

ACEN CORPORATION and Subsidiaries

**Unaudited Interim Condensed Consolidated
Financial Statements
As at June 30, 2024
and for the Six-Month Period Ended
June 30, 2024 and 2023
(With comparative figures as at
December 31, 2023)**

SECURITIES AND EXCHANGE COMMISSION (SEC)

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal period ended **June 30, 2024**
2. Commission identification number **069-039274**
3. BIR Tax Identification No. **000-506-020-000**
4. Exact name of issuer as specified in its charter **ACEN CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **35th Floor, Ayala Triangle Gardens
Tower 2, Paseo de Roxas corner
Makati Avenue, Makati City
Postal Code: 1226**
8. Issuer's telephone number, including area code **(632) 7730-6300**
9. Former name, former address and former fiscal year, if changed since last report **AC Energy Corporation**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
- | | |
|--|--|
| Number of shares of common stock outstanding | |
| Common | : 39,677,394,773 shares |
| Series A Preferred Shares | : 8,341,500 shares |
| Series B Preferred Shares | : 16,658,500 shares |
| Amount of debt outstanding | : Php10 billion – registered in the Philippine SEC and listed in PDEX |
11. Are any or all of the securities listed on a Stock Exchange?
- Yes No
- Stock Exchange : Philippine Stock Exchange
Classes of Securities Listed : Common shares
12. Check whether the issuer:
- (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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

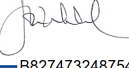
Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on August 7, 2024.

ACEN CORPORATION

DocuSigned by:

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JOHN ERIC T. FRANCIA

President & Chief Executive Officer

DocuSigned by:

B82747324875426...

JONATHAN P. BACK

Group Chief Finance Officer
and Group Chief Strategy Officer

DocuSigned by:

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ACEN CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONDENSED CONSOLIDATED****STATEMENTS OF FINANCIAL POSITION****As at June 30, 2024 (with Comparative Audited Figures as at December 31, 2023)****(Amounts in Thousands)**

| | Notes | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|--|-----------|---------------------------------|-----------------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 4, 24 | ₱20,204,737 | ₱39,696,662 |
| Current portion of: | | | |
| Accounts and notes receivable | 5, 22, 24 | 29,961,790 | 26,065,692 |
| Input value added tax (VAT) | | 2,641,403 | 2,059,734 |
| Creditable withholding taxes | | 141,329 | 102,984 |
| Financial assets at fair value through profit or loss (FVTPL) | 25 | 1,560,665 | 1,938,497 |
| Fuel and spare parts - at cost | | 868,597 | 964,053 |
| Other current assets | 11, 24 | 894,339 | 750,493 |
| | | 56,272,860 | 71,578,115 |
| Noncurrent assets held for sale | | 220,881 | – |
| Total Current Assets | | 56,493,741 | 71,578,115 |
| Noncurrent Assets | | | |
| Investment in: | | | |
| Associates and joint ventures | 6 | 36,040,411 | 30,098,617 |
| Redeemable preferred shares and convertible loans | 7 | 22,794,317 | 21,633,799 |
| Financial assets at FVTPL | 25 | 1,446,600 | 1,932,975 |
| Financial assets at fair value through other comprehensive income (FVOCI) | 25 | 5,896,835 | 5,799,323 |
| Property, plant and equipment | 8 | 117,138,469 | 88,928,251 |
| Right-of-use assets | 9 | 8,906,789 | 8,213,704 |
| Goodwill and other intangible assets | 10 | 24,356,152 | 23,165,368 |
| Net of current portion: | | | |
| Accounts and notes receivable | 5, 22, 24 | 16,590,662 | 12,689,042 |
| Input VAT | | 3,336,830 | 3,120,200 |
| Creditable withholding taxes | | 3,186,504 | 2,513,774 |
| Deferred income tax assets - net | 21 | 2,427,383 | 2,122,081 |
| Other noncurrent assets | 11, 24 | 10,472,318 | 13,138,251 |
| Total Noncurrent Assets | | 252,593,270 | 213,355,385 |
| TOTAL ASSETS | | ₱309,087,011 | ₱284,933,500 |

(Forward)

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| | Notes | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|--|------------|---------------------------------|-----------------------------------|
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Accounts payable and other current liabilities | 12, 22, 24 | ₱17,979,055 | ₱16,145,386 |
| Short-term loans | 13, 24 | 700,000 | 1,500,000 |
| Current portion of: | | | |
| Long-term loans | 13, 24, 25 | 1,408,745 | 1,289,104 |
| Lease liabilities | 9, 24, 25 | 1,091,669 | 850,953 |
| Income and withholding taxes payable | | 518,319 | 241,667 |
| Due to stockholders | 22 | 1,997,552 | 16,585 |
| Total Current Liabilities | | 23,695,340 | 20,043,695 |
| Noncurrent Liabilities | | | |
| Notes payable | 13, 24, 25 | 33,329,462 | 32,003,794 |
| Noncurrent portion of: | | | |
| Long-term loans | 13, 24, 25 | 74,909,036 | 44,485,573 |
| Lease liabilities | 9, 24, 25 | 7,738,385 | 7,505,848 |
| Pension and other employee benefits | | 435,517 | 368,827 |
| Deferred income tax liabilities - net | 21 | 771,286 | 805,902 |
| Other noncurrent liabilities | 14 | 7,411,414 | 6,344,004 |
| Total Noncurrent Liabilities | | 124,595,100 | 91,513,948 |
| Total Liabilities | | 148,290,440 | 111,557,643 |
| Equity | | | |
| Common shares | 1, 15 | 39,691,895 | 39,691,895 |
| Redeemable preferred shares | 1, 15 | 25,000 | 25,000 |
| Additional paid-in capital | 1, 15 | 132,295,689 | 132,295,689 |
| Other equity reserves | 15 | (59,450,345) | (59,450,345) |
| Unrealized fair value loss on equity instruments at FVOCI | | (618,652) | (268,000) |
| Unrealized fair value (loss) gain on derivative instruments designated as hedges – net of tax | 24 | (450,618) | 588,519 |
| Remeasurement loss on defined benefit plans - net of tax | | (46,460) | (32,821) |
| Accumulated share in other comprehensive loss of associates and joint ventures | 6 | (192,347) | (85,483) |
| Cumulative translation adjustments | 15 | 11,202,325 | 5,864,713 |
| Retained earnings | 15 | 28,218,010 | 24,871,807 |
| Treasury shares | 15 | (28,657) | (28,657) |
| Total equity attributable to equity holders of the Parent Company | | 150,645,840 | 143,472,317 |
| Non-controlling interests | 15 | 10,150,731 | 29,903,540 |
| Total Equity | | 160,796,571 | 173,375,857 |
| TOTAL LIABILITIES AND EQUITY | | ₱309,087,011 | ₱284,933,500 |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF INCOME
(Amounts in Thousands, Except Per Share Figures)

| | Notes | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|--|-------|--|-------------------|--|-------------------|
| | | 2024 | 2023 | 2024 | 2023 |
| REVENUES | | | | | |
| Revenue from sale of electricity | 16 | P9,185,050 | P11,262,554 | P18,951,145 | P20,285,568 |
| Rental income | | 17,399 | 17,219 | 34,798 | 34,432 |
| Dividend income | | 84,130 | – | 84,130 | – |
| Other revenues | | 159,326 | 53,085 | 229,068 | 148,561 |
| | | 9,445,905 | 11,332,858 | 19,299,141 | 20,468,561 |
| COSTS AND EXPENSES | | | | | |
| Costs of sale of electricity | 17 | | | | |
| Cost of purchased power | | 4,454,654 | 7,559,357 | 10,624,092 | 14,803,088 |
| Fuel | | 691,774 | 891,109 | 799,361 | 1,060,794 |
| Depreciation and amortization | | 293,349 | 284,404 | 613,627 | 583,778 |
| Others | | 525,552 | 421,761 | 992,322 | 828,372 |
| | | 5,965,329 | 9,156,631 | 13,029,402 | 17,276,032 |
| General and administrative expenses | 18 | | | | |
| Personnel costs, management, and professional fees | | 728,880 | 669,461 | 1,481,865 | 1,247,682 |
| Provision for impairment | | 258,260 | 220,800 | 573,930 | 458,414 |
| Depreciation and amortization | | 271,381 | 101,588 | 386,242 | 223,037 |
| Others | | 330,428 | 316,922 | 705,021 | 560,025 |
| | | 1,588,949 | 1,308,771 | 3,147,058 | 2,489,158 |
| | | 7,554,278 | 10,465,402 | 16,176,460 | 19,765,190 |
| EQUITY IN NET INCOME OF ASSOCIATES AND JOINT VENTURES | 6 | 187,090 | 586,374 | 542,392 | 1,564,858 |
| OTHER INCOME (CHARGES) | | | | | |
| Interest and other financial income | 20 | | | | |
| Cash in banks and short-term deposits | | 202,200 | 268,832 | 536,390 | 514,562 |
| Accounts and notes receivable | 5 | 573,150 | 548,216 | 1,124,922 | 1,149,749 |
| Investments in redeemable preferred shares and convertible loans | 7 | 772,437 | 783,198 | 1,565,766 | 1,528,531 |
| | | 1,547,787 | 1,600,246 | 3,227,078 | 3,192,842 |
| Interest and other finance changes | 19 | (422,993) | (219,112) | (1,115,268) | (883,526) |
| Other income - net | 20 | | | | |
| Gain on disposal of assets | | 962,902 | 154,392 | 1,352,084 | 154,392 |
| Others | | 701,774 | (81,705) | 671,318 | 399,883 |
| | | 1,664,676 | 72,687 | 2,023,402 | 554,275 |
| | | 2,789,470 | 1,453,821 | 4,135,212 | 2,863,591 |
| INCOME BEFORE INCOME TAX | | 4,868,187 | 2,907,651 | 7,800,285 | 5,131,820 |
| PROVISION FOR INCOME TAX | 21 | 855,065 | 284,469 | 851,542 | 66,403 |
| NET INCOME | | P4,013,122 | P2,623,182 | P6,948,743 | P5,065,417 |
| Net Income Attributable To: | | | | | |
| Equity holders of the Parent Company | | P3,573,984 | P2,205,549 | P6,293,912 | P4,231,454 |
| Non-controlling interests | | 439,138 | 417,633 | 654,831 | 833,963 |
| | | P4,013,122 | P2,623,182 | P6,948,743 | P5,065,417 |
| Net income attributable to equity holders of Parent Company | | P3,573,984 | P2,205,549 | P6,293,912 | P4,231,454 |
| Less cumulative preferred share dividends | | 481,920 | – | 963,840 | – |
| Net income attributable to common shareholders of Parent Company | | P3,092,064 | P2,205,549 | P5,330,072 | P4,231,454 |
| Basic/Diluted Earnings Per Share | 23 | P0.08 | P0.06 | P0.13 | P0.11 |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

