription by ACEN to shares of Grencore*

On February 4, 2021, ACEN and ACED signed subscription agreements with Grencore for the subscription of 2,250,000 and 250,000 common shares, respectively, with a par value of P 1.00 per share, with total par values of ₱2,250,000 and ₱250,000, respectively, to be issued out of the unissued ACS stock of Grencore. The subscriptions will be used by Grencore to partially fund the Solar Project. ACEN and ACED have fully paid their subscriptions.

*Axia Power Holdings Philippines, Corporation ("APHPC") subscription to Ingrid Power Holdings, Inc. ("Ingrid")*

On March 18, 2021, Ingrid and APHPC executed a Subscription Agreement for the subscription by APHPC to 5 Common B Shares, 580,000 Redeemable Preferred F Shares, and 5,219,995 Redeemable Preferred G Shares of Ingrid. As at September 30, 2021, APHPC has infused ₱580 million to Ingrid (see Note 11).

On August 10, 2021, Ingrid received the SEC's approval of Ingrid's amended Articles of Incorporation, and the Certificate of Approval of Increase in ACS, both issued on August 4, 2021.

Following the subscription of APHPC, Ingrid will have a total subscribed capital of ₱1.97 billion.

*Subscription by ACEN of shares in Giga Ace 4, Inc. ("Giga Ace 4")*

On March 8, 2021, ACEN signed a subscription agreement with wholly-owned subsidiary Giga Ace 4 for the subscription by ACEN to (a) 43,975,374 Common A Shares at the subscription price of ₱219,876,870; and (b) 395,958,366 Redeemable Preferred A Shares ("RPS A") at the subscription price of ₱1,979,791,830; or a total Subscription Price of ₱2,199,668,700, to be issued out of the increase in ACS of Giga Ace 4.

The subscription will be used by Giga Ace 4 to fund the requirements of its 2x20 MW Alaminos Battery Energy Storage System (BESS) Project.

*Subscription by the Company to shares in Pagudpud Wind Power Corp. ("PWPC")*

On May 20, 2021, ACEN signed a subscription agreement with PWPC for the subscription by ACEN of 3,033,255 Common Shares and 27,299,298 Class A Redeemable Preferred Shares ("RPS A") of PWPC.

The subscription will be used by PWPC to subscribe to shares in BWPC, which will be used by BWPC to fund initial works to start the construction of the Balaoi and Caunayan Wind Power Project in Barangays Balaoi and Caunayan, Pagudpud, Ilocos Norte.

As at September 30, 2021, ₱2,937,157,600 was paid by ACEN.

*Executive Committee's approval of conversion of advances to One Subic Power Generation Corporation ("One Subic Power") into equity*

On June 9, 2021, ACEN's Executive Committee approved the conversion of ACEN's advances to One Subic Power amounting to ₱680 million, into equity, of which, is equivalent to 33,493,366 common shares subscription in One Subic Power.

*Subscription by ACEN of shares in Buendia Christiana Holdings Corp. ("BCHC")*

On June 16, 2021, ACEN signed a subscription agreement with wholly-owned subsidiary BCHC for the subscription by ACEN of: (a) 75,000,000 Redeemable Preferred A Shares ("RPS A") with a par value of ₱0.10 per share, and (b) 4,075,000 Redeemable Preferred B Shares ("RPS B") with a par value of ₱100.00 per share, for a total par value of ₱415,000,000 (the "Subscription Price"), to be issued out of the increase in ACS of BCHC, subject to the necessary regulatory approvals from the SEC.

The subscription will be used by BCHC to fund acquisition of potential project sites.

*Negros Island Biomass Holdings Inc. ("NIBHI") divests from biomass power companies*

NIBHI, a joint venture development holding company between ACEN and Zabaleta group, has signed binding agreements to divest its shareholdings in three biomass-fired power plants in the Visayas. Subject to certain conditions precedent, NIBHI will sell its equity stake to its partner, the Singapore-based ThomasLloyd CTI Asia Holdings Pte Ltd ("TLCTI Asia"), which indirectly already owns over 90% of the economics of the equity ownership of the biomass-fired power plants.

NIBHI issued irrevocable proxies to TLCTI Asia over the biopower shares on June 15, 2021 on the basis of the Heads of Terms Agreement signed on May 11, 2021.

The Share Purchase Agreement between NIBHI and TLCTI Asia, as well as the Deeds of Absolute Sale, were executed on June 22, 2021.

The divestment of its indirect minority interest allows ACEN to focus on the expansion of its core solar and wind businesses, while the acquisition by TLCTI Asia allows it to fully consolidate and further expand the biopower business, moving beyond just the power business and into complementary and ancillary businesses. TLCTI Asia now has full control of the three plants, namely, the 20MW San Carlos BioPower, the 25MW North Negros BioPower and the 25MW South Negros BioPower.

*Omnibus Loan and Security Agreement among ACEN, Provincia Investments Corporation (“PIC”), and Solar Philippines Power Project Holdings, Inc. (“SP”)*

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

Under the Agreement, ACEN, as Lender, will be extending a term loan facility to the Borrower in the amount of up to ₱1.00 billion. The loan will be secured by (1) a real estate mortgage over the Borrower's and third-party mortgagors' title to, or rights and interests over, real assets in favor of ACEN, and (2) a mortgage and pledge over the shareholding of the Sponsor in one of its fully-owned subsidiaries.

As at September 30, 2021, PIC has drawn ₱150.00 million from the facility (see Note 6).

*Joint venture with NEFIN Holding Limited (“NEFIN”)*

On August 4, 2021, ACEN, through ACRI, has obtained board approval to enter into a joint venture with NEFIN, a leading solar photovoltaic developer and investor in carbon neutrality solutions. ACEN and NEFIN will establish a 50/50 joint venture holding company that will develop, construct, and operate rooftop solar projects across Asia. The joint venture will own 21 MW of operating assets and has a robust near-term project pipeline.

ACRI's investment into the joint venture vehicle will be via a primary infusion of an initial US\$ 10 million of fresh funds which will be used to construct near-term projects over the coming years. ACRI will also commit to further expand its funding for the development and construction of the rest of the joint venture's carbon neutrality pipeline.

*Gigasol San Marcelino Solar Project*

On August 4, 2021, the Board approved the 250 MWdc Gigasol San Marcelino Solar Project. The Gigasol San Marcelino Solar Energy Power Plant will be located in Brgy. Santa Fe, San Marcelino, Zambales. Phase 1 of the project is for approximately 250MWdc, with a projected annual power generation of over approximately 350GWh.

ACEN targets to issue full notice to proceed with the project within the year.

On August 4, 2021, the Parent Company's Board of Directors approved the reallocation of a portion of the proceeds of the SRO and FOO as disclosed in the respective Prospectus for the SRO and FOO, as follows:

1. A portion of the proceeds of the SRO in the amount of ₱900 million to partially finance its investment in Greencore for a 75 MWdc plant in Arayat and Mexico, Pampanga, out of the amounts originally allocated to (a) partially finance its Other Projects, in particular, (i) Investment in the 160MW Balaoi wind project (ii) Investment into a renewable energy laboratory and (iii) Funding of up to U.S.\$100 million for new technology investments in the Philippines (₱600 million), and (b) finance its investment in Giga Ace 8 for a 75MWdc plant in Palauig, Zambales, with a target to increase to 130MWdc (the “Palauig Solar Project”) (₱300 million); and
2. A portion of the proceeds of the FOO in the amount of ₱6.17 billion to partially finance its investment in Santa Cruz Solar Energy Inc. for a 250MWdc plant in San Marcelino, Zambales (₱5.37 billion) and for land acquisition (₱0.8 billion), out of the amounts originally allocated to partially finance its investment in Giga Ace 8 for the Palauig Solar Project (₱4.3 billion), repayment of loans and reduction of payables (₱580 million), and new technology investments (₱1.29 billion).

*Inclusion of ACEN in the PSE Index*

On August 5, 2021, the PSE announced that ACEN would be included in the PSE Index effective August 16, 2021. This is a result of the PSE's regular review of the PSE Index and sector indices covering trading activity for the period July 2020 to June 2021. Companies that qualify for inclusion in the PSEi are those with a free float level of at least 15%, rank among the top 25% by median daily value per month for at least nine out of 12 months, and rank among the highest in market capitalization. On August 5, 2021, the PSE revised its policy on index management, including the increase in free float level to 20% from the current 15%. The new free float level is expected to be implemented for the December 2022 index review.

*210 MWp maiden solar farms in India begin operations*

ACEN and UPC Solar Asia Pacific through its the joint venture company UPC-AC Energy Solar, announced the start of commercial operations of its two maiden solar farms in India, the 140 MWp (100 MWac) Sitara Solar and 70 MWp (50 MWac) Paryapt Solar.

In July 2020, UPC-AC Energy Solar announced the commencement of construction of Sitara Solar located in the Jodhpur District of the State of Rajasthan, a desert state with the highest irradiation in India, that will supply energy to the Solar Energy Corporation of India. This was followed closely by the start of construction of Paryapt Solar, a solar farm set in the Amreli District of the State of Gujarat, one of the first states to develop solar generation capacity in the country.

The development of the solar facilities involved an investment of around US\$100 million. With an aggregate capacity of 210 MWp, the solar farms are comprised of more than 466,000 solar panels which are capable to produce around 358 GWh annually, or an estimated 323,990 metric tonnes of CO<sub>2</sub>e avoided.

*Sale of power barge assets*

On August 20, 2021, the Parent Company's Executive Committee approved the sale of PB 101 to Prime Strategic Holdings Inc. or its designated affiliate or subsidiary, and PB 102 and PB 103 to SPC Power Corporation or its designated affiliate or subsidiary (see Note 9).

*Joint Venture with ib vogt Singapore Pte Ltd*

On August 25, 2021, ACEN obtained Executive Committee approval to enter into a joint venture with ib vogt Singapore Pte Ltd for the development of solar projects in the Philippines, with an initial target of 300 MWdc of generating capacity. ib vogt Singapore Pte Ltd is an affiliate of ib vogt GmbH, a German company focused on developing and delivering high-quality large-scale turnkey photovoltaic plants worldwide. The final terms of the joint venture, including the initial investment of ACEN, is subject to due diligence and the execution of definitive documentation.

*ACEN issued US\$400 million in Fixed-for-Life Green Bonds*

On September 2, 2021, ACEN, through its wholly-owned subsidiary, ACEN Finance Limited ("ACEN Finance"; the Issuer), set the terms of its U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Green Bonds (the Bonds) at an aggregate principal amount of US\$400.00 million, with a fixed coupon of 4.0% for life, with no step-up and no reset, priced at par, of which, was subsequently issued on September 8, 2021 (see Note 19).

Pricing for the bonds was at 4.0%, which was 45 basis points tighter than the initial price guidance. The final order book volume exceeded US\$2.0 billion (more than 5 times oversubscribed), attracting a wide range of high-quality investors.

The Bonds issued by ACEN Finance under its US\$1.5-billion medium-term note program, will be guaranteed by ACEN, and will be listed on the Singapore Exchange Securities Trading platform (SGX-ST).

On August 25, 2021, the Philippine SEC confirmed that the Bonds comply with the requirements under the ASEAN Green Bonds Circular and qualify as an ASEAN Green Bond Issuance.

Financing costs amounted to \$0.15 million. The net proceeds from the Bonds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects, in accordance with ACEN's Green Bond Framework (GBF), which sets out well-defined guidelines for the use of proceeds for renewable energy (RE) projects, with comprehensive monitoring and reporting commitments. These RE developments can be located in the Philippines and offshore.

Including ACEN's ₱5.4 billion (US\$111.2 million) SRO, ₱10.3 billion (US\$212.2 million) FOO, and ₱11.9 billion (US\$244.2 million) primary share investment by GIC affiliate Arran Investment Pte. Ltd. (Arran), ACEN has now raised a total of close to US\$1.0 billion in fresh capital in 2021, which it can use to fund its goal of 5,000 megawatts (MW) in attributable renewable energy (RE) capacity by 2025.

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## 2. Summary of Significant Accounting Policies

### Basis of Preparation and Statement of Compliance

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

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2020.

### New Standards, Interpretations and Amendments

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the adoption of new standards effective as at January 1, 2021. 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 did not have a material impact on the interim condensed consolidated financial statements of the Group.

• Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The about the nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods. The amendments did not have a material impact on the Group

Basis of Consolidation

The unaudited interim condensed consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at September 30, 2021 and December 31, 2020:

<i>Subsidiaries</i>	Principal Activities	Percentage of Ownership (%)			
		September 30, 2021		December 31, 2020	
		Direct	Indirect	Direct	Indirect
AC Energy International, Inc. (“ACE International”, formerly Presage Corporation) (see Note 4)	International investment holding	100.00	–	100.00	–
AC Renewables International Pte. Ltd. (“ACRI”)	International investment holding	–	100.00	–	100.00
AC Energy Cayman (“ACEC”)	International investment holding	–	100.00	–	100.00
ACE Investments HK Limited (“ACE HK”)	International investment holding	–	100.00	–	100.00
ACEN Finance Limited (“ACEN Finance”)	Investment holding	100.00	–	–	–
Bulacan Power Generation Corporation (“Bulacan Power”)	Power generation	100.00	–	100.00	–
CIP II Power Corporation (“CIPP”)	Power generation	100.00	–	100.00	–
Guimaras Wind Corporation (“Guimaras Wind”)	Wind power generation	100.00	–	100.00	–
One Subic Oil Distribution Corporation	Distribution of petroleum products	100.00	–	100.00	–
One Subic Power Generation Corporation (“One Subic Power”)	Power generation	–	100.00	–	100.00
ACE Enexor, Inc. (“ACEX”)	Oil, gas, and geothermal exploration	75.92	0.40	75.92	0.40
Palawan55 Exploration & Production Corporation (“Palawan55”)	Oil and gas exploration	30.65	52.93	30.65	52.93
South Luzon Thermal Energy Corporation (“SLTEC”)	Power generation	100.00	–	100.00	–
Buendia Christiana Holdings Corp. (“BCHC”)	Investment holding	100.00	–	100.00	–
ACE Shared Services, Inc. (“ACES”)	Shared services	100.00	–	100.00	–
Giga Ace 1, Inc.	Power generation	100.00	–	100.00	–
Giga Ace 2, Inc.	Power generation	100.00	–	100.00	–
Giga Ace 3, Inc.	Power generation	100.00	–	100.00	–
Giga Ace 4, Inc.	Power generation	100.00	–	100.00	–
Giga Ace 5, Inc.	Power generation	100.00	–	100.00	–
Giga Ace 6, Inc.	Power generation	100.00	–	100.00	–

Subsidiaries	Principal Activities	Percentage of Ownership (%)			
		September 30, 2021		December 31, 2020	
		Direct	Indirect	Direct	Indirect
Giga Ace 7, Inc.	Power generation	100.00	–	100.00	–
Giga Ace 8, Inc.	Power generation	100.00	–	100.00	–
Giga Ace 9, Inc. (“Giga Ace 9”)	Power generation	100.00	–	100.00	–
Giga Ace 10, Inc.	Power generation	100.00	–	100.00	–
Negros Island Solar Power, Inc.	Solar power generation	–	60.00	–	60.00
San Carlos Solar Energy, Inc.	Solar power generation	–	100.00	–	100.00
Monte Solar Energy, Inc. (“MSEI”)	Solar power generation	96.00	4.00	96.00	4.00
ACE Endeavor, Inc.	Investment holding and management	94.00	6.00	94.00	6.00
Visayas Renewables Corp. (“VRC”)	Investment holding	–	100.00	–	100.00
San Julio Land Development Corporation	Leasing and land development	–	100.00	–	100.00
LCC Bulk Water Supply, Inc.	Water supply and distribution	–	100.00	–	100.00
MCV Bulk Water Supply Inc.	Water supply and distribution	–	100.00	–	100.00
SCC Bulk Water Supply Inc.	Water supply and distribution	–	100.00	–	100.00
HDP Bulk Water Supply Inc.	Water supply and distribution	–	100.00	–	100.00
Ingrid2 Power Corp.	Advisory/Consultancy	–	100.00	–	100.00
Ingrid3 Power Corp. (“Ingrid3”)	Advisory/Consultancy	–	100.00	–	100.00
Ingrid4 Power Corp.	Advisory/Consultancy	–	100.00	–	–
Ingrid5 Power Corp.	Advisory/Consultancy	–	100.00	–	–
Ingrid6 Power Corp.	Advisory/Consultancy	–	100.00	–	–
Solienda Inc.	Leasing and land development	–	100.00	–	100.00
Gigasol 2, Inc.	Power generation	–	100.00	–	100.00
Gigasol 1, Inc.	Power generation	–	100.00	–	100.00
Gigasol 3, Inc. (“Gigasol 3”)	Power generation	–	100.00	–	100.00
Gigasol 4, Inc.	Power generation	–	100.00	–	–
Gigasol 5, Inc.	Power generation	–	100.00	–	–
Gigasol 6, Inc.	Power generation	–	100.00	–	–
Gigasol 7, Inc.	Power generation	–	100.00	–	–
GigaWind1 Inc.	Power generation	–	100.00	–	100.00
Gigawind2 Inc.	Power generation	–	100.00	–	100.00
GigaWind3 Inc.	Power generation	–	100.00	–	–
GigaWind4 Inc.	Power generation	–	100.00	–	–
GigaWind5 Inc.	Power generation	–	100.00	–	–
SolarAce1 Energy Corp. (“SolarAce1”)	Power generation	–	100.00	–	100.00
SolarAce2 Energy Corp. (“SolarAce2”)	Power generation	–	100.00	–	100.00
SolarAce3 Energy Corp.	Power generation	–	100.00	–	100.00
SolarAce4 Energy Corp.	Power generation	–	100.00	–	100.00
AC Subic Solar, Inc.	Power generation	–	100.00	–	100.00
AC Laguna Solar, Inc.	Power generation	–	100.00	–	100.00
AC La Mesa Solar, Inc.	Power generation	–	100.00	–	100.00
Bataan Solar Energy, Inc. (“BSEI”)	Power generation	–	100.00	–	100.00
Santa Cruz Solar Energy, Inc. (“SCSE”)	Power generation	–	100.00	–	100.00
Pagudpud Wind Power Corp.	Investment holding	–	100.00	–	100.00
Bayog Wind Power Corp. (“BWPC”)	Power generation	–	60.00	–	60.00
Manapla Sun Power Development Corporation (“MSPDC”)	Leasing and land development	36.37	29.63	36.37	29.63
ACE Renewables Philippines, Inc.	Investment holding	100.00	–	100.00	–
NorthWind Power Development Corporation (“NorthWind”)	Wind power generation	19.52	48.27	19.52	48.27
Viage Corporation	Investment holding	100.00	–	100.00	–
ACTA Power Corporation	Coal power generation	100.00	–	100.00	–

Except for ACRI, ACEC, ACE HK and ACEN Finance, the principal place of business and country of incorporation of the Parent Company’s investments in subsidiaries is the Philippines.

#### Seasonality of Operations

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

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### 3. Significant Accounting Judgment, Estimates and Assumptions

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

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

#### Judgments

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

#### *Combination of Entities under Common Control*

A combination involving entities or businesses under common control is 'a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory'. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group, provided the transaction meets the definition of a business combination in PFRS 3.

The share swap transaction entered into by the Parent Company with ACEIC was determined to be common control business combination (see Note 4).

#### *Assessment of Joint Control*

The Group's investments in joint ventures (see Note 11) are structured in separate incorporated entities. Even though the Group holds various percentages of ownership interests on these arrangements, their respective joint arrangement require unanimous consent from all parties to the agreement for the relevant activities identified. The Group and the parties to the agreement only have rights to the net assets of the joint venture through the term of the contractual agreements. Solar Philippines Central Luzon Corporation ("SPCLC") will be the special purpose vehicle (SPV) for the joint venture projects of Solar Philippines Power Project Holdings, Inc. ("SP") and ACEN in the Province of Tarlac. SPCLC, being the project SPV, is intended to own and operate the solar farm project/s, which may include battery energy storage systems. Even though the Group currently has a 99.00% ownership interest in SPCLC, the long-term arrangement and intent is for the SPV to be jointly owned and controlled whereby fundamental business and operational matters will require unanimous consent from all parties. The rights of the Group and the other parties to the joint venture, including as to the net assets of the joint venture, will be based on the contractual arrangements that they entered into (see Note 11).



*Determination of Transaction Price from Sale of Electricity*

The adjustment of the FIT rate for the delivered energy is a variable consideration which shall be accounted for in the period in which the transaction price changed. In 2020, the Group recognized additional revenue and long-term receivables computed on the FIT rate increment which will be recovered for a period of five years starting January 1, 2021. In 2021, while waiting for the approval of the 2021 FIT rates, management assessed that the approved 2020 FIT rates represent the best estimate of the transaction price the Group will be entitled to in exchange of the delivered energy.

*Recognition of Deferred Tax Liabilities on Taxable Temporary Differences Arising from Investments in Foreign Subsidiaries, Associates and Joint Venture*

The Group did not recognize deferred tax liabilities on the temporary differences arising from undistributed earnings, cumulative translation adjustment, and OCI accounts of its foreign subsidiaries, associates and joint ventures since management believes that the timing of the reversal of these taxable temporary differences can be controlled by the Group and the management does not expect reversal of these temporary differences in the foreseeable future.

*Other Financial Assets at Amortized Cost*

Other financial assets at amortized cost include redeemable preferred shares and convertible loans which the Group has assessed as debt instruments. These are held by the Group within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows which are reflective of basic lending arrangements (see Note 13).

*Change in Operating Segments*

The Group changed the structure of its internal organization that caused the composition of its reportable segments to change. Previously, the operating businesses are organized and managed separately according to its related services. As at September 30, 2021, the Group's segment report is according to its geographic areas of operations, with each segment representing a strategic business unit that serves different markets, reported on the basis that is used internally by the management for evaluating segment performance and deciding how to allocate resources among operating segments. Financial information on operating segments and the restatement following a change in composition of reportable segments are presented in Note 35 of the interim condensed consolidated financial statements. The reported operating segment information is in accordance with PFRS 8.

*Change in Inventory Costing Method*

Fuel and spare parts are valued at the lower of cost or net realizable value (NRV). NRV is the current replacement cost of fuel and spare parts. In 2021, the Group elected to change in accounting policy on the inventory costing of its inventories from first-in, first-out (FIFO) method to moving average method, as the management evaluated that moving average method more accurately reflects the acquisition and usage of these inventories in the power generation operations of the Group. The change in accounting policy is to be applied retrospectively which will impact the fuel and spare parts and cost of sale of electricity accounts. As the restatements have no impact on the Group's total assets, total liabilities and equity as at the beginning of earliest period presented, the management believes that the presentation of consolidated statement of financial position as at the beginning of earliest period presented is not necessary.

#### *Classification of Assets Held for Sale*

The Group classified the power barge assets as held for sale under PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, as result of the assessment that the assets' carrying amount will be recovered principally through a sale transaction rather than through continuing use (Note 9).

The following criteria are met as of the financial reporting date:

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

#### 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.

#### *Evaluation of Impairment of Non-financial Assets*

The Group reviews investments in associates and joint venture, investment properties, property, plant and equipment, right-of-use assets and intangible assets for impairment of value. Impairment for goodwill is assessed at least annually. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

The Group has evaluated the conditions and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. In doing this, the Group has reviewed the key assumptions in its previous annual impairment assessment to assess whether any changes to the assumptions within that impairment assessment would result in an impairment loss as at December 31, 2020. Except for the matters discussed in Note 10, based on the Group's review of key assumptions that include the possible impact if COVID-19, management has assessed that there were no significant changes in the assumptions used. Consequently, the Group concluded that there is no impairment indicator as at September 30, 2021.

#### *Fair Value Measurement of Financial Assets at FVOCI*

In the estimation of fair value of investments recorded as financial assets at FVOCI, management need to determine the appropriate techniques and inputs for fair value measurements. Management uses the discounted cash flow technique in estimating the fair value of the financial assets at FVOCI. 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.

*Realization of Deferred Income Tax Assets*

The Group reviewed its business and operations to take into consideration the estimated impacts of COVID-19, including its estimated impact on macroeconomic environment, the market outlook and the Group's operations. As such, the Group assessed its ability to generate sufficient taxable income in the future that will allow realization of net deferred tax assets. As a result, the carrying amount of deferred tax assets is reduced to the extent that the related tax assets cannot be utilized due to insufficient taxable profit against which the deferred tax assets will be applied. The Group assessed that sufficient taxable profit will be generated to allow all or part of the deferred income tax assets to be utilized (see Note 29).

*Contingencies and Tax Assessments*

The Group is currently involved in various legal proceedings and assessments for local and national taxes (see Note 37). The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The final settlement of these may result in material adverse impact on the Group's consolidated financial statements.

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**4. Business Combination of Entities under Common Control**

*Acquisition of ACEIC's offshore subsidiaries through share swap*

On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares at a subscription price of ₱5.15 per share, or an aggregate subscription price of ₱85,931,872,744.95 in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in ACE International (share swap transaction), which holds ACEIC's international renewable assets.

On June 7, 2021, the application for the increase from 24.4 billion shares to 48.4 billion shares in the ACS of ACEN was approved by the SEC. Consequently, the closing date of the share swap was on June 7, 2021.

Effective June 7, 2021, ACEN acquired the entities listed below through the share swap transaction with ACEIC. Shares involved common and redeemable preferred shares. As the transaction is outside the scope of PFRS 3, the acquisition was accounted for using the pooling-of-interests method. In applying the pooling-of-interests method, the assets and liabilities of acquired entities are taken into the merged business at their carrying values with restatement of comparative 2020 figures. Likewise, no goodwill was recognized in the business combination.

The transfer was via a tax-free exchange under Section 40(C)(2) of the 1997 National Internal Revenue Code, as amended ("NIRC"), as amended by Republic Act No. 10963 (TRAIN Law) and Republic Act No. 11534 (CREATE Law), for which a request for ruling is no longer required to be filed with the BIR to confirm that the share swap transaction qualifies as a tax-free exchange.