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

| | Notes | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|---|-------|--|------------|--|-------------|
| | | 2024 | 2023 | 2024 | 2023 |
| NET INCOME | | ₱4,013,122 | ₱2,623,182 | ₱6,948,743 | ₱5,065,417 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | | |
| <i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Cumulative translation adjustments | | 3,039,315 | 1,268,800 | 5,373,127 | (1,577,111) |
| Unrealized fair value loss on derivative instruments designated as hedges - net of tax | | (956,862) | (46,435) | (1,039,137) | (258,387) |
| | | 2,082,453 | 1,222,365 | 4,333,990 | (1,835,498) |
| <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 | | (304,469) | (82,219) | (350,652) | (96,011) |
| Remeasurement (loss) gain on defined benefit plans – net of tax | | – | (33,408) | (13,639) | 18,320 |
| | | (304,469) | (115,627) | (364,291) | (77,691) |
| | | 1,777,984 | 1,106,738 | 3,969,699 | (1,913,189) |
| SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF ASSOCIATES AND JOINT VENTURES | 6 | | | | |
| <i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Cumulative translation adjustment | | (279,341) | – | (166,388) | – |
| Interest rate swap | | 30,496 | – | 55,235 | – |
| Unrealized fair value loss on derivative instruments designated as hedges - net of tax | | – | (5,355) | (2,891) | (2,698) |
| <i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i> | | | | | |
| Remeasurement (loss) gain on defined benefit plans – net of tax | | (2,047) | (3,268) | 7,180 | (9,022) |
| | | (250,892) | (8,623) | (106,864) | (11,720) |
| TOTAL OTHER COMPREHENSIVE INCOME (LOSS) | | 1,527,092 | 1,098,115 | 3,862,835 | (1,924,909) |
| TOTAL COMPREHENSIVE INCOME | | ₱5,540,214 | ₱3,721,297 | ₱10,811,578 | ₱3,140,508 |
| Total Comprehensive Income Attributable To: | | | | | |
| Equity holders of the Parent Company | | ₱5,095,820 | ₱3,303,664 | ₱10,121,232 | ₱2,457,947 |
| Non-controlling interests | | 444,394 | 417,633 | 690,346 | 682,561 |
| | | ₱5,540,214 | ₱3,721,297 | ₱10,811,578 | ₱3,140,508 |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Amounts in Thousands)

| | Attributable to Equity Holders of the Parent Company | | | | | | | | | | | | | | Non-controlling Interests (Note 15) | Total Equity |
|---|--|---|--|--|---------------------------------------|--|--|---|---|---|-----------------------------------|------------------------------|---------------------|--------------------|---|-----------------|
| | Common Shares (Note 15) | Additional Paid-in Capital - Common Shares (Note 15) | Redeemable Preferred Shares (Note 15) | Additional Paid-in Capital - Preferred Shares (Note 15) | Other Equity Reserves (Note 15) | Unrealized Fair Value (Loss) Gain on Equity Instruments at FVOCI | Unrealized Fair Value (Loss) Gain on Equity Instruments designated as hedge – net of tax | Remeasurement (Loss) Gain On Defined Benefit Plans – net of tax | Accumulated Share in Other Comprehensive (Loss) Income of Associates and Joint Ventures (Note 6) | Cumulative Translation Adjustments (Note 15) | Retained Earnings (Note 15) | Treasury Shares (Note 15) | Total | | | |
| For the six-month period ended June 30, 2024 (Unaudited) | | | | | | | | | | | | | | | | |
| Balances at January 1, 2024 | ₱39,691,895 | ₱107,492,243 | ₱25,000 | ₱24,803,446 | (₱59,450,345) | (₱268,000) | ₱588,519 | (₱32,821) | (₱85,483) | ₱5,864,713 | ₱24,871,807 | (₱28,657) | ₱143,472,317 | ₱29,903,540 | ₱173,375,857 | |
| Net income | – | – | – | – | – | – | – | – | – | – | – | – | 6,293,912 | 654,831 | 6,948,743 | |
| Other comprehensive income (loss) | – | – | – | – | – | (350,652) | (1,039,137) | (13,639) | (106,864) | 5,337,612 | – | – | 3,827,320 | 35,515 | 3,862,835 | |
| Total comprehensive income (loss) | – | – | – | – | – | (350,652) | (1,039,137) | (13,639) | (106,864) | 5,337,612 | – | – | 10,121,232 | 690,346 | 10,811,578 | |
| Dividends declared | – | – | – | – | – | – | – | – | – | – | – | (2,947,709) | (2,947,709) | (370,245) | (3,317,954) | |
| Capital infusion of non-controlling interest in a subsidiary | – | – | – | – | – | – | – | – | – | – | – | – | – | 56,331 | 56,331 | |
| Capital redemption of non-controlling interest in a subsidiary | – | – | – | – | – | – | – | – | – | – | – | – | – | (20,129,241) | (20,129,241) | |
| | – | – | – | – | – | – | – | – | – | – | – | (2,947,709) | (2,947,709) | (20,443,155) | (23,390,864) | |
| Balances at June 30, 2024 | ₱39,691,895 | ₱107,492,243 | ₱25,000 | ₱24,803,446 | (₱59,450,345) | (₱618,652) | (₱450,618) | (₱46,460) | (₱192,347) | ₱11,202,325 | ₱28,218,010 | (₱28,657) | ₱150,645,840 | ₱10,150,731 | ₱160,796,571 | |
| For the six-month period ended June 30, 2023 (Unaudited) | | | | | | | | | | | | | | | | |
| Balances at January 1, 2023 | ₱39,691,895 | ₱107,492,243 | ₱– | ₱– | (₱56,585,740) | (₱114,566) | ₱326,676 | (₱43,910) | (₱5,794) | ₱7,449,690 | ₱19,551,839 | (₱28,657) | ₱117,733,676 | ₱31,859,767 | ₱149,593,443 | |
| Net income | – | – | – | – | – | – | – | – | – | – | – | – | 4,231,454 | 833,963 | 5,065,417 | |
| Other comprehensive income (loss) | – | – | – | – | – | (96,011) | (258,387) | 18,320 | (11,720) | (1,425,709) | – | – | (1,773,507) | (151,402) | (1,924,909) | |
| Total comprehensive income (loss) | – | – | – | – | – | (96,011) | (258,387) | 18,320 | (11,720) | (1,425,709) | – | – | 2,457,947 | 682,561 | 3,140,508 | |
| Dividends Declared | – | – | – | – | – | – | – | – | – | – | – | – | – | (759,273) | (759,273) | |
| Acquisition of non-controlling interest in a subsidiary | – | – | – | – | (2,864,605) | – | – | – | – | – | – | – | (2,864,605) | (1,860,077) | (4,724,682) | |
| | – | – | – | – | (2,864,605) | – | – | – | – | – | – | – | (2,864,605) | (2,619,350) | (5,483,955) | |
| Balances at June 30, 2023 | ₱39,691,895 | ₱107,492,243 | ₱– | ₱– | (₱59,450,345) | (₱210,577) | ₱68,289 | (₱25,590) | (₱17,514) | ₱6,023,981 | ₱23,783,293 | (₱28,657) | ₱117,327,018 | ₱29,922,978 | ₱147,249,996 | |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

| | Notes | Six-Month Period Ended June 30 (Unaudited) | |
|---|-----------------|--|--------------|
| | | 2024 | 2023 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income before income tax | | ₱7,800,285 | ₱5,131,820 |
| Adjustments for: | | | |
| Interest and other finance charges | 19 | 1,115,268 | 883,526 |
| Depreciation and amortization | 17, 18 | 999,869 | 806,815 |
| Pension and other employee benefits | | 53,050 | 23,773 |
| Interest and other financial income | 20 | (3,227,078) | (3,192,842) |
| Equity in net income of associates and joint ventures | 6 | (542,392) | (1,564,858) |
| Foreign exchange gains – net | | (400,480) | (5,281) |
| Dividend income | | (84,130) | – |
| Provision for impairment – net of reversals | 5, 7, 8, 11, 18 | 573,931 | 467,272 |
| Loss (gain) on: | | | |
| Disposal of investment, net | 2, 6, 20 | (962,902) | – |
| Early extinguishment of convertible loan | 20 | (389,182) | – |
| Realized foreign exchange forward contracts | 20 | (224,736) | (17,651) |
| Sale of listed equity instruments | 20 | (12,310) | (37,385) |
| Sale of property, plant and equipment | | (7,248) | 4,042 |
| Fair value adjustment on financial asset at FVTPL | 20 | 22,879 | 30,578 |
| Discount on long-term receivables | | 5,102 | – |
| Sale of financial asset at FVTPL | 20 | – | (154,392) |
| Settlement of development loan | 5, 20 | – | (360,608) |
| Operating income before working capital changes | | 4,719,926 | 2,014,809 |
| Decrease (increase) in: | | | |
| Accounts receivable | | 1,991,258 | 2,406,623 |
| Fuel and spare parts | | 95,456 | (102,173) |
| Other current assets | | (2,899,145) | (146,126) |
| (Decrease) increase in accounts payable and other current liabilities | | 3,424,835 | (1,833,921) |
| Cash generated from operations | | 7,332,330 | 2,339,212 |
| Interest received | | 601,743 | 548,377 |
| Income and withholding taxes paid | | (933,930) | (149,996) |
| Net cash flows from operating activities | | 7,000,143 | 2,737,593 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to: | | | |
| Property, plant and equipment | 8 | (21,820,425) | (11,849,604) |
| Financial assets at FVTPL | | (8,174,723) | (356,171) |
| Investments in associates and joint venture, net | 6 | (5,435,612) | (3,519,698) |
| Loans to related parties | 22 | (3,878,981) | (2,130,489) |
| Investments in redeemable preferred shares | 7 | (1,120,740) | (1,665,881) |
| Subscription deposits | 7 | (228,144) | (27,320) |
| Financial assets at FVOCI | | (105,203) | (60,720) |
| Other intangible assets | 10 | (66,367) | (28,659) |
| Investments in subsidiaries, net of cash acquired | | – | (114,000) |
| Short-term investments | | – | (110,196) |

(Forward)

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| | Notes | Six-Month Period Ended June 30 (Unaudited) | |
|--|--------|--|--------------|
| | | 2024 | 2023 |
| Proceeds from: | | | |
| Sale of financial asset at FVTPL | | ₱8,529,713 | ₱183,661 |
| Redemption of redeemable preferred shares | 7 | 1,248,955 | 194,088 |
| Redemption of financial assets at FVTPL | | 587,989 | – |
| Extinguishment of convertible loan | | 389,267 | – |
| Collection of loans to related parties | 22 | 248,143 | 10,971,637 |
| Sale of property, plant and equipment | | 20,734 | 7,119 |
| Return of capital from a joint venture | 6 | – | 228,312 |
| Dividends received from: | | | |
| Investments in associates and joint ventures | 6 | 1,059,757 | 1,362,464 |
| Financial assets at FVOCI | | 84,130 | – |
| Interest received | | 1,447,675 | 1,198,091 |
| Increase in other noncurrent assets, non-current portion of input VAT and CWT | 24 | (3,634,724) | (4,693,807) |
| Net cash flows used in investing activities | | (30,848,556) | (10,411,173) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from: | | | |
| Availment of long-term debts | 13, 27 | 29,846,006 | 11,531,741 |
| Availment of short-term debts | 13, 27 | 2,700,000 | 11,600,000 |
| Capital infusion of non-controlling interest in a subsidiary | 2, 15 | 56,331 | – |
| Payments of: | | | |
| Capital redemption of non-controlling interest in a subsidiary | 15 | (20,129,241) | – |
| Short-term loans | 13, 27 | (3,500,000) | (10,500,000) |
| Interest on short-term and long-term loans | 27 | (3,386,153) | (508,667) |
| Cash dividends | 15, 27 | (1,336,988) | (759,273) |
| Long-term loans | 13, 27 | (1,008,474) | (243,612) |
| Debt issue cost | 13 | (190,724) | (41,250) |
| Interest on lease liabilities | 9, 27 | (140,065) | (94,871) |
| Lease liabilities | 9, 27 | (128,914) | (107,107) |
| Acquisition of non-controlling interest | 1, 15 | – | (4,724,682) |
| Increase in other noncurrent liabilities | | 1,970,860 | 307,632 |
| Net cash flows from financing activities | | 4,752,638 | 6,459,911 |
| EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | (396,150) | (208,595) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | (19,491,925) | (1,422,264) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | | 39,696,662 | 34,630,011 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | | ₱20,204,737 | ₱33,207,747 |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ACEN CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information

ACEN CORPORATION, (“ACEN” or “the Parent Company”) incorporated on September 8, 1969 and registered with the Philippine Securities and Exchange Commission (“SEC”), is engaged in the business of, and/or investing in, electric power development, generation and distribution, to engage in retail electricity supply, and to provide guarantees or similar security arrangements. The Parent Company is a licensed Retail Electricity Supplier (“RES”). As a RES, the Parent Company is allowed to supply electricity to the contestable market pursuant to the Electric Power Industry Reform Act (“EPIRA”). Other activities of the Parent Company include investing in various operating companies and financial instruments. ACEN and its subsidiaries are referred to as “the Group”.