The following are details of the entities transferred to the Parent Company through share swap:

Name of Entities to be Transferred	Ownership of AC Energy and Infrastructure Corporation		ACEN's existing interest before share swap	ACEN's interest after share swap
	Direct	Indirect		
AC Energy International, Inc. (formerly Presage Corporation, "ACE International")	100.00	–	–	100.00
AC Energy Cayman (ACEC) <sup>(a)</sup>	–	100.00	–	100.00
ACE Investments HK Limited	–	100.00	–	100.00
AC Renewables International. Pte. Ltd. (ACRI)	–	100.00	–	100.00
ACEHI Netherlands B.V.	–	100.00	–	100.00
Star Energy Geothermal Salak-Darajat BV <sup>(b)</sup>	–	19.80	–	19.80
Star Energy Geothermal Salak Ltd <sup>(b)</sup>	–	19.80	–	19.80
Star Energy Geothermal Salak Pratama Ltd <sup>(b)</sup>	–	19.80	–	19.80
Star Energy Geothermal Darajat I Ltd <sup>(b)</sup>	–	19.80	–	19.80
Star Energy Geothermal Darajat II Ltd <sup>(b)</sup>	–	19.80	–	19.80
PT Star Energy Geothermal Suoh Sekincau <sup>(b)</sup>	–	18.81	–	18.81
PT Darajat Geothermal <sup>(b)</sup>	–	18.81	–	18.81
UPC Renewables Asia III Limited <sup>(b)(c)</sup>	–	51.00	–	51.00
UPC Sidrap Bayu Energi <sup>(b)(c)</sup>	–	36.72	–	36.72
UPC Sidrap (HK) Limited. <sup>(b)</sup>	–	11.00	–	11.00
UPC Sidrap Bayu Energi <sup>(b)(c)</sup>	–	2.31	–	2.31
AC Energy Vietnam Investments Pte Ltd.	–	100.00	–	100.00
BIM Wind Power Joint Stock Company <sup>(b)</sup>	–	30.00	–	30.00
AC Energy Vietnam Investments 2 Pte Ltd.	–	100.00	–	100.00
BIM Energy Joint Stock Company <sup>(b)(c)</sup>	–	30.00	–	30.00
BIM Renewable Energy Joint Stock Company <sup>(b)(c)</sup>	–	30.00	–	30.00
AMI AC Renewables Corp. <sup>(b)(c)</sup>	–	50.00	–	50.00
AMI Energy Khanh Hoa Joint Stock Company <sup>(b)</sup>	–	50.00	–	50.00
BMT Energy Renewable Joint Stock Company <sup>(b)</sup>	–	50.00	–	50.00
B&T Windfarm Joint Stock Company <sup>(b)</sup>	–	50.00	–	50.00
BT1 Windfarm Joint Stock Company	–	50.00	–	50.00
BT2 Windfarm Joint Stock Company	–	50.00	–	50.00
AC Energy Vietnam Investments 2 Pte Ltd.	–	100.00	–	100.00
Asian Wind Power 1 HK Ltd <sup>(b)</sup>	–	50.00	–	50.00
Dai Phong JSC <sup>(b)</sup>	–	50.00	–	50.00
Asian Wind Power 2 HK Ltd <sup>(b)</sup>	–	50.00	–	50.00
Hong Phong 1 <sup>(b)</sup>	–	50.00	–	50.00
Vietnam Wind Energy Limited <sup>(b)</sup>	–	50.00	–	50.00
SME Energy Joint Stock Company <sup>(b)</sup>	–	47.37	–	47.37
Wind Power Lac Hoa Co. Ltd. <sup>(b)</sup>	–	47.37	–	47.37
Wind Power Hoa Dong Co. Ltd. <sup>(b)</sup>	–	47.37	–	47.37
The Blue Circle <sup>(b)</sup>	–	25.00	–	25.00
Asian Wind Power 1 HK Ltd <sup>(b)</sup>	–	12.50	–	12.50
Dai Phong JSC <sup>(b)</sup>	–	12.50	–	12.50
Asian Wind Power 2 HK Ltd <sup>(b)</sup>	–	12.50	–	12.50
Hong Phong 1 <sup>(b)</sup>	–	12.50	–	12.50
UPC-AC Energy Australia (HK) Ltd <sup>(b)</sup>	–	50.00	–	50.00
UPC Australia (HK) Limited <sup>(b)</sup>	–	48.50	–	48.50
UPC-AC Renewables Australia Pty Ltd. <sup>(b)</sup>	–	48.50	–	48.50
UPC North East Tasmania Pty Ltd. <sup>(b)</sup>	–	48.50	–	48.50
UPC Axedale Solar Farm Pty Ltd. (b)	–	48.50	–	48.50
UPC Robbins Island Pty Ltd.(b)	–	38.80	–	38.80
UPC New England Solar Farm Hold Co. Pty Ltd. <sup>(b)</sup>	–	48.50	–	48.50
NESF Pty Ltd. <sup>(b)</sup>	–	48.50	–	48.50
New England Solar Project Trust <sup>(b)</sup>	–	48.50	–	48.50
NESF Finco Pty Ltd. <sup>(b)</sup>	–	48.50	–	48.50
UPC Stubbo Solar Farm Pty Ltd. <sup>(b)</sup>	–	48.50	–	48.50
UPC Valley of the Winds Pty <sup>(b)</sup>	–	48.50	–	48.50
UPC South Australia Pty Ltd. <sup>(b)</sup>	–	48.50	–	48.50
Rise Renewables Pty Ltd <sup>(b)</sup>	–	24.74	–	24.74

Name of Entities to be Transferred	Ownership of AC Energy and Infrastructure Corporation		ACEN's existing interest before share swap	ACEN's interest after share swap
	Direct	Indirect		
Baroota Hydro Project Pty Ltd <sup>(b)</sup>	–	24.74	–	24.74
AC Energy Australia Pte. Ltd.	–	100.00	–	100.00
UAC Energy Holdings Pty. Ltd.	–	100.00	–	100.00
UAC Energy Subco Pty Ltd.	–	100.00	–	100.00
Arlington Mariveles Netherlands Holdings Cooperatie UA.	–	100.00	–	100.00
Arlington Mariveles Netherlands Holding B.V.	–	100.00	–	100.00
UPC AC Energy Solar Ltd. <sup>(b)</sup>	–	50.00	–	50.00
UPC AC Energy Solar Asia Ltd. <sup>(b)</sup>	–	50.00	–	50.00
UPC Solar India (HK) II Limited <sup>(b)</sup>	–	50.00	–	50.00
Paryapt Solar HoldCo Ltd <sup>(a)</sup>	–	50.00	–	50.00
Paryapt Solar Energy Pvt. Ltd. <sup>(b)</sup>	–	24.50	–	24.50
Sitara Solar HoldCo Ltd. <sup>(a)</sup>	–	50.00	–	50.00
Sitara Solar Energy Pvt. Ltd. <sup>(b)</sup>	–	24.50	–	24.50
UPC Solar India Pvt Ltd.	–	50.00	–	50.00
Calpine Subisco Solar Energy Pvt Ltd	–	50.00	–	50.00
Calpine Solar HoldCo Ltd	–	50.00	–	50.00
Calpine Solar Energy Pvt Ltd	–	50.00	–	50.00
Masaya Solar HoldCo Ltd.	–	50.00	–	50.00
Masaya Solar Energy Pvt. Ltd. <sup>(b)</sup>	–	24.50	–	24.50
AC Energy HK Ltd.	–	100.00	–	100.00
Masaya Solar Energy Pvt. Ltd. <sup>(b)</sup>	–	51.00	–	51.00
UPC-AC Energy Solar Pte. Ltd.	–	50.00	–	50.00
UPC-AC Energy Solar Asia Pte. Ltd.	–	50.00	–	50.00
UPC-AC Energy Solar India Pte. Ltd.	–	50.00	–	50.00
Calpine Solar HoldCo Pte. Ltd.	–	50.00	–	50.00
Calpine Subsico Solar Energy Pvt Ltd	–	50.00	–	50.00

a. 100% common shares held by ACRI while redeemable preferred shares are 100% owned by AC Energy Finance International Limited (“ACEFIL”), recognized as non-controlling interest.

b. These companies are accounted for as joint ventures and associates by ACEN.

c. Difference between voting interests and economic interests in these companies pertain to redeemable preference shares which are accounted for as a liability.

Details of ACEN's consolidated balances and the balances of Offshore Companies' assets and liabilities as at December 31, 2020 which were consolidated to the Group are as follows:

	ACEN consolidated balances as at December 31, 2020 (Audited)	Increase (decrease) effect of the Offshore Companies' balances as at December 31, 2020 (Unaudited)	ACEN consolidated balances as at December 31, 2020 (As restated)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	₱5,135,474	₱22,941,697	₱28,077,171
Receivables	6,095,019	10,516,700	16,611,719
Fuel and spare parts	1,391,340	–	1,391,340
Financial assets at fair value through other comprehensive income (FVOCI)	–	12,620,756	12,620,756

(Forward)

	ACEN consolidated balances as at December 31, 2020 (Audited)	Increase (decrease) effect of the Offshore Companies' balances as at December 31, 2020 (Unaudited)	ACEN consolidated balances as at December 31, 2020 (As restated)
<b>Current portion of:</b>			
Input value added tax (VAT)	₱430,139	₱8,599	₱438,738
Creditable withholding taxes	649,271	–	649,271
Other current assets	453,233	191	453,424
<b>Total Current Assets</b>	<b>14,154,476</b>	<b>46,087,943</b>	<b>60,242,419</b>
<b>Noncurrent Assets</b>			
Investments in:			
Financial asset at FVOCI	1,211	379,957	381,168
Associates and joint ventures	6,593,492	12,201,596	18,795,088
Other financial assets at amortized cost	–	15,297,105	15,297,105
Property, plant and equipment	31,837,939	11	31,837,950
Right-of-use assets	2,343,404	–	2,343,404
Investment properties	341,549	–	341,549
Receivables - net of current portion		6,540,288	6,540,288
Goodwill and other intangible assets	2,537,094	–	2,537,094
Deferred income tax assets - net	416,353	–	416,353
Net of current portion:			
Input VAT	1,177,802	–	1,177,802
Creditable withholding taxes	601,840	–	601,840
Other noncurrent assets	3,570,160	(2,266,400)	1,303,760
<b>Total Noncurrent Assets</b>	<b>49,420,844</b>	<b>32,152,557</b>	<b>81,573,401</b>
<b>TOTAL ASSETS</b>	<b>₱63,575,320</b>	<b>₱78,240,500</b>	<b>₱141,815,820</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and other current liabilities	₱6,539,227	(₱49,038)	₱6,490,189
Short-term loans	9,438,600	(4,803,600)	4,635,000
Current portion of long-term loans	707,782	–	707,782
Current portion of lease liability	285,001	–	285,001
Income and withholding taxes payable	129,072	216,209	345,281
Due to stockholders	18,272	–	18,272
<b>Total Current Liabilities</b>	<b>17,117,954</b>	<b>(4,636,429)</b>	<b>12,481,525</b>
<b>Noncurrent Liabilities</b>			
Long term loans - net of current portion	₱21,682,924	(₱136,551)	₱21,546,373
Lease liabilities - net of current portion	1,631,628	–	1,631,628
Pension and other employee benefits	50,929	–	50,929
Deferred income tax liabilities - net	127,693	3,288	130,981
Other noncurrent liabilities	1,609,123	85,925	1,695,048
<b>Total Noncurrent Liabilities</b>	<b>25,102,297</b>	<b>(47,338)</b>	<b>25,054,959</b>
<b>Total Liabilities</b>	<b>42,220,251</b>	<b>(4,683,767)</b>	<b>37,536,484</b>

(Forward)

	ACEN consolidated balances as at December 31, 2020 (Audited)	Increase (decrease) effect of the Offshore Companies' balances as at December 31, 2020 (Unaudited)	ACEN consolidated balances as at December 31, 2020 (As restated)
<b>Equity</b>			
Capital stock	P13,706,957	P—	P13,706,957
Additional paid-in capital	8,692,555	—	8,692,555
Other equity reserves	(7,541,223)	36,203,580	28,662,357
Unrealized fair value (loss) gain on equity instruments at FVOCI	(8,169)	151,794	143,625
Unrealized fair value gain on derivative instruments designated as hedges	57,409	—	57,409
Remeasurement loss on defined benefit plans	(6,999)	—	(6,999)
Accumulated share in other comprehensive loss of associates and joint ventures	(2,723)	(227,121)	(229,844)
Cumulative translation adjustments	—	(3,453,709)	(3,453,709)
Retained earnings	5,167,685	1,181,399	6,349,084
Treasury shares	(40,930)	—	(40,930)
Total equity attributable to equity holders of the Parent Company	20,024,562	33,855,943	53,880,505
Non-controlling interests	1,330,507	49,068,324	50,398,831
<b>Total Equity</b>	21,355,069	82,924,267	104,279,336
<b>TOTAL LIABILITIES AND EQUITY</b>	P63,575,320	P78,240,500	P141,815,820

Below is the consolidated statement of income for the three-month and nine-month period ended September 30, 2020, after considering the retroactive impact of the share swap transaction with ACEIC's Offshore Companies.

	<b>Three-Month Period Ended September 30</b>			<b>Nine-month Period Ended September 30</b>		
	(As previously reported)	(Restatement)	(As restated)	(As previously reported)	(Restatement)	(As restated)
<b>REVENUES</b>						
Revenue from sale of electricity	₱5,262,547	₱–	₱5,262,547	₱15,150,025	₱–	₱15,150,025
Rental income	8,590	–	8,590	71,663	–	71,663
Other revenues	7,134	6,427	13,561	26,589	8,445	35,034
	5,278,271	6,427	5,284,698	15,248,277	8,445	15,256,722
<b>COSTS AND EXPENSES</b>						
Costs of sale of electricity	3,741,547	–	3,741,547	10,147,543	–	10,147,543
General and administrative expenses	446,628	267,989	714,617	1,277,649	421,264	1,698,913
	4,188,175	267,989	4,456,164	11,425,192	421,264	11,846,456
<b>INTEREST AND OTHER FINANCE CHARGES</b>	(456,420)	(46,827)	(503,247)	(1,364,215)	(65,610)	(1,429,825)
<b>EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES</b>	146,657	240,199	386,856	485,191	854,885	1,340,076
<b>OTHER INCOME – NET</b>	228,402	415,852	644,254	564,725	1,952,403	2,517,128
<b>INCOME BEFORE INCOME TAX</b>	1,008,735	347,662	1,356,397	3,508,786	2,328,859	5,837,645
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>						
Current	28,091	182,771	210,862	178,483	182,775	361,258
Deferred	27,581	(232,049)	(204,468)	308,828	4,707	313,535
	55,672	(49,278)	6,394	487,311	187,482	674,793
<b>NET INCOME</b>	₱953,063	₱396,940	₱1,350,003	₱3,021,475	₱2,141,377	₱5,162,852
<b>Net Income (Loss) Attributable To:</b>						
Equity holders of the Parent Company	₱977,781	(₱39,224)	₱938,557	₱2,935,091	₱576,872	₱3,511,963
Non-controlling interests	(24,718)	436,164	411,446	86,384	1,564,505	1,650,889
	₱953,063	₱396,940	₱1,350,003	₱3,021,475	₱2,141,377	₱5,162,852



The share swap transaction provides that ACEN shall issue its own shares equivalent to 16,685,800,533 common shares at ₱5.15 per share as consideration in exchange for ACEIC's interest in the aforementioned entities, giving rise to additional paid-in capital presented in the equity of the Parent Company as follows:

Equity instruments issued	16,685,800,533
Par value per share	₱1.00
Total value of common shares issued	₱16,685,800,533
Transfer value at ₱5.15 per share	85,931,872,745
Gross additional paid-in capital	69,246,072,212
Transaction costs	(332,814,660)
<b>Additional paid-in capital</b>	<b>₱68,913,257,552</b>

Transaction costs include documentary stamp taxes and SEC fees paid relevant to share issuance amounting to ₱332.81 million were charged to additional paid-in capital account.

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## 5. Cash and Cash Equivalents

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Cash on hand and in banks	<b>₱24,765,317</b>	₱14,188,780
Short-term deposits	<b>8,827,122</b>	13,888,391
	<b>₱33,592,439</b>	₱28,077,171

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

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

Interest income earned on cash in banks and short-term deposits for the nine-month period ended September 30, 2021 and 2020 amounted to ₱95.25 million and ₱235.43 million, respectively (see Note 28).

Short-term deposits include debt service reserves account amounting to ₱549.11 million and ₱212.24 million as at September 30, 2021 and December 31, 2020, respectively, for the payment of loans by SLTEC (see Note 19).

## 6. Receivables

This account consists of:

	September 30, 2021 (Unaudited)	December 31, 2020 (As restated Note 4)
<b>Current:</b>		
Due from related parties (Note 30)	<b>₱23,926,685</b>	₱9,378,249
Trade	<b>4,346,254</b>	4,662,070
Receivables from:		
Third parties	<b>2,021,738</b>	2,576,128
Consortium - service contracts and assignee of mining rights	<b>78,809</b>	78,809
Employees	<b>21,227</b>	16,608
Others	<b>194,712</b>	66,830
	<b>30,589,425</b>	16,778,694
Less allowance for credit losses	<b>167,848</b>	166,975
	<b>₱30,421,577</b>	₱16,611,719
<b>Noncurrent:</b>		
Due from related parties (Note 30)	<b>₱7,163,234</b>	₱2,741,428
Trade	<b>1,984,770</b>	1,930,478
Receivables from:		
Third parties	<b>2,792,232</b>	1,812,366
Others	<b>123,731</b>	69,768
	<b>12,063,967</b>	6,554,040
Less allowance for credit losses	<b>13,752</b>	13,752
	<b>₱12,050,215</b>	₱6,540,288

Current trade receivables mainly represent receivables from Independent Electricity Market Operator of the Philippines (“IEMOP”), NGCP and National Transmission Corporation (“TransCo”) for the FIT and from the group’s bilateral customers. Significant portion of outstanding balance relate to receivables from Manila Electric Company (“MERALCO”) baseload and Mid-Merit PSAs as well as FIT system adjustments (see Notes 17 and 22).

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

Current receivables from related parties include loan receivables from ACEIC, TBC, Yoma, BIMRE, Asia Wind Power 2 HK, Vietnam Wind Energy Limited, as well as a convertible loan from Asia Wind Power 1 HK (see Note 30).

Current and noncurrent receivables from third parties mainly pertain to the noninterest-bearing receivable from NGCP for the sale of transmission assets and submarine cable. Also included under this account is SLTEC’s receivable from NGCP for the remaining uncollected consideration for the sale of the 230KV Salong Switching Station and related assets and subscription receivable of ISLASOL from TLCTI Asia. Noncurrent receivables from third parties are collectible annually within 3 years and are discounted using the PHP BVAL Reference rates on transaction date ranging from 2.14% - 4.56%.

Current receivable from third parties also include half of the principal amount of the development loan receivable from BIM Energy Holdings (BIMEH).

Noncurrent receivables from related parties includes the receivable of ACEN from Greencore (see Note 30).

Noncurrent trade receivables represent refundable amount from the Philippine Electricity Market Corporation (PEMC) arising from recalculation of November and December 2013 spot prices as directed by the ERC. In 2014, the Group, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.51 million. In June 2016, the 24-month period of repayment prescribed; hence, the Group provided an allowance for doubtful accounts related to Multilateral Agreement amounting to ₱13.75 million. Collections are presented as “Trade payables” under “Other noncurrent liabilities” (see Note 20). Noncurrent trade receivables also include FIT system adjustments that are expected to be realized beyond 12 months after end of reporting period (see Note 22). FIT system adjustments are discounted using the PHP BVAL Reference rates on transaction date ranging from 2.06% - 2.45%.

Noncurrent receivable from third parties includes debt replacement and development that are interest bearing and are collectible upon maturity. Noncurrent receivables from third parties includes the interest-bearing loans receivable from UPC Renewables Asia Pacific Holdings (URAPHL) and from BEHS Joint Stock Company (BEHS).

Noncurrent receivables from third parties also include interest-bearing term loan facility from Provincia Investments Corporation (“PIC”). First drawdown on the loan facility was made on July 2, 2021 amounting to ₱150.00 million. Interests together with the principal amount are payable on or before July 2, 2026.

As at September 30, 2021 and December 31, 2020, the aging analysis of receivables are as follows:

<b>September 30, 2021 (Unaudited)</b>							
	<b>Total</b>	<b>Current</b>	<b>&lt;30 Days</b>	<b>30–60 Days</b>	<b>61–90 Days</b>	<b>More than 90 Days</b>	<b>Past Due and Impaired</b>
Trade	₱4,346,254	₱1,782,114	₱9,088	₱36,490	₱1,207,524	₱1,228,057	₱82,981
Due from related parties	23,926,685	23,926,685		–	–	–	–
Others	2,316,486	1,804,502	2,151	5,140	15,319	404,507	84,867
	<b>₱30,589,425</b>	<b>₱27,513,301</b>	<b>₱11,239</b>	<b>₱41,630</b>	<b>₱1,222,843</b>	<b>₱1,632,564</b>	<b>₱167,848</b>

<b>December 31, 2020 (As restated, Note 4)</b>							
	<b>Total</b>	<b>Current</b>	<b>&lt;30 Days</b>	<b>30–60 Days</b>	<b>61–90 Days</b>	<b>More than 90 Days</b>	<b>Past Due and Impaired</b>
Trade	₱4,662,070	₱3,896,025	₱2,640	₱21,729	₱11,208	₱649,477	₱80,991
Due from related parties	9,378,249	9,378,249	–	–	–	–	–
Others	2,738,375	2,211,172	1,697	14,511	24,333	400,678	85,984
	<b>₱16,778,694</b>	<b>₱15,485,446</b>	<b>₱4,337</b>	<b>₱36,240</b>	<b>₱35,541</b>	<b>₱1,050,155</b>	<b>₱166,975</b>

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

	<b>September 30, 2021 (Unaudited)</b>		
	<b>Trade</b>	<b>Others</b>	<b>Total</b>
Balances at beginning of period	<b>₱80,991</b>	<b>₱85,984</b>	<b>₱166,975</b>
Provisions - net (Note 24)	<b>873</b>	-	<b>873</b>
Reclassification	<b>1,116</b>	<b>(1,116)</b>	-
Balances at end of period	<b>₱82,980</b>	<b>₱84,868</b>	<b>₱167,848</b>

	December 31, 2020 (As restated, Note 4)		
	Trade	Others	Total
Balances at beginning of year	₱80,991	₱86,016	₱167,007
Reversal	-	(32)	(32)
Balances at end of year	₱80,991	₱85,984	₱166,975

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

## 7. Fuel and Spare Parts

Fuel charged to “Costs of sale of electricity” in the consolidated statements of income amounted to ₱3,109.76 million and ₱2,373.39 million for the nine-month periods ended September 30, 2021 and 2020, respectively (see Note 23).

For the nine-month periods ended September 30, 2021 and 2020, no provision for impairment, both for fuel and spare parts was recognized by the Group. As at September 30, 2021 and December 31, 2020, the allowance for inventory obsolescence amounted to ₱6.96 million.

## 8. Other Current Assets

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Prepaid expenses	<b>₱278,368</b>	₱186,404
Advances to contractors	<b>484,376</b>	264,979
Derivative asset (Note 32)	<b>205,412</b>	46,968
Others	<b>44,145</b>	4,957
	<b>1,012,301</b>	503,308
Less allowance for impairment loss	<b>41,317</b>	49,884
	<b>₱970,984</b>	₱453,424

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

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

Derivative asset pertains to the foreign exchange forward contracts maturing within 12-month period (see Notes 16, 17, 19 and 32). For the nine-month period ended September 30, 2021, ACEN had realized ₱41.70 million gain from matured forex forwards (see Note 26).

Allowance for impairment relates to the advances to contractors paid by BSEI for the development of its renewable energy laboratory facility with energy storage system project (see Notes 3 and 10). The ₱8.57 million reversal arise from subsequent collection and reassessment of collectability.

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## 9. Asset Held for Sale

### ACEN

On August 20, 2021, the Parent Company's Executive Committee approved the sale of PB 101 to Prime Strategic Holdings Inc. or its designated affiliate or subsidiary, and PB 102 and PB 103 to SPC Power Corporation or its designated affiliate or subsidiary.

The Asset Purchase Agreement for the sale of PB 102 and 103 with SPC Island Power Corporation was subsequently signed on September 16, 2021. While no term sheet executed yet for PB 101 as of report date, the sale of the power barges is expected to be completed in the fourth quarter of 2021, subject to satisfaction of agreed conditions precedent, including obtaining the applicable regulatory approvals. As at September 30, 2021, the power barges are classified as "Asset held for sale" in the consolidated statements of financial position in accordance with PFRS 5. The asset was previously presented as part of property, plant and equipment (see Note 10).

Immediately before the reclassification of the power barges as held for sale, the recoverable amount was estimated. An additional impairment loss amounting to ₱5.37 million was recognized for PB 102 and 103 to reduce the carrying amount of the assets held for sale to their fair value less costs to sell. The carrying value of the remaining asset classified as assets held for sale amounted to ₱251.58 million as at September 30, 2021.

### *Impairment Losses*

ACEN's Power Barge ("PB") 102 located in Barrio Obrero, Iloilo City, accidentally discharged fuel oil on July 3, 2020. Based on investigation, an explosion in one of the barge's fuel tanks ruptured the hull of the barge which resulted in the oil spill.

PB101 and 102 were commissioned in 1981 while PB 103 in 1985. These were acquired by ACEN from the Power Sector Assets and Liabilities Management Corporation (PSALM) in 2015. Each power barge is a barge-mounted bunker-fired diesel generating power station with Hitachi diesel generator units and a gross capacity of 32MW and providing dispatchable reserve services to the Visayas grid.

The Group assessed as at December 31, 2020 and determined that the incident raised impairment indication that the asset's carrying amount exceeded its estimated recoverable amount. The Group recognized provision for impairment for PB 102 and PB103 amounting to ₱198.53 million. As at September 30, 2021, the Group reclassified the net book value of these impaired assets to assets held for sale since based on management's assessment, the criteria under PFRS 5 have been met.

### BSEI

Tools identified as salable are classified as assets held for sale amounted to ₱9.93 million as at September 30, 2021 (see Notes 10, 27). The tools are available for immediate sale in its present condition although nothing yet has been finalized, management has been actively looking for interested buyers.

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## 10. Property, Plant and Equipment

### Acquisitions and disposals

During the nine-month period ended September 30, 2021, the Group acquired assets with a cost of ₱3,791.27 million (year ended December 31, 2020: ₱6,452.42 million), excluding property, plant and equipment acquired through business combination (see Note 4).

### *Significant Additions During the Period*

For the nine-month period ended September 30, 2021, the Group invested significant capital expenditures related to the following projects:

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

In 2020, the Group invested significant capital expenditures related to the following projects:

- ₱3,321.33 million for its 120 MW solar farm project in Alaminos, Laguna through its subsidiary, SolarAce1;
- ₱464.75 million for its 150 MW diesel-fired power facility in Pililia, Rizal through its subsidiary, Ingrid.
- ₱1,657.69 million for its 60 MW solar power project in Palauig, Zambales through its subsidiary, Gigasol 3;
- ₱105.18 million for its 5 MW Solar Plant Project in Mariveles Bataan through its subsidiary, BSEI.
- Capital expenditures for One Subic Power amounting to ₱269.24 million which consists of crankshaft engine, air cooler, major parts for diesel engines.
- Capitalized costs for ACEN amounting to ₱100.63 million which consists of drydocking costs of PB101, cylinder head cover and installation costs of engine bearing.

### *Mortgaged Property and Equipment*

Guimaras Wind's wind farm with carrying value of ₱3,754.17 million and ₱3,909.77 million as at September 30, 2021 and December 31, 2020, respectively, included under "Machinery and Equipment" account is mortgaged as security for the long-term loan. (see Note 19).

*Impairment Losses*

For the nine-month period ended September 30, 2021, the Group recognized in the statement of income as other income the reversals of impairment on property, plant and equipment under the Philippine segment amounting to ₱72.00 million which was determined as the recoverable amount of the power barges based on fair value less cost to sell, and ₱14.89 million from BSEI tools identified as salable and reclassified subsequently to assets held for sale, of which, ₱4.96 million was sold during the year (see Notes 9, 27). In addition, the provision for impairment amounting to ₱158.30 million for BSEI's construction-in-progress under the Philippine segment was recognized in the statement of income as general and administrative expense during the current period consistent with the assessment as at September 30, 2021 and December 31, 2020, respectively (see Note 24).

Other provisions in 2020 include ₱96.16 million and ₱14.89 million for BSEI's construction-in-progress and tools and miscellaneous assets, respectively, and ₱0.46 million for Guimaras Wind's construction-in-progress of its Sibunag Wind Project.

## 11. Investments in Associates and Joint Ventures

The Group's investments in associates and interest in joint ventures as at September 30, 2021 and December 31, 2020 are as follows:

	Percentage of ownership		Carrying amount	
	2021 (Unaudited)	2020 (As restated, Note 4)	2021 (Unaudited)	2020 (As restated, Note 4)
Investments in associates:				
Star Energy Geothermal (Salak-Darajat) B.V. ("Salak-Darajat")	19.80	19.80	₱10,460,645	₱9,330,436
Maibarara Geothermal, Inc. ("MGI")	25.00	25.00	763,324	739,076
Negros Island Biomass Holdings, Inc. ("NIBHI")	–	45.12	–	224
Others			1,165	25,728
			<b>11,225,134</b>	10,095,464
Interest in joint ventures:				
Philippine Wind Holdings Corp. ("PhilWind")	69.81	69.81	₱5,698,291	₱5,853,561
BIM Renewable Energy Joint Stock Company ("BIMRE")	30.00	30.00	1,683,355	1,380,194
UPC-AC Energy Australia (HK) Ltd. ("UPC- ACE Australia")	50.00	50.00	973,313	1,008,899
AMI AC Renewables Corporation ("AAR")	50.00	50.00	151,484	288,355
BIM Energy Joint Stock Company ("BIME")	30.00	30.00	131,788	111,792
Ingrid Power Holdings, Inc. ("Ingrid")	50.00	–	1,107,679	–
UPC Renewables Asia III Ltd. ("UPC Asia III")	10.00	10.00	49,935	56,591
Others			(2,587)	232
			<b>9,793,258</b>	8,699,624
			<b>₱21,018,392</b>	₱18,795,088

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

	September 30, 2021 (Unaudited)	December 31, 2020 (As restated)
<b>Investment in associates and interest in joint ventures</b>		
Acquisition costs:		
Balance at beginning of period	P17,754,729	P14,488,595
Additions	281,723	2,853,713
Interest retained in former subsidiary	1,112,515	-
Divestment	(186,738)	-
Effect of a business combination	-	1,579,596
Cumulative translation adjustment	818,782	(1,167,605)
Others	-	430
Balance at end of period	<b>19,781,011</b>	17,754,729
Accumulated equity in net earnings (losses):		
Balance at beginning of period	1,231,154	2,261,771
Equity in net earnings	1,288,584	1,490,192
Dividends received	(1,254,015)	(2,003,931)
Divestment	(34,972)	-
Effect of business combinations under common control	-	(516,878)
Balance at end of period	<b>1,230,751</b>	1,231,154
Accumulated share in other comprehensive income:		
Balance at beginning of period	(P2,723)	(P2,107)
Unrealized fair value gain on derivative instruments designated as hedges - net of tax	11,038	-
Remeasurement loss on defined benefit plans - net of tax	(126)	(616)
Balance at end of period	<b>8,189</b>	(2,723)
Accumulated impairment losses		
Balance at beginning of period	(188,072)	(1,559)
Divestment	186,513	-
Reversal of Impairment	-	(186,513)
Balance at end of period	<b>(1,559)</b>	(188,072)
<b>Total investments</b>	<b>P21,018,392</b>	<b>P18,795,088</b>

### Investments in Associates

#### *Salak-Darajat*

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

Dividends declared by Salak-Darajat amounted to US\$6.93 million (P336.41 million) for the nine-month period ended September 30, 2021 and US\$29.70 million (P1,426.67 million) in 2020.

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



### *MGI*

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

### *NIBHI*

NIBHI is a domestic corporation registered in the Philippines and located at 26<sup>th</sup> Floor, PSE Tower Bonifacio High St., 28<sup>th</sup> cor. 5<sup>th</sup> Ave., Bonifacio Global City, Taguig City. NIBHI is a holding firm for the BioPower Group (SCBP, SNBP and NNBP). The Group, in partnership with TLCTI Asia, currently has a portfolio totaling 63.44 MW in generation capacity from biomass.

Upon effectivity of ACEN's share swap with ACEIC, the Parent Company acquired a 45.12% voting ownership in NIBHI, through ACE Endeavor, Inc.

On June 18, 2021, NIBHI, signed binding agreements to divest its shareholdings in three biomass-fired power plants in the Visayas. Subject to certain conditions precedent, NIBHI will sell its equity stake to its partner, the TLCTI Asia, which indirectly already owns over 90% of the economics of the equity ownership of the biomass-fired power plants.

Subsequent to the above transaction, the Group divested its interest in NIBHI through the redemption of redeemable preferred shares held by ACE Endeavor amounting to ₱31.85 million and sale of the remaining shares held by ACE Endeavor to various stakeholders for a consideration of ₱40.98 million. The above transactions and agreements, which changed the Group's recovery of its investment, resulted to the reversal of impairment of investment in joint venture recognized in the statement of income as other income under the Philippine segment amounting to ₱37.63 million (see Note 28).

Dividends declared by NIBHI amounted to ₱69.32 million for the nine-month period ended September 30, 2021 while nil in 2020.

### Interest in Joint Ventures

#### *PhilWind*

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

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

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

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

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

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

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

Dividends declared by PhilWind amounted to ₱754.36 million for the nine-month period ended September 30, 2021 and ₱270.51 million in 2020.

#### *UPC-ACE Australia*

On May 23, 2018, ACEIC participated in the Australian renewables market through a joint venture with international renewable energy developer, UPC Renewables. ACEIC has invested US\$30.00 million (₱1,519.1 million) for 50% ownership in UPC's Australian business and is also providing US\$200.0 million facility to fund project equity.

UPC Renewables Australia is developing 1,000MW Robbins Island and Jim's Plain in Northwest Tasmania and the 700MW New England Solar Farm (NESF) located near Uralla in New South Wales. UPC Renewables Australia also has a further development portfolio of another 3000MW's located in NSW, Tasmania and Victoria.

In 2021, the Group made additional investment amounting to US\$5.75 million (₱278.60 million) to UPC-ACE Australia for funding the NESF. The infusion does not modify the Group's ownership interest in the joint venture.

#### *AAR*

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

#### *UPC Asia III*

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

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

*BIMRE and BIME*

In 2018, the Group entered into a 30-70 joint venture agreement with BIM Group to develop, construct, and operate at 330 MW solar power project in Vietnam through BIMRE and BIME. Its principal place of business and country of incorporation is at Vietnam.

In 2019, the Group made additional investment amounting to ₱209.58 million to BIMRE.

In 2020, the Group entered into an Amendment and Supplement to Share Subscription Agreement for additional Common Shares, Class A Preferred Shares and Class B Preferred Shares for 30% ownership in BIMRE. As at December 31, 2020, the Group made a subscription deposit of US\$5.63 million (₱280.41 million) for common shares and \$3.96 million (₱190.11 million) for Class A and B Preferred Shares. Deposits for Class A and Class B Preferred Shares are classified under “Other financial assets at amortized cost”.

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

Dividends declared by BIMRE and BIME amounted US\$1.45 million (₱73.92 million) for the nine-month period ended September 30, 2021 and US\$6.02 million (₱289.25 million) in 2020.

*Ingrid*

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

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

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

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

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

*UPC AC Energy Solar Ltd.*

In July 2020, ACEN, through its joint venture UPC-AC Energy Solar, issued notice-to-proceed for a 140 MWdc solar plant (“Sitara Solar project”) in Rajasthan, a desert state with the highest irradiation in India. The project utilizes Risen Energy monocrystalline panels and is expected to start power generation in the first half of 2021.

In May 2021, despite the worsening pandemic situation in India, the 140 MWdc Sitara Solar project in Rajasthan started commercial operations. The project supplies energy to the Solar Energy Corporation of India. UPC-AC Energy Solar won the power supply agreement for Sitara Solar via a competitive bid at INR 2.48 per kWh, fixed over a 25-year period.

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

In April 2021, UPC-AC Energy Solar achieved a significant milestone with the start of commercial operations of its 70 MWdc Paryapt Solar project located in the State of Gujarat, India. The project is supplying energy to Gujarat Urja Vikas Nigam Ltd. UPC-AC Energy Solar won the power supply agreement for the project via a competitive bid at INR 2.55 per kWh, fixed over a 25-year period.

*Greencore*

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

On February 4, 2021, ACEN and ACE Endeavor signed a Shareholders’ Agreement with CSEC, and Grencore Power Solutions 3, Inc. (“Grencore”), for the development, construction, and operation of the Project. On the same date, ACEN and ACED signed subscription agreements with Grencore for the subscription of 2.25 million and 0.25 million common shares, respectively, with a par value of ₱1.00 per share, or a total par values of ₱2.25 million and ₱0.25 million, respectively, to be issued out of the unissued authorized capital stock of Grencore. ACEN and ACED have fully paid their subscriptions.

The Project is started construction in 2021. Under the Shareholders’ Agreement, CSEC will have 50% of the shares in Grencore, the special purpose vehicle of the Project, while ACEN and ACE Endeavor will hold a 45% and 5% interest, respectively. ACEN has agreed to provide a term loan facility to Grencore of up to ₱2.68 billion to finance the design, engineering, financing, construction, procurement and supply, manufacturing, commissioning, start up, testing, delivery, ownership, operation and maintenance of the power plant. Grencore and its shareholders agreed to execute the necessary loan and security agreement for this purpose (see Note 1).

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

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

*Solar Philippines Central Luzon Corporation ("SPCLC")*

On January 22, 2021, ACEN signed a Deed of Absolute Sale of Shares with SP for the acquisition by ACEN of SP's 0.24 million common shares in SPCLC with a par value of ₱1.00 per share or a total par value of ₱0.24 million.

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

SPCLC is a special purpose vehicle and is meant to implement the joint venture between ACEN and SP for the development and operation of solar power projects in the Philippines. As at September 30, 2021, commercial operations have not yet commenced.

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

The summarized financial information of material associates and joint venture of the Group, and the reconciliation with the carrying amount of the investments in the consolidated financial statements are shown below:

**September 30, 2021 (Unaudited)**

	PhilWind	Ingrid	UPC-ACE Australia	AAR	Salak-Darajat	BIMRE
Classification	Joint venture	Joint venture	Joint venture	Joint venture	Associate	Joint venture
Functional currency	PHPP	PHPP	US\$	VND	US\$	VND
	(in millions)	(in millions)	(in millions)	(in billions)	(in millions)	(in billions)
Dividends received	₱754.36	₱	US\$–	₱–	\$6.93	₱33.48
<b>Summarized Statements of Financial Position:</b>						
Current assets	₱1,660.50	₱437.04	\$2.70	₱1,363.90	\$353.34	₱972.18
Noncurrent assets	7,363.12	1,383.33	173.29	7,359.92	2,471.98	5,787.63
Total assets	9,023.62	1,820.37	\$175.99	8,723.82	\$2,825.32	₱6,759.81
Current liabilities	526.21	90.73	2.75	1,545.13	81.41	1,356.60
Noncurrent liabilities	5,080.29	83.25	149.21	7,207.47	1,731.42	4,243.61
Equity	₱3,417.12	₱1,646.39	\$24.03	(₱28.78)	\$1,012.49	₱1,159.60
Share in equity	₱2,385.49	823.20	\$12.02	(₱14.39)	\$200.47	₱347.88
Fair value adjustment on land	–	–	–	–	15.00	–
Notional goodwill	3,312.80	284.00	7.08	85.99	–	447.72
Others	–	–	–	–	(10.20)	–
Carrying value of investments	₱5,698.29	₱1,107.20	\$19.10	₱71.6	\$205.27	₱795.60
<b>Summarized Statements of Comprehensive Income:</b>						
Revenue	₱1,631.81	25.68	\$11.91	(₱0.33)	\$235.27	₱1,045.94
Cost and expenses	774.66	35.36	26.79	141.12	152.54	611.13
Net income (loss)	857.15	(9.68)	(14.88)	(141.45)	82.73	434.81
Other comprehensive income	0.65	–	–	–	–	–
Total comprehensive income (loss) at functional currency	₱857.80	(₱9.68)	(\$14.88)	(₱141.45)	\$82.86	₱434.81
Group's share in total comprehensive income (loss) at functional currency	₱598.83	(₱4.84)	(\$7.44)	(₱70.73)	\$16.41	₱130.44
Total comprehensive income (loss) in Philippine Peso	₱857.80	(₱9.68)	(₱746.18)	(₱0.30)	₱4,155.01	₱0.91
Group's share in total comprehensive income (loss) in Philippine Peso	₱598.83	(₱4.84)	(₱373.09)	(₱0.15)	₱823.93	₱0.28

**December 31, 2020 (As restated)**

	PhilWind	UPC-ACE Australia	AAR	Salak-Darajat	BIMRE
Classification	Joint venture	Joint venture	Joint venture	Associate	Joint venture
Functional currency	PHP	US\$	VND	US\$	VND
	(in millions)	(in million)	(in billions)	(in millions)	(in billions)
Dividends received	₱270.51	US\$—	₱—	\$29.70	₱139.87
<b>Summarized Statements of Financial Position:</b>					
Current assets	₱1,624.63	\$2.93	₱1,068.40	\$295.15	₱764.11
Noncurrent assets	7,542.68	94.83	2,096.12	2,473.35	5,989.20
Total assets	9,167.31	97.76	3,164.52	2,768.50	6,753.31
Current liabilities	445.95	2.31	301.08	55.25	1,655.87
Noncurrent liabilities	5,219.87	66.76	1,500.21	1,741.80	4,312.56
Equity	₱3,501.48	\$28.69	₱1,363.23	\$971.45	₱784.88
Share in equity	₱2,444.38	(\$10.45)	(₱36.33)	\$192.00	₱573.19
Fair value adjustment on land	—	—	—	15.00	—
Notional goodwill	3,409.18	31.45	164.72	—	41.25
Others	—	—	—	(12.76)	0.05
Carrying value of investments	₱5,853.56	\$21.00	₱128.39	\$194.24	₱614.49

**September 30, 2020 (Unaudited)**

	PhilWind	UPC-ACE Australia	AAR	Salak-Darajat	BIMRE
<b>Summarized Statements of Comprehensive Income:</b>					
Revenue	₱1,829.14	\$0.12	₱224.28	\$250.38	₱837.61
Cost and expenses	1,036.49	4.82	208.69	178.46	448.14
Net income	792.65	(\$4.70)	15.59	\$71.92	389.47
Other comprehensive loss	—	—	—	(7.30)	—
Total comprehensive income at functional currency	₱792.65	(\$4.70)	₱15.59	\$64.62	₱389.47
Group's share in total comprehensive income at functional currency	₱553.35	(\$2.35)	₱7.80	\$12.80	₱116.84
Total comprehensive income in Philippine Peso	₱792.65	(₱232.61)	₱0.03	₱3,134.55	₱0.82
Group's share in total comprehensive income in Philippine Peso	₱553.35	(₱116.26)	₱0.02	₱620.80	₱0.24

## 12. Financial assets at FVOCI

	September 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Current:		
AYC Finance Limited (AYCFL)	P-	P12,620,756
Noncurrent:		
UPC Sidrap HK Limited	P356,447	P379,957
Golf club shares	1,190	1,190
Listed shares of stock	21	21
	<b>P357,658</b>	<b>P381,168</b>

On May 14, 2019, the Group subscribed to 41.22 million redeemable preference shares at par value of US\$10 per share in AYCFL, an unconsolidated affiliate of the Group. The subscribed redeemable preferred shares amounting to \$412.20 million (P21,186.00 million) are cumulative, non-voting and redeemable by AYCFL, at its sole option, at price and terms to be determined by its directors.

On September 14, 2020, the BOD of AYCFL approved to redeem a total of 15.00 million redeemable preferred shares at US\$10.00 per share for a total of US\$150.00 million (P7,275.90 million) which took effect on September 18, 2020. Total unrealized fair value gain that was reclassified to retained earnings upon redemption is at US\$0.23 million (P11.10 million).

On April 21, 2021, the BOD of AYCFL approved to redeem the remaining 26.22 million redeemable preferred shares at US\$10.00 per share for a total of US\$262.20 million (P12,687.86 million) which took effect on April 23, 2021.

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

	September 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
Balance at beginning of period	P143,625	(P26,546)
Unrealized (loss) gain recognized during the period	(43,414)	92,821
Reversal of unrealized fair value gain upon redemption	(25,906)	(11,105)
Effect of business combinations under common control (Note 4)	(162,899)	88,455
Balance at end of period	<b>(P88,594)</b>	<b>P143,625</b>

Dividend income amounted to P11.72 million (\$0.24 million) earned from UPC Sidrap for the nine-month period ended September 30, 2021 while nil in 2020.



### 13. Other Financial Assets at Amortized Cost

This account consists of:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Redeemable preferred shares and subscription deposits	<b>₱12,038,625</b>	₱8,181,268
Convertible loans	<b>13,327,240</b>	7,115,837
Balance at end of period	<b>₱25,365,865</b>	₱15,297,105

#### Investment in redeemable preferred shares and subscription deposits

The rollforward analysis of this account follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Balances at beginning of period	<b>₱8,181,268</b>	₱3,374,289
Subscription deposits	<b>2,643,399</b>	2,087,275
Cumulative translation adjustment	<b>612,634</b>	(180,072)
Additions	<b>601,324</b>	2,899,776
Balances at end of period	<b>₱12,038,625</b>	₱8,181,268

#### Investments in redeemable preferred shares

##### *Investment in UPC Asia III*

On January 11, 2017, the Group entered into an agreement for subscription to Redeemable Class A preferred shares of UPC Asia III. UPC Asia III owns 75 MW Wind Farm in South Sulawesi, Indonesia. Redeemable Class A preferred shares are entitled to dividends at fixed, cumulative, and compounding rate annually. The Redeemable Class A preferred shares are non-voting shares and are redeemable at par plus any accrued dividends at the holder's option within 60 days from earlier of July 15, 2035 or date as soon as funds are realized by UPC Asia III or its subsidiaries.

As at September 30, 2021 and December 31, 2020, investment in Redeemable Class A preferred shares amounted to US\$21.86 million (₱1,114.19 million) and US\$21.86 million (₱1,050.28 million), respectively. Interest income amounted to US\$3.06 million (₱153.40 million) and US\$3.12 million (₱151.23 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

##### *Investment in AAR*

On January 22, 2018, the Group entered into an agreement for subscription to Redeemable Class A and B preferred shares of AAR. AAR owns a combined 80 MW of Solar Farm in Khan Hoa and Dak Lak Province, Vietnam. Redeemable Class A and B preferred shares are entitled to dividends at fixed base rate annually. The Redeemable Class A and Class B preferred shares are redeemable at par and only by cash at the issuer's option on "first in, first out" basis but no earlier than the 5th year from subscription date and no later than the end of the project, and all accrued coupons are current.

As at September 30, 2021 and December 31, 2020, investment in Redeemable Class A and B preferred shares amounted to US\$66.32 million (₱3,379.41 million) and US\$66.32 million (₱3,185.57 million), respectively. Interest income amounted to US\$6.40 million (₱321.12 million) and US\$1.93 million (₱93.52 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

*Investment in BIMRE*

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

As at September 30, 2021 and December 31, 2020, investment in Redeemable Class A and Class B preferred shares amounted to US\$24.39 million (₱1,242.69 million) and US\$20.43 million (₱981.30 million), respectively. Interest income amounted to US\$2.37 million (₱118.67 million) and US\$1.82 million (₱88.32 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

*Investment in BIME*

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

As at September 30, 2021 and December 31, 2020, investment in Redeemable Class A and Class B preferred shares amounted to US\$4.25 million (₱216.78 million) and US\$4.25 million (₱204.34 million), respectively. Interest income amounted to US\$0.41 million (₱20.79 million) and US\$0.59 million (₱28.56 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

*Investment in UPC Solar*

On July 29, 2020, the Group entered into an agreement for subscription of Class A Redeemable preferred shares. UPC Solar is currently developing solar farms with combined capacity of 210 MW in the Provinces of Rajasthan and Gujarat, India. The Class A Redeemable preferred shares are non-voting shares entitled to dividends at fixed, cumulative, compounding base rate annually. These are redeemable at the option of the issuer and subject to cash availability and these will be redeemed after commercial operations date and no later than the end of project.

As at September 30, 2021 and December 31, 2020, investment in Class A Redeemable Preferred shares amounted to US\$22.50 million (₱1,146.58 million) and US\$14.00 million (₱672.50 million), respectively. Interest income amounted to US\$1.81 million (₱90.75 million) and US\$0.05 million (₱2.45 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

Redeemable preferred shares bear coupon ranging from 11.25% to 14.00% per annum. Dividends on redeemable preferred shares which are classified and accrued as interest income on a monthly basis are subject to declaration prior to payment.

Subscription Deposits

As discussed in Note 11, the Group entered into an Amendment and Supplement to Share Subscription Agreement for additional Common Shares, Class A Preferred Shares and Class B Preferred Shares for 30.00% ownership in BIMRE. As at September 30, 2021 and December 31, 2020, total subscriptions deposit made for Class B Preferred Shares is at \$3.96 million (₱201.68 million).

On April 16, 2020, the Group entered into a Share Subscription and Deposit Agreement for additional Class A Preferred Shares of AAR. AAR owns the 50 MW solar plant in Khan Hoa province and 30 MW solar plant in Dak Lak province, both in Vietnam. The Group subscribed for a total of 124.77 million future Class A Preferred Shares. Of the total deposits made amounting to US\$53.89 million, the Group partially converted \$46.37 million to Class A Redeemable Preferred Shares of AAR. As at September 30, 2021 and December 31, 2020, remaining unconverted subscription deposit is at \$51.91 million (₱2,645.18 million) and \$7.52 million (₱361.41 million), respectively.

On July 7, 2020, the Group entered into a Share Subscription and Deposit Agreement for non-interest deposit with BIM Wind. As at September 30, 2021 and December 31, 2020, the Group made a subscription deposit of \$45.01 million (₱2,293.80 million) and \$31.97 million (₱1,535.75 million), respectively.

Convertible loans

The rollforward analysis of this account follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated)
Balance at beginning of period	<b>₱7,115,837</b>	₱–
Additions	<b>6,293,784</b>	5,983,388
Redemptions	<b>(791,328)</b>	–
Cumulative translation adjustment	<b>708,947</b>	(63,841)
Reclassified from receivables from related parties	–	1,196,290
Balance at end of period	<b>₱13,327,240</b>	₱7,115,837

*Investment in UPC Australia*

On May 26, 2020, the Group entered into an agreement with UPC-AC Energy Australia HK Ltd. to make available a convertible loan facility in aggregate principal amount not exceeding US\$48.50 million (₱2,350.55 million). The Convertible Shareholder Loan Agreement was entered for the development and construction of NESF Project. The principal and interest of the convertible loan are payable on 25<sup>th</sup> anniversary of the drawdown date. The Group, from time to time until the 25<sup>th</sup> anniversary of the drawdown date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. Redeemable preferred shares shall earn coupon rate which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. The redeemable preferred shares are redeemable only by cash at the issuer's option on "first in first out" basis but no later than end of the project.

On September 30, 2020, the Group entered into an agreement to make available a convertible term loan facility in an aggregate principal amount of US\$275.00 million (₱13,327.88 million). The Convertible Shareholder Loan Agreement was entered to fund various investments in Australia. The principal and interest of the convertible loan are payable on 25<sup>th</sup> anniversary of the drawdown date. The Group, from time to time until the 25<sup>th</sup> anniversary of the drawdown date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. Redeemable preferred shares shall earn coupon rate which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. The redeemable preferred shares are redeemable only by cash at the issuer's option on "first in first out" basis but no later than end of the project.

As at September 30, 2021 and December 31, 2020, outstanding balance of the convertible loan amounted to US\$172.20 million (₱9,080.93 million) and US\$64.81 million (₱3,113.09 million). Interest income amounted to US\$8.28 million (₱415.02 million) and US\$0.91 million (₱44.03 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

#### *Investment in Vietnam Wind Energy Limited*

On April 17, 2020, the Group entered into a Convertible Shareholder Agreement with Vietnam Wind Energy Limited to make available a convertible loan facility in aggregate principal amount not exceeding US\$38.00 million (₱1,841.67 million). The Convertible Shareholder Agreement was entered to provide financing for the development and construction of various wind projects in Vietnam. The convertible loan bears annual fixed rate and payable upon maturity. The principal and interest of the convertible loan are payable 220 months after the project commercial operations date. The Group, from time to time until the maturity date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, redeemable preferred shares with no voting rights. Redeemable preferred shares shall earn coupon rate which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. The redeemable preferred shares are redeemable only by cash at the issuer's option on "first in first out" basis no later than end of the project.

As at September 30, 2021 and December 31, 2020, outstanding balance of the convertible loan amounted to US\$38.00 million (₱1,936.44 million) and US\$38.00 million (₱1,825.37 million). Interest income amounted to US\$3.67 million (₱183.95 million) and US\$1.72 million (₱83.66 million) for the nine-month periods ended September 30, 2021 and 2020.

#### *Investment in Asian Wind Power 1 HK Ltd*

On April 12, 2019, the Group entered into a Convertible Preferred A Facility Agreement with Asian Wind Power 1 HK Ltd to make available a convertible loan facility in aggregate principal amount not exceeding US\$26.00 million (₱1,260.09 million). The Convertible Preferred A Facility Agreement was entered to finance the development and construction of Dai Phong Project. The convertible loan bears annual fixed rate payable quarterly. The maturity date of the Convertible Preferred A Facility Agreement is in April of 2044. The principal and interest of the convertible loan are payable on 25<sup>th</sup> anniversary of drawdown date. The Group, from time to time until the 25<sup>th</sup> anniversary of the drawdown date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, Class A preferred shares with no voting rights. Class A preferred shares shall earn coupon rate which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. The Class A preferred shares is redeemable only by cash at the issuer's option on "first in first out" basis.

As at September 30, 2021 and December 31, 2020, outstanding balance of the convertible loan amounted to US\$24.58 million (₱1,252.32 million) and US\$24.58 million (₱1,180.48 million), respectively. Interest income amounted to US\$2.51 million (₱126.09 million) and US\$2.29 million (₱110.97 million) for the nine-month periods ended September 30, 2021 and 2020, respectively. In 2020, this was reclassified as “Other Financial Asset at Amortized Cost” upon reassessment of the features of the instrument.

#### *Investment in Asian Wind Power 2 HK Ltd*

In March 2020, the Group entered into a Convertible Preferred A Facility Agreement with Asian Wind Power 2 HK Ltd to make available a convertible loan facility in aggregate principal amount not exceeding US\$23.00 million (₱1,114.70 million). The Convertible Preferred A Facility Agreement was entered to finance the development and construction of Hong Phong 1 Project. The convertible loan bears annual fixed rate payable quarterly. The maturity date of the Convertible Preferred A Facility Agreement is in March of 2045. The principal and interest of the convertible loan are payable on 25<sup>th</sup> anniversary of drawdown date. The Group, from time to time until the 25<sup>th</sup> anniversary of the drawdown date, has an irrevocable right to convert all or part of the conversion amount into conversion shares at US\$1.00 per share. Shares issued shall be valid, fully paid, non-assessable, Class A preferred shares with no voting rights. Class A preferred shares shall earn coupon rate of which is fixed, cumulative, and compounding annually and are not entitled to any additional dividends. Class A preferred share is redeemable only by cash at the issuer’s option on “first in first out” basis.

As at September 30, 2021 and December 31, 2020, outstanding balance of the convertible loan amounted to US\$20.75 million (₱1,057.55 million) and US\$20.75 million (₱996.89 million). Interest income amounted to US\$1.91 million (₱96.02 million) and US\$1.11 million (₱54.00 million) for the nine-month periods ended September 30, 2021 and 2020.

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

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## 14. Investment Properties

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

In 2021, ₱438.38 million were reclassified to Property, plant and equipment as the properties were leased out to the group’s subsidiaries, SCSE, Giga Ace 9, and SolarAce2.

The account also include Bulacan Power’s land amounting to ₱13.09 million.

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

Movement on the account in 2020 include reclassification from property, plant and equipment of a land owned by BCHC amounting to ₱283.86 million.

## 15. Goodwill and Other Intangible Assets

Changes in goodwill and other intangible assets for the period ended September 30, 2021 and December 31, 2021 are as follows:

	September 30, 2021 (Unaudited)				
	Goodwill	Deferred Exploration Costs	Leasehold and Water Rights	Other Intangible Assets	Total
Cost:					
Balance at beginning of period	P246,605	P121,975	P185,104	P2,191,814	P2,745,498
Additions/Cash calls	-	15,183	-	-	15,183
Reclass from PPE	-	-	243	-	243
Balance at end of period	246,605	137,158	185,347	2,191,814	2,760,924
Accumulated amortization:					
Balance at beginning of period	P-	P-	P32,610	P113,696	P146,306
Amortization (Note 25)	-	-	6,090	113,696	119,786
Reclass from PPE	-	-	24	-	24
Balance at end of period	-	-	38,724	227,392	266,116
Accumulated impairment:					
Balance at beginning of period	-	62,098	-	-	62,098
Impairment	-	23,379	-	-	23,379
Balance at end of period	-	85,477	-	-	85,477
Net book value	P 246,605	P 51,681	P 146,623	P 1,964,422	P 2,409,331

	December 31, 2020 (As restated, Note 4)				
	Goodwill	Deferred Exploration Costs	Leasehold and Water Rights	Other Intangible Assets	Total
Cost:					
Balance at beginning of year	P234,152	P108,139	P185,347	P-	P527,638
Step acquisition of ISLASOL	12,453	-	-	-	12,453
Step acquisition of SACASOL	-	-	-	2,191,814	2,191,814
Reclassification	-	-	(243)	-	(243)
Additions/Cash calls	-	13,836	-	-	13,836
Balance at end of year	246,605	121,975	185,104	2,191,814	2,745,498
Accumulated amortization:					
Balance at beginning of year	P-	P-	P24,463	P-	P24,463
Amortization	-	-	8,147	113,696	121,843
Balance at end of year	-	-	32,610	113,696	146,306
Accumulated impairment:					
Balance at beginning and end of year	-	62,098	-	-	62,098
Net book value	P246,605	P59,877	P152,494	P2,078,118	P2,537,094

### Goodwill and Leasehold Rights

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

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

Solienda, Inc. (“Solienda”) holds a leasehold right on its contracts of lease with San Carlos Sun Power, Inc., San Carlos Biopower Inc. and SACASOL. As at September 30, 2021 and December 31, 2020, the carrying amount of the leasehold right amounted to ₱138.10 million and ₱144.69 million, respectively.

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

Water Supply Contract

HDP holds a water supply contract with San Carlos Bioenergy, Inc. The carrying amount as at September 30, 2021 and December 31, 2020 is ₱8.30 million and ₱7.81 million respectively.