On March 11, 2024, the Board of Directors (BOD) of the Group approved the amendment of the Parent Company’s Articles of Incorporation to remove “distribution” from the primary purpose. The proposed amendment was approved by the Parent Company’s stockholders on April 24, 2024 during the annual stockholders meeting. This was approved by the SEC on May 22, 2024.

The direct parent company (or intermediate parent company) of ACEN is AC Energy and Infrastructure Corporation (“ACEIC”), a wholly owned subsidiary of Ayala Corporation (“AC”). AC is a publicly listed company which is 47.80% owned by Mermac, Inc. (ultimate parent company), and the rest by the public. AC is a listed entity incorporated in the Philippines.

As at June 30, 2024, ACEIC owns 57.95% of ACEN’s total outstanding shares of stock.

The accompanying unaudited interim condensed consolidated financial statements of ACEN and its subsidiaries (“the Group”) as at June 30, 2024, and for the six-month periods ended June 30, 2024 and 2023 were approved and authorized for issuance by the Parent Company’s Audit Committee (pursuant to the authority delegated by the Parent Company’s Board of Directors (BOD)) on August 7, 2024.

2. Material Accounting Policy Information

Basis of Preparation

The unaudited interim condensed consolidated financial statements as at June 30, 2024 and for the six-month periods ended June 30, 2024 and 2023 have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), equity instruments at fair value through other comprehensive income (FVOCI) and derivative financial instruments that have been measured at fair value. The 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 values, per share amounts, number of shares and when otherwise indicated.

Statement of Compliance

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

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2023.

Changes in Accounting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards and amendments effective as at January 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier adoption is permitted and that fact must be disclosed. The amendments are not expected to have a material impact on the Group.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group. For the six-month period ended June 30, 2024, the sole change in the Parent Company's ownership in its subsidiaries is:

| <i>Subsidiary</i> | Principal Activity | Percentage of Ownership (%) | | | |
|-----------------------------|--------------------|-----------------------------|----------|-------------------|----------|
| | | June 30, 2024 | | December 31, 2023 | |
| | | Direct | Indirect | Direct | Indirect |
| Paivatar Energy Corporation | Power generation | 60.00 | – | 100.00 | – |

The following are the significant transactions of the Group during the six-month period ended June 30, 2024:

Completion of investments in Unlimited Renewables Holdings, B.V. (URH)

On January 2, 2024, the Group through its subsidiary, ACEN Renewables International Pte. Ltd. (ACRI) completed its investment in URH by infusing US\$50.00 for acquisition of 50 shares of URH from UPC India Pte. Ltd. ("UPCI") and US\$2.69 million (P151.02 million) for subscription for 2,674 ordinary shares of URH (Note 6).

ACEN and Barito enter new partnership in Indonesia wind projects

On December 15, 2023, ACEN (through ACEN Investments HK Limited ("ACEN HK"), a subsidiary of ACRI) and Barito Renewables (through PT Barito Wind Energy ("Barito Wind")) signed a Sale and Purchase Agreement (SPA) with UPC Renewables Asia Pacific Holdings for the acquisition of late-stage wind development assets in Indonesia.

On January 3, 2024, with all conditions having been satisfied under the Sale and Purchase Agreements, transaction Closing was achieved by the parties and ACEN HK has completed the acquisition of shares in the three late-stage wind development assets, with a combined potential capacity of 320 MW, that are located in South Sulawesi (Sidrap 2), Sukabumi and Lombok provinces in Indonesia, at an acquisition price that is less than 10% of the book value of ACEN (see Note 6).

Following the signing of the respective Share Transfer Deeds, Barito Wind will own 51% of the three development assets, while ACEN HK will own the remaining 49%. Total investment cost amounted to US\$5.82 million (P341.27 million) and accounted for as investment in associates and joint venture (see Note 6) and development loans amounting to US\$11.27 million (P660.29 million) (see Note 22).

Signing of Shareholders' and Investment Agreement with BrightNight APAC B.V for renewable energy projects in the Philippines

On March 7, 2024, ACEN, and its wholly-owned subsidiary, Paivatar Energy Corporation (Paivatar), signed a Shareholders' and Investment agreement with BrightNight APAC B.V for the ownership and management of Paivatar as the designated renewable energy platform for the development, construction, and operation of utility-scale renewable energy projects in the Philippines.

As at June 30, 2024, total capital infusions amounted to P56.33 million (see Note 15).

Disposition of land by Buendia Christiana Holdings Corp. ("BCHC") in exchange for shares of AREIT, Inc. ("AREIT") via property-for-share swap

On March 19, 2024, AREIT and BCHC, among other parties, executed a Deed of Exchange, for the subscription by BCHC to the Shares in exchange for a 276-hectare parcel of land located in Zambales property, subject to the approval of the Securities and Exchange Commission ("SEC"). The Transaction is implemented simultaneous to AREIT's transaction with Ayala Land, Inc. and its subsidiaries.

Upon issuance of the AREIT shares in exchange for the Property, Giga Ace 8, Inc., a wholly-owned subsidiary of ACEN, will lease the land from AREIT for 25 years at a guaranteed fixed rent with annual escalation and with the option to renew for another 25 years.

Transaction Price of approximately ₱6,769.72 million, equivalent to 199,109,438 primary common AREIT shares at a Share Price of ₱34.00 per share. The property was valued using the initial EBITDA over a capitalization rate of 6.92%. The Share Price was set at a 3.75% premium over AREIT's 30-day VWAP of PhP32.77 or the Market Price.

The property is not yet classified as held for sale as it is still subject to regulatory approval which is a substantive condition precedent making the property not yet available for immediate sale in its current state.

ACEN's acquisition of shares in Real Wind Energy, Inc. (RWEI)

On March 22, 2024, ACEN signed a Deed of Absolute Sale of Shares with Modern Energy Management Pte. Ltd. ("MEM"), as the seller, for the acquisition by ACEN of 4,000 secondary Common Shares in RWEI and a Loan Assignment Agreement for the assignment of MEM's receivables from RWEI. As at June 30, 2024, total subscription paid amounted to ₱442.92 million (see Note 6).

Additional subscription by ACEN to shares in North Luzon Renewable Energy Corp (NLR) and Philippine Wind Holdings Corp. (PhilWind)

On March 25, 2024, ACEN signed a subscription contract with NLR for the additional subscription by ACEN to 49,540 Redeemable Preferred Shares C at par value of ₱10,000.00 per Preferred C of NLR, for a total subscription price of ₱495.40 million, to be issued out of the increase of NLR's authorized capital stock. As at June 30, 2024, total subscription paid amounted to ₱495.40 million (see Note 6).

On March 25, 2024, ACEN signed a subscription contract with PhilWind for the additional subscription by ACEN to 50,446 Redeemable Preferred Shares A-3 ("RPS A-3") at par value of ₱10,000.00 per RPS A-3 of PhilWind, for a total subscription price of ₱504.46 million, to be issued out of the increase of PhilWind's authorized capital stock. As at June 30, 2024, total subscription paid amounted to ₱504.46 million (see Note 6).

The additional subscription in NLR and PhilWind will be used by NLR as additional funding for the construction and completion of the 70MW wind farm in Pagudpud, Ilocos Norte (wind project referred to as Capa Wind 2).

Sale of shares indirectly owned by ACRI in PT UPC Sidrap Bayu Energi

On April 2, 2024, upon fulfillment of conditions precedent, ACRI, together with its joint venture partner, UPC Renewables Asia Pacific Holdings Pte. Ltd., completed the sale of all their shares in PT Sidrap Bayu Energi ("SBE"), held through UPC Sidrap (HK) Limited ("Sidrap (HK)") and UPC Renewables Asia III Limited ("Asia III"), to Sunedison Sidrap B.V. (external party) (See Note 20).

Subscription by ACEN to shares in ENEX Energy Corp.

On April 30, 2024, ACEN signed a subscription contract with its subsidiary, ENEX Energy Corp. (ENEX), for the subscription by ACEN to 30,000,000 non-voting Preferred Shares at par value of ₱1.00 per non-voting Preferred Share of ENEX, for a total subscription price of ₱30.00 million, to be issued out of the increase of ENEX's authorized capital stock (ACS) and creation of the non-voting Preferred Shares.

This will be used to fund the operational requirements of ENEX, and transaction costs for the creation and issuance of the Preferred Shares.

On June 26, 2024, ENEX signed a subscription agreement with ACEN for the subscription by ACEN to 177,544,011 non-voting Preferred Shares of ENEX at par value of ₱1.00, for a total subscription price of ₱177.54 million, to be paid out of the assignment of short-term loans and interest receivable from ENEX via the Deed of Assignment between ACEN and ENEX.

3. Significant Accounting Judgment, Estimates and Assumptions

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

Except as otherwise stated, the significant accounting policies, judgments, estimates and assumptions used in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements as at and for the year ended December 31, 2023.

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:

Classification of Government Grants

The Group, through ACEN Australia, entered into Long Term Energy Service Agreements (LTESA) with New South Wales (NSW) Australian Government that gives the generator the right, but not the obligation, to enter into a strip of two-year electricity swap contracts ("Swaptions").

LTESA meet the definition of a derivative instrument as their value changes with reference to changes in the Australia's National Electricity Market (NEM) spot price of energy, no upfront cost to enter into the contract and the value of the contracts will be settled in the future (see Notes 11 and 14).

The Group uses commodity options derivative financial instruments to hedge its commodity price risks. Potential sources of hedge ineffectiveness in the hedging relationship were as follows:

- a. Credit risk
- b. Fixed price CPI escalation
- c. Changes in generation forecast
- d. Annual payment cap
- e. Clawback mechanism

In the event the swaptions are not exercised, the net profit or loss impact will be a non-cash item given no exchange of cash occurred at inception and will occur over the life of the arrangement.

The Group also assessed the transaction is accounted as government grant since the LTESA was granted by the NSW Australian Government to support its initiative on promoting renewable energy and providing long-term revenue certainty for investors and developers of clean energy projects through the electricity swap contracts.