Other Intangible Assets

Intangible assets amounting to ₱2,191.81 million arising from identifiable FIT contract was recognized from acquisition of SACASOL. The carrying amount as at September 30, 2021 and December 31, 2020 is ₱1,964.42 million and ₱2,078.12 million, respectively.

*Impairment Testing of Goodwill*

The Parent Company performs its impairment test annually and when circumstances indicate that the carrying value may be impaired. In light of the impact of COVID-19 and the ECQ restricting movements and construction activities, management reassessed recoverable amounts for the Parent Company’s goodwill. The key assumptions used to determine the recoverable amount for the different cash-generating units were disclosed in the annual consolidated financial statements as at December 31, 2020. As at September 30, 2021, there are no changes in the assumptions used for purposes of goodwill impairment.

Based on management’s assessment, recoverable amount exceeded the carrying amount of the CGU. No impairment loss was recognized on goodwill as at September 30, 2021 and December 31, 2020.

Deferred Exploration Costs

Details of deferred exploration costs are as follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020
<i>Petroleum and gas:</i>		
SC 55 (Southwest Palawan)	<b>₱51,681</b>	₱36,639
SC 6 (Northwest Palawan)		
Block A	<b>23,379</b>	23,238
Block B	<b>4,892</b>	4,892
SC 50 Northwest Palawan	<b>11,719</b>	11,719
SC 52 (Cagayan Province)	<b>10,994</b>	10,994
<i>Geothermal - SC 8 (Mabini, Batangas)</i>	<b>34,493</b>	34,493
	<b>137,158</b>	121,975
Allowance for impairment loss	<b>(85,477)</b>	(62,098)
Net book value	<b>₱51,681</b>	₱59,877

Below is the rollforward analysis of the deferred exploration costs:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020
Cost:		
Balances at beginning of period	<b>₱121,975</b>	₱108,139
Additions - cash calls	<b>15,183</b>	13,836
Balance at end of period	<b>137,158</b>	121,975
Allowance for a probable loss:		
Balances at beginning of period	<b>62,098</b>	62,098
Provisions	<b>23,379</b>	-
Balance at end of period	<b>85,477</b>	62,098
Net book value	<b>₱51,681</b>	₱59,877

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

On January 27, 2021, the ACEX Executive Committee approved the ACEX's withdrawal from the SC 6 Block A consortium. SC 6A does not have any commercial operations. Provision for probable loss was recognized for SC 6A amounting to ₱23.4 million. Write-off of SC 6 will be done upon receipt of DOE approval.

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

No impairment was recognized for SC 55 as at September 30, 2021 and December 31, 2020 as there are no indicators for impairment.

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## 16. Right-of-Use Assets and Lease Liabilities

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

- ACEN - rental of office space in 22<sup>nd</sup> Floor of Ayala Tower together with 8 parking slots and in 35<sup>th</sup> Floor of Ayala Triangle Gardens Tower 2 with 3 parking slots.
- One Subic Power - facilities and lease agreement with SBMA for the Land in Subic including the 116 MW Diesel Powerplant.
- Guimaras Wind - lease commitments from various landowners in Guimaras for land, easement rights and right of way use to connect to the grid.
- SACASOL - lease of land for its solar power facility and office building.
- MSEI - lease of land for its solar power facility.
- NorthWind - lease of land for its wind power facility (Phase I-II) and rental of office space with parking slots.
- Solarace1 - lease of land for the construction and operation of its solar power facility.
- MCV - lease of land as site for its water supply system.
- LCC - lease of land as site for its water supply system.
- ISLASOL - lease of land for its solar power facility.
- BCHC - lease of land for its solar power facility



SLTEC's lease agreement was terminated effective May 31, 2020.

In 2021, the Parent Company entered into a 10-year lease agreement with Ayala Land, Inc, a related party, for the use of its office unit and parking slot with a gross leasable area of approximately 4,905.80 sqm. The Company recognized a right-of-use asset and lease liability amounting to ₱1,024.86 million and ₱1,024.35 million, respectively, arising from this lease agreement, which are treated as non-cash items in the consolidated statement of cash flows (see Note 30).

For the period ended September 30, 2021 and 2020, the total cash outflow in respect of leases amounted to ₱219.32 million and ₱141.15 million, respectively. Interest expense in relation to lease liabilities for the nine-month periods ended September 30, 2021 and 2020 amounted to ₱101.16 million and ₱107.90 million, respectively, and is presented as part of "Interest and Other Finance Charges" in the consolidated statements of income (see Note 27).

Moreover, the Group recognized amortization expense for its right-of-use asset amounting to ₱259.87 million and ₱91.25 million and is presented as part of Depreciation and amortization in the consolidated statement of income for the nine-month periods ended September 30, 2021 and 2020, respectively (see Note 26). The Group recognized rent expense from short-term leases amounting to nil for the nine-month periods ended September 30, 2021 and 2020, respectively.

There was no indication of impairment on the right-of-use asset of the Group as at September 30, 2021 and December 31, 2020.

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## 17. Other Noncurrent Assets

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Advances to suppliers	<b>₱757,128</b>	₱850,384
Development costs	<b>418,800</b>	309,395
Deposits	<b>138,380</b>	105,337
Derivative asset (Notes 8, 20 and 33)	–	35,046
Others	<b>15,624</b>	3,598
<b>Balance at end of the period</b>	<b>₱1,329,932</b>	₱1,303,760

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

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

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

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

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

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Trade	<b>₱1,791,489</b>	₱1,183,743
Output VAT - net	<b>1,042,293</b>	946,529
Accrued expenses	<b>1,037,420</b>	641,683
Nontrade (Note 20)	<b>607,081</b>	2,729,529
Due to related parties (Note 30)	<b>315,179</b>	629,902
Derivative liability (Notes 8, and 33)	<b>205,412</b>	3,300
Accrued interest expenses	<b>166,758</b>	203,972
Retention payables	<b>64,833</b>	74,974
Accrued directors' and annual incentives (Note 30)	<b>16,863</b>	30,574
Contract liabilities	-	4,132
Others	<b>92,522</b>	41,851
	<b>₱5,339,850</b>	₱6,490,189

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Accounts payable and other current liabilities are noninterest-bearing and are normally settled on thirty (30) to sixty (60)-day terms.

Trade payables refer to liabilities to suppliers of electricity and fuel oil purchased by the Group.

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

Accrued expenses include insurance, sick and vacation leave accruals, station use and One Subic Power's variable rent for lease with SBMA and accruals for incentive pay and operating expense such as security fee, plant repairs and maintenance.

Derivative liability pertains to foreign exchange forward contracts maturing within 12-month period (see Notes 8, and 33).

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

## 19. Loans

### Long-term loans

This account consists of:

	September 30, 2021 (Unaudited)	December 31, 2020 (As restated, Note 4)
SLTEC long-term loans	₱9,950,000	₱10,587,500
ACEN long-term loans	7,994,865	8,128,347
NorthWind loan	2,167,060	2,233,530
Guimaras Wind term-loan facility	1,280,525	1,410,268
BWPC long-term loans	–	135,383
	<b>21,392,450</b>	22,495,028
Less unamortized debt issue costs	<b>231,029</b>	240,873
	<b>21,161,421</b>	22,254,155
Less current portion of long-term loans (net of unamortized debt issue costs)	<b>680,240</b>	707,782
Noncurrent portion	<b>₱20,481,181</b>	₱21,546,373

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

	Debt Issue Costs
As at December 31, 2019	257,071
Additions	28,500
Amortization/accretion for the year	(44,698)
As at December 31, 2020	₱240,873
Additions	22,518
Amortization/accretion for nine-month period* (Note 27)	(32,362)
As at September 30, 2021	₱231,029

\*Included under "Interest and other financial charges" in the consolidated statements of income.

### ACEN

On March 30, 2021, ACEN prepaid in full its ₱1,175.00 million term loan facility with Development Bank of the Philippines ("DBP"). ACEN was granted consent by DBP for the prepayment of the loan without premium or penalty.

#### *ACEN's Loan Agreement with DBP*

On March 19, 2021, the Parent Company entered into a new loan agreement with DBP for a maximum principal amount of ₱4.50 billion.

First drawdown on the facility was made on March 30, 2021 amounting to ₱805.00 million. The loan has a term of one hundred twenty (120) months from and after the initial drawdown date. The payments shall be made in semi-annual principal installments commencing on the thirtieth (30<sup>th</sup>) month from the initial drawdown date. Each principal installment shall be payable on the principal repayment date which shall coincide with an interest payment date.

The loan is subject to a floating interest rate that is repriced on every succeeding semi-annual period. The Company has the option to convert the interest rate to fixed on any semi-annual payment date up to the second (2<sup>nd</sup>) anniversary from the initial drawdown on the facility. ACEN has the option to prepay the loan, wholly or partially, on any interest payment date during the term of the loan. The management assessed that the embedded derivatives is not for bifurcation because the interest floor rate is considered clearly and closely related with the loan and the exercise price of the prepayment option approximates the amortized cost of the loan.

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

In 2020, ACEN was able to obtain waivers of compliance for the Debt Service Coverage Ratio, Debt-to-Equity ratio and Current ratio covenants on its legacy loans with SBC (₱1.18 billion) and DBP (₱1.18 billion) as required by the terms of each respective Lender's loan agreement. The waivers granted on the covenants for ACEN are valid until the next succeeding testing date. These ratios are computed based on the annual consolidated audited financial statements of ACEN, and the next testing date will be sometime during the first quarter of 2022, based on the 2021 consolidated audited financial statements. ACEN classified the loans amounting to ₱1.50 billion and ₱1.68 billion as noncurrent as at September 30, 2021 and December 31, 2020, respectively.

#### Guimaras Wind

The loan facility is secured by Guimaras Wind's wind farm, included in "Machinery and equipment" account under "Property, plant and equipment" with carrying values amounting to ₱3,754.17 million and ₱3,909.77 million as at September 30, 2021 and December 31, 2020, respectively (see Note 10). In addition, as a security for the timely payment, discharge, observance and performance of the obligations, ACEN entered into a Pledge Agreement covering the subscriptions of stocks of ACEN and its nominees.

*Loan Covenants.* Guimaras Wind was in compliance with the loan covenants as at September 30, 2021 and December 31, 2020. The compliance with the debt covenants is assessed annually by the lenders. The Company shall maintain a minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Guimaras Wind continues to take necessary measures to ensure compliance with loan covenants.

#### SLTEC

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

On May 7, 2021, SLTEC made a partial Cash Sweep Prepayment of ₱500.00 million on its loan. The remaining principal balance of the loan is ₱9,950.00 million.

*Loan Covenants.* SLTEC has complied with its contractual agreements and is compliant with the loan covenants as at reporting dates. As compliance with the debt covenants, SLTEC should maintain a minimum DSCR of 1.1 times, and a maximum Net debt to Equity ratio of 3 times.

NorthWind

NorthWind closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration. NorthWind is required to maintain a minimum historical DSCR of 1.05 times. As at September 30, 2021 and December 31, 2020, NorthWind is compliant with its loan covenants.

BWPC

The outstanding loan balance to UPC Holdco amounting to nil and ₱145.04 million as at September 30, 2021 and December 31, 2020, respectively. Loan was used for the funding of the Balaoi and Caunayan Wind Power Project. BWPC availed loans from UPC Holdco amounting to ₱33.62 million and ₱17.28 million in 2021 and 2020, respectively. These loans are unsecured, due in 5 years and bears interest at an annual rate of 8.00%. Interest is accrued daily and compounded annually and payable together with the principal amount. Accrued interest expense for the nine-month periods ended September 30, 2021 and 2020 arising from the loans payable amounted to ₱53.14 million and ₱15.31 million. The outstanding interest payable amounted nil and ₱62.92 million as at September 30, 2021 and December 31, 2020 respectively.

In May 2021, outstanding loan balance including the interest payable were paid in full.

Total interest expense recognized on ACEN's, Guimaras Wind's, SLTEC's, NorthWind's and BWPC's long-term loans amounted to ₱959.59 million and ₱1,025.07 million for the nine-month periods ended September 30, 2021 and 2020, respectively (see Note 27).

Principal payments made relative to the Group's long-term loans amounted to ₱1,950.48 million and ₱2,619.32 million for the nine-month periods ended September 30, 2021 and 2020. ACEN paid ₱22.51 million and ₱28.50 million debt issue costs for the relevant loans availed in for the current period 2021 and in 2020.

Short-term loans

This account consists of:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated)
Balance at beginning of period	<b>₱4,635,000</b>	₱3,556
Availments	<b>3,000,000</b>	5,385,000
Loans assumed through business combination	-	395,388
Payments	<b>(7,635,000)</b>	(1,148,944)
<b>Balance at end of period</b>	<b>₱-</b>	<b>₱4,635,000</b>

Below are the pertinent details of the loans from BDO, SBC, CBC and RCBC that were paid in full by the Parent Company on their respective maturity dates.

<b>Bank</b>	<b>Date of Availment</b>	<b>Amount</b>	<b>Interest</b>	<b>Maturity</b>
BDO	September 18, 2020	₱1,000,000,000	4.000%	March 17, 2021
SBC	September 18, 2020	₱800,000,000	3.750%	March 17, 2021
BDO	October 23, 2020	₱550,000,000	4.000%	March 31, 2021
BDO	October 28, 2020	₱450,000,000	4.000%	March 31, 2021
CBC	December 14, 2020	₱1,335,000,000	4.210%	March 12, 2021
RCBC	October 8, 2020	₱500,000,000	3.000%	April 6, 2021

In March 2021, Parent Company further availed a short-term loan from BDO and RCBC amounting to ₱1,000 million and a ₱2,000 million. These were fully paid on its maturity date, March 26, 2021 and April 6, 2021.

As at September 30, 2021, all the outstanding short-term loans of the Parent Company were already paid.

Total interest expense recognized on ACEN's short-term loans amounted to ₱52.70 million and ₱162.83 million for the nine-month periods ended September 30, 2021 and 2020, respectively (see Note 27).

#### Notes payable

This account consists of:

	<b>September 30, 2021 (Unaudited)</b>
Balance at beginning of period	<b>₱-</b>
Availments	<b>20,383,600</b>
Unamortized debt issue cost	<b>(92,124)</b>
Cumulative translation adjustment	<b>-</b>
<b>Balance at end of period</b>	<b>₱20,291,476</b>

#### Medium Term Note (MTN) Programme

On August 31, 2021, ACEN Finance established its MTN Programme with an aggregate amount of US\$1,500.00 million. The proceeds from each issue under the MTN Programme will be used for general corporate purposes, including but not limited to, working capital, funding investment activities, development of projects, refinancing and/or repayment of indebtedness and on-lending activities within the Group. Notes to be issued out of the MTN Programme designated as Green Bonds may be allocated towards the financing and/or refinancing of Eligible Green Projects in accordance with certain prescribed eligibility criteria described under ACEN's Green Bond Framework.

The Notes to be issued by ACEN Finance under its medium-term note program; may be distributed by way of private or public placement; and will be listed on the Singapore Exchange Securities Trading platform (SGX-ST).

As of September 30, 2021, ACEN Finance has issued US\$400.00 million senior guaranteed undated notes (the "Notes") under the MTN Programme.

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

On September 8, 2021, ACEN Finance issued US\$400.00 million (₱20,289.84 million) senior undated fixed-for-life (non-deferrable) Notes guaranteed by ACEN with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par. An amount equal to the net proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework.

On September 9, 2021, the Notes were listed with the SGX-ST.

*Redemption at the option of the issuer*

Subject to applicable law, ACEN Finance may redeem the Notes (in whole but not in part) on the First Redemption Date as specified in the applicable Pricing Supplement; or any Interest Payment Date falling after the First Redemption Date, by giving notice, at redemption price equal to the principal amount of the Notes plus any accrued but unpaid interest.

*Covenants*

For as long as the Notes remain outstanding, ACEN Finance and ACEN are required to comply with certain covenants including the creation and permission to subsist only the liens created in respect of the limited recourse project financing of any project company. These were complied with by the Group as of September 30, 2021.

Total interest expense and other financing charges recognized on notes payable amounted to US\$1.03 million (₱51.46 million) for the nine-month period ended September 30, 2021. ACEN Finance paid ₱93.76 million debt issue costs for the notes payable availed for the current period 2021.

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**20. Other Noncurrent Liabilities**

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Trade payable (Note 17)	<b>₱1,238,581</b>	₱1,123,511
Contract liabilities	<b>299,765</b>	161,125
Asset retirement obligation	<b>184,769</b>	137,407
Deposit payable	<b>175,717</b>	167,593
Due to related parties (Note 29)	<b>169,121</b>	85,925
Accrued interest expenses	<b>49,827</b>	-
Nontrade payable	<b>2,088</b>	15,048
Others	<b>15,458</b>	4,439
	<b>₱2,135,326</b>	₱1,695,048

In 2014, the Group, PEMC, and other WESM participants signed a Multilateral Agreement pending the resolution of cases filed by WESM participants in the Supreme Court. On various dates in 2014 to 2016, ACEN recorded collections in relation to the Multilateral Agreement amounting to ₱1,123.51 million. In June 2016, the 24-month period of repayment prescribed; hence, the Group provided an allowance for doubtful accounts related to Multilateral Agreement amounting to ₱13.75 million. Collections are presented as "Trade payables" under "Other noncurrent liabilities"

Contract liabilities consists of the deferred connection fee related to ISLASOL and the deferred rental income from ISLASOL, SACASOL, MSPDC and Solienda.

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

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

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

## 21. Equity

### Capital Stock

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

	<b>Number of Shares</b>	
	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020
Authorized capital stock - ₱1 par value	<b>48,400,000,000</b>	24,400,000,000
Issued shares:		
Balance at beginning of period	<b>13,706,957,210</b>	7,521,774,922
Issuance of new shares during the period	<b>24,541,569,964</b>	6,185,182,288
Balance at end of period	<b>38,248,527,174</b>	13,706,957,210

The issued and outstanding shares as at September 30, 2021 and December 31, 2020 are held by 3,180 and 3,182 equity holders, respectively.

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

Year Approval	No. of shares Registered	No. of shares Issued	Par Value
Prior to 2005*	1,000,000,000	**840,601,987	₱0.01/1.00
2005	1,000,000,000	264,454,741	1.00
2007	-	552,528,364	1.00
2008	-	4,713,558	1.00
2009	-	304,419	1.00
2010	-	2,022,535	1.00
2011	2,200,000,000	1,165,237,923	1.00
2012	4,200,000,000	2,027,395,343	1.00
2013	-	6,603,887	1.00
2014	-	1,283,332	1.00
2016	-	20,751,819	1.00
2017	-	3,877,014	1.00
2019	-	2,632,000,000	1.00
2020	16,000,000,000	6,185,182,288	1.00
2021	-	24,541,569,964	1.00

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

\*\*Equivalent number of shares at ₱1.00 par.



#### *Stock Rights Offering*

On November 11, 2020, the BOD of ACEN approved the pricing for, and volume of, the shares that will be issued pursuant to ACEN's stock rights offering (SRO). ACEN will issue 2,267,580,434 shares at ₱2.37, and at an entitlement ratio of 1.11 shares:1 offer share subject to requisite approval by the SEC of the details of the offer, including the offer price.

On December 11, 2020, ACEN received the confirmation letter from the SEC that the SRO is exempt from registration requirements under the Section 8 of the Code pursuant to Section 10.1 thereof.

On December 16, 2020, the PSE approved ACEN's application for the listing of additional shares of up to 2,267,580,434 common shares subject of the Rights Offer to all stockholders as of the Record Date of January 13, 2021 (the "Record Date"), at ₱2.37 per share, comprised of two rounds and a domestic institutional offer, as follows:

1. The First Round of the Offer consisting of a total of 2,267,580,434 Offer Shares, offered on a preemptive rights basis to eligible shareholders of ACEN as of a determined Record Date where holders of Common Shares as of the Record Date who are eligible to participate in the Rights Offer are: (i) holders located inside the Philippines and (ii) holders located outside the Philippines where it is legal to participate in the Rights Offer under the securities laws of such jurisdiction without requiring registration or the need to obtain regulatory approvals under such laws ("Eligible Shareholder"), and where each Eligible Shareholder may subscribe to one (1) Share for every 1.11 Common Shares held, as of the Record Date.;
2. The Second Round of the Offer consisting of the unsubscribed Rights Shares from the First Round of the Rights Offer ("Additional Rights Shares"), which shall be offered to those shareholders that exercised their rights in the prior round and had simultaneously signified their intention to subscribe to any unsubscribed Rights Shares by tendering payment of the total Offer Price of all Rights Shares subscribed to, including all Rights Shares in excess of their entitlements.; and
3. The Domestic Institutional Offer, where the Joint Lead Underwriters BPI Capital Corporation and China Bank Capital Corporation will firmly underwrite the Rights Offer in accordance with an underwriting agreement to ensure that any Offer Shares that, after the mandatory Second Round of the Rights Offer are either not taken up or subscribed to by Eligible Shareholders or not paid for by Eligible Shareholders will be fully subscribed, and that in case there are Rights Shares remaining after the mandatory Second Round of the Rights Offer, the remaining Rights Shares shall be sold by the Joint Lead Underwriters to qualified buyers, as defined in the 2015 Implementing Rules and Regulations of the Code ("SRC IRR") ("Institutional Investors"), at the same Offer Price as the Rights Shares (the "Institutional Offer"), and any shares herein not taken up by Institutional Investors shall be taken up by the Joint Lead Underwriters,

During the Rights Offer Period from January 18, 2021 to January 22, 2021, ACEN sold, by way of SRO, a total of 2,267,580,434 shares which were subsequently listed with the PSE on January 29, 2021.

Transaction costs include documentary stamp taxes, SEC fees and other costs paid relevant to share issuance amounting to ₱24.13 million were charged to additional paid-in capital account.

#### *Arran's Private Placement*

On December 30, 2020, ACEN and ACEIC signed an Investment Agreement with Arran for the latter's investment into ACEN to acquire 17.5% ownership stake on the basis that ACEN's stock rights offering ("SRO") and follow-on offering ("FOO"), and the infusion by ACEIC of its international business into ACEN have been completed (see Note 1).

On March 18, 2021, Arran subscribed to 4 billion common shares of ACEN at a price of ₱2.97 per common share through a private placement (the “Private Placement”), for an aggregate value or consideration of ₱11.88 billion. The subscription price was offered by Arran pursuant to its binding offer on November 10, 2020, and which offer was approved by the BOD of ACEN during its meeting of November 11, 2020.

The Investment, which will be implemented through a combination of subscription to four billion primary shares (via a private placement) and purchase of secondary shares from ACEIC, will be at a price of ₱2.97 per share on a post-SRO basis and is subject to agreed price adjustments. The price for the private placement represents a 25% premium to the BOD-approved SRO price of ₱2.37 per share.

The completion of Arran’s purchase of secondary shares from ACEIC is subject to definitive documentation being signed by the parties.

As at September 30, 2021, ACEIC directly owns 71.84% (December 31, 2020: 81.62%) of the ACEN’s total outstanding shares of stock.

Transaction costs include documentary stamp taxes and SEC fees paid relevant to share issuance amounting to ₱68.48 million were charged to additional paid-in capital account.

#### *Follow-On Offering*

On December 17, 2020, the BOD of ACEN approved the conduct of an FOO and delegated authority to the Executive Committee to determine the final issue price for the shares to be issued.

On February 4, 2021, acting on the authority delegated by the BOD, ACEN’s Executive Committee approved an FOO price range of ₱6.00-₱6.50 per share for up to 2 billion common shares (primary).

On February 16, 2021, ACEN submitted a registration statement for up to 2,430,248,617 common shares (primary and secondary shares with over-allotment) with the SEC.

On March 18, 2021, the BOD of ACEN approved the issuance of 1.58 billion primary shares for the FOO.

On April 29, 2021, the Executive Committee approved the offer price of ACEN’s FOO at ₱6.50 per share. This price was determined based on a book-building process which saw significant participation from leading global long-term institutional investors, resulting in multiple times oversubscription.

On May 5, 2021, ACEN received approvals from the PSE and obtained permit to sell from the SEC.

During the retail offer period for the FOO on May 3, 2021 to May 7, 2021, ACEN completed up to 2.01 billion common shares priced at ₱6.50 per share, consisting of 1.58 billion primary shares, 330.24 million secondary shares offered by ACEIC and Bulacan Power (the “Selling Shareholders”), and an over-subscription of 100.00 million secondary shares sold by ACEIC.

About 80% of the base offer shares was offered to qualified institutional buyers. The remaining 20% was placed out to eligible trading participants of the PSE.

The primary shares were listed on the PSE on May 14, 2021. This brought ACEN’s total outstanding shares to 21.54 billion, with a market capitalization of over ₱150 billion.

Transaction costs include documentary stamp taxes, SEC fees and other costs paid relevant to share issuance amounting to ₱189.48 million were charged to additional paid-in capital account.

*Acquisition of ACEIC's offshore subsidiaries through share swap*

On April 27, 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares at a subscription price of ₱5.15 per share, or an aggregate subscription price of ₱85,931,872,744.95 in exchange for ACEIC's 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in ACE International (share swap transaction), which holds ACEIC's international renewable assets.

On June 7, 2021, the application for the increase from 24.4 billion shares to 48.4 billion shares in the ACS of ACEN was approved by the SEC. Consequently, the closing date of the share swap was on June 7, 2021.

As of October 19, 2021, the Parent Company has complied with all post-approval requirements for the listing of the shares subject of the share-for-share swap transaction as described above. The number of ACEN's listed common shares will be accordingly adjusted on October 22, 2021 listing date.

Retained Earnings

Retained earnings represent the Group's accumulated earnings, net of dividends declared. The balance includes accumulated earnings of subsidiaries, joint venture and associates, which are not available for dividend declaration. Retained earnings not available for dividend declaration included in the Group's retained earnings to the extent of (a) the cost of treasury shares amounted to ₱34.50 million and ₱40.93 million as at September 30, 2021 and December 31, 2020, respectively, and (b) undistributed earnings of subsidiaries, associates and joint ventures included in the Group's retained earnings amounted to ₱26,814.53 million and ₱23,922.10 million as at September 30, 2021 and December 31, 2020, respectively.

Dividends

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

On August 19, 2020, the BOD approved the declaration of cash dividends of four centavos (₱0.04) per share on the 13,692,457,210 issued and outstanding shares of the Parent Company, or a total dividend amount of ₱547,698,288, paid on September 17, 2020 to the shareholders on record as at September 3, 2020. ₱546,751,517 of the amounts declared was paid to the equity holders of the Parent Company.

Treasury Shares

Bulacan Power holds ACEN shares and are classified as treasury shares. During the period, Bulacan Power acquired 23,284,346 ACEN shares amounting to ₱55.18 million through its participation in SRO, of which, was part of the 30,248,617 ACEN shares amounting to ₱61.62 million reissued subsequently through the secondary offer in FOO.

In 2020, 16.70 million ACEN shares held by Bulacan Power amounting to ₱15.43 million were reissued.

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

Non-controlling Interest (NCI)

The rollforward of this account is as follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Balance at beginning of period	<b>₱50,398,831</b>	₱39,371,962
Net income attributable to NCI	<b>2,102,545</b>	2,114,048
Capital infusions	<b>1,987</b>	9,776,936
Redemptions	<b>(20,338,769)</b>	-
Dividends	<b>(1,876,753)</b>	(1,961,062)
Cumulative translation adjustments	<b>60,026</b>	(2,397)
Additions through business combination	-	1,099,344
<b>Balance at end of period</b>	<b>₱30,347,867</b>	<b>₱50,398,831</b>

*Capital infusions*

In 2021, UPC IV infused ₱1.80 million for its subscription to Solarace4, while UPC II infused ₱0.19 million to BWPC.

On July 28, 2020, UPC Philippines HoldCo. IV B.V. (“UPC”) signed a subscription agreement to Solarace4 for 0.18 million common shares and 1.62 million redeemable preferred B shares, both with ₱1.00 par value, with total subscription price of ₱1.80 million, to be issued out of Solarace4 increase in the authorized capital stock, of which, as at report date, is pending approval by the SEC.

In 2020, additional infusions totaling to US\$16.30 million (₱768.13 million) were made by UPC Renewables Australia Pty. Ltd. to UAC Energy Holdings Pty. Ltd. for the subscription of 25.20 million shares, while ACEFIL subscribed to additional redeemable preferred shares of ACEC for a total of \$146 million (₱9,008.81 million).