Assessment of Joint Control over Joint Ventures

The Group's investments in joint ventures are structured in separate incorporated entities (see Note 6). The investments in ACEHI Netherlands B.V. (ACEHI Netherlands), Philippine Wind Holdings Corp. ("PhilWind"), North Luzon Energy Corp. (NLR), UPC Power Solutions LLC (UPC Power), BIM Renewable Energy Joint Stock Company (BIMRE), Monsoon Wind B.V. (Monsoon Wind) and Real Wind Energy, Inc. (RWEI) are accounted for as investments in joint venture since the fundamental business and operational matters requires unanimous consent from all parties.

Even though the Group holds various percentage of ownership in interests on these arrangements, their respective joint arrangement agreement requires unanimous consent from all parties to the agreement for the relevant activities identifies. In addition, the Group considers the number of its Board seats in its incorporated entity. Further, the Group and the parties to the agreement only have rights to the net assets of the joint venture through the term of the contractual agreements. Considering these factors, management assessed that it has joint control over the entity.

Determination of Transaction Price from Sale of Electricity

The adjustment of the FIT 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. For the six-month period ended June 30, 2024 and 2023, and since 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.

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.

Fair Value Measurement of Commodity Options

In the estimation of fair value of the LTESA Swaptions, a commodity option hedge instrument, the Group used option pricing techniques which resulted in a Day 1 derivative asset, even if no premium was paid (see Note 11).

Assessment of Contingencies

The Group is currently involved in various legal proceedings and assessments for local and national taxes (see Note 28). The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The final settlement of these may result in material adverse impact on the Group's consolidated financial statements. The Group also invokes limited disclosures on certain matters due to their prejudicial nature.

4. Cash and Cash Equivalents

This account consists of:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---------------------------|--|-----------------------------------|
| Cash on hand and in banks | ₱6,547,719 | ₱13,769,005 |
| Cash equivalents | 13,657,018 | 25,927,657 |
| | ₱20,204,737 | ₱39,696,662 |

Pursuant to the Supplemental Listing and Disclosure Requirements for Petroleum and Renewable Energy Companies of the PSE, all funds raised by an applicant company must be held in escrow and shall not be released for any purpose other than the disclosed intended purpose and in accordance with the timetable of expenditures (the “Escrow Requirement”). As of June 30, 2024, the Group has fully disbursed the cash from the escrow account which held the proceeds from the issuance of preferred shares in 2023. As of July 31, 2024, the final balances of the proceeds were infused into the declared project entities.

Interest income from cash in banks and cash equivalents for the six-month period ended June 30, 2024 and 2023 amounted to ₱536.39 million and ₱514.56 million, respectively (see Note 20).

5. Accounts and Notes Receivable

This account consists of:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|--------------------------------------|--|-----------------------------------|
| Accounts and other receivable | ₱15,352,582 | ₱12,406,056 |
| Notes receivable (Note 22) | | |
| Bridge financing | 14,177,547 | 13,440,859 |
| Development loan | 7,045,866 | 5,863,298 |
| Other loan | 4,622,289 | 2,130,751 |
| Accrued interest receivable | 7,335,127 | 6,206,348 |
| | 48,533,411 | 40,047,312 |
| Allowance for expected credit losses | 1,980,959 | 1,292,578 |
| | 46,552,452 | 38,754,734 |
| Less noncurrent portion | 16,590,662 | 12,689,042 |
| Current portion | ₱29,961,790 | ₱26,065,692 |

Accounts and other receivable

This account consists of:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|--|-----------------------------------|
| Trade receivables | | |
| Third party | | |
| Independent Electricity Market Operator of the Philippines (“IEMOP”) | ₱9,031,924 | ₱6,459,485 |
| National Transmission Corporation (“TransCo”) | 1,687,597 | 1,915,230 |
| RES Buyer | 805,413 | 519,629 |
| National Grid Corporation of the Philippines (“NGCP”) | 164,883 | 91,670 |
| Philippine Electricity Market Corporation (“PEMC”) | 35,224 | 10,262 |
| Others | 199,145 | 423,084 |
| Other receivables | | |
| Third party | 1,714,025 | 1,600,430 |
| Related party (Note 22) | 1,714,371 | 1,386,266 |
| | 15,352,582 | 12,406,056 |
| Allowance for expected credit losses | 152,751 | 152,312 |
| | 15,199,831 | 12,253,744 |
| Less noncurrent portion | 1,787,727 | 1,971,453 |
| Current portion | ₱13,412,104 | ₱10,282,291 |

The Energy Regulatory Commission (ERC) issued an Order dated June 13, 2024 in ERC Case No. 2024-017 MC entitled “In the Matter of Declaration of Market Suspension During Red Alerts during Summer Months of 2024”. The Order approves the four-month staggered collection and payment of Distribution Utilities’ (DU) WESM purchases to ease the impact of high generation costs on consumers. The DU and Electric Cooperatives shall pay equally in four-month amortization period from June to September 2024. Consequently, revenues from April 26, 2024 to May 25, 2024 of Philippine merchant plants will be collected from June to September 2024 resulting to an increase in receivables from IEMOP.

Notes receivable

This account consists of:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|--|--|-----------------------------------|
| Bridge financing - related party (Note 22) | ₱14,177,547 | ₱13,440,859 |
| Development loan: | | |
| Third party | 3,930,345 | 3,721,365 |
| Related party (Note 22) | 3,115,521 | 2,141,933 |
| Other loans: | | |
| Third party | 1,788,023 | 1,742,382 |
| Related party (Note 22) | 2,834,266 | 388,369 |
| | 25,845,702 | 21,434,908 |
| Allowance for expected credit losses (Note 18) | 855,838 | 812,633 |
| | 24,989,864 | 20,622,275 |
| Less noncurrent portion | 10,911,545 | 6,745,824 |
| Current portion | ₱14,078,319 | ₱13,876,451 |

Bridge financing (previously referred to as debt replacement)

Bridge financing facilities are provided to related parties to fund investment requirements for renewable power plants while under construction and undergoing implementation or release of project financing from financial institutions (see Note 22).

Bridge financing bear interest ranging from 7.00% to 15.00% per annum.

Development Loan

Development loan facilities are provided to related parties and third parties to fund the development of renewable power plant projects.

Development loans bear interest ranging from 4.00% to 11.03% per annum.

Other Loan

Other loans receivable from third parties includes long term loan receivables for land acquisitions. These are interest bearing and matures 1-2 years upon drawdown.

Other loans bear interest ranging from 3.00% to 15.00% per annum.

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Accrued interest receivable:

This account consists of:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|--|-----------------------------------|
| Bridge financing: | | |
| Related party (Note 22) | ₱1,982,688 | ₱1,446,884 |
| Development loans: | | |
| Third party | 162,376 | 107,832 |
| Related party (Note 22) | 404,643 | 198,534 |
| Investment in redeemable preferred shares and convertible loans – Related party (Note 22) | | |
| Redeemable preferred shares | 3,383,094 | 3,473,000 |
| Convertible loans | 1,199,129 | 761,760 |
| Other loans: | | |
| Third party | 95,324 | 26,487 |
| Related party (Note 22) | 75,400 | 33,788 |
| Trade receivables | | |
| Third party | 30,317 | 148,995 |
| Related party (Note 22) | 2,156 | 9,068 |
| | 7,335,127 | 6,206,348 |
| Allowance for expected credit losses | 972,370 | 327,633 |
| | 6,362,757 | 5,878,715 |
| Less noncurrent portion | 3,891,390 | 3,971,765 |
| Current portion | ₱2,471,367 | ₱1,906,950 |

Allowance for expected credit loss

In determining the ECL, the Group has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments operate, in assessing if there is a significant increase in credit risk, as well as estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, and the loss upon default in each case.

For the six-month period ended June 30, 2024, the Group recognized additional allowance for expected credit losses amounting to:

1. US\$1.00 million (₱56.72 million) on principal from development loan with UPC-AC Energy Solar Limited (UPC-ACE Solar);
2. US\$0.91 million (₱51.61 million) on accrued interest of development loan with UPC-ACE Solar;
3. US\$0.65 million (₱36.70 million) on accrued interest of investment in redeemable preferred shares in UPC-ACE Solar (see Note 7); and
4. US\$7.51 million (₱427.68 million) on accrued interest receivable of investment in convertible loan to Vietnam Wind Energy Limited (Vietnam Wind) (see Note 7)

Total additional allowance for expected credit losses for the six-month period ended June 30, 2024 amounts to US\$10.07 million (₱571.25 million).

For the six-month period ended June 30, 2023, the Group recognized additional allowance for expected credit losses amounting to US\$8.51 million (₱469.87 million) on accrued interest receivable of investment in convertible loan to Vietnam Wind (see Note 7).

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As at June 30, 2024 and December 31, 2023, the aging analysis of receivables are as follows:

| | June 30, 2024 (Unaudited) | | | | | | Total |
|--------------------------|---------------------------|---------------------------|-----------------|-------------------|-------------------|--------------------------------|--------------------|
| | Current | Past Due but not Impaired | | | | Past Due Individually Impaired | |
| | | <30 Days | 30–60 Days | 61–90 Days | More than 90 Days | | |
| Trade receivables | ₱7,797,011 | ₱1,285,908 | ₱461,568 | ₱793,388 | ₱1,518,423 | ₱67,887 | ₱11,924,185 |
| Due from related parties | 23,106,384 | 226,097 | 89,581 | 234,895 | 3,403,350 | 1,828,507 | 28,888,814 |
| Others | 4,724,893 | 12,425 | 42,814 | 114,580 | 2,741,135 | 84,565 | 7,720,412 |
| | ₱35,628,288 | ₱1,524,430 | ₱593,963 | ₱1,142,863 | ₱7,662,908 | ₱1,980,959 | ₱48,533,411 |

| | December 31, 2023 (Audited) | | | | | | Total |
|--------------------------|-----------------------------|---------------------------|-----------------|-------------------|-------------------|--------------------------------|--------------------|
| | Current | Past Due but not Impaired | | | | Past Due Individually Impaired | |
| | | <30 Days | 30–60 Days | 61–90 Days | More than 90 Days | | |
| Trade receivables | ₱5,157,767 | ₱860,863 | ₱43,162 | ₱325,041 | ₱2,966,400 | ₱66,127 | ₱9,419,360 |
| Due from related parties | 16,379,597 | 297,154 | 25,286 | 397,627 | 5,038,909 | 1,141,888 | 23,280,461 |
| Others | 4,421,489 | 31,758 | 56,266 | 802,098 | 1,951,317 | 84,563 | 7,347,491 |
| | ₱25,958,853 | ₱1,189,775 | ₱124,714 | ₱1,524,766 | ₱9,956,626 | ₱1,292,578 | ₱40,047,312 |

Interest income

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

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|--|--|----------|--|----------|
| | 2024 | 2023 | 2024 | 2023 |
| | <i>Bridge Financing</i> | | | |
| <i>Related Party</i> | | | | |
| Greencore Power Solutions 3, Inc. (Greencore 3) | ₱173,954 | ₱76,780 | ₱345,008 | ₱152,884 |
| Wind Power Lac Hoa (Lac Hoa) | 59,622 | 84,552 | 121,740 | 165,407 |
| Wind Power Hoa Dong (Hoa Dong) | 51,510 | 74,174 | 106,865 | 145,245 |
| Asian Wind Power 1 HK (Asian Wind 1) | 36,395 | 81,501 | 75,732 | 162,888 |
| Asian Wind Power 2 HK (Asian Wind 2) | 28,251 | 64,784 | 59,117 | 128,980 |
| Vietnam Wind Energy Limited (Vietnam Wind) | 11,861 | 8,516 | 24,681 | 15,875 |
| Ingrid Power Holdings, Inc. (Ingrid) | 8,976 | 26,263 | 17,951 | 48,543 |
| AMI Greenergy Investment JSC (AMI Greenergy) | 3,227 | – | 3,227 | – |
| PT Dewata ACEN Renewables Indonesia | 2,111 | – | 2,111 | – |
| NEFIN Limited (NEFIN) | 15,906 | 11,178 | 34,851 | 21,970 |
| BIM Wind | – | 36,873 | – | 130,307 |
| | ₱391,813 | ₱464,621 | ₱791,283 | ₱972,099 |

(Forward)

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| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|---|--|-----------------|--|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| <i>Development Loans</i> | | | | |
| Related Party | | | | |
| UPC Solar Asia Pacific Ltd. (UPC-ACE Solar) | ₱24,945 | ₱25,812 | ₱51,832 | ₱56,322 |
| Yoma Strategic Investments (Yoma) | 15,050 | 13,456 | 31,338 | 26,447 |
| PT UPC Sidrap Bayu Energi Tahap Dua (PT Sidrap) | 2,533 | – | 5,161 | – |
| PT UPC Sukabumi Bayu Energi (PT Sukabumi) | 1,663 | – | 3,374 | – |
| Unlimited Renewables Holdings (URH) | – | – | 571 | – |
| ACEN Silverwolf | 444 | – | 444 | – |
| PT UPC Lombok Timur Bayu Energi (PT Lombok) | 156 | – | 329 | – |
| Third Party | | | | |
| Huntington Renewables Investment Limited (Huntington) | 53,556 | – | 111,541 | – |
| Provincia Investments Corporation (Provincia) | 3,865 | 4,487 | 7,729 | 7,446 |
| AMI Renewables (Quang Binh) | 189 | – | 1,230 | – |
| BEHS Joint Stock Company (BEHS) | – | 9,695 | – | 20,312 |
| BIM Energy Holdings (BIMEH) | – | 3,742 | – | 11,265 |
| UPC Renewables Asia Pacific Holdings Ltd. (UPCAPH) | – | 38 | – | 3,117 |
| | ₱102,401 | ₱57,230 | ₱213,549 | 124,909 |
| <i>Accounts and other Receivables</i> | | | | |
| Third Party | ₱18,884 | ₱16,294 | ₱38,426 | ₱40,200 |
| <i>Other Loans</i> | | | | |
| Related Party | | | | |
| Infineum 4 Energy, Inc. (Infineum 4) | ₱2,801 | ₱829 | ₱4,353 | ₱1,686 |
| BrightNight India B.V. (BrightNight) | 21,119 | 9,627 | 34,594 | 10,361 |
| Third Party | | | | |
| Cleantech | 6,586 | – | 13,171 | – |
| BIM Group Joint Stock Company (BIM Group) | 28,368 | – | 28,368 | – |
| Others | 1,177 | (385) | 1,178 | 494 |
| | ₱60,051 | ₱10,071 | ₱81,664 | ₱12,541 |
| | ₱573,149 | ₱548,216 | ₱1,124,922 | ₱1,149,749 |

6. Investments in Associates and Joint Ventures

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

| | Percentage of ownership | | Carrying amount | |
|--|-------------------------|----------------------|--------------------|----------------------|
| | June 30, 2024 | December 31, 2023 | June 30, 2024 | December 31, 2023 |
| Investments in associates: | | | | |
| Solar NT Holdings Pte. Ltd. (SUPER) | 49.00 | 49.00 | ₹2,455,150 | ₹2,558,351 |
| Maibarara Geothermal, Inc. (MGI) | 25.00 | 25.00 | 944,949 | 909,694 |
| PT Puri Prakarsa Batam | 40.00 | 40.00 | 174,219 | 166,026 |
| PT UPC Lombok Timur Bayu Energi (PT Lombok) | 49.00 | – | 174,967 | – |
| PT UPC Sidrap Bayu Energi Tahap Dua (PT Sidrap 2) | 49.00 | – | 57,447 | – |
| Others | various | various | 8,056 | 8,056 |
| | | | 3,814,788 | 3,642,127 |
| Interests in joint ventures: | | | | |
| ACEHI Netherlands B.V. (ACEHI Netherlands) | 75.76 | 75.76 | 13,247,460 | 12,667,764 |
| Philippine Wind Holdings Corporation (PhilWind) | 69.81 | 69.81 | 6,508,021 | 5,987,605 |
| North Luzon Renewable Energy Corp. (NLR) | 33.30 | 33.30 | 2,995,633 | 2,492,401 |
| UPC Power Solutions LLC (UPC Power) | 83.33 | 83.33 | 2,748,289 | 562,624 |
| BIM Renewable Energy Joint Stock Company (BIMRE) | 30.00 | 30.00 | 1,920,831 | 1,861,039 |
| BrightNight India, B.V. (BrightNight) | 50.00 | 50.00 | 1,673,711 | 160,904 |
| Ingrid Power Holdings, Inc. (Ingrid) | 50.00 | 50.00 | 856,934 | 968,535 |
| Greencore Power Solutions 3, Inc. (Greencore 3) | 50.00 | 50.00 | 469,435 | 434,936 |
| Real Wind Energy, Inc. (RWEI) | 40.00 | – | 442,917 | – |
| NEFIN Limited (NEFIN) | 50.00 | 50.00 | 339,328 | 419,280 |
| Monsoon Wind B.V. (Monsoon Wind) | 25.00 | 25.00 | 275,900 | 163,339 |
| Unlimited Renewables Holdings, B.V. (URH) | 80.00 | – | 142,465 | – |
| BIM Wind Energy Joint Stock Company (BIM Wind) | 30.00 | 30.00 | 140,968 | 209,217 |
| PT UPC Sukabumi Bayu Energi (PT Sukabumi) | 49.00 | – | 77,223 | – |
| Others | various | various | 386,508 | 528,846 |
| | | | 32,225,623 | 26,456,490 |
| | | | ₹36,040,411 | ₹30,098,617 |

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

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|--|-----------------------------------|
| Acquisition costs: | | |
| Balance at beginning of period | ₱28,081,331 | ₱22,557,032 |
| Additions | 5,435,614 | 4,592,106 |
| Cumulative translation adjustment | 1,280,286 | (290,764) |
| Conversion from subscription deposit (Note 7) | 338,884 | – |
| Disposal / divestment (Note 20) | (84) | (2,260,215) |
| Gain from remeasurement | – | 3,433,328 |
| Return of capital | – | (228,312) |
| Others* | – | 278,156 |
| Balance at end of period | 35,136,031 | 28,081,331 |
| Accumulated equity in net earnings (losses): | | |
| Balance at beginning of period | 2,104,328 | 2,216,754 |
| Equity in net income of associates and joint ventures | 542,392 | 1,765,239 |
| Dividends received | (1,059,757) | (1,362,464) |
| Divestment | – | (515,201) |
| Balance at end of period | 1,586,963 | 2,104,328 |
| Accumulated share in other comprehensive income (loss): | | |
| Balance at beginning of period | (85,483) | (5,794) |
| Cumulative translation adjustment | (166,388) | (71,365) |
| Interest rate swap | 55,235 | 14,596 |
| Unrealized fair value gain on derivative instruments designated as hedges – net of tax | (2,891) | 4,111 |
| Remeasurement gain (loss) on defined benefit plans – net of tax | 7,180 | (27,031) |
| Balance at end of period | (192,347) | (85,483) |
| Accumulated impairment losses | (1,559) | (1,559) |
| Loss on write-down from disposal of investment in joint venture (Note 20) | (488,677) | – |
| Total investments | ₱36,040,411 | ₱30,098,617 |

*Others pertain to conversions from financial assets at FVTPL (₱276.30 million) and Investment in redeemable preferred shares and convertible loans (₱1.86 million) (see Note 7) in 2023.

Capital call and subscription deposit conversion:

On various dates in January to June 30, 2024, the Group made investments equivalent to its proportionate share in the following investee companies:

| Investee Company | Project | Geography | Technology | Capacity | Amount in US\$ (millions) | Amount in PHP (millions) |
|------------------|----------------------------|-------------|-------------------|----------|---------------------------|--------------------------|
| UPC Power | Stockyard & Chestnut Flats | USA | Wind | 148 | 46.89 | ₱2,275.43 |
| BrightNight | BN Maharashtra | India | Hybrid Solar-Wind | 80 | – | 1,457.37 |
| PhilWind | Capa Wind 2 | Philippines | Wind | 70 | – | 504.46 |
| NLR | Capa Wind 2 | Philippines | Wind | 70 | – | 495.40 |
| RWEI | Real Wind | Philippines | Wind | TBD | – | 442.92 |
| PT Lombok | Lombok | Indonesia | Wind | 39 | 2.99 | 177.06 |
| PT Sukabumi | Sukabumi | Indonesia | Wind | 74 | 1.32 | 88.46 |
| PT Sidrap 2 | Sidrap 2 | Indonesia | Wind | 34 | 0.98 | 75.75 |
| Monsoon Wind | Monsoon | Vietnam | Wind | 146 | 4.71 | 20.19 |
| Others | | | | | | 237.46 |
| Total | | | | | | ₱5,537.04 |

Investment in Associates*PT Lombok*

On December 15, 2023, the Group, through ACRI's wholly owned subsidiary ACEN Investments HK Limited, UPC Renewables Asia Pacific Holdings Pte. Ltd and PT Barito Wind Energy, entered into share purchase agreements for the acquisition of shares in PT Lombok. On January 3, 2024, the sale transaction was completed upon payment of the subscription price.

PT Lombok operates a wind power project in East Lombok, Indonesia with a total project capacity of 80MW.

As of June 30, 2024, the Group infused US\$3.02 million (₱177.06 million) through subscription of common shares.

PT Sidrap 2

On December 15, 2023, the Group, through ACRI's wholly owned subsidiary ACEN Investments HK Limited, UPC Renewables Asia Pacific Holdings Pte. Ltd and PT Barito Wind Energy, entered into share purchase agreements for the acquisition of shares in PT Sidrap . On January 3, 2024, the sale transaction was completed upon payment of the subscription price.

PT Sidrap 2 operates a wind power project in Sidrap, South Sulawesi, Indonesia with a total project capacity of 70MW.

As of June 30, 2024, the Group infused US\$1.29 million (₱75.75 million) through subscription of common shares.

Interest in Joint Ventures

Real Wind Energy Inc. (RWEI)

On March 22, 2024, the Group and Modern Energy Management Pte. Ltd. (MEM) signed an Asset and Share Sale and Purchase Agreement and Deed of Absolute Sale wherein the Group purchased from MEM the 40% of issued and outstanding shares in Real Wind Energy Inc. RWEI is currently developing its proposed wind energy projects in Real, Quezon.

Initial accounting for the acquisition of RWEI has only been provisionally determined based on the management's best estimate of the likely values.

PT Sukabumi

On December 15, 2023, the Group, through ACRI's wholly owned subsidiary ACEN Investments HK Limited, UPC Renewables Asia Pacific Holdings Pte. Ltd and PT Barito Wind Energy, entered into share purchase agreements for the acquisition of shares in PT Sukabumi. On January 3, 2024, the sale transaction was completed upon payment of the subscription price.

PT Sukabumi operates a wind power project in Sukabumi, West Java, Indonesia with a total project capacity of 150MW.