*Redemptions*

On August 31, 2021, the Directors and Officer of UAC Energy Holdings Pty Ltd approved to return surplus cash through payment of dividend and capital return to shareholders. The non-controlling interest redeemed \$16.31 million (₱830.98 million or AU\$25.20 million) of capital as at period ended September 30, 2021.

On September 7, 2021, the BOD of ACEC approved the redemption of various redeemable preferred shares amounting to \$400.00 million (₱19,507.79 million), of which are owned by ACEFIL, recognized as non-controlling interest.

*Dividends*

On January 18, 2021 and May 19, 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) and \$14.13 million (₱521.19 million), respectively, as owned by ACEFIL.

On December 18, 2020, the BOD of ACEC declared dividends to shareholders of its various redeemable preferred shares for a total of \$38.03 million (₱1,827.94 million).

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

In 2020, the BOD of MSPDC declared total cash dividends of ₱60.00 million, while the BOD of NorthWind declared cash dividends of ₱300.00 million. Both were fully paid in 2020.

#### Other Equity Reserves

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Effect of common control business combinations (a)	<b>(₱53,276,727)</b>	₱31,004,460
Effect of purchase of SLTEC's 20% share (b)	<b>(2,229,587)</b>	(2,229,587)
Effect of purchase of ACEX shares	<b>(130,854)</b>	(130,854)
Effect of distribution of property dividends - ACEX shares	<b>1,107</b>	1,107
Other equity reserves from joint venture	<b>17,231</b>	17,231
	<b>(₱55,618,830)</b>	₱28,662,357

- (a) This represents the impact of the share swap transactions with ACEIC to acquire the latter's ownership interest in various offshore and onshore entities in exchange for ACEN's issuance of additional primary shares via a tax-free exchange (see Notes 1 and 4).

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

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

## 22. Revenue from Sale of Electricity

The table presents the Group's revenue from different revenue streams:

	<b>For the three-month period ended September 30</b>		<b>For the nine-month period ended September 30</b>	
	<b>2021 (Unaudited)</b>	2020 (Unaudited)	<b>2021 (Unaudited)</b>	2020 (Unaudited)
Revenue from power supply contracts	<b>₱3,614,357</b>	₱4,473,405	<b>₱11,768,509</b>	₱10,354,711
Revenue from power generation and trading	<b>1,802,498</b>	789,142	<b>6,967,708</b>	4,795,314
	<b>₱5,416,855</b>	₱5,262,547	<b>₱18,736,217</b>	₱15,150,025

#### Meralco Mid-Merit PSA

On October 22, 2019, MERALCO and ACEN filed with the ERC a joint application for approval of the mid-merit PSA. Under the PSA, ACEN will supply, at a fixed rate, 110 MW mid-merit capacity to MERALCO for five (5) years from the issuance by the ERC of a provisional approval. Hearings were conducted on December 3, 2019, January 14, 21, and 28, 2020.

On January 31, 2020, ACEN received a copy of the Order from the ERC, provisionally approving the mid-merit PSA between MERALCO and ACEN. Under the PA Order, the ERC granted a rate of ₱4.2366/kWh regardless of the plant capacity factor.

On February 07, 2020, ACEN filed a Motion for Reconsideration and Urgent Re-evaluation of the Provisionally Approved Rates, arguing among others, for the implementation of the bid parameters of MERALCO, including the inclusion of the plant capacity factor in determining the rate and retroactive application of the rates.

On June 1, 2020, ACEN received a copy of the Order of the ERC granting ACEN's Motion for Reconsideration. The ERC, in its Order Granting the MR, approved a rate of ₱4.8763/kWh at 60% plant capacity factor, and allowed a retroactive recovery of approved rate from January 30, 2020, among others. The parties have entered into an agreement for the amortization schedule and/or payment schedule for the collection of the retroactive differential adjustment amounting to ₱158.50 million. As at April 29, 2021, the amount of ₱158.50 has already been fully collected (see Note 6).

#### *FIT adjustment*

On February 19, 2021, ERC clarified on its letter to National Transmission Corporation ("TransCo"), the Administrator of the FIT system, by specifying the timing and manner of billing the FIT Adjustment. Actual recovery of arrears shall be for a period of five (5) years. Billing for January 2016 generation period shall start in December 2020, and payment schedule shall start in January 2021, following the five-year recovery period. Moreover, pending the approval of the 2021 FIT-All rate and adjustment of FIT rates, the original approved FIT rates shall be used for the 2021 generation billing. Revenue in 2021 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 for the nine-month period ended September 30, 2020 include customer pre-termination fees of ₱289.08 million, nil in 2021.

23. Costs of Sale of Electricity

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
Costs of purchased power	<b>₱2,311,981</b>	₱1,947,542	<b>₱8,416,606</b>	₱4,964,942
Direct materials	<b>895,799</b>	763,121	<b>3,109,764</b>	2,373,388
Depreciation and amortization (Notes 9, 15 and 25)	<b>465,890</b>	482,687	<b>1,342,405</b>	1,331,892
Repairs and maintenance	<b>205,058</b>	209,228	<b>481,198</b>	449,126
Taxes and licenses	<b>37,589</b>	118,595	<b>355,823</b>	335,839
Salaries and directors' fees (Note 24)	<b>95,381</b>	72,474	<b>294,374</b>	230,372
Insurance	<b>104,438</b>	81,139	<b>284,485</b>	236,091
Contractor's fee	<b>52,210</b>	31,449	<b>130,624</b>	90,186
Transmission costs	<b>15,778</b>	3,996	<b>62,089</b>	28,202
Rent	<b>11,682</b>	6,298	<b>25,743</b>	18,032
Market fees	<b>4,941</b>	4,878	<b>16,700</b>	13,139
Communication	<b>4,326</b>	6,056	<b>12,694</b>	9,625
Pension and other employee benefits	<b>3,611</b>	6,407	<b>10,617</b>	9,466
Transportation and travel	<b>2,192</b>	1,275	<b>6,816</b>	3,950
Others	<b>14,606</b>	6,402	<b>59,893</b>	53,293
	<b>₱ 4,225,482</b>	₱3,741,547	<b>₱ 14,609,831</b>	₱10,147,543

## 24. General and Administrative Expenses

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
Taxes and licenses	<b>₱ 326,129</b>	₱ 36,568	<b>₱726,178</b>	₱ 371,018
Management and professional fees	<b>100,512</b>	226,530	<b>444,768</b>	528,342
Salaries and directors' fees (Note 25)	<b>59,680</b>	152,701	<b>197,398</b>	400,002
Provision for impairment (Note 9)	<b>42,836</b>	–	<b>182,509</b>	–
Depreciation and amortization (Note 26)	<b>75,994</b>	31,094	<b>164,929</b>	56,761
Insurance, dues and subscriptions	<b>14,606</b>	5,365	<b>27,400</b>	9,863
Contractor's fee	<b>12,300</b>	2373	<b>22,146</b>	6,019
Building maintenance and repairs	<b>4,827</b>	10,206	<b>18,732</b>	16,409
Advertising	<b>3,539</b>	394	<b>14,162</b>	825
Transportation and travel	<b>1,568</b>	1904	<b>12,404</b>	3,640
Pension and other employee benefits	<b>3,385</b>	2,508	<b>10,615</b>	7,339
Rent	<b>2,752</b>	3,835	<b>9,205</b>	9,247
Corporate social responsibilities	<b>2,375</b>	–	<b>7,120</b>	15,718
Utilities	<b>1,070</b>	555	<b>4,940</b>	4,960
Communication	<b>2,411</b>	1,302	<b>4,658</b>	2,730
Office supplies	<b>1,099</b>	936	<b>3,161</b>	2,597
Meeting and conferences	<b>407</b>	565	<b>1,393</b>	2,160
Provision for credit losses (Note 6)	–	–	<b>873</b>	–
Others	<b>199</b>	237,782	<b>24,317</b>	261,283
	<b>₱ 655,689</b>	₱714,618	<b>₱1,876,908</b>	₱1,698,913

## 25. Personnel Expenses

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
<i>Salaries and directors' fees included under:</i>				
Cost of sale of electricity (Note 23)	<b>₱95,381</b>	₱72,474	<b>₱294,374</b>	₱230,372
General and administrative (Note 24)	<b>59,680</b>	152,701	<b>197,398</b>	400,002
<i>Pension and other employee benefits included under:</i>				
Cost of sale of electricity (Note 23)	<b>₱3,611</b>	₱6,407	<b>₱10,617</b>	₱9,466
General and administrative (Note 24)	<b>3,385</b>	2,508	<b>10,615</b>	7,339
	<b>₱162,057</b>	₱234,090	<b>₱513,004</b>	₱647,179



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**26. Depreciation and Amortization**

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
Property, plant and equipment (Note 10)	<b>₱ 426,873</b>	₱367,613	<b>₱1,127,677</b>	₱1,191,024
Right-of-use assets (Note 16)	<b>75,077</b>	39,787	<b>259,871</b>	91,248
Intangible assets (Note 15)	<b>39,934</b>	106,381	<b>119,786</b>	106,381
	<b>₱ 541,884</b>	₱513,781	<b>₱1,507,334</b>	₱1,388,653
Cost of sale of electricity (Note 23)	<b>₱ 465,890</b>	₱482,687	<b>₱1,342,405</b>	₱1,331,892
General and administrative expenses (Note 24)	<b>75,994</b>	31,094	<b>164,929</b>	56,761
	<b>₱ 541,884</b>	₱513,781	<b>₱1,507,334</b>	₱1,388,653

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**27. Interest and Other Finance Charges**

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
Interest expense on:				
Long-term loans (Note 19)	<b>₱382,091</b>	₱360,495	<b>₱932,322</b>	₱1,025,067
Lease obligations (Note 16)	<b>41,760</b>	(15,072)	<b>101,156</b>	107,895
Short-term loans (Note 19)	<b>19</b>	79,142	<b>52,716</b>	162,825
Discount in accounts payable	<b>24,177</b>	68,591	<b>72,533</b>	68,591
Amortization of debt issue cost (Note 19)	<b>(17,670)</b>	3,168	<b>34,000</b>	30,897
Other finance charges	<b>5,354</b>	6,922	<b>46,672</b>	34,550
	<b>₱435,731</b>	₱503,246	<b>₱1,239,399</b>	₱1,429,825

Discount in accounts payable pertains to the interest expense of ACEN's accounts payable to APHPC in relation to the 20% acquisition of SLTEC (see Note 18).

28. Other Income - Net

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
Interest and other financial income	<b>₱ 1,186,721</b>	₱491,323	<b>₱2,962,364</b>	₱1,380,420
Guarantee fee income (Note 37)	<b>10,779</b>	15,530	<b>149,462</b>	32,888
Reversal of impairment on property, plant and equipment (Note 10)	–	–	<b>86,890</b>	–
Tax credits on real property taxes	–	–	<b>69,154</b>	–
Gain on settlement of derivatives - net (Notes 8 and 33)	–	–	<b>41,700</b>	–
Gain on reversal of impairment of investments in joint venture, net (Note 11)	–	–	<b>37,635</b>	–
Gain on sale of by-product	<b>4,834</b>	(4,937)	<b>28,043</b>	17,806
Claims on insurance	<b>69,818</b>	–	<b>90,735</b>	–
Foreign exchange gain - net	<b>487,945</b>	(27,210)	<b>503,548</b>	5,594
Mark-to-market gains	–	103,606	–	892,757
Fees for advisory services	–	–	–	121,685
Loss on sale of property, plant and equipment (Note 10)	<b>546</b>	–	<b>(439)</b>	(3,383)
Others	<b>83,047</b>	65,942	<b>115,418</b>	69,361
	<b>₱1,843,690</b>	₱644,254	<b>₱4,084,510</b>	₱2,517,128

Guarantee fee income arise from guarantee recoveries billed to affiliates (see Note 37).

Tax credits on real property taxes were granted to ISLASOL by its local government unit for its machineries and buildings in La Carlota, Negros Occidental.

Gain (loss) on settlement of derivatives pertain to maturities of foreign exchange forward contracts entered by ACEN with various banks (see Notes 18 and 33).

Gain on sale of by-product includes the gain on sale of fly-ash which is a by-product from coal of SLTEC. It also includes the gain on sale of scrap from the Parent Company and One Subic Power.

Claims on insurance arise from the Parent Company, Gigasol3 and NorthWind property damage claims.

Mark-to market gains arise from the 20.00% ownership interest in Infigen Energy Ltd. (Infigen) recognized as financial assets at FVTPL which were acquired in April and May 2020, and subsequently sold in September 2020. Infigen is an Australia-based renewable energy company supplying electricity. The shares of Infigen are listed and actively traded in the Australian Securities Exchange.

Fees for advisory services pertain to Macquarie's payment to the Parent Company when it availed a services agreement that facilitated the PINAI investment with ISLASOL, SACASOL, and PhilWind acquisitions.

### Interest and Other Financial Income

Interest and other financial income arise from cash in banks and short-term deposits, investments in redeemable preferred shares of associates and joint ventures, and from debt replacement and development loans and advances extended to associates and joint ventures.

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

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2020 (Unaudited)	2021 (As restated, (Unaudited) Note 4)	2020 (Unaudited)	2021 (As restated, (Unaudited) Note 4)
Interest income on:				
Cash in banks and				
Short-term deposits (Note 5)	<b>₱65,721</b>	₱14,082	<b>₱ 95,245</b>	₱235,428
Receivables and others	<b>566,378</b>	184,036	<b>1,378,349</b>	469,644
Investment Income	<b>554,622</b>	293,205	<b>1,488,769</b>	675,348
	<b>₱1,186,721</b>	₱491,323	<b>₱ 2,962,364</b>	₱1,380,420

### 29. **Income Taxes**

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

	For the three-month period ended September 30		For the nine-month period ended September 30	
	2020 (Unaudited)	2021 (Unaudited, Restated)	2020 (Unaudited)	2021 (Unaudited, Restated)
Current	<b>₱141,704</b>	₱210,862	<b>₱229,652</b>	₱361,258
Deferred	<b>(49,005)</b>	(204,468)	<b>(71,630)</b>	313,535
Provision for income tax	<b>₱92,699</b>	₱6,394	<b>₱158,022</b>	₱674,793

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.

Based on the provisions of Revenue Regulations (RR) No. 5-2021 dated April 8, 2021 issued by the BIR, the prorated RCIT and MCIT rates of the Company for CY2020 are 27.5% and 1.5%, respectively. This resulted in reduction of provision for current income tax by ₱32.96 million and of provision for deferred income tax by ₱25.36 million for the year ended December 31, 2020. These adjustments were recognized in the consolidated statement of comprehensive income for the nine-month period ended September 30, 2021.

Net deferred income tax assets and net deferred income tax liabilities amounted to ₱419.47 million and ₱41.23 million, respectively, as at September 30, 2021 and ₱416.35 million and ₱130.98 million, respectively, as at December 31, 2020.

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

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### 30. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

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. Provision for credit losses recognized for receivables from related parties amounted to nil for the nine-month periods ended September 30, 2021 and 2020. The assessment of collectability of receivables from related parties is undertaken each financial period through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the 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 and for the period ended September 30, 2021 and December 31, 2020 with related parties are as follows:

As at and for the nine-month period ended September 30, 2021 (Unaudited)

Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
<b><u>Parent</u></b>						
<b><u>ACEIC</u></b>						
Due to related parties / General and administrative expenses	<b>₱ 253,551</b>	Management fees	<b>₱-</b>	<b>(183,219)</b>	30-day, non-interest bearing	Unsecured
Due from related parties/Management fees income	<b>31,118</b>	Management fees	<b>135,539</b>	-	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	<b>9,631,251</b>	Loans receivable	<b>9,631,251</b>	-	Interest-bearing	Unsecured; no impairment
Due from related parties/ Interest Income	<b>82,593</b>	Accrued interest receivables	<b>85,491</b>	-	30-day, non-interest bearing	Unsecured; no impairment
<b><u>Associates and Joint Ventures</u></b>						
<b><u>MGI</u></b>						
Due to related parties / Cost of sale of electricity	<b>440,677</b>	Purchase of electricity	-	<b>(98,910)</b>	30-day, non-interest bearing	Unsecured;
Due from related parties	<b>20,000</b>	Dividend Income	<b>20,000</b>	-	non-interest bearing	Unsecured;
<b><u>Asia Coal</u></b>						
Due to related parties	-	Advances	-	<b>(254)</b>	Non-interest bearing	Unsecured
<b><u>North Luzon Renewable Energy Corp.</u></b>						
Due from related parties	<b>20,554</b>	Management fees income	<b>20,284</b>	-	30-day, non-interest bearing	Unsecured; no impairment
Due to related parties	-	Advances	-	<b>(1,069)</b>	30-day, non-interest bearing	Unsecured
<b><u>Greencore Power Solutions 3, Inc</u></b>						
Due from related parties	-	Loans receivable	<b>1,297,203</b>	-	Interest-bearing	Unsecured; no impairment
Due from related parties	<b>32,878</b>	Accrued interest receivables	<b>29,257</b>	-	30-day, non-interest bearing	Unsecured; no impairment
<b><u>Ingrid Power Holdings, Inc.</u></b>						
Due from related parties	<b>9,871</b>	Rental Income	<b>6,479</b>	-	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	<b>1,044</b>	Management fees income	<b>1,044</b>	-	30-day, non-interest bearing	Unsecured
<b><u>Various Associates and Joint Ventures</u></b>						
Due from related parties	-	Other receivables/payables	<b>179,408</b>	<b>(173,290)</b>	30 days	Unsecured; no impairment
Due from related parties	<b>6,506,579</b>	Loans receivable	<b>17,182,735</b>	-	nontrade, interest bearing	Unsecured; no impairment; due on various dates from 2021 to 2025
Due from related parties	<b>2,659,039</b>	Accrued interest receivables	<b>2,469,913</b>	-	30-day, non-interest bearing	Unsecured; no impairment
<b><u>Entities Under Common Control of Ultimate Parent Company</u></b>						
<b><u>Various Entities under ACEIC</u></b>						
Due to/from related parties	-	Other receivables/payables	<b>2,288</b>	<b>(27,812)</b>	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	<b>27,309</b>	Loans receivable	<b>27,309</b>	-	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	<b>1,718</b>	Accrued interest receivables	<b>1,718</b>	-	30-day, non-interest bearing	Unsecured; no impairment
<b><u>Other affiliates</u></b>						
<b><u>Bank of the Philippine Islands</u></b>						
Long-term loans	-	Long-term loan	-	<b>(2,153,067)</b>	12 years	Unsecured
Long-term loans	<b>84,835</b>	Interest on long-term loan	-	-	30 days	Unsecured

<b><i>Ayala Land, Inc. (ALI)</i></b>						
Right-of-use asset	<b>76,493</b>	Lease of office unit and parking slot	<b>963,353</b>	–	10 years	Unsecured; no impairment
Lease liability	<b>29,257</b>	Lease of office unit and parking slot	–	<b>(1,011,266)</b>	10 years	Unsecured
<b><i>Other related parties</i></b>						
<b><i>Sidrap HK</i></b>						
Financial asset at FVOCI	–	Redeemable Class B preference shares	<b>356,447</b>	–	On demand	On demand; no impairment
Dividend income	<b>11,725</b>	Cash dividends	–	–	30-day, non-interest bearing	Unsecured
<b>AYCFL</b>	<b>(12,687,858)</b>	Redeemable preference shares	–	–	Cumulative, non-voting and redeemable at the option of AYCFL, at price and terms to be determined by its directors	Unsecured
<b><i>Others</i></b>						
Other financial assets at amortized cost	<b>3,857,358</b>	Redeemable preferred shares	<b>12,038,626</b>	–	Interest-bearing, due on various dates from 2021 to 2025	Unsecured; no impairment
Other financial assets at amortized cost	<b>6,211,403</b>	Convertible loans	<b>13,327,240</b>	–	Interest-bearing, due on various dates from 2021 to 2045	Unsecured; no impairment
<b><i>Directors</i></b>						
General and administrative expenses	<b>16,863</b>	Directors' fee and annual incentives	–	<b>(16,863)</b>	On demand	Unsecured
<b><i>Stockholders</i></b>						
Due to stockholders	<b>1,199,143</b>	Cash Dividends	–	<b>(16,585)</b>	On demand	Unsecured
Due from related parties (Note 6)			<b>₱ 31,089,919</b>	<b>₱–</b>		
Investments in:						
Financial assets at FVOCI (Note 12)			<b>356,447</b>	–		
Other financial assets at amortized cost (Note 13)			<b>25,365,866</b>	–		
Due to related parties (Note 18 and 20)			–	<b>(484,300)</b>		
Long-term loans (Note 19)			–	<b>(2,153,067)</b>		
Accrued director's and annual incentives (Note 18)			–	<b>(16,863)</b>		
Due to stockholders (Note 33)			–	<b>(16,585)</b>		
Right-of-use asset (Note 16)			<b>963,353</b>	–		
Lease liability (Note 16)			–	<b>(1,011,266)</b>		

As at and for the year ended December 31, 2020 (As restated, Note 4)

Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
<b><i>Parent</i></b>						
<b><i>ACEIC</i></b>						
Due from related parties/Management fees income	₱387,138	Management fees	₱34,018	₱–	30-day, non-interest bearing	Unsecured; no impairment
Due to related parties / General and administrative expenses	462,602	Management fees	–	(305,350)	30-day, non-interest bearing	Unsecured
Due to related parties	50,767	Lease assignment	–	(50,666)	30-day, non-interest bearing	Unsecured
Due to related parties / General and administrative expenses	8,744	SAP IT Support Services	–	(7,530)	30-day, non-interest bearing	Unsecured
Due to related parties / General and administrative expenses	6,809	Various expenses	–	(6,809)	30-day, non-interest bearing	Unsecured
Due to related parties	55,209	Receivables from ACRI	–	(56,978)	30-day, non-interest bearing	Unsecured

As at and for the year ended December 31, 2020 (As restated, Note 4)

Company	Amount/ Volume	Nature	Outstanding Balance		Terms	Conditions
			Receivable	Payable		
Due from related parties	-	Dividend income	11,521	-	Due and demandable	Unsecured; no impairment
Due from related parties	-	Advances	110,373	-	Due and demandable	Unsecured; no impairment
<b><u>Associates and Joint Venture</u></b>						
<b><u>MGI</u></b>						
Due to related parties / Cost of sale of electricity	116,378	Purchase of electricity	-	(128,447)	30-day, non-interest bearing	Unsecured
<b><u>North Luzon Renewable Energy Corp.</u></b>						
Due from related parties	31,310	Management fees	11,344	-	30-day, non-interest bearing	Unsecured; no impairment
Due to related parties	-	Due to related parties	-	(1,286)	30-day, non-interest bearing	Unsecured
<b><u>Asia Coal</u></b>						
Due to related parties	-	Advances	-	(254)	Non-interest bearing	Unsecured
<b><u>Various Associates and Joint Ventures</u></b>						
Due from related parties	-	Other receivables	105,960	(85,925)	30 days	Unsecured; no impairment
Due from related parties	5,928,189	Loans receivable	10,676,156	-	interest bearing	Unsecured; no impairment; due on various dates from 2020 to 2025
Due from related parties	₱-	Accrued interest receivables	₱1,166,587	₱-	30-day, non-interest bearing	Unsecured; no impairment
<b><u>Entities Under Common Control of Ultimate Parent Company</u></b>						
<b><u>Various Entities under ACEIC</u></b>						
Due from related parties	3,980	Management fees	3,155	-	30-day, non-interest bearing	Unsecured; no impairment
Due from related parties	810	Rental income	563	-	Subsequently on demand	Unsecured; no impairment
<b><u>Other affiliates</u></b>						
<b><u>Bank of the Philippine Islands</u></b>						
Long-term loans	2,145,042	Long-term loan	-	(2,233,530)	12 years	Unsecured
Long-term loans	-	Interest on long-term loan	-	(146,196)	30 days	Unsecured
<b><u>UPC Holdco II</u></b>						
Long-term loans	135,383	Long-term loan	-	(135,383)	12 years	Unsecured
Long-term loans	15,308	Interest on long-term loan	-	(61,341)	30 days	Unsecured
<b><u>Other related parties</u></b>						
<b><u>Sidrap HK</u></b>						
Due to related parties	11,240	Shareholder advances	-	(11,240)	On demand	On demand
Financial asset at FVOCI	-	Redeemable Class B preference shares	379,957	-	On demand	On demand; no impairment
<b><u>AYCFL</u></b>						
Financial asset at FVOCI	(7,275,900)	Redeemable preference shares	12,620,756	-	Cumulative, non-voting and redeemable at the option of AYCFL, at price and terms to be	Unsecured; no impairment

As at and for the year ended December 31, 2020 (As restated, Note 4)						
Company	Amount/ Volume	Nature	Outstanding Balance		Terms determined by its directors	Conditions
			Receivable	Payable		
<b>Others</b>						
Other financial assets at amortized cost	4,806,979	Redeemable preferred shares	8,181,268	–	Interest-bearing, due on various dates from 2020 to 2025	Unsecured; no impairment
Other financial assets at amortized cost	7,115,837	Convertible loans	7,115,837	–	Interest-bearing, due on various dates from 2020 to 2045	Unsecured; no impairment
<b>Directors</b>						
General and administrative expenses	30,574	Directors' fee and annual incentives	–	(30,574)	On demand	Unsecured
<b>Stockholders</b>						
Due to related parties	₱18,272	Cash Dividends	–	(₱18,272)	On demand	Unsecured
Due from related parties (Note 6)			₱12,119,677	₱–		
Investments in:						
Financial assets at FVOCI (Note 12)			13,000,713	–		
Other financial assets at amortized cost (Note 13)			15,297,105	–		
Due to related parties (Note 18 and 20)			–	(715,827)		
Long-term loans (see Note 19)			–	(2,530,893)		
Accrued director's and annual incentives (Note 18)			–	(30,574)		
Due to stockholders (Note 33)			–	(18,272)		

### ACEIC

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

### MGI

The Parent Company purchases the entire net electricity output of MGI.

### Receivables from Asian Wind I (Joint venture)

In 2020, the Group and Asian Wind 1 entered into an interest-bearing loan agreement to refinance the Preferred B Facility Agreement and to provide additional funding for the development, financing and construction of the Dai Phong Project. The interest-bearing loan has a total facility of US\$61.00 million and bears an annual fixed rate and payable 12 months from the commissioning date. For this loan agreement, drawdown was made on May 20, 2020.

As at September 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$56.80 million (₱2,894.47 million) and US\$56.80 million (₱2,728.90 million), respectively. Interest income amounted to US\$ 3.09 million (₱151.55 million) and USD\$1.03 million (₱50.18 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

### Receivables from BIMRE (Joint venture)

In 2020, the Group and BIMRE entered into an interest-bearing loan agreement to partially fund the construction of the incremental project expansion. The interest-bearing loan has a total facility of US\$40.00 million, bears an annual fixed interest and is payable 12 months from the drawdown date. First drawdown was made on June 9, 2020.



On January 4, 2021, the Group made another drawdown amounting to US\$3.00 million (₱144.06 million).

As at September 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$37.70 million (₱1,921.15 million) and US\$34.70 million (₱1,666.85 million), respectively. Interest income amounted to US\$ 2.82 million (₱138.17 million) and US\$ 0.97 million (₱47.09 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

Receivables from Yoma (Affiliate)

In 2019, the Group and Yoma, signed a term sheet, which includes an interest-bearing loan for the development of Yoma Micro Power. The interest-bearing loan has a total facility of US\$25.00 million and bears an annual fixed interest and payable upon maturity. The loan is covered by a Guarantee Agreement between the Group (as "Lender") and Yoma (as "Guarantor"). The Guarantee Agreement stands as security for the prompt and complete payment, where the Guarantor irrevocably and unconditionally undertake that in case of default, the Guarantor shall pay the Lender the guaranteed obligations as if the Guarantor instead of the Borrower were expressed to be the principal obligor without any further proof or condition and without any investigation or enquiry. The principal and interest of the loan are originally payable on October 17, 2020 and was extended to December 31, 2021.

As at September 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$24.01 million (₱1,223.61 million) and US\$24.08 million (₱1,156.88 million), respectively. Interest income amounted to US\$ 0.72 million (₱35.30 million) and US\$ 0.27 million (₱13.31 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

Receivables from Vietnam Wind Energy Limited (Joint venture)

In 2020, the Group and Vietnam Wind Energy entered into an interest-bearing loan facility to provide bridge financing and to partially fund the construction of the Soc Trang Wind projects. The interest bearing loan has a total facility of US\$19.00 million and bears an annual fixed rate payable from the first utilization date. First utilization date was on August 11, 2020. The principal is originally payable on June 30, 2021 and was extended to maturity date of December 31, 2021 in 2021.

Total drawdowns for the period ended September 30, 2021 amounted to US\$24.85 million (₱240.54 million).

As at September 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$ 67.88 million (₱3,458.88 million) and US\$21.37 million (₱1,026.75 million), respectively. Interest income amounted to US\$ 4.06 million (₱199.28 million) for the nine-month period ended September 30, 2021 and was extended to December 31, 2021.

Receivables from UPC Renewables Australia Pty. Ltd. (Joint venture)

On December 9, 2020, the Group entered into a loan facility agreement with UPC Renewables Australia Pty for the implementation of the borrower's business plans amounting to US\$20.96. The principal and interests were paid during the period.

As at September 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to nil and US\$20.96 million (₱1,006.97 million), respectively.

Receivables from Asian Wind 2 (Joint venture)

On April 14, 2020, the Group entered into an interest-bearing loan agreement with Asian Wind Power 2 HK to make available a Preferred B Facility in an aggregated amount not exceeding US\$54.00 million (P2,617.00 million) to finance the development and construction of Hong Phong 1 Project. The principal and interest are payable on earlier of 5 business days from the date of drawdown of Debt Replacement facility or 25th anniversary of drawdown date. First drawdown was made on September 8, 2020.

Total drawdowns made for the period ending September 30, 2021 amounted to US\$24.10 million (P1,228.11 million).

As at September 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$ 44.85 million (P2,285.36 million) and US\$20.75 million (P996.60 million), respectively. Interest income amounted to US\$ 3.21 million (P157.35 million) and US\$ 0.03 million (P1.39 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

Receivables from BIM Wind (Joint venture)

In 2020, the Group and BIM Wind entered into an interest-bearing loan agreement to fund the pre-development costs and turbine reservation fees of BIM Wind Project. The interest-bearing loan has a total facility of US\$45.00 million and bears an annual fixed interest and payable 12 months from the drawdown date. On May 19, 2021, the Loan Agreement was amended to increase the loan facility to US\$91.00 million.

First drawdown was made on May 5, 2020. Total drawdowns and principal payments made for the period ending September 30, 2021 amounted to US\$104.48 million (P5,324.51 million) and US\$46.70 million (P2,235.11 million), respectively.

As at September 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$ 75.79 million (P3,861.93 million) and US\$18.00 million (P864.65 million), respectively. Interest income amounted to US\$3.35 million (P164.21 million) and US\$0.66 million (P32.07 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

Receivables from UPC Solar (Joint venture)

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

Total drawdowns and principal payments made for the nine-month periods ending September 30, 2021 and 2020 amounted to US\$8.50 million (P433.15 million) and US\$6.40 million (P306.29 million), respectively.

As at September 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$ 17.60 million (P896.88 million) and US\$15.84 million (P760.77 million), respectively. Interest income amounted to US\$1.08 million (P53.22 million) and US\$0.41 million (P20.38 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

#### Receivables from TBC (Associate)

In 2018, the Group and TBC entered into an interest-bearing loan agreement to fund the development costs for the pipeline projects of TBC. The interest-bearing loan has a total facility of US\$10.00 million and bears an annual fixed interest and payable upon maturity. In February 2019, the loan facility was increased to US\$20.00 million. On May 20, 2020, the Development Loan Agreement was amended to extend the maturity date to June 30, 2022 with partial principal due in 2021.

Total drawdowns amounted to US\$2.83 million (₱144.21 million) in 2021 while principal payments totaling US\$12.14 million (₱583.14 million) were made in 2020.

As at September 30, 2021 and December 31, 2020, outstanding balance of the interest-bearing loan amounted to US\$12.57 million (₱640.45 million) and US\$9.74 million (₱467.77 million), respectively. Interest income amounted to US\$ 0.82 million (₱40.32 million) and US\$ 0.64 million (₱31.07 million) for the nine-month periods ended September 30, 2021 and 2020, respectively.

#### Receivables from BT3 Windfarm (Affiliate)

In 2021, the Group and BT3 Windfarm entered into an interest-bearing loan facility to finance the development and construction costs of BT3 Windfarm projects in Vietnam. The interest-bearing loan has a total facility of US\$40.00 million. The principal and interests are fully paid during the period.

Total drawdowns amounted to US\$28.80 million (₱1,468.63 million) in 2021.

As at September 30, 2021, total interest income amounted to US\$0.77 million (₱37.60 million).

#### Receivables from ACEIC

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

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

As at September 30, 2021, outstanding receivable from ACEIC is US\$189.00 million (₱9,631.25 million) while interest income amounted to US\$ 1.68 million (₱82.30 million).

#### 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.

Compensation of Key Management Personnel

Compensation of key management personnel of the Group amounted to ₱118.22 million and ₱34.20 million for the nine-month periods ended September 30, 2021 and 2020, respectively.

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**31. Earnings Per Share**

Basic and diluted EPS are computed as follows:

	For the three-month period Ended September 30		For the nine-month period Ended September 30	
	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)	2021 (Unaudited)	2020 (Unaudited) (As restated, Note 4)
	(In Thousands, Except for Number of Shares and Per Share Amounts)			
(a) Net income attributable to equity holders of Parent Company	<b>₱1,579,753</b>	₱938,557	<b>₱4,270,118</b>	₱3,511,963
Common shares outstanding at beginning of period (Note 21)	<b>38,225,838,177</b>	13,693,357,210	<b>13,692,457,210</b>	7,521,774,922
Weighted average number of:				
Shares issued during the period	-	-	<b>12,731,782,737</b>	2,257,365,799
Shares buyback during the period	-	(254,745)	-	(9,061,646)
(b) Weighted average common shares outstanding	<b>38,225,838,177</b>	13,693,102,465	<b>26,424,239,947</b>	9,770,079,075
Basic/Diluted earnings per share (a/b)	<b>₱0.04</b>	₱0.07	<b>₱0.16</b>	₱0.36

On June 22, 2020, upon the SEC's approval of increase in ACS from 8.4 billion to 24.4 billion, 6,185,182,288 shares of ACEN were issued to ACEIC through the onshore share swap transaction.

On June 7, 2021, upon the SEC's approval of increase in ACS from ₱24.4 billion to ₱48.4 billion shares, 16,685,800,533 shares of ACEN were issued to ACEIC through the offshore share swap transaction (see Notes 1, 4 and 21).

The SRO enabled the then minority shareholders to increase their shareholdings on account of the dilution of their existing share ownership as a result of the ACEIC onshore share swap transaction (see Note 1 and 21).

For the nine-month periods ended September 30, 2021 and 2020, the Parent Company does not have any potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings per share is the same as basic earnings per share for the nine-month periods ended September 30, 2021 and 2020.

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## 32. Significant Laws, Commitments and Contracts

Updates to certain contracts and commitments disclosed in the annual consolidated financial statements as at December 31, 2020 and new contracts entered during the nine-month period ended September 30, 2021 are provided below:

### Administration and Management Agreement (“AMA”)

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

### Power Administration and Management Agreement (“PAMA”)

ACEN entered into PAMAs with its subsidiaries Bulacan Power, CIPP and One Subic Power. Under the terms of the PAMA, ACEN will administer and manage the entire capacity and net output of the foregoing entities’ power plants and will pay for all electricity delivered by the power plant based on a formula as set forth in the PAMA and shall be payable monthly. The PAMAs with Bulacan Power and CIPP are valid for ten (10) years and are subject to regular review, while the PAMA with One

Subic Power is valid throughout the life of the related Facilities Lease Agreement with SBMA (see Note 1).

On January 12, 2018, the PAMAs of the Group with CIPP and Bulacan Power were amended, providing for certain capacity rates based on nominated capacity and billing of fuel recovery and utilization fee. The new PAMAs became effective starting March 26, 2018 and are valid for ten (10) years subject to regular review.

On 25 September 2020, One Subic Power and ACEN executed Letter Agreement No. 01 which amended Article 5 (Supply of Electricity and Fees) of the PAMA.

### Ancillary Services Procurement Agreements (“ASPA”) with NGCP

ACEN and certain subsidiaries executed ASPAs with the NGCP. Under the ASPA, the power plants will provide contingency and dispatchable reserves to NGCP to ensure reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five (5) years upon the effectivity of the provisional approval or final approval issued by the ERC. Pending ERC’s issuance of a final approval, the provisional approval is extended every year.

### Tower 2 lease agreement with Ayala Land, Inc.

The Parent Company entered into an agreement with Ayala Land, Inc. (the Lessor) for lease of office units at 34th, 35th, and 36th floors of Ayala Triangle Gardens Two Building and 69 Appurtenant parking slots starting January 18, 2021 for a period of 10 years. The lease agreement provides for a 5% annual escalation rate for the rental payments (See Note 16).

### Loan facilities commitment

As of September 30, 2021, the Group through ACRI has outstanding commitments of \$322.70 million (\$127.9 million as at December 31, 2020) from the guarantees it provided to related parties.

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### 33. **Financial Risk Management Objectives and Policies**

#### Objectives and Investment Policies

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

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

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

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

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

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

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

- Market risk
- Equity price risk

Commercial Operations focuses on commodity price risk.

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

#### Risk Management Process

##### *Foreign Exchange Risk*

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

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

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

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

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

The Group's significant foreign currency-denominated financial assets and financial liabilities as at September 30, 2021 and December 31, 2020 are as follows:

	September 30, 2021 (Unaudited)		December 31, 2020 (As restated)	
	U.S. Dollar (US\$)	Sing (S\$)	U.S. Dollar (US\$)	Sing (S\$)
<b>Financial Assets</b>				
Cash and cash equivalents	\$21,023	S\$-	\$10,602	S\$-
Other receivables	28,817	-	-	-
	<b>\$49,840</b>	<b>S\$-</b>	<b>\$10,602</b>	<b>S\$-</b>
<b>Financial Liabilities</b>				
Accounts payable and other current liabilities	(\$9)	-	(4,860)	(24)
Short-term loans	-	-	-	-
Long-term loans	-	-	-	-
	<b>(\$9)</b>	<b>(S\$-)</b>	<b>(\$4,860)</b>	<b>(S\$24)</b>
Net foreign currency-denominated assets (liabilities)	<b>\$49,831</b>	<b>S\$-</b>	<b>\$5,742</b>	<b>(S\$24)</b>
Peso equivalent	<b>₱2,539,344</b>	<b>₱-</b>	<b>₱275,846</b>	<b>(₱867)</b>

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱50.96 to US\$1.00 as at September 30, 2021 and ₱48.04 to US\$1.00, ₱58.69 to €1.00 and ₱36.12 to S\$1.00 as at December 31, 2020.

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\$	Sing (S\$)	
September 30, 2021 (Unaudited)	(₱0.50)	(₱24,916)	₱-
	(1.00)	(49,831)	-
	0.50	24,916	-
	1.00	49,831	-
December 31, 2020 (As restated, Note 4)	(₱0.50)	(₱2,871)	₱12
	(1.00)	(5,742)	24
	0.50	2,871	(12)
	1.00	5,742	24

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.

	<b>September 30, 2021 (Unaudited)</b>	
	Peso	US\$
Cash and cash equivalents	<b>₱16,712,213</b>	<b>\$851,637,647</b>
Receivables	<b>32,473,920</b>	<b>1,654,838,488</b>
Investments in:		
Associates and joint ventures	<b>59,713,579</b>	<b>3,042,944,248</b>
Other financial assets at amortized cost	<b>25,722,313</b>	<b>1,310,783,351</b>
	<b>134,622,025</b>	<b>6,860,203,734</b>
Accounts payable and other current liabilities	<b>(316,340)</b>	<b>(16,120,348)</b>
Notes payable	<b>(20,291,476)</b>	<b>(1,034,033,339)</b>
<b>Net foreign currency position</b>	<b>₱114,014,209</b>	<b>\$5,810,050,047</b>
	<b>December 31, 2020 (As restated)</b>	
	Peso	US\$
Cash and cash equivalents	₱22,839,727	\$475,471
Receivables	13,841,336	288,145
Investments in associates and joint ventures	12,201,596	254,009
Other financial assets	28,297,818	589,096
	77,180,477	1,606,721
Accounts payable and other current liabilities	(202,544)	(4,217)
<b>Net foreign currency position</b>	<b>₱76,977,933</b>	<b>\$1,602,504</b>

The Philippine Peso - US Dollar exchange rate as at September 30, 2021 and December 31, 2020 used were ₱50.96 to US\$1.00 and ₱48.04 to US\$1.00.



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

		Increase (decrease) in Peso per foreign currency	Effect on income before income tax
<b>September 30, 2021</b>	<b>USD</b>	<b>(\$0.50)</b>	<b>(P1,118,686)</b>
<b>(Unaudited)</b>		<b>(1.00)</b>	<b>(2,237,372)</b>
		<b>0.50</b>	<b>1,118,686</b>
		<b>1.00</b>	<b>2,237,372</b>
December 31, 2020	USD	(\$0.50)	(P801,252)
(As Restated)		(1.00)	(1,602,504)
		0.50	801,252)
		1.00	1,602,504

#### *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.

	September 30, 2021 (Unaudited)					
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	Total
	Class A	Class B	Class C			
Trade and other receivables						
<i>Current:</i>						
Trade receivables	<b>P1,782,114</b>	<b>P-</b>	<b>P-</b>	<b>P2,481,159</b>	<b>P 82,980</b>	<b>P4,346,253</b>
Due from related parties	<b>23,926,685</b>	-	-	-	-	<b>23,926,685</b>
Others	<b>1,382,960</b>	-	<b>421,541</b>	<b>427,117</b>	<b>84,868</b>	<b>2,316,486</b>
<i>Noncurrent</i>						
Trade receivables	<b>833,755</b>	-	-	<b>1,137,263</b>	<b>13,752</b>	<b>1,984,770</b>
Due from related parties	<b>7,163,234</b>	-	-	-	-	<b>7,163,234</b>
Receivables from third parties	<b>2,764,105</b>	-	-	<b>28,126</b>	-	<b>2,792,231</b>
	<b>P37,852,853</b>	<b>P-</b>	<b>P421,541</b>	<b>P4,073,665</b>	<b>P181,600</b>	<b>P42,529,659</b>

	December 31, 2020 (As restated)					
	Neither Past Due nor Impaired			Past Due but not	Past Due Individually	Total
	Class A	Class B	Class C	Impaired	Impaired	
Trade and other receivables						
<i>Current:</i>						
Trade receivables	₱3,896,023	₱-	₱-	₱685,056	₱80,991	₱4,662,070
Due from related parties	9,158,284	2,158	-	217,807	-	9,378,249
Others	1,457,649	146,875	235,454	812,412	85,985	2,738,375
<i>Noncurrent</i>						
Trade receivables	810,021	-	-	1,106,705	13,752	1,930,478
Due from related parties	2,741,428					2,741,428
Receivables from third parties	1,812,366	-	-	69,768	-	1,882,134
	<b>₱19,875,771</b>	<b>₱149,033</b>	<b>₱235,454</b>	<b>₱2,891,748</b>	<b>₱180,728</b>	<b>₱23,332,734</b>

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 ₱330.10 million and ₱13,001.92 million as at September 30, 2021 and December 31, 2020.

*Maximum exposure to credit risk of financial assets subject to impairment*

The gross carrying amount of financial assets subject to impairment are as follows:

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
<i>Financial Assets at Amortized Cost (Portfolio 1)</i>		
Cash and cash equivalents	<b>₱33,590,513</b>	₱28,075,433
Under "Receivables" account		
Current:		
Trade receivables	<b>₱4,346,254</b>	₱4,662,070
Due from related parties	<b>23,926,685</b>	9,378,249
Others	<b>2,316,486</b>	2,738,375
Noncurrent:		
Trade receivables	<b>1,984,770</b>	1,930,478
Receivables from third parties	<b>2,792,232</b>	1,812,366
Other financial assets at amortized cost	<b>25,365,866</b>	15,297,105
Under "Other Noncurrent Assets" account		
Deposits	<b>138,380</b>	105,337
	<b>₱94,461,186</b>	₱63,999,413

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

Grade	September 30, 2021 (Unaudited)				Total
	12-month Stage 1	Lifetime ECL			
		Stage 2	Stage 3	Simplified Approach	
High	<b>₱33,590,513</b>	₱-	₱-	<b>₱6,331,024</b>	<b>₱39,921,537</b>
Standard	-	-	-	-	-
Substandard	-	-	-	-	-
Default	-	-	-	<b>13,752</b>	<b>13,752</b>
Gross carrying amount	<b>33,590,513</b>	-	-	<b>6,344,776</b>	<b>39,935,289</b>
Less loss allowance	-	-	-	<b>167,848</b>	<b>167,848</b>
Carrying amount	<b>₱33,590,513</b>	₱-	₱-	<b>₱6,176,928</b>	<b>₱39,767,441</b>

Grade	December 31, 2020 (As restated, Note 4)				Total
	12-month Stage 1	Lifetime ECL			
		Stage 2	Stage 3	Simplified Approach	
High	₱28,075,433	₱-	₱-	₱6,592,548	₱34,667,981
Standard	-	-	-	-	-
Substandard	-	-	-	-	-
Default	-	-	-	13,752	13,752
Gross carrying amount	28,075,433	-	-	6,606,300	34,681,733
Less loss allowance	-	-	-	166,975	166,975
Carrying amount	₱28,075,433	₱-	₱-	₱6,439,325	₱34,514,758

*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, 2021 (Unaudited)					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	P704,241	P1,553,186	P141,143	P-	P-	P2,398,570
Retention payable	8,433	3,138	53,262	-	-	64,833
Accrued expenses <sup>a</sup>	408,536	20,909	607,975	-	-	1,037,420
Accrued interest	-	65,522	101,236	-	-	166,758
Due to related parties	3,190	302,165	9,824	-	-	315,179
Others	74,908	4,399	13,215	-	-	92,522
Derivative Liability	-	-	205,412	-	-	205,412
Short-term loans	-	-	-	-	-	-
Due to stockholders	16,585	-	-	-	-	16,585
Lease liabilities <sup>b</sup>	-	50,187	269,933	1,396,328	3,643,589	5,360,037
Long-term loans <sup>c</sup>	-	715,492	1,161,847	8,444,182	19,501,753	29,823,274
Notes payable	-	-	816,658	19,477,625	-	20,294,282
Other noncurrent liabilities <sup>d</sup>	-	-	-	1,714,636	120,925	1,835,561
	<b>P1,215,893</b>	<b>P2,714,998</b>	<b>P3,380,505</b>	<b>P31,032,771</b>	<b>P23,266,267</b>	<b>P61,610,433</b>

<sup>a</sup> Excluding current portion of vacation and sick leave accruals.

<sup>b</sup> Gross contractual payments.

<sup>c</sup> Including contractual interest payments.

<sup>d</sup> Excluding contract liabilities.

	December 31, 2020 (As restated, Note 4)					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	P504,520	P956,567	P2,452,185	P-	P-	P3,913,272
Accrued expenses <sup>a</sup>	20,441	287,762	333,480	-	-	641,683
Accrued interest	-	193,201	10,771	-	-	203,972
Due to related parties	-	131,265	498,637	-	-	629,902
Retention payable	-	-	74,973	-	-	74,973
Derivative liability	-	3,300	-	-	-	3,300
Others	-	800	41,051	-	-	41,851
Short-term loans	-	3,549,370	1,085,630	-	-	4,635,000
Due to stockholders	-	18,272	-	-	-	18,272
Lease liabilities <sup>b</sup>	-	62,605	174,583	903,641	3,154,948	4,295,777
Long-term loans <sup>c</sup>	-	266,765	1,720,907	8,597,483	80,163,617	90,748,772
Other noncurrent liabilities <sup>d</sup>	-	-	-	324,486	1,209,437	1,533,923
	<b>P524,961</b>	<b>P5,469,907</b>	<b>P6,392,217</b>	<b>P9,825,610</b>	<b>P84,528,002</b>	<b>P106,740,697</b>

<sup>a</sup> Excluding current portion of vacation and sick leave accruals.

<sup>b</sup> Gross contractual payments.

<sup>c</sup> Including contractual interest payments.

<sup>d</sup> Excluding contract liabilities.

As at September 30, 2021 and December 31, 2020, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	September 30, 2021 (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	<b>₱33,592,439</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱33,592,439</b>
Receivables:					
Trade	<b>1,782,114</b>	<b>1,253,102</b>	<b>1,228,057</b>	<b>-</b>	<b>4,263,273</b>
Due from related parties	<b>23,926,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,926,685</b>
Others	<b>1,804,502</b>	<b>22,610</b>	<b>404,507</b>	<b>-</b>	<b>2,231,619</b>
<i>Noncurrent:</i>					
Trade receivables	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,984,770</b>	<b>1,984,770</b>
Receivable from third parties	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,792,232</b>	<b>2,792,232</b>
Deposit receivables	<b>-</b>	<b>-</b>	<b>-</b>	<b>138,380</b>	<b>138,380</b>
Derivative assets	<b>-</b>	<b>-</b>	<b>205,412</b>	<b>-</b>	<b>205,412</b>
Financial assets at FVOCI:					
Quoted	<b>-</b>	<b>-</b>	<b>-</b>	<b>356,468</b>	<b>356,468</b>
Unquoted	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,190</b>	<b>1,190</b>
	<b>₱61,105,740</b>	<b>₱1,275,712</b>	<b>₱1,837,976</b>	<b>₱5,273,040</b>	<b>₱69,492,468</b>

	December 31, 2020 (As restated, Note 4)				Total
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	
Loans and receivables:					
<i>Current:</i>					
Cash and cash equivalents	<b>₱28,077,171</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱28,077,171</b>
Receivables:					
Trade	<b>313</b>	<b>3,920,394</b>	<b>660,372</b>	<b>-</b>	<b>4,581,079</b>
Due from related parties	<b>-</b>	<b>2,125</b>	<b>9,376,124</b>	<b>-</b>	<b>9,378,249</b>
Others	<b>-</b>	<b>163,139</b>	<b>2,489,252</b>	<b>-</b>	<b>2,652,391</b>
<i>Noncurrent:</i>					
Trade receivables	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,916,726</b>	<b>1,916,726</b>
Receivable from third parties	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,882,134</b>	<b>1,882,134</b>
Deposit receivables	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,337</b>	<b>105,337</b>
Derivative assets	<b>-</b>	<b>35,046</b>	<b>-</b>	<b>-</b>	<b>35,046</b>
Financial assets at FVOCI:					
Quoted	<b>-</b>	<b>-</b>	<b>-</b>	<b>379,978</b>	<b>379,978</b>
Unquoted	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,190</b>	<b>1,190</b>
	<b>₱28,077,484</b>	<b>₱4,120,704</b>	<b>₱12,525,748</b>	<b>₱4,285,365</b>	<b>₱49,009,301</b>

### *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, 2021 and December 31, 2020, the Group has fixed rate financial instruments measured at fair value.

The Group's exposure to interest rate risk relates primarily to long-term debt obligations that bear floating interest rate. The Group generally mitigates risk of changes in market interest rates by constantly monitoring fluctuations of interest rates and maintaining a mix of fixed and floating interest-bearing loans. Specific interest rate risk policies are as follows:

### ACEN

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

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

On March 19, 2021, the Parent Company entered into a term loan agreement with DBP amounting to ₱4.50 billion. The loan has a term of ten (10) years with an option for a floater or fixed interest rate. As at September 30, 2021, the Parent Company has drawn ₱805 million and is subject to a floating interest rate, subject to repricing on every semi-annual payment date. The undrawn portion of the term loan facility amounting to ₱3.695 billion is still subject to interest rate risk depending on the then benchmark rate plus spread.

#### Guimaras Wind

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

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

On April 28, 2016, the Group prepaid a portion of its long-term debt in accordance with the terms of the Agreement as follows:

- the Group shall effect a mandatory prepayment of the loan, without premium or penalty, within three (3) business days from receipt by the Group of any transmission line proceeds;
- prepay the loan to the extent of seventy percent (70%) of the transmission line proceeds;
- the remaining thirty percent (30%) shall be transferred directly into the Group controlled distribution account for further distribution to the Project Sponsor.

#### SLTEC

On April 29, 2019 SLTEC entered into an Omnibus Loan and Security Agreement (the "New Omnibus Agreement") with the following:

- BDO Unibank, Inc. (BDO), Security Bank Corporation (SBC) and Rizal Commercial Banking Corporation (RCBC) as the Lenders;
- ACEI, ACEN, and APHC as the Sponsors;
- BDO Capital & Investment Corporation as the Mandated Lead Arranger and Sole Bookrunner;
- RCBC Capital Corporation and SB Capital Investment Corporation as the Lead Arrangers; and,
- BDO Unibank, Inc. - Trust and Investments Group as the Facility Agent, Security Trustee and Paying Agent

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

#### NorthWind

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

#### BWPC

The outstanding loan balance to UPC Holdco amounting to nil million and ₱145.04 million as at September 30, 2021 and December 31, 2020, respectively, was used for the funding of the Balaoi and Caunayan Wind Power Project. BWPC availed loans from UPC Holdco amounting to ₱33.62 million and ₱17.28 million in 2021 and 2020, respectively. These loans are unsecured, due in 5 years and bears interest at an annual rate of 8.00%. Interest is accrued daily and compounded annually and payable together with the principal amount.

In May 2021, outstanding loan balance including the interest payable were paid in full.

#### *Market Risk*

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

#### *Equity Price Risk*

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

#### *Commodity Price Risk*

##### Cash flow hedges

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

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

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

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

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

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

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

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

The hedge ineffectiveness can arise from:

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

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

	Maturity						Total
	< 1 month	1-3 months	4-6 months	7-9 months	10-12 months	>12 months	
<b>As at September 30, 2021</b>							
<b>(Unaudited)</b>							
<i>Foreign exchange forward contracts</i>							
Notional amount (\$000)	\$-	\$4,987	\$27,948	\$49,246	\$8,052	\$-	\$90,233
Average forward rate (\$/₱)	-	48.08	48.19	48.30	48.54	-	
<b>As at December 31, 2020 (As restated)</b>							
<i>Foreign exchange forward contracts</i>							
Notional amount (\$000)	\$-	\$100,000	\$-	\$-	\$-	\$-	\$100,000
Average forward rate (\$/₱)	-	48.24	-	-	-	-	
<i>Commodity swap contracts - Coal</i>							
Notional amount (in Metric Tons)	27,500	-	49,500	49,500	49,500	145,500	321,500
Notional amount (in \$000)	\$144	-	\$272	\$291	\$258	\$742	\$1,707
Average hedged rate (\$ per Metric ton)	\$74.45	-	\$75.41	\$74.73	\$75.28	\$73.29	-



There were no additional fuel and coal commodity swap contracts entered into and the remaining coal contracts in 2021 were all settled as at September 30, 2021. The Group had fuel oil hedges entered in 2020 which were all settled also as at December 31, 2020.

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

	Notional amount	Carrying amount	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
<b>As at September 30, 2021 (Unaudited)</b>				
Foreign exchange forward contracts	\$90,233	₱205,412	Other current assets;	₱205,412
<b>As at December 31, 2020 (As restated)</b>				
Foreign exchange forward contracts	\$100,000	(₱3,300)	Accounts payable and other current liabilities	(₱3,300)
Commodity swap contracts - Coal	1,707	82,014	Other current and noncurrent assets	72,151

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

	Change in fair value used for measuring ineffectiveness	Cash flow hedge reserve	Cost of hedging reserve
<b>As at September 30, 2021 (Unaudited)</b>			
Highly probable forecast purchases	(₱47,162)	₱10,248	₱-
Highly probable forecast purchases	205,412	-	-
<b>As at December 31, 2020 (As restated, Note 4)</b>			
Coal purchases	₱72,151	₱57,409	₱-
Highly probable forecast sale	(3,300)	-	-

The effect of the cash flow hedge in the consolidated statements of comprehensive income is 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
<b>As at September 30, 2021</b>						
<b>(Unaudited)</b>						
Foreign exchange forward contracts	P-	P205,412	Other income (expense)	P-	P-	P-
Foreign exchange forward contracts	(47,162)	-	Unrealized fair value gains on derivative instruments designated as hedges	-	-	-
<b>As at December 31, 2020</b>						
<b>(As restated)</b>						
Foreign exchange forward contracts	P-	(P3,300)	Other income (expense)	P-	P-	P-
Commodity swap contracts - Coal	72,151	-	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 re-challenged 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.