As of June 30, 2024, the Group infused US\$1.51 million (₱88.46 million) through subscription of common shares.

The Group received dividends amounting to:

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|------------------------|---|----------|---|------------|
| | 2024 | 2023 | 2024 | 2023 |
| PhilWind | ₱26,972 | ₱160,002 | ₱284,334 | ₱471,002 |
| NLR | 2,637 | 15,788 | 28,990 | 74,319 |
| ACEHI Netherlands B.V. | 456,703 | – | 746,433 | – |
| Salak-Darajat | – | 655,776 | – | 655,776 |
| BIMRE | – | 161,367 | – | 161,367 |
| | ₱486,312 | ₱992,933 | ₱1,059,757 | ₱1,362,464 |

7. Investments in Redeemable Preferred Shares and Convertible Loans

The Group's investments in redeemable preferred shares and convertible loans are shown below:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|---------------------------------|-----------------------------------|
| <i>Redeemable preferred shares</i> | | |
| AMI AC Renewables Corporation (AAR) | ₱7,349,952 | ₱6,943,641 |
| UPC-AC Energy Solar Limited (UPC-ACE Solar) | 4,424,603 | 4,323,868 |
| Impact Wind Investments Limited (Impact Wind) | 2,423,423 | 1,419,454 |
| BIM Wind Joint Stock Company (BIM Wind) | 2,362,918 | 2,232,294 |
| NEFIN Limited (NEFIN) | 2,033,767 | 1,713,369 |
| BIM Renewable Energy Joint Stock Company (BIMRE) | 1,429,302 | 1,350,290 |
| BIM Energy Joint Stock Company (BIME) | 249,397 | 235,610 |
| UPC Renewables Asia III Ltd. (UPC Asia III) | 128,182 | 1,210,630 |
| | 20,401,544 | 19,429,156 |
| <i>Subscription deposits</i> | | |
| Beacon Capital Holdings Limited | 1,435,945 | 1,356,565 |
| UPC Renewables Asia Pacific Holdings Pte. Limited (UPCAPH) | – | 110,740 |
| | 1,435,945 | 1,467,305 |
| <i>Convertible loans</i> | | |
| Vietnam Wind Energy Limited (Vietnam Wind) | 2,112,850 | 2,113,578 |
| Asian Wind Power 1 HK Ltd (Asian Wind 1) | 953,245 | 900,549 |
| Asian Wind Power 2 HK Ltd (Asian Wind 2) | 919,415 | 868,589 |
| | 3,985,510 | 3,882,716 |
| | 25,822,999 | 24,779,177 |
| Allowance for expected credit losses | 3,028,682 | 3,145,378 |
| Balance at end of period | ₱22,794,317 | ₱21,633,799 |

Investments in redeemable preferred shares and subscription deposits

The rollforward analysis of this account follows:

| | June 30, 2024 (Unaudited) | | |
|---|--------------------------------|-------------------------|--------------------|
| | Redeemable Preferred Shares | Subscription Deposit | Total |
| Balances at beginning of period | ₱19,429,156 | ₱1,467,305 | ₱20,896,461 |
| Additions | 1,120,740 | 228,144 | 1,348,884 |
| Redemption (Note 2) | (1,248,955) | – | (1,248,955) |
| Reclassification to investment in associates and joint venture (Note 6) | – | (338,884) | (338,884) |
| Cumulative translation adjustment | 1,100,603 | 79,380 | 1,179,983 |
| | 20,401,544 | 1,435,945 | 21,837,489 |
| Allowance for impairment | 915,832 | – | 915,832 |
| Balances at end of period | ₱19,485,712 | ₱1,435,945 | ₱20,921,657 |

On June 29, 2024, the Group redeemed RPS Class A from Asia III, through distributable profits and capital reduction. The redemption was offset against the existing shareholder loan of Asia III to ACRI, together with outstanding interest receivable from investment in redeemable preferred shares. Any interest in RPS Class A ceased as of date of the resolution. The redemption resulted to a gain of ₱1,306.94 million (US\$22.26 million) (see Notes 2 and 20).

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In 2024, subscription deposit to UPCAPH amounting to P338.88 million (US\$5.78 million) was reclassified as subscription to PT Lombok, PT Sidrap 2 and PT Sukabumi (see Note 6).

| | December 31, 2023 (Audited) | | |
|-----------------------------------|-----------------------------|----------------------|-------------|
| | Redeemable Preferred Shares | Subscription Deposit | Total |
| Balances at beginning of year | P17,357,156 | P432,867 | P17,790,023 |
| Additions | 2,433,046 | 1,467,305 | 3,900,351 |
| Conversion | 176,219 | (176,222) | (3) |
| Redemption | (74,752) | (249,236) | (323,988) |
| Reclassification to: | | | |
| Financial asset at FVOCI | (353,340) | – | (353,340) |
| Investment in joint venture | (1,859) | – | (1,859) |
| Cumulative translation adjustment | (107,314) | (7,409) | (114,723) |
| | 19,429,156 | 1,467,305 | 20,896,461 |
| Allowance for impairment | 878,429 | – | 878,429 |
| Balances at end of year | P18,550,727 | P1,467,305 | P20,018,032 |

Convertible loans

The roll forward analysis of this account follows:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|------------------------------------|---------------------------------|-----------------------------------|
| Balance at beginning of period | P3,882,716 | P4,755,293 |
| Additions | – | 1,807,639 |
| Redemptions | – | (2,341,774) |
| Cumulative translation adjustment | 102,794 | (338,442) |
| | 3,985,510 | 3,882,716 |
| Allowance for impairment (Note 18) | 2,112,850 | 2,266,949 |
| Balance at end of period | P1,872,660 | P1,615,767 |

In determining the ECL, the Group has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments operate, in assessing if there is a significant increase in credit risk, as well as estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, and the loss upon default in each case.

For the six-month period ended June 30, 2024 and 2023, the Group recognized allowance for impairment loss in redeemable preferred shares to UPC-ACE Solar provision of P37.40 million (US\$0.66 million) and nil, respectively (Note 18).

For the six-month period ended June 30, 2024 and 2023, the Group recognized allowance for impairment loss in convertible loan to Vietnam Wind reversal of (P154.10) million (US\$2.77 million) and provision of P469.87 million (US\$8.51 million), respectively (Note 18).

Investments in redeemable preferred shares and convertible loans bear interest ranging from 8.80% to 14.00% per annum for both the six-month period ended June 30, 2024, and 2023, respectively.

Interest income

The Group earns interest income from its investments in redeemable preferred shares and convertible loans amounting to (Note 20):

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|------------------------------------|--|----------|--|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| <i>Redeemable preferred shares</i> | | | | |
| AAR | ₱229,827 | ₱222,906 | ₱449,197 | ₱440,834 |
| UPC Solar | 151,195 | 134,500 | 307,414 | 267,024 |
| IWIL | 49,039 | 12,617 | 87,858 | 14,050 |
| BIM Wind | 81,634 | 117,118 | 159,848 | 191,025 |
| NEFIN | 44,904 | 29,006 | 87,364 | 53,940 |
| BIMRE | 62,671 | 44,035 | 106,911 | 86,900 |
| BIME | 7,974 | 7,700 | 15,711 | 15,198 |
| UPC Asia III | 1,024 | 63,987 | 67,780 | 125,310 |
| <i>Convertible loans</i> | | | | |
| VWEL | 88,726 | 58,785 | 174,588 | 150,346 |
| Asian Wind 1 | 28,223 | 47,210 | 55,533 | 93,816 |
| Asian Wind 2 | 27,220 | 45,334 | 53,562 | 90,088 |
| | ₱772,437 | ₱783,198 | ₱1,565,766 | ₱ 1,528,531 |

8. Property, Plant and Equipment

The Group invested significant capital expenditures related to the following projects amounting to ₱24,382.58 million and ₱28,034.53 million for the six-month period ended June 30, 2024 and for the year ended December 31, 2023, respectively.

Development cost amounting to ₱5,305.76 million (US\$90.53 million) of New England Solar Farm 1 was reclassified as property, plant and equipment upon the project's commercial date of operations on May 1, 2024.

| Project | Technology | Capacity (MW) | Location | % of Completion | |
|--------------------------------------|------------|---------------|--|---------------------------|-----------------------------|
| | | | | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
| San Marcelino Solar (Phase 3) | Solar | 200 | Zambales, Philippines | 4% | <1% |
| New England BESS | Battery | 200 | Uralla, New South Wales, Australia | 5% | -- |
| Palauig 2 Solar | Solar | 300 | Zambales, Philippines | 68% | 31% |
| Pangasinan Solar | Solar | 60 | Pangasinan, Philippines | 93% | 60% |
| Pagudpud Wind | Solar | 160 | Ilocos Norte, Philippines | 99% | 98% |
| Stubbo Solar | Solar | 520 | Central Western Tablelands, New South Wales, Australia | 80% | 23% |
| New England Solar Farm 1 | Solar | 521 | Uralla, New South Wales, Australia | 100% | 98% |
| San Marcelino Solar (Phase 1 and 2)* | Solar | 385 | Zambales, Philippines | 100%* | 98% |
| Cagayan North Solar (Phase 1)* | Solar | 133 | Lal-lo Cagayan, Philippines | 100%* | 98% |

*Projects that are currently under testing and commissioning as of June 30, 2024

As at June 30, 2024 and 2023, unpaid property, plant and equipment acquisitions amounted to ₱1,152.87 million and ₱1,115.72 million, respectively.

Borrowing cost capitalized to property, plant, and equipment amounted to ₱1,409.29 million and ₱910.52 million for the six-month period ended June 30, 2024 and 2023, respectively (see Note 19). The capitalization rate used to determine the borrowing cost eligible for capitalization is 5.32% and 6.21% in 2024 and 2023, respectively.

For the six-month periods ended June 30, 2024 and 2023, depreciation charged to operations amounted to ₱484.18 million, and ₱460.09 million, respectively. The amount charged to general and administrative expenses account amounted to ₱287.18 million and ₱121.33 million, respectively (see Notes 17 and 18).

The Group's property, plant, and equipment with carrying value of ₱5,882.94 million, and ₱5,361.24 million as at June 30, 2024 and 2023, respectively, were mortgaged as security for the long-term loans of the Group. There are no other property, plant, and equipment that are used to secure the borrowings of the Group (see Note 13).