	<b>September 30, 2021 (Unaudited)</b>	December 31, 2020 (As restated, Note 4)
Short-term debt (Note 19)	<b>₱–</b>	₱4,635,000
Long-term debt (Note 19)	<b>21,161,421</b>	22,254,155
Total debt	<b>21,161,421</b>	26,889,155
(Forward)		
Less:		
Cash and cash equivalent (Note 5)	<b>33,043,332</b>	27,864,929
Restricted cash (Note 5)	<b>549,107</b>	212,242
Net debt	<b>(12,431,018)</b>	(1,188,016)
Total equity	<b>117,549,247</b>	104,279,335
Debt to equity	<b>18.00%</b>	25.79%
Net debt to equity	<b>(10.58%)</b>	(1.14%)

The Group closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keep the compliance of these covenants into consideration. The Group is not subject to externally imposed capital requirements.

### 34. Fair Values

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at September 30, 2021 and December 31, 2020:

	September 30, 2021 (Unaudited)			
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Financial assets at FVOCI	P357,658	P21	P357,637	P-
Other financial assets at amortized cost	25,365,866	-	-	25,365,866
Derivative asset*	205,412	-	205,412	-
Refundable deposits**	138,380	-	-	138,074
Trade Receivables***	2,040,394	-	-	1,964,676
Receivables from third parties****	2,021,738	-	-	2,021,738
	<b>P30,129,448</b>	<b>P21</b>	<b>P563,049</b>	<b>P29,490,354</b>
<b>Liabilities</b>				
Notes payable	P20,291,476	P-	P-	P20,294,283
Long-term debt	21,161,421	-	-	21,795,607
Deposit payables and other liabilities*****	202,210	-	-	205,129
Derivative liability	205,412	-	205,412	-
	<b>P41,860,519</b>	<b>P-</b>	<b>P205,412</b>	<b>P42,295,019</b>

\* 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.

	December 31, 2020 (As restated)			
	Carrying Value	Fair Value		
		Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Financial assets at FVOCI	P13,001,924	P21	P13,001,903	P-
Other financial assets at amortized cost	15,297,105	-	-	15,297,105
Derivative asset*	82,014	-	82,014	-
Refundable deposits**	105,337	-	-	105,337
Trade Receivables***	2,008,697	-	-	1,942,804
Receivables from third parties****	1,177,755	-	-	1,177,755
	<b>P31,672,832</b>	<b>P21</b>	<b>P13,083,917</b>	<b>P18,523,001</b>
<b>Liabilities</b>				
Long-term debt	P22,254,155	P-	P-	P22,800,565
Short-term loans	4,635,000	-	-	4,635,000
Deposit payables and other liabilities*****	172,768	-	-	172,768
Derivative liability	3,300	-	3,300	-
	<b>P27,065,223</b>	<b>P-</b>	<b>P3,300</b>	<b>P27,608,333</b>

\* 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 FVOCI*

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

For unquoted financial assets at 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 carrying amount approximates their fair values since the financial instruments are interest-bearing.

*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 4.40% to 7.10% and 3.11% to 6.25% as at September 30, 2021 and December 31, 2020, 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 4.40% as at September 30, 2021.

*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.

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### 35. Operating Segments

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

The scope of the operating segments has been modified following the changes in the organization due to various acquisitions (see Notes 1, 2 and 4).

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

2020 comparative segment information have been restated.

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

Revenue earned from a single external customer amounted to ₱5,600.91 million and ₱5,367.32 million for the nine-month periods ended September 30, 2021 and 2020, respectively, which accounted for more than 10% of the consolidated revenue from external customers, arise from sale in the Philippine Segment.

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

The following tables regarding operating segments present revenue and income information for the nine-month periods ended September 30, 2021 and 2020 and assets and liabilities as at September 30, 2021 and December 31, 2020:

	<b>For the nine-month period ended September 30, 2021 (Unaudited)</b>			
	<b>Philippines</b>	<b>International</b>	<b>Parent and Others</b>	<b>Consolidated</b>
<b>Revenues</b>				
Revenue from sale of electricity	<b>₱18,736,217</b>	<b>₱–</b>	<b>₱–</b>	<b>₱18,736,217</b>
Rental income	<b>44,595</b>	<b>–</b>	<b>–</b>	<b>44,595</b>
Dividend income	<b>–</b>	<b>11,725</b>	<b>–</b>	<b>11,725</b>
Other revenues	<b>12,470</b>	<b>26,007</b>	<b>52,715</b>	<b>91,192</b>
	<b>18,793,282</b>	<b>37,732</b>	<b>52,715</b>	<b>18,883,729</b>
<b>Costs and expenses</b>				
Cost of sale of electricity	<b>14,609,831</b>	<b>–</b>	<b>–</b>	<b>14,609,831</b>
General & administrative expenses	<b>1,187,076</b>	<b>367,788</b>	<b>322,044</b>	<b>1,876,908</b>
	<b>15,796,907</b>	<b>367,788</b>	<b>322,044</b>	<b>16,486,739</b>
Interest and other finance charges	<b>(691,867)</b>	<b>(97,281)</b>	<b>(450,251)</b>	<b>(1,239,399)</b>
Equity in net income of associates and joint ventures	<b>738,369</b>	<b>550,215</b>	<b>–</b>	<b>1,288,584</b>
Other income - net	<b>315,492</b>	<b>3,313,264</b>	<b>455,754</b>	<b>4,084,510</b>
<b>Net income (loss) before income tax</b>	<b>3,358,369</b>	<b>3,436,142</b>	<b>(263,826)</b>	<b>6,530,685</b>
Provision for (benefit from) income tax	<b>185,183</b>	<b>8,551</b>	<b>(35,712)</b>	<b>158,022</b>
<b>Segment net income (loss)</b>	<b>₱3,173,186</b>	<b>₱3,427,591</b>	<b>(₱228,114)</b>	<b>₱6,372,663</b>
<b>Other disclosures</b>				
Depreciation and amortization	<b>1,419,191</b>	<b>17,194</b>	<b>70,924</b>	<b>1,507,334</b>
Capital expenditures	<b>3,771,638</b>	<b>–</b>	<b>19,633</b>	<b>3,791,271</b>
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	<b>159,130</b>	<b>–</b>	<b>–</b>	<b>159,130</b>
<b>As at September 30, 2021 (Unaudited)</b>				
Operating assets	<b>₱65,818,884</b>	<b>₱88,649,190</b>	<b>₱15,033,949</b>	<b>₱169,502,023</b>
Operating liabilities	<b>₱21,224,256</b>	<b>₱20,630,080</b>	<b>₱10,098,439</b>	<b>₱51,952,775</b>
<b>Other disclosures:</b>				
Investments in associates and joint ventures	<b>7,567,246</b>	<b>13,451,146</b>	<b>–</b>	<b>21,018,392</b>
Pension & other employment benefits	<b>45,089</b>	<b>–</b>	<b>37,590</b>	<b>82,679</b>

For the nine-month period ended September 30, 2020 (Unaudited)(As restated, Note 4)				
	Philippines	International	Parent and Others	Consolidated
<b>Revenues</b>				
Revenue from sale of electricity	P15,150,025	P–	P–	P15,150,025
Rental income	71,663	–	–	71,663
Other revenues	7,027	8,446	19,562	35,035
	15,228,715	8,446	19,562	15,256,723
<b>Costs and expenses</b>				
Cost of sale of electricity	10,147,543	–	–	10,147,543
General & administrative expenses	1,011,098	420,996	266,819	1,698,913
	11,158,641	420,996	266,819	11,846,456
Interest and other finance charges	(858,784)	(65,610)	(505,431)	(1,429,825)
Equity in net income of associates and joint ventures	485,191	854,885	–	1,340,076
Other income (expense) - net	278,269	2,237,402	1,457	2,517,128
<b>Net income (loss) before income tax</b>	3,974,750	2,614,127	(751,231)	5,837,646
Provision for (benefit from) income tax	693,280	187,482	(205,969)	674,793
<b>Segment net income (loss)</b>	<b>P3,281,470</b>	<b>P2,426,645</b>	<b>(P545,262)</b>	<b>P5,162,853</b>
Other disclosures:				
Depreciation and amortization	1,372,657	28	15,968	1,388,653
Capital expenditures	6,409,317	–	43,105	6,452,422
Provision for impairment of property, plant and equipment, advances to contractors and investment in an associate	–	–	–	–
As at December 31, 2020 (As restated)				
Operating assets	P58,576,953	P78,281,075	P4,957,792	P141,815,820
Operating liabilities	P22,385,676	P595,696	P14,555,112	P37,536,484
Other disclosures:				
Investments in associates and joint ventures	6,593,492	12,201,596	–	18,795,088
Pension & other employment benefits	31,617	–	19,312	50,929

#### Adjustments and Eliminations

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

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

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



Other income - Net includes interest and other financial income from investments in redeemable preferred shares of associates and joint ventures and from development loans and advances to these associates and joint ventures, guarantee fee income, reversal of impairment on property, plant and equipment and impairment of investments in joint venture, tax credits on real property taxes, gain (loss) on derivatives, gain on sale of by-product, claims on insurance, foreign exchange gain (loss), gain (loss) on sale of property, plant and equipment, mark-to market gains, fees on advisory services, and other miscellaneous income (expense) which are allocated to operating segments.

### 36. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the nine-month periods ended September 30, 2021 and 2020 are as follow:

	For the nine-month period Ended September 30	
	2021 (Unaudited)	2020 (As restated)
Non-cash additions to property, plant and equipment	P1,108,547	P1,124,104
Set-up of ROU assets from new lease agreements	1,167,222	-
Reclassifications to (from):		
Property, plant and equipment	529,189	(1,247)
Assets held for sale	271,838	(3,546)
Investment properties	(438,375)	-
Investments in other financial assets at amortized cost	(192,491)	-
Goodwill and other intangible assets	219	-
Creditable withholding taxes	(13,098)	53,069
Acquired through business combination:		
Property, plant and equipment	-	2,119,796
Right-of-use assets	-	996,101
Other noncurrent assets	-	8,383

Movements in the Group's liabilities from financing activities for the nine-month periods ended September 30, 2021 and 2020 are as follows:

	January 1, 2021 (As restated)	Availments/ Proceeds	Payments	Others	September 30, 2021 (Unaudited)
Current portion of:					
Short-term loans	P4,635,000	P3,000,000	(P7,635,000)	P-	P-
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	P30,784,417	P24,560,722	(P13,959,469)	P5,249,350	P46,635,020

	January 1, 2020 (As restated)	Availments/ Proceeds	Payments	Others	September 30, 2020 (Unaudited)
Current portion of:					
Short-term loans	₱3,556	₱11,306,375	(₱753,556)	₱137,809	₱10,694,184
Long-term loans	593,847	–	(593,847)	745,474	745,474
Lease liabilities	128,796	–	(128,796)	258,347	258,347
Interest payable	56,401	–	(1,261,027)	1,266,336	61,710
Dividends payable	–	–	(658,669)	658,669	–
Due from stockholders	16,594	5,091	–	–	21,685
Noncurrent portion of:					
Long-term loans	22,325,599	3,800,000	(1,996,969)	(744,479)	23,384,151
Lease liabilities	852,742	–	(12,359)	748,287	1,588,670
Other noncurrent liabilities	3,289,903	153,541	–	(1,396,309)	2,047,135
Total liabilities from financing activities	₱27,267,438	₱15,265,007	(₱5,405,223)	₱1,674,134	₱38,801,356

Others include foreign exchange translation and reclassifications of current and noncurrent.

### 37. Provisions and Contingencies

#### Tax assessments:

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

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

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

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

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

In its decision dated September 28, 2018, the CTA Third Division granted ACEN's petition and ordered the cancellation and withdrawal of the FLD (the "CTA Third Division Decision"). On January 18, 2019, the CTA denied the Commissioner of Internal Revenue's ("CIR") motion for reconsideration ("CTA Resolution"). On February 22, 2019, the CIR filed a petition for review with the CTA *en banc* seeking the reversal of the CTA Third Division's Decision and CTA Resolution. On July 21, 2020, the CTA *en banc* upheld the CTA Third Division Decision and denied the CIR's petition. The CIR filed a motion for reconsideration dated August 26, 2020. In response, ACEN filed its Comment/ Opposition. As at August 27, 2021, the CIR's motion for reconsideration has not been resolved by the CTA *en banc*.

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

In 2017, the Central Board Assessment Appeals ("CBAA") ruled in favor of NLR stating that NLR can recover the RPT paid in year 2015 to 2016 and the penalty paid in 2015 totaling ₱50.96 million. In a decision dated February 26, 2020, the CTA *en banc* upheld the CBAA ruling and ruled in favor of NLR. On March 16, 2021, the CTA *en banc* issued a resolution granting NLR's Motion for Entry of Judgment. On July 26, 2021, the CTA *en banc* released the actual Entry of Judgment affirming the favorable decision of the CBAA dated 10 October 2017. As of July 1, 2020, the said CBAA decision is already final and executory.

As at August 27, 2021, the 2017 to 2021 RPT protest, regarding an aggregate amount of ₱369.37 million, is still pending decision with the Local Boards of Assessment Appeals of Ilocos Norte.

#### Claims for tax refund

- a. On August 15, 2016, Guimaras Wind filed with the BIR a letter and application for tax credits or refund for Guimaras Wind's excess and unutilized input VAT for the period July 1, 2014 to June 30, 2015 amounting to ₱335.76 million attributable to Guimaras Wind's zero-rated sales. On December 19, 2016, Guimaras Wind received a letter from the BIR denying the administrative claim for refund of excess and unutilized input VAT for the period July 1, 2014 to December 31, 2014. On January 11, 2017, Guimaras Wind filed with the CTA a Petition for Review. In 2018, Guimaras Wind and the BIR presented their evidence and arguments. On January 9, 2020, Guimaras Wind received a copy of the Decision of the CTA.

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

1. The seller (Guimaras Wind) is an RE Developer of renewable energy facilities;
2. It sells fuel or power generated from renewable sources of energy, such as wind;

3. The said seller is a “generation company,” i.e., a person or entity authorized by the ERC to operate facilities used in the generation of electricity; and
4. Such authority is embodied in a COC issued by the ERC which must be secured before the actual commercial operations of the generation facility.

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

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

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

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

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

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

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

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

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

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

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

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

#### Power Barge 102 Oil Spill

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

ACEN notified the insurers of PB 102 about the incident, and discussions are ongoing in this regard. As at November 2, 2021, the Group has incurred ₱27.68 million in fuel loss, community assistance oil containment and recovery expenses, net of insurance proceeds. The Group will continue to take measures to mitigate the environmental impact of the spill and to fully cooperate with authorities to address all relevant concerns.

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

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

The Parent Company has contested this Resolution and filed a Motion for Reconsideration.

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

#### Compliance with Must Offer Rule

On October 4, 2018, CIPP, One Subic Power, Bulacan Power and the Parent Company received a letter from PEMC for pending investigation of trading intervals covering periods from 2014 to 2018. The scope of the investigation covers possible non-compliance with the Must Offer Rule (MOR) and with the Real-Time Dispatch (RTD) or System Operator Instructions. As at November 2, 2021, the investigations are still ongoing.

#### Refund of Market Transaction Fee from PEMC

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

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

#### *ACRI Guarantee Agreements*

On October 12, 2018, the Group through ACRI has entered into a guarantee agreement with the bank for a total of \$37 million to guarantee the obligation of AMI Khan Hoa Solar project to the project lender. Subsequently, on October 3, 2019, loan amounting to \$33.71 million was drawn by AMI Khan Hoa. As at September 30, 2021, the outstanding loan amounts to \$30.46 million. The Group recognizes guarantee income based on a fixed rate per annum applied to the outstanding loan balance.

In 2020, the Group through ACRI entered into various guarantee agreements with banks for a total of \$39.8 million for projects in India and Vietnam, of which, \$36.1 million was outstanding as at year-end. The purpose of the guarantee is to secure various module and supply agreements of the projects.

During the year ended December 31, 2020, the Group through ACRI 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.

On August 19, 2020, the Group through ACRI entered into a guarantee agreement with the bank as guarantor for its Australia project amounting to AUD 26 million (\$18.7 million), but was cancelled in 2021.

On September 30, 2020, the Group through ACRI signed an agreement with the bank to guarantee BT1 Windfarm's payment obligation to the project lender on its loan amounting to \$118.28 million. As at September 30, 2021, the outstanding guarantee related to the loan amounts to \$3.00 million.

On various dates in January to September 2021, the Group through ACRI entered into additional guarantee agreements with banks for a total of US\$262.8 million for the projects in India and Australia. Of this amount, AU\$260 million (US\$200 million) is for the Australia project.

For the nine-month periods ended September 30, 2021 and 2020, the Group recognized corresponding guarantee fee income amounting to ₱149.46 million (\$3.09 million) and ₱32.89 million (\$0.68 million), respectively (see Note 28).

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### 38. Events After the Reporting Period

Below are the events after the reporting period which are treated as non-adjusting events as at September 30, 2021.

*ACEN and BIM Group's first wind farm project powers up in Vietnam*

On October 4, 2021, the 88 MW Ninh Thuan wind farm started commercial operations being the latest joint venture development with the BIM Group in Vietnam, making it as the Group's second largest market to date after the Philippines.

Located in South Central Vietnam, the US\$155 million wind farm features 22 units of GE Renewable Energy's Cypress turbines. This is the second joint project of ACEN and the BIM Group following the 405 MW Ninh Thuan solar farm, one of the largest solar farms in Southeast Asia.

*ACEN adds 150 MW more capacity to the Luzon grid*

On October 6, 2021, the 150 MW Ingrid Power Plant started to provide a much-needed boost in energy capacity and ancillary service. The quick response diesel power plant located in Pililla, Rizal, begins its operations to help remediate the spate of power supply disruptions and augment the energy supply amidst the Malampaya shutdown by starting to supply essential peaking and reserve power.

*Shareholders' Agreement among ACEN, ACE Endeavor and APHPC*

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

*ACEN and AMI AC Renewables Corporation ("AAR") to pilot battery energy storage system in Vietnam*

On October 15, 2021, the agreement was signed between AAR and the U.S. Consulate in Ho Chi Minh City to formalize a US\$2,962,000 grant from the latter to develop Vietnam's pilot utility-scale battery energy storage system (BESS) in Khanh Hoa Province.

AAR will integrate the 15 MWh/7.5 MW Khanh Hoa Energy Storage project into its operating 50 MW AMI Khanh Hoa solar farm.

*ACEN to raise ownership in UPC-AC Renewables Australia to 100%*

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

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

On October 18, 2021, the BOD of ACEN also approved the following matters, among others:

1. The authority of Management to work towards the early retirement of SLTEC by 2040 (15 years ahead of its technical life) through the use of Energy Transition Mechanism (“ETM”). The ETM is an innovative funding mechanism that leverages low cost and long-term funding geared towards early coal retirement and reinvestment of proceeds to enable renewable energy;
2. ACEN’s commitment to spin-off all its thermal assets by 2025 and for this purpose (a) to enter a property-for-share swap with ACEX whereby ACEN will assign 100% of its equity in Palawan55, Bulacan Power, One Subic Power, CIPP, Ingrid3, valued at ₱3.39 billion, in exchange for 339 million primary shares to be issued by ACEX to ACEN at a price of ₱10.00 per share (the “Share Swap”), as supported by a fairness opinion from FTI Consulting Philippines, Inc. and subject to compliance with applicable regulatory requirements, and (b) to underwrite ACEX’s Stock Rights Offer of ₱1.053 billion in relation to the Share Swap;
3. ACEN’s acquisition, directly or through its nominated affiliate, of the ownership interest of UPC Philippines Wind Investment Co. BV (“UPC Philippines”) and Stella Marie L. Sutton in the following companies: NLR (the owner and operator of an 81MW operating wind farm in Brgy. Caparispisan, Pagudpud, Ilocos Norte), BWPC (the owner of the 160MW Pagudpud Wind that is currently under construction in Brgy. Balaoi, Pagudpud, Ilocos Norte), development special purpose vehicles Buduan Wind Energy Co., Inc, Pangasinan UPC Asia Corporation, Carballo Mountains UPC Asia Corporation, Sapat Highlands Wind Corporation, and pipeline SPVs Itbayat Island UPC Asia Corporation, Laguna West Renewables, Inc., and Suyo UPC Asia Corporation, for an aggregate consideration of up to PHP4.5 billion (subject to adjustments), subject to agreed conditions precedent including required partner, financing, and regulatory approvals, and subject further to execution of definitive documentation;
4. The issuance of up to 390 million common shares to the owners, affiliates, and/or partners of UPC Philippines at ₱11.32 per share (subject to adjustments) and subject to agreed conditions precedent and applicable regulatory approvals;
5. The acquisition of ACEN, directly or through its affiliate, of the 32.2% ownership interest of the minority stockholders of NorthWind (the “NW Founders”) for up to ₱1.093 billion (subject to adjustments), and subject to agreed conditions precedent including required partner, financing, and regulatory approvals;
6. The issuance of 90 million common shares to the owners, affiliate, and/or partners of the NW Founders at up to ₱11.32 per share (subject to adjustments), and subject to agreed conditions precedent and applicable regulatory approvals;
7. The joint venture with CleanTech Global Renewables, Inc. for the 200MWdc Lal-lo Solar Power Project in Lal-lo, Cagayan, subject to agreed conditions precedent, including applicable regulatory approvals, and subject further to execution of definitive documentation



## ANNEX B

### MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of AC Energy Corporation or ACEN and its subsidiaries collectively referred to as “the Group”, should be read in conjunction with the unaudited interim consolidated financial statements as at September 30, 2021, for the nine-month period ended September 30, 2021 and 2020 and the restated consolidated financial statements as at December 31, 2020. The unaudited interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (“PAS”) 34, *Interim Financial Reporting*.

#### Corporate Highlights:

- In April 2021, ACEN signed a Deed of Assignment with ACEIC for the subscription by ACEIC to, and the issuance to ACEIC of, 16,685,800,533 shares in exchange for ACEIC’s 1,701,284,345 common shares and 15,030,279,000 redeemable preferred shares in AC Energy International, Inc., which holds ACEIC’s international renewable assets. This is in line with the intention to designate ACEN as the energy platform of the Ayala Group, holding all of the group’s energy assets worldwide.

The SEC approved ACEN’s increase in ACS from 24.4 billion shares to 48.4 billion shares in June 2021, thus enabling the implementation of the assets-for-share swap between ACEN and ACEIC for the latter’s international assets. As such, the 1H 2021 results now present the results of operations of the international assets under ACEN. Prior period financials have similarly been restated, to account for the retroactive impact of the share swap transaction effective July 1, 2019, the date when ACEN and the Offshore Companies became under the common control of ACEIC.

- In May 2021, ACEN completed its follow-on offering (FOO) with an offer of 2.01 billion common shares priced at ₱6.50 per share, consisting of 1.58 billion shares sold pursuant to the primary offer, 330.24 million shares sold by ACEIC and Bulacan Power pursuant to a secondary offer, and an over-subscription of 100 million secondary shares sold by ACEIC.
- In June 2021, ACEN subsidiary NIBHI signed a Deed of Absolute sale for transfer of its equity stake in three biopower assets to ThomasLloyd CTI Asia Holdings Pte. Ltd., which already indirectly owns over 90% of the economics of these biomass-fired power plants. The divestment of its minority interest in the biomass assets allows ACEN to focus on the expansion of its core solar and wind businesses.
- In September 2021, ACEN, through its wholly-owned subsidiary, ACEN Finance Limited (the Issuer), successfully issued its U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Green Bonds (the Bonds) at an aggregate principal amount of US\$400.0 million, with a fixed coupon of 4.0% for life, with no step-up and no reset, priced at par.

The Bonds are issued under its US\$1.5-billion medium-term note program, are guaranteed by ACEN, and are listed on Singapore Exchange Securities Trading (SGX-ST).

Pricing for the bonds was at 4.0%, which was 45 basis points tighter than the initial price guidance. The final order book volume exceeded US\$2.0 billion (more than 5 times oversubscribed), attracting a wide range of high-quality investors.

The Philippine SEC confirmed that the Bonds comply with the requirements under the ASEAN Green Bonds Circular and qualify as an ASEAN Green Bond. The net proceeds from the Bonds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with the Company's Green Bond Framework (GBF). These include solar energy projects, onshore and offshore wind energy projects, and geothermal energy projects with direct emissions of less than 100g CO<sub>2</sub>/kWh. The GBF sets out well-defined guidelines for the use of proceeds for RE projects, with comprehensive monitoring and reporting commitments.

Including the Company's ₱5.4 billion (US\$111.2 million) stock rights offering (SRO), ₱10.3 billion (US\$212.2 million) follow-on offering (FOO), and ₱11.9 billion (US\$244.2 million) primary share investment by GIC affiliate Arran Investment Pte. Ltd. (Arran), ACEN has now raised a total of close to US\$1.0 billion in fresh capital in 2021, which it can use to fund its goal of 5,000 megawatts (MW) in attributable renewable energy (RE) capacity by 2025.

### Operating Highlights:

- ACEN ended the period with 2,592MW of attributable capacity in operation and under construction, up from just 1,889MW in the same period in 2020.
  - 46% of the portfolio is located in the Philippines, with the other 54% spread across the region: Indonesia, Vietnam, Australia and India.
  - 59% of the capacity is operating, while the remaining 41% is still under construction
  - 80% of the portfolio is powered by renewable energy
- In the Philippines, the 120MW Gigasol Alaminos and 63MW Gigasol Palauig solar farms have both started operating in the second quarter, while the 150MW Ingrid peaking plant was completed and started operations in October of this year. ACEN is currently completing the 72MW Greencore Arayat solar plant, the 160MW GigaWind Pagudpud wind farm, the 40MWh Alaminos battery energy storage project, and the 4MW Bataan RE Tech Hub.
- Despite the pandemic, the Group has commenced with its first two solar projects in India, the 70MWdc Paryapt Solar and 140MWdc Sitara Solar projects, which have since started generating power. The 88MW Nihn Thuan wind farm in Vietnam also completed and started operation in October of this year. The Group also started construction of its first project in Australia, the 521MWdc New England Solar Farm, earlier this year. The 252MW Quang Binh wind farm in Vietnam have also started construction.
- The Group currently has 2,073MW of attributable renewable energy capacity and is working toward its goal of 5,000MW of renewable energy capacity by 2025, in line with its vision of becoming the largest listed renewables platform in Southeast Asia.

### Financial Highlights:

- The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to **₱4,270.12 million** for the nine-month period ended September 30, 2021, up from **₱3,511.96 million** restated net income in the same period last year.

This includes the results of operations of the international assets that have been infused into ACEN. Currently, none of the international assets are being consolidated by the Group, so the earnings from these assets are reflected under Equity in Net Income of Associates and Joint Ventures, which is presented net of project development expenses for the various power projects under construction and in the pipeline. Interest and other financial income from investments in redeemable preferred shares of associates and joint ventures, and from development loans and advances to these companies, are reflected under Other Income.

- Net income growth was mainly driven by the growth in operating capacity from acquisitions made in 2020 as well as recently completed renewable energy projects. Attributable generation grew 17% to 3,378.1 GWh in the first nine months of the year, up from 2,897.3 GWh in the same period last year.

Challenges in the availability of thermal assets, coupled with high WESM prices, led to an increase in the cost of purchased power during the period, but this was partially offset by improved wind regime.

The tables below summarize the impact of operations on the Group's consolidated revenues, costs and expenses for the period ended September 30, 2021 and 2020.

### Revenues

<i>In thousand Pesos</i>	Jul - Sep		Jan - Sep		Jul - Sep		Jan - Sep	
	2021	2020	2021	2020	Inc (Dec)	%	Inc (Dec)	%
Revenue from sale of electricity	<b>5,416,855</b>	5,262,547	<b>18,736,217</b>	15,150,025	<b>154,308</b>	3	<b>3,586,192</b>	24
Rental income	<b>15,066</b>	8,590	<b>44,595</b>	71,663	<b>6,476</b>	75	<b>(27,068)</b>	(38)
Dividend income	<b>5,176</b>	–	<b>11,725</b>	–	<b>5,176</b>	–	<b>11,725</b>	–
Other revenue	<b>31,759</b>	13,561	<b>91,192</b>	35,035	<b>18,198</b>	134	<b>56,157</b>	160

- **Revenue from sale of electricity** increased mainly due to demand recovery vis-à-vis the Enhanced Community Quarantine in the previous year, increased retail contracts, and growth in operating capacity following the acquisition of additional stakes in the ISLASOL and SACASOL solar farms last year. Gigasol3 and SolarAce1 have also started commercial operations of the 60MWdc Palauig Solar Farm and 120MWdc Alaminos Solar Farm in April and June 2021, respectively, which also contributed to the increase.
- **Rental income** decreased due to the consolidation of ISLASOL and SACASOL, which have various lease agreements within the Group that have been eliminated following acquisition of majority interest in both companies last March 2020.
- **Dividend Income** came from UPC Sidrap, which is recognized as financial asset at FVOCI.
- **Other revenue** consists of management fees earned by ACEN from its joint ventures, as well as bulk water sales. Management fees drove the increase due to commencement of fees on the international projects starting Q2 2021.