9. Right-of-Use Assets and Lease Liabilities

The roll forward of these accounts follows:

| | June 30, 2024 (Unaudited) | | | | | |
|--|---------------------------|-----------------------|--------------------------------|--------------------------|-------------------|-------------------|
| | Right-of-Use Assets | | | | | Lease Liabilities |
| | Land and Easement Rights | Land and Power plants | Office Space and Parking Slots | Land and Office Building | Total | |
| As at January 1, 2024 | ₱997,494 | ₱2,768,970 | ₱1,127,076 | ₱3,320,164 | ₱8,213,704 | ₱8,356,801 |
| New lease agreements | 22,328 | – | 104,713 | 4,390 | 131,431 | 60,101 |
| Amortization expense (Notes 17 and 18) | (5,554) | (34,775) | (89,907) | (18,546) | (148,782) | – |
| Remeasurement | (125) | 103,784 | 487,012 | 24,660 | 615,331 | 196,324 |
| Interest expense (Note 19) | – | – | – | – | – | 140,065 |
| Capitalized interest (amortization) | (23,612) | (10,716) | (91,103) | (27,411) | (152,842) | 124,297 |
| Reclassifications | – | – | 29,709 | (29,709) | – | – |
| Payments | – | – | – | – | – | (268,979) |
| Foreign exchange adjustments | – | – | 247,947 | – | 247,947 | 221,445 |
| As at June 30, 2024 | ₱990,531 | ₱2,827,263 | ₱1,815,447 | ₱3,273,548 | ₱8,906,789 | ₱8,830,054 |
| Less current portion | – | – | – | – | – | 1,091,669 |
| Noncurrent portion | ₱990,531 | ₱2,827,263 | ₱1,815,447 | ₱3,273,548 | ₱8,906,789 | ₱7,738,385 |

| | December 31, 2023 (Audited) | | | | | |
|--|-----------------------------|-----------------------|--------------------------------|--------------------------|-------------------|-------------------|
| | Right-of-Use Assets | | | | | Lease Liabilities |
| | Land and Easement Rights | Land and Power plants | Office Space and Parking Slots | Land and Office Building | Total | |
| As at January 1, 2023 | ₱159,478 | ₱1,966,849 | ₱921,258 | ₱679,062 | ₱3,726,647 | ₱4,465,021 |
| New lease agreements | 856,214 | 535,823 | 381,739 | 2,357,117 | 4,130,893 | 3,913,668 |
| Amortization expense (Notes 17 and 18) | (11,150) | (101,735) | (143,415) | (51,684) | (307,984) | – |
| Remeasurement | 19 | 376,324 | (4,685) | 337,924 | 709,582 | 384,807 |
| Reclassifications | 10,573 | – | – | (10,573) | – | – |
| Interest expense (Note 19) | – | – | – | – | – | 250,092 |
| Capitalized interest (amortization) | (17,640) | (8,291) | (27,446) | (66,521) | (119,898) | 208,695 |
| Payments | – | – | – | – | – | (773,325) |
| Foreign exchange adjustments | – | – | (375) | 74,839 | 74,464 | (92,157) |
| As at December 31, 2023 | ₱997,494 | ₱2,768,970 | ₱1,127,076 | ₱3,320,164 | ₱8,213,704 | ₱8,356,801 |
| Less current portion | – | – | – | – | – | 850,953 |
| Noncurrent portion | ₱997,494 | ₱2,768,970 | ₱1,127,076 | ₱3,320,164 | ₱8,213,704 | ₱7,505,848 |

There was no indicator of impairment identified on the right-of-use asset of the Group as at June 30, 2024 and December 31, 2023.

10. Goodwill and Other Intangible Assets

The rollforward of this account follows:

| | June 30, 2024 (Unaudited) | | | | |
|--|---------------------------|----------------------------|----------------------------|-------------------------|--------------------|
| | Goodwill | Deferred Exploration Costs | Leasehold and Water Rights | Other Intangible Assets | Total |
| Cost: | | | | | |
| Balance at beginning of period | ₱21,164,218 | ₱140,411 | ₱185,347 | ₱2,387,064 | ₱23,877,040 |
| Additions/Cash calls | – | – | – | 66,367 | 66,367 |
| Cumulative translation adjustment | 1,204,142 | – | – | – | 1,204,142 |
| Balance at end of period | 22,368,360 | 140,411 | 185,347 | 2,453,431 | 25,147,549 |
| Accumulated amortization: | | | | | |
| Balance at beginning of period | ₱– | ₱– | ₱56,997 | ₱568,614 | ₱625,611 |
| Amortization (Notes 17 and 18) | – | – | 4,233 | 75,492 | 79,725 |
| Balance at end of period | – | – | 61,230 | 644,106 | 705,336 |
| Allowance for impairment: | | | | | |
| Balance at beginning and end of period | – | 86,061 | – | – | 86,061 |
| Net book value | ₱22,368,360 | ₱54,350 | ₱124,117 | ₱1,809,325 | ₱24,356,152 |

| | December 31, 2023 (Audited) | | | | |
|--------------------------------------|-----------------------------|----------------------------|----------------------------|-------------------------|--------------------|
| | Goodwill | Deferred Exploration Costs | Leasehold and Water Rights | Other Intangible Assets | Total |
| Cost: | | | | | |
| Balance at beginning of year | ₱21,190,542 | ₱143,212 | ₱185,347 | ₱2,301,466 | ₱23,820,567 |
| Additions/Cash calls | – | 55 | – | 85,598 | 85,653 |
| Acquired from business combination | 218,201 | – | – | – | 218,201 |
| Recoveries from consortium partner | – | (2,856) | – | – | (2,856) |
| Cumulative translation adjustment | (244,525) | – | – | – | (244,525) |
| Balance at end of year | 21,164,218 | 140,411 | 185,347 | 2,387,064 | 23,877,040 |
| Accumulated amortization: | | | | | |
| Balance at beginning of year | ₱– | ₱– | ₱48,877 | ₱416,886 | ₱465,763 |
| Amortization (Notes 17 and 18) | – | – | 8,120 | 151,728 | 159,848 |
| Balance at end of year | – | – | 56,997 | 568,614 | 625,611 |
| Allowance for impairment: | | | | | |
| Balance at beginning and end of year | – | 86,061 | – | – | 86,061 |
| Net book value | ₱21,164,218 | ₱54,350 | ₱128,350 | ₱1,818,450 | ₱23,165,368 |

11. Other Assets

Other current assets

This account consists of:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|--|--|-----------------------------------|
| Prepaid expenses | P461,589 | P340,170 |
| Advances to contractors | 320,603 | 262,358 |
| Derivative asset | 111,029 | 177,828 |
| Other current assets | 35,673 | 2,703 |
| | 928,894 | 783,059 |
| Less allowance for impairment loss (Note 18) | 34,555 | 32,566 |
| | P894,339 | P750,493 |

Other noncurrent assets

This account consists of:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|-------------------------------------|--|-----------------------------------|
| Derivative assets (Notes 14 and 24) | P5,255,711 | P6,269,689 |
| Advances to suppliers | 2,957,169 | 1,649,900 |
| Advances for land acquisition | 1,363,316 | 1,247,725 |
| Development costs | 319,904 | 3,649,457 |
| Others | 576,218 | 321,480 |
| | P10,472,318 | P13,138,251 |

Derivative assets include the 20-year Long Term Energy Supply Agreements (LTESA) secured by ACEN Australia for its solar projects at the New South Wales (NSW) Government's first renewable energy and storage auction. LTESAs for ACEN Australia's 720 MW (936 MWdc) New England Solar Project (NESF 1 and NESF 2) and 400 MW (520 MWdc) Stubbo Solar Project (Stubbo) were secured through the NSW Consumer Trustee's inaugural tender for renewable generation and long duration storage.

LTESA gives the generator the right, but not the obligation, to enter into a strip of two-year electricity swap contracts from July 1, 2026 to June 30, 2047 (referred to as "Swaptions"). If a Swaption is exercised the swap would settle based on the difference between the LTESA fixed price (subject to annual CPI escalation) and the Australia's National Electricity Market (NEM) spot rate for each MWh of energy produced. The generator receives spot from Australian Energy Market Operator (AEMO), then pays spot to the Scheme Financial Vehicle (SFV) and receives fixed from SFV.

The LTESA contract comprises of a series of ten consecutive swaptions that would deliver a two-year swap if exercised. Each swaption must be exercised in the period of 6-12 months to the swap effective date. If none of the swaptions are exercised then no cash is exchanged between the SFV and the generator over the life of the arrangement, and the claw back mechanism will come into effect. If SFV has been the net payer under the LTESA; and dispatch weighted average price is above its repayment threshold price per contract, then NESF or Stubbo must pay SFV the repayment amount.

The repayment money is capped at the amount previously received by NESF or Stubbo during the swaption.

Maturity date of LTESA for NESF and Stubbo is on June 30, 2046 and June 30, 2047, respectively.

Development costs include expenditures related to the development phase of renewable power plant project. These include direct expenses that will be reclassified as part of property, plant and equipment upon achievement of certain milestones (e.g. start of construction). These costs are not depreciated or amortized until such time as the relevant assets are completed and available for use. Development cost amounting to ₱5,305.76 million (US\$90.53 million) relating to New England Solar Farm 1 was reclassified to property, plant, and equipment upon commercial operations on May 1, 2024.

The remaining development costs for the six-month period ended June 30, 2024 is for the Quezon North 1 Wind project of the Group.

12. Accounts Payable and Other Current Liabilities

This account consists of:

| | June 30, 2024 | December 31, 2023 |
|--|--------------------------|----------------------|
| | (Unaudited) | (Audited) |
| Nontrade payables | ₱6,712,978 | ₱4,285,756 |
| Accrued expenses | 3,342,878 | 2,782,479 |
| Due to related parties (Note 22) | 2,515,864 | 3,195,376 |
| Trade payables | 2,203,826 | 3,095,742 |
| Output VAT – net | 1,281,307 | 1,294,739 |
| Accrued interest expenses | 1,222,777 | 853,578 |
| Retention payable | 410,563 | 388,404 |
| Accrued director's and annual incentives | 231,027 | 191,792 |
| Derivative liability (Note 25) | 783 | 10,563 |
| Others | 57,052 | 46,957 |
| | ₱17,979,055 | ₱16,145,386 |

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

Short-term Loans

This account consists of:

| | June 30, 2024 | December 31, 2023 |
|---------------------------|--------------------------|----------------------|
| | (Unaudited) | (Audited) |
| As at beginning of period | ₱1,500,000 | ₱2,900,000 |
| Availments | 2,700,000 | 9,000,000 |
| Payments | (3,500,000) | (10,400,000) |
| As at end of period | ₱700,000 | ₱1,500,000 |

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Interest range of short-term loan from local banks is 5.90% to 6.20% and 5.52% to 6.50% in June 30, 2024 and December 31, 2023, respectively.

Total interest expense recognized on short-term loans amounted to ₱36.96 million and ₱85.09 million for the six-month period ended June 30, 2024 and 2023.