### Costs and Expenses

<i>In thousand Pesos</i>	Jul - Sep		Jan - Sep		Jul - Sep		Jan - Sep	
	2021	2020	2021	2020	Inc (Dec)	%	Inc (Dec)	%
Cost of sale of electricity	<b>4,225,482</b>	3,741,547	<b>14,609,831</b>	10,147,543	<b>483,935</b>	13	<b>4,462,288</b>	44
General and administrative expenses	<b>655,689</b>	714,617	<b>1,876,908</b>	1,698,913	<b>(58,928)</b>	(8)	<b>177,995</b>	10

- **Costs of sale of electricity** increased largely because of the higher cost of purchased power, due to high WESM prices during the SLTEC outage. Power for station use and start-up costs also increased due these outages. The account also included the cost of refractory works in thermal operations.
- **General and administrative expenses** include a ₱158 million provision for impairment of BSEI.

### Other Income and Expenses

<i>In thousand Pesos</i>	Jul - Sep		Jan - Sep		Jul - Sep		Jan - Sep	
	2021	2020	2021	2020	Inc (Dec)	%	Inc (Dec)	%
Interest and other finance charges	(435,731)	(503,247)	(1,239,399)	(1,429,825)	(67,516)	(13)	(190,426)	(13)
Equity in net income of associates and joint ventures	352,530	386,856	1,288,584	1,340,076	(34,326)	(9)	(51,492)	(4)
Other Income	1,843,690	644,254	4,084,510	2,517,128	1,199,437	186	1,567,382	62

- **Interest and other finance charges** were lessened due to lower nominal interest of loans and the repayment of short-term loans following ACEN's equity capital raising activities.
- **Equity in net income of associates and joint ventures** decreased mainly because of higher predevelopment costs from the commencement of construction of the Quang Binh wind farm in Vietnam, the Paryapt and Sitara solar projects in India, and the New England Solar Farm in Australia. This was cushioned by the increase in income contribution from NLR with better wind regime in current year and increase in ownership interest from same period last year.
- **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. Other Income for the current period also includes ₱487M realized forex gains from ACRI largely coming from redemption of redeemable preferred shares of UAC Energy Holdings Pty last September, ₱139 million guarantee fee income, ₱86 million PPE impairment reversals, ₱21 million gain on deconsolidation of Ingrid and ₱42 million realized gain from foreign currency forward contracts. In addition, the Group recognized recoveries from investment in NIBHI amounting to ₱38 million impairment reversal upon the Group's divestment to biomass.

### Provision for (benefit from) income tax

<i>In thousand Pesos</i>	Jul - Sep		Jan - Sep		Jul - Sep		Jan - Sep	
	2021	2020	2021	2020	Inc (Dec)	%	Inc (Dec)	%
Current	141,704	210,862	229,652	361,258	(69,158)	(33)	(131,607)	(36)
Deferred Income tax	(49,005)	(204,468)	(71,630)	313,535	155,462	(76)	(385,165)	(123)

- The decrease in **provision for income tax - current** was due to the lowering of the income tax rate from 30% to 25% due to the CREATE Act.
- **Provision for deferred income tax** in 2021 includes reversal of deferred tax assets upon application of the Group's NOLCO in current period taxable income

**Material changes in Consolidated Statements of Financial Position accounts**

<i>In thousand pesos</i>	September 30,	December 31,	Increase (Decrease)	
	2021 (Unaudited)	2020 (As restated)	Amount	%
<b>Current Assets</b>				
Cash and cash equivalents	33,592,439	28,077,171	5,515,268	20
Receivables	30,421,577	16,611,719	13,809,858	83
Fuel and spare parts	1,676,403	1,391,340	285,063	20
Financial assets at fair value through other comprehensive income (FVOCI)	–	12,620,756	(12,620,756)	(100)
Current portion of:				
Input value added tax (VAT)	459,910	438,738	21,172	5
Creditable withholding taxes	662,368	649,271	13,097	2
Other current assets	970,984	453,424	517,560	114
Assets held for sale	261,504	–	261,504	100
<b>Noncurrent Assets</b>				
Investments in:				
Financial assets at FVOCI	357,658	381,168	(23,510)	(6)
Associates and joint ventures	21,018,392	18,795,088	2,223,304	12
Other financial assets at amortized cost	25,365,865	15,297,105	10,068,760	66
Property, plant and equipment	33,833,300	31,837,950	1,995,350	6
Right-of-use asset	2,804,809	2,343,404	461,405	20
Investment properties	13,085	341,549	(328,464)	(96)
Receivables - net of current portion	12,050,215	6,540,288	5,509,927	84
Goodwill and other intangible assets	2,409,331	2,537,094	(127,763)	(5)
Deferred income tax assets – net	419,474	416,353	3,121	1
Net of current portion:				
Input VAT	1,094,314	1,177,802	(83,488)	(7)
Creditable withholding taxes	760,462	601,840	158,622	26
Other noncurrent assets	1,329,932	1,303,760	26,172	2

- Increase in **cash and cash equivalents** were mainly attributable to ₱10.27 billion, ₱5.37 billion and ₱11.88 billion gross proceeds from the recently concluded FOO, SRO and Arran's private placement respectively. This is to fund the Group's various developmental and operating projects, as well as potential acquisitions. The increase was partially offset by investments in new projects, net repayment of short-term and long-term loans, and payment of cash dividends. Refer to the Consolidated Statements of Cash Flows for the detailed movement.
- Increase in **receivables** was largely due to loans and other advances extended by ACRI for the funding of various projects.
- **Fuel & spare parts** went up as a result of SLTEC's purchases of spare parts and other direct materials in preparation for maintenance works, coupled with the Group's purchases of fuel which have not yet been consumed as at September 30, 2021.
- Current **financial assets at FVOCI** were reduced with the full redemption of (ACRI's) investment in AYCFL redeemable preferred shares.
- Increase in **current portion of input VAT** mainly driven by input tax from purchases of various materials needed for construction and maintenance of various plants and services procured.
- **Creditable withholding tax** went up due to improvement in collection of ACEN's receivable from retail customers and unutilized CWT.
- **Other current assets** increased primarily due to ACEN's unrealized gain from foreign exchange forward contracts and SLTEC's prepayments of taxes and insurance as well as advances to contractors.

- **Assets held for sale** include Power Barges (PB) 101, 102 and 103 valued at its fair value less cost to sell amount. The account also include building improvements, machineries, tools, and equipment of ACEN and BSEI that are available for immediate sale.
- **Plant, property and equipment's** increased mainly due to completion of Gigasol3's solar power plant in Palauig, Zambales, and due to capitalization on solar power projects amounting to ₱600 million for Solarace1 in Laguna, ₱1.4 billion for Baloi wind farm project in Ilocos through BWPC and ₱1.0 billion for the Alaminos Battery Energy Storage System (BESS) Project through Giga Ace 4. The increase was partially offset by ₱590 million coming from Ingrid's deconsolidation.
- **Investments in associates and joint ventures** increased mainly due to the reclassification of Ingrid from subsidiary to joint venture (₱981 million) following the effectivity of the Shareholder Agreement with APHPC on March 2021. There are also new joint venture investments reported during the period such as Greencore3 and Solar Philippines and additional investment in UPC-ACE Australia. Accumulated equity in net earnings increased for the period largely coming from PhilWind (₱599 million) and Salak-Darajat (₱823 million) but reduced by ₱1.3 billion total dividend payout and NIBHI divestment.
- **Noncurrent financial assets at FVOCI** is largely the investment in UPC Sidrap and also include golf club shares and listed equity instruments.
- **Investments in other financial assets at amortized cost** include investments in redeemable preferred shares of, and convertible loans extended to, associates and joint ventures. These increased with additional subscriptions into redeemable preferred shares of various international projects, as well as additional loan facilities extended.
- **Goodwill & other intangible assets** decreased coming from amortizations for the period.
- Majority of the balance of **deferred tax asset** came from recognition on accrued expenses, NOLCO, MCIT and lease liabilities. Deferred tax asset of the Group went down mainly due to the application of the Group's NOLCO in current period taxable income.
- **Input VAT non-current** decreased due to reclassification of input vat to current as well as deconsolidation of Ingrid with ₱266 million input VAT from importations.
- **Right-of-use asset's** significant increase came from new ACEN office lease agreement with ALI, offset by amortizations during the period and IPHI deconsolidation.
- **Receivables - net of current portion** increased primarily due to non-current portion of Loans and Interest Receivable of ACRI from related parties amounting to ₱5.5 billion.
- **Other non-current assets** include various advances to contractors for the ongoing project developments.

<i>In thousand pesos</i>	September 30,	December 31,	Increase (Decrease)	
	2021 (Unaudited)	2020 (As restated)	Amount	%
<b>Current Liabilities</b>				
Accounts payable and other current liabilities	5,339,850	6,490,189	(1,150,339)	(18)
Short-term loans	–	4,635,000	(4,635,000)	(100)
Current portion of long-term loans	680,240	707,782	(27,542)	(4)
Current portion of lease liability	459,034	285,001	174,033	61
Income and withholding taxes payable	70,583	345,281	(274,698)	(80)
Due to stockholders	16,585	18,272	(1,687)	(9)
<b>Noncurrent Liabilities</b>				
Notes payable	20,291,476	–	20,291,476	100
Long-term loans - net of current portion	20,481,181	21,546,373	(1,065,192)	(5)
Lease liabilities - net of current portion	2,354,594	1,631,628	722,966	44
Pension and other employment benefits	82,679	50,929	31,750	62
Deferred tax income liabilities - net	41,225	130,981	(89,756)	(69)
Other noncurrent liabilities	2,135,326	1,695,048	440,278	26
<b>Equity</b>				
Capital Stock	38,248,527	13,706,957	24,541,570	179
Additional paid-in capital	97,117,258	8,692,555	88,424,703	1,017
Other equity reserves	(55,618,830)	28,662,357	(84,281,187)	(294)
Unrealized fair value (loss) gain on equity instruments at FVOCI	(88,594)	143,625	(232,219)	(162)
Unrealized fair value gain on derivative instruments designated under hedge accounting	10,248	57,409	(47,161)	(82)
Remeasurement loss on defined benefit plan	(24,436)	(6,999)	(17,437)	249
Accumulated share in other comprehensive loss of associates and a joint venture	(9,751)	(229,844)	220,093	(96)
Cumulative translation adjustments	(124,990)	(3,453,709)	3,328,719	(96)
Retained earnings	7,726,448	6,349,084	1,377,364	22
Treasury shares	(34,498)	(40,930)	6,432	(16)
Non-controlling interests	30,347,867	50,398,831	(20,050,964)	(40)

- **Accounts payable and other current liabilities** decreased following the full settlement of ₱2.04 billion payables to APHPC this September for the acquisition of 20% interest in SLTEC through the assignment of ACEIC to ACEN in 2019. The decrease was partially offset by increase in trade payables.
- **Short term loans** decreased on repayments of bank loans to BDO (₱2.00 billion), CBC (₱1.35 billion) and SECB (₱800 million). Availments during the period amounting to ₱2.00 billion and ₱1.00 billion from RCBC and BDO, respectively, were paid in full during the period.
- **Current portion of long-term loans** decreased due to currently matured principal repayments made during the period.
- **Current portion of lease liability** increased due to new office lease agreement with ALI.
- Decrease in **income and withholding taxes payable** was mainly due to settlement of income tax payable of ACRI.
- **Notes payable** pertains to the US\$400.0 million U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Green Bonds (the Bonds) issued and listed in SGX-ST.

- **Long-term loans - net of current portion** decreased due to the principal repayments by ACEN (₱938 million), Guimaras Wind (₱130 million), NPDC (₱66 million) and BWPC (₱178 million). The decrease was offset by the new loans availed by ACEN and BWPC amounting to ₱805 million and ₱33 million, respectively, to fund various development and operating projects. SLTEC also paid principal amortization payment (₱137.5 million) and cash sweep prepayment (₱500 million).
- **Lease Liability-net of current portion** increased mainly due to new office lease agreements with ALI.
- **Pension & other employment benefits** increased due to accrual of retirement expense for the period.
- Majority of the balance of **deferred income tax liabilities** came from recognition on unrealized foreign exchange gains and right-of-use assets of the Group as at period ended.
- **Other non-current liabilities** include ₱1.13 billion trade payables in relation to a Multilateral Agreement signed by the Group, PEMC and other WESM participants. These also include contract liabilities and asset retirement obligations related to solar operations.
- **Capital stock and additional paid in capital** increased by 2.27 billion shares at ₱2.37 from SRO, 4 billion shares at ₱2.97 from the private placement with Arran and 1.58 billion shares at ₱6.50 from FOO. Proceeds from the SRO were used to fund ongoing Solar Power Projects of Solarace1, Gigasol3 and Greencore 3 Power Solutions, Inc. as well as other projects such as investment into a renewable energy laboratory, and funding for up to U.S.\$100 million for new technology investments in the Philippines. ACEN plans to utilize the proceeds of the Private Placement as follows:
  - Funding of the development and construction of the Group's renewable energy projects, including its Arayat solar project in Pampanga and Bayog wind project in Ilocos Norte, as well as possible expansions of existing plants and acquisition of other operating plants, of approximately up to ₱10 billion, estimated to be used in the 1st half of 2021 at the earliest;
  - Repayment of debt drawn earlier to fund development funding requirements; and
  - Funding of working capital requirements and for general corporate purposes of approximately up to ₱500 million, estimated to be used in the first quarter of 2021 at the earliest.

Proceeds from FOO will be used to partially fund the development of renewable power projects in the pipeline and inorganic growth opportunities in and when they arise, repayment of loans and reduction of payables, and other general corporate requirements. There were also 8.19 million shares granted through the employee stock ownership plan of the Group.

- The movement in **other equity reserves** pertain to the impact of the share swap transaction with ACEIC to acquire the latter's ownership interest in various international business and assets ("Offshore Companies") in exchange for ACEN's issuance of additional primary shares via a tax-free exchange, which rendered prior period restatement to account for the retroactive impact. This business combination of entities under common control had a ₱48.08 billion excess impact over subscription price from the acquisition.
- The decrease in **unrealized FV loss on equity instruments at FVOCI** came from mark-to-market loss for UPC Sidrap for the current period and reversal of unrealized fair value gain upon redemption of AYCFL shares.
- **Unrealized fair value gain on derivative instruments designated under hedge accounting** decreased due to winding down of ACEN's coal swap transactions which were all sold in third quarter of the year. The account also include BWPC's mark-to-market gains from foreign exchange forward contracts.
- **Remeasurement loss on defined benefit plan** increased parallel to various actuarial loss and loss on return on plan assets.



- The decrease in **accumulated share in other comprehensive loss of associates and joint ventures** came from share in remeasurement loss from defined benefit obligation of associate and joint venture.
- **Retained earnings** increased from resulting net income earned for the period offset by ₱1.20 billion dividends declared last March 19,2021 and paid last April 19, 2021.
- **Treasury shares** decreased during the period through the offer of secondary shares during the FOO.
- **Non-controlling interests'** are mainly comprised of redeemable preferred shares (RPS) of ACEC held by ACEFIL. Non-controlling interests' share in net income amounted to ₱1.42 billion, which was offset by dividends totaling ₱1.15 billion. There were also capital redemptions amounting to ₱830.98 million (\$16.31 million) in UAC Energy Holdings Pty and ₱19.51 billion (\$400.00 million) in ACEC.

### 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-21 Unaudited	31-Dec-20 As restated	Increase (Decrease)	
				Amount	%
<i>Liquidity Ratios</i>					
<b>Current Ratio</b>	Current assets	<b>10.36</b>	<b>4.83</b>	5.53	115%
	Current liabilities				
<b>Acid test ratio</b>	Cash + Short-term investments + Accounts receivables + Other liquid assets	<b>9.75</b>	<b>4.59</b>	5.16	112%
	Current liabilities				
<i>Solvency Ratios</i>					
<b>Debt/Equity ratio</b>	Total liabilities	<b>0.44</b>	<b>0.36</b>	0.08	22%
	Total equity				
<b>Asset-to-equity ratio</b>	Total assets	<b>1.44</b>	<b>1.36</b>	0.08	6%
	Total equity				
<b>Interest Coverage Ratio</b>	Earnings before interest & tax (EBIT)	<b>6.27</b>	<b>4.57</b>	1.70	37%
	Interest expense				
<b>Net bank Debt to Equity ratio</b>	Short & long-term loans - Cash & Cash Equivalents	<b>0.07</b>	<b>(0.01)</b>	0.08	(687%)
	Total Equity				

Key Performance Indicator	Formula	30-Sep-21	30-Sep-20	Increase (Decrease)	
		Unaudited	Unaudited	Amount	%
<i>Profitability Ratios</i>					
<b>Return on equity*</b>	Net income after tax attributable to equity holders of the Parent Company	-	-	-	-
	Average stockholders' equity				
<b>Return on assets*</b>	Net income after taxes	-	-	-	-
	Average total assets				
<b>Asset Turnover</b>	Revenues	<b>12.13%</b>	<b>11.43%</b>	0.70%	6%
	Average total assets				

\*Computed on annual basis.

#### **Current ratio & Acid test ratio**

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

#### **Debt/Equity ratio & Asset-to-equity ratio**

D/E ratio significant increase is due to additional liabilities with the issuance of bonds despite the increase in equity accounts. Asset-to-equity ratio also increased as the increase in total assets outpaced the increase in total equity.

#### **Interest coverage ratio**

Higher net income before interest and taxes coupled with lower interest expense following debt settlements yield to higher interest coverage ratio for the current period.

#### **Net bank debt to equity ratio**

The increase in total debt and increase in cash and cash equivalents combined with lower capital accounts and retained earnings at period-end resulted to a lift in the ratio.

#### **Asset turnover**

Asset turnover's increase mainly attributable to the Group's efficiency in generating revenue from its assets, alongside the inclusion of international operations to ACEN.

#### **Material events and uncertainties**

- There were no events that triggered direct or contingent financial obligation that was material to the Group. There were no contingent assets or contingent liabilities since the last annual balance sheet date.
- There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Parent Company with unconsolidated entities or other persons created during the reporting period.

- There were no material events that had occurred subsequent to the balance sheet date except for the events after the reporting period disclosed in the Interim Condensed Consolidated Financial Statements.
- ACEN has material commitments to invest in capital expenditure projects mainly in the following:
  - o 288MW solar project in Buguey and Lal-lo, Cagayan and the proposed 275MW expansion of Gigasol Palauig solar project in Zambales.
  - o 120MWdc solar power project in Alaminos, Laguna through Solarace1;
  - o 150MW diesel plant in Pililla, Rizal through IPHI, a joint venture of ACEN, ACE Endeavor and APHPC
  - o 60MWdc solar power project in Palauig, Zambales through Gigasol3;
  - o 50MWac (72MWdc) solar power project in Arayat and Mexico, Pampanga through Grencore 3, a joint venture of ACEN, ACE Endeavor and Citicore;
  - o 500MW solar power project in San Marcelino, Zambales through Santa Cruz Solar;
  - o 2x20 MW Alaminos Battery Energy Storage System (BESS) Project through Giga Ace 4;
  - o 160MW wind farm in Balaoi, Pagudpud, Ilocos Norte through BWPC, in partnership with UPC Renewables;
  - o Investment into 4MW renewable energy laboratory in Bataan through BSEI;
  - o 521MWdc New England Solar Farm (NESF) and adjacent 50MW battery energy storage system located near Uralla in New South Wales through UPC-ACE Australia, a joint venture of ACEN and UPC Renewables Australia.
  - o Various Vietnam wind farms:
    - ♣ 252MW wind farm in Quang Binh through AMI Renewables Energy Joint Stock Company
    - ♣ 88MW wind farm in Ninh Thuan through BIM Energy Joint Stock Co.(“BIME”)
    - ♣ 40MW second phase of the Mui Ne Wind Farm in Binh Thuan through the partnership with the Blue Circle.
    - ♣ 60MW Lac Hoa & Hoa Dong wind farm in Soc Trang through a joint venture with UPC
  - o Funding of up to U.S.\$100 million for new technology investments in the Philippines. Refer to Notes to Consolidated Financial Statements for the details.
- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations
  - The results of operations of ACEN and its subsidiaries depend to a significant extent, on the performance of the Philippine economy.
  - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and community quarantines resulted in lower demand for electricity and have driven market prices of electricity downward.
  - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Group’s financial results.

- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way - The Group is developing a line-up of renewable energy projects as part of its growth aspiration. The capital expenditures shall be funded by a combination of equity and debt. Several capital raising activities were executed in 2021: the 2.27 billion shares sold through SRO, the subscription by Arran to 4 billion primary shares pursuant to a private placement, and the issuance of 1.58 billion primary shares for FOO.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or results of operations.
- There were no operations subject to seasonality and cyclicity except for the operation of wind farms. The wind regime is high during the northeast monsoon ("amihan") season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon ("habagat").

## ANNEX C

### AC Energy Corporation (“ACEN” or the “Company”) (For Q3 2021)

1. July 1, 2021 – Submission of 2020 Integrated Annual Corporate Governance Report
2. July 6, 2021 – Issuance of 16,685,800,533 new shares to AC Energy and Infrastructure Corporation (“ACEIC”)
3. July 6, 2021 – Public Ownership Report reflecting the approval of SEC of the increase in authorized capital stock (“ACS”) of ACEN and issuance of additional Company shares to ACEIC
4. July 14, 2021 – List of Top 100 Stockholders for the period ended June 30, 2021
5. July 15, 2021 – Public Ownership Report for the Quarter ended June 30, 2021
6. July 16, 2021 – Disbursement Proceeds and Progress Report in connection with the planned use of proceeds from the Company’s Follow-On Offering (“FOO”) (in compliance with the Notice of Approval from PSE dated April 23, 2021)
7. July 16, 2021 - Disbursement Proceeds and Progress Report in connection with the planned use of proceeds from the Company’s Stock Rights Offering (“SRO”) (in compliance with the Notice of Approval from PSE dated December 18, 2020)
8. July 21, 2021 – Clarification of news report from philSTAR on July 21, 2021 entitled “ACEN to build 4 wind farms in Vietnam”
9. July 22, 2021 – Submission of the 2021 General Information Sheet
10. July 30, 2021 – Notice of Analysts’/Investors’ Briefing on August 4, 2021
11. August 5, 2021 – Press release on AC Energy and NEFIN Joint Venture to Offer Carbon Neutrality Solutions across Asia
12. August 5, 2021 – Press release on AC Energy’s achievement of Php2.7 billion in 1H 2021 net income
13. August 5, 2021 – Approval of the revisions to the use of SRO and FOO proceeds
14. August 5, 2021 – Result of the regular board meeting held on August 4, 2021:
  - a. Appointment of Sherisa P. Nuesa (Independent Director) as member of the Executive Committee;
  - b. Appointment of Patrice R. Clause as Head of the International Group;
  - c. Approval by the independent directors to pay meeting per diem to non-executive and non-independent directors;
  - d. Approval of the Company’s revised delegation of authority matrix;
  - e. Approval to use DocuSign for signing of documents relating to treasury matters;
  - f. Approval to reallocate a portion of the proceeds of the stock rights offering in the amount of Php900 Million to partially finance its investment in Greencore 3 Power Solutions, Inc. for a 75 MWdc plant in Arayat and Mexico, Pampanga, out of the amounts originally allocated to (a) partially finance its Other Projects, in particular, (i) Investment in the 160MW Balaoi wind project (ii) Investment into a renewable energy laboratory and (iii) Funding of up to U.S.\$100 million for new technology investments in the Philippines (Php600 million), and (b) finance its investment in Giga Ace 8, Inc. (“Giga Ace 8”) for a 75MWdc plant in Zambales, with a target to increase to 130MWdc (the “Palauig Solar Project”) (Php300 million);

- g. Approval to reallocate a portion of the proceeds of the follow on offering in the amount of Php6.17 Billion to partially finance its investment in Santa Cruz Solar Energy Inc. for a 250MWdc plant in San Marcelino, Zambales (Php5.37 billion) and for land acquisition (Php0.8 billion), out of the amounts originally allocated to partially finance its investment in Giga Ace 8 for the Palauig Solar Project (Php4.3 billion), repayment of loans and reduction of payables (Php580 million), and new technology investments (Php1.29 billion);
  - h. Approval of additional USD150 million credit lines from banks;
  - i. Approval to invest up to USD 80 million into the NEFIN Group, a rooftop solar developer in the Australasia region;
  - j. Approval of the 250 MW GIGASOL San Marcelino Solar Project;
  - k. Approval of the first half 2021 financial statements; and
  - l. Delegation to the Audit Committee of the authority to approve quarterly financial statements.
15. August 5, 2021 – Quarterly Report for the period ended June 30, 2021
  16. August 5, 2021 – Appointment of Mr. Patrice R. Clause as Head of the International Group of the Company
  17. August 5, 2021 – Submission SEC Form 23-A of Patrice R. Clause
  18. August 10, 2021 – Submission of SEC Form 23-B of Arran Investment Pte Ltd (“Arran”)
  19. August 11, 2021 – Amendment of the disclosure on the Shareholders’ Agreement among ACEN, ACE Endeavor, Inc., and Axia Power Holdings Philippines Corp. to reflect the Company’s receipt of the SEC’s approval of Ingrid Power Holdings, Inc.’s amended Articles of Incorporation, and the Certificate of Approval of Increase in Authorized Capital Stock, both dated August 4, 2021
  20. August 11, 2021 – Press release on the commencement of operations of AC Energy’s 210 MWp maiden solar farms in India
  21. August 17, 2021 – Submission of SEC Form 23-B of Mr. Dodjie D. Lagazo
  22. August 17, 2021 – Submission of SEC Form 23-B of Ms. Irene S. Maranan
  23. August 18, 2021 – Submission of SEC Form 23-B of Mr. Dodjie D. Lagazo
  24. August 20, 2021 – Submission of SEC Form 23-B of Ms. Irene S. Maranan
  25. August 23, 2021 –Executive Committee’s approval of sale of power barge assets and amendment of agreement with diesel subsidiaries
  26. August 26,2021 – Appointment of Mr. John Philip S. Orbeta as Chief Administrative Officer and Chief Human Resources Officer effective October 1, 2021
  27. August 26, 2021 – Results of the meeting of the Executive Committee held on August 25, 2021
    - a. Appointment of Mr. John Philip S. Orbeta as the Company’s Chief Administrative Officer and Chief Human Resources Officer effective October 1, 2021;
    - b. Approval of a capital expenditures (“CAPEX”) budget for the Company’s proposed ~288MW solar project in Buguey and Lal-lo, Cagayan;
    - c. Approval of a CAPEX budget for the Company’s proposed 275MW expansion of its Gigasol Palauig solar project in Zambales; and
    - d. Approval of the entry into a joint venture with ib vogt Singapore Pte Ltd for the development of solar projects in the Philippines with an initial target of 300MWdc of generating capacity.
  28. August 31, 2021 – Executive Committee’s approval of the issuance of green bonds
  29. September 1, 2021 – Amendment of the Quarterly Report for the period ended June 30, 2021 to include the Review Opinion of the external auditor and additional information on certain notes

30. September 2, 2021 – Press release on AC Energy’s successful pricing of USD400 million in fixed-for-life Green Bonds
31. September 9, 2021 – Press release on ACEN subsidiary’s successful issuance of USD400 million in fixed-for-life Green Bonds, and ACEN’s raising of fresh capital close to USD1 billion
32. September 10, 2021 – Amendment of the press release on ACEN subsidiary’s successful issuance of USD400 million in fixed-for-life Green Bonds, and ACEN’s raising of fresh capital close to USD1 billion to correct the USD equivalent of Arran’s Php 11.9 billion primary share investment to USD 244.2 million
33. September 16, 2021 – Update on Corporate Actions/Material Transactions/Agreements - Sale of power barge assets
34. September 30, 2021 - Update on Corporate Actions/Material Transactions/Agreements - Acquisition of Axia Power Holdings Philippines Corporation’s 20% interest in South Luzon Thermal Energy Corporation
35. September 30, 2021 – Update on Corporate Actions/Material Transactions/Agreements - ACEN Executive Committee approval of sale of power barge assets and amendment of agreement with diesel subsidiaries