Long-term Loans

This account consists of:

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|-----------------------------|-------------------|-------------------|-------------------|---|--|--|------------------------------|--------------------------------|
| ACEN | | | | | | | | |
| ₱1,500.00 million Loan A | ₱1,175.00 million | January 11, 2017 | July 11, 2029 | 6.50% per annum | Principal and interest payable semi-annual | Maximum net DE ratio of 3.0x* Based on ACEN consolidated year-end balances. Tested semi-annual *On August 24, 2022, lender approved amendment to financial covenants. Previously, covenant included minimum DSCR 1.00x; maximum DE ratio of 1.50x; and minimum current ratio of 1.00x. These changes were formalized in the Amended and Restated Term Loan Agreement executed subsequently on January 29, 2024. | ₱563,570 | ₱611,313 |
| ₱5,000.00 million Loan B | ₱5,000.00 million | November 15, 2019 | November 14, 2029 | 5.0505% per annum for the first 5 years; repricing for the succeeding five (5) years is the average of the 5-year BVAL, three (3) days prior to repricing date, plus an agreed margin, with the sum divided by 0.95 | Principal and interest payable semi-annual | Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual | 4,763,158 | 4,789,473 |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|-----------------------------|-------------------|-------------------|---------------|--|--|---|------------------------------|--------------------------------|
| ₱7,000.00 million Loan C | ₱500.00 million | July 15, 2020 | July 15, 2030 | 5.00% per annum | Principal and interest payable semi-annual | Maximum net DE ratio of 3.0x | ₱6,865,000 | ₱6,907,000 |
| | ₱1,000.00 million | August 24, 2020 | July 15, 2030 | 5.00% per annum | | Based on ACEN consolidated year-end balances. | | |
| | ₱1,000.00 million | June 10, 2022 | July 15, 2030 | 5.066% per annum; repricing for the 4 th and 7 th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin | Principal and interest payable quarterly | Tested semi-annual | | |
| | ₱2,000.00 million | November 15, 2022 | July 15, 2030 | 7.1720% per annum; repricing for the 3 rd and 6 th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin | | | | |
| | ₱2,500.00 million | January 13, 2023 | July 15, 2030 | 6.4580% per annum; repricing on the 4 th and 7 th anniversaries of the initial drawdown is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin | | | | |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|------------------------------|-------------------|-------------------|-------------------|--|--|---|---------------------------|-----------------------------|
| ₱4,500.00 million Loan D | ₱805.00 million | March 30, 2021 | March 30, 2031 | 7.2500% per annum | Principal and interest payable semi-annual | Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual | ₱4,455,000 | ₱4,477,500 |
| | ₱2,000.00 million | February 28, 2022 | March 30, 2031 | 7.2500% per annum | | | | |
| | ₱1,695.00 million | April 11, 2022 | March 30, 2031 | 7.2500% per annum Floating interest rate repriced on every succeeding semi-annual period. Can be converted to fixed up to the 2 nd anniversary of initial drawdown. | | | | |
| ₱10,000.00 million Loan E | ₱3,000.00 million | December 13, 2022 | December 13, 2032 | 6.2481% per annum | Principal and interest payable semi-annual | Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual | 6,000,000 | 6,000,000 |
| | ₱3,000.00 million | January 27, 2023 | December 13, 2032 | 6.5826% per annum Floating interest rate repriced on every succeeding semi-annual period. Can be converted to fixed up to the 1 st anniversary of initial drawdown. | | | | |
| ₱10,000.00 million Loan F | ₱250.00 million | August 17, 2023 | August 17, 2033 | 7.0891% per annum for the first 2 years; repricing for the 2 nd , 4 th , 6 th , and 8 th anniversaries is the Final BVAL, one (1) banking day prior to repricing date, plus an agreed margin | Principal and interest payable semi-annual | Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual | 247,375 | 250,000 |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|------------------------------|-------------------|-------------------|-------------------|---|--|---|------------------------------|--------------------------------|
| ₱5,000.00 million Loan G | ₱500.00 million | October 24, 2023 | October 24, 2033 | 6.5023% per annum Floating interest rate repriced on every succeeding quarterly period. Can be converted to fixed up to 12 months from initial drawdown. | Principal and interest payable quarterly | Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual | ₱500,000 | ₱500,000 |
| ₱20,000.00 million Loan H | ₱500.00 million | December 22, 2023 | December 22, 2033 | 6.5000% per annum Floating interest rate can be converted to fixed up to 12 months from initial drawdown; subject to repricing after sixty (60) months from fixed interest setting date. | Principal and interest payable quarterly | Maximum net DE ratio of 3.0x Based on the ACEN consolidated year-end balances. Tested semi-annual | 500,000 | 500,000 |
| NorthWind | | | | | | | | |
| ₱2,300.00 million Loan | ₱2,300.00 million | May 29, 2020 | May 29, 2032 | Fixed at a rate of 5.1250% for ten (10) years to be repriced after the 10 th anniversary at a rate equivalent to (a) the 2-year base fixed rate plus an agreed spread | Principal and interest payable semi-annual | Minimum historical DSCR of 1.05 times Based on the stand-alone balances of the borrower. Tested semi-annually. | 1,694,640 | 1,777,670 |
| Guimaras Wind | | | | | | | | |
| ₱4,300.00 million Loan | ₱4,300.00 million | February 14, 2014 | February 14, 2029 | 6.31%-6.74% fixed rate | Principal and interest payable semi-annual | Minimum DSCR of 1.2x, a maximum Debt to equity ratio of 70:30. Based on the stand-alone balances of the borrower. Tested semi-annually. | 904,070 | 987,746 |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|------------------------|--------------------|--------------------|--|--|--|------------------------------|--------------------------------|
| Monte Solar Energy, Inc. ("MONTESOL") | | | | | | | | |
| ₱600.00 million Loan | ₱600.00 million | September 20, 2023 | September 20, 2035 | Fixed at a rate of 7.1542% for two (2) years to be repriced one business day prior to the 2 nd and 7 th anniversary of the initial drawdown date at a rate equivalent to (a) the 5-year Base Rate-Fixed plus an agreed spread, divided by the Interest Premium Factor, or (b) five hundred seventy-five basis points (5.50%), divided by the Interest Premium Factor, whichever is higher | Principal and interest payable semi-annual | Minimum historical DSCR of 1.05 times Distribution DSCR of 1.2 times. Based on the standalone balances of the Borrower. Tested semi-annually. | ₱574,998 | ₱600,000 |
| San Carlos Solar Energy Inc. ("SACASOL") | | | | | | | | |
| ₱1,400.00 million Loan | ₱1,400.00 million Loan | May 22, 2024 | May 22, 2034 | Floating at a rate of 7.3232% for three (3) months to be repriced one banking day prior to the first day of each interest period at a rate equivalent to (a) the three (3)-day average of the three (3)-month PHP BVAL Reference Rate plus Margin, or (b) the BSP Overnight Lending Facility per annum plus twenty-five basis points (0.25%) per annum, in each case divided by the Interest Premium Factor, whichever is higher | Principal and interest payable quarterly | <ul style="list-style-type: none"> On each calculation date, maintain a Debt Service Coverage Ratio of at least 1.10x From initial borrowing date, maintain a Net Debt to Equity Ratio of a maximum of 70:30 From initial borrowing date, maintain a Dividend DSCR of at least 1.20x, based on standalone balances of the borrower. Tested semi-annually. | 1,400,000 | — |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|--|-------------------|-------------------|------------------|--|--|---|------------------------------|--------------------------------|
| ACEN International, Inc. (ACEN International)* | | | | | | | | |
| ₱7,000.00 million Loan | ₱198.00 million | January 22, 2024 | January 31, 2031 | 6.8502% per annum; repricing for the 36th month at a rate of whichever is higher of (i) moving average of the 4-year BVAL plus margin divided by 0.95; and (ii) 3.25% per annum divided by 0.95. | Principal and interest payable semi-annual | Maximum net DE ratio of 3.0x Based on ACEN International consolidated year-end balances. Tested semi-annual | 1,856,474 | - |
| | ₱285.00 million | February 16, 2024 | January 31, 2031 | 6.9946% per annum; repricing for the 36th month at a rate of whichever is higher of (i) moving average of the 4-year BVAL plus margin divided by 0.95; and (ii) 3.25% per annum divided by 0.95. | | | | |
| | ₱164.47 million | April 24, 2024 | January 31, 2031 | 7.4635% per annum; repricing for the 36th month at a rate of whichever is higher of (i) moving average of the 4-year BVAL plus margin divided by 0.95; and (ii) 3.25% per annum divided by 0.95. | | | | |
| | ₱1,209.00 million | June 21, 2024 | January 31, 2031 | 7.2640% per annum; repricing for the 36th month at a rate of whichever is higher of (i) moving average of the 4-year BVAL plus margin divided by 0.95; and (ii) 3.25% per annum divided by 0.95. | | | | |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|--|-------------------|-------------------|------------------|-------------------|--|---|------------------------------|--------------------------------|
| ACEN Renewables International Pte. Ltd (ACRI) | | | | | | | | |
| AU\$75.00 million | AU\$12.00 million | April 17, 2024 | December 7, 2028 | 5.8091% per annum | Interest is payable quarterly from date of availment; Principal is bullet payment on maturity date | Net DE Ratio of 3.00:1.00. Based on ACRI consolidated Net debt and Total Equity expressed in Singaporean Dollars. Quarterly, together with financial statements. | 1,798,332 | - |
| | AU\$34.00 million | June 18, 2024 | December 7, 2028 | 5.8214% per annum | | | | |
| ACEN Cayman Limited | | | | | | | | |
| \$140.00 million Loan | \$140.00 million | January 23, 2024 | January 23, 2027 | 5.3980% per annum | Principal payable on maturity date; interest payable quarterly | Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual | 8,205,400 | - |
| \$180.00 million Loan | \$180.00 million | January 19, 2024 | January 19, 2029 | 5.3060% per annum | Principal and interest payable semi-annual | Maximum net DE ratio of 3.0x Based on ACEN consolidated year-end balances. Tested semi-annual | 10,549,800 | - |
| ACEN Australia Pty Ltd. ("ACEN Australia") | | | | | | | | |
| AU\$100 million Loan | AU\$34.54 million | August 18, 2022 | August 18, 2027 | 5.2494% per annum | 3 or 6 months with automatic rollover but not to exceed the maturity date | Net DE Ratio of 3.0x. Based on the ACEN CORPORATION consolidated year-end balances. Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level. Semi annually, together with financial statements. | 2,634,619 | 1,646,345 |
| | AU\$0.344 million | February 21, 2023 | August 18, 2027 | 5.2494% per annum | | | | |
| | AU\$9.00 million | April 12, 2023 | August 18, 2027 | 5.3554% per annum | | | | |
| | AU\$0.504 million | May 22, 2023 | August 18, 2027 | 5.6667% per annum | | | | |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|----------------------|--------------------|--------------------|--------------------|-------------------|--|---|---------------------------|-----------------------------|
| | AU\$67.39 million | August 18, 2022 | August 18, 2027 | 6.0725% per annum | | | | |
| AU\$140 million Loan | AU\$28.36 million | September 16, 2022 | September 16, 2027 | 4.884% per annum | Principal Repayment on Termination Date. Interest payments 3 or 6 months, or any other period greater than 1 month agreed with Lender. | Net DE Ratio of 3.0x. Based on the ACEN CORPORATION consolidated year-end balances. Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level. Semi annually, together with financial statements. | 5,413,696 | 2,810,380 |
| | AU\$11.00 million | January 23, 2023 | September 16, 2027 | 4.8683% per annum | | | | |
| | AU\$14.42 million | March 16, 2023 | September 16, 2027 | 5.3615% per annum | | | | |
| | AU\$5.00 million | May 18, 2023 | September 16, 2027 | 5.5114% per annum | | | | |
| | AU\$2.00 million | June 20, 2023 | September 16, 2027 | 6.0016% per annum | | | | |
| | AU\$15.00 million | September 4, 2023 | September 16, 2027 | 5.7845% per annum | | | | |
| | AU\$23.00 million | February 21, 2024 | September 16, 2027 | 6.0326% per annum | | | | |
| | AU\$ 18.20 million | April 15, 2024 | September 16, 2027 | 6.0012% per annum | | | | |
| | AU\$21.50 million | May 20, 2024 | September 16, 2027 | 6.0704% per annum | | | | |
| AU\$1.52 million | July 15, 2024 | September 16, 2027 | 6.0387% per annum | | | | | |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|-------------------------|--------------------|--------------------|-------------------|-------------------|--|---|---------------------------|-----------------------------|
| AU\$75.00 million Loan | AU\$0.38 million | October 28, 2022 | October 28, 2027 | 6.4275% per annum | Principal Repayment on Termination Date. Interest payments 6 months, or any other period greater than 1 month as agreed with Lender. | Net DE Ratio of 3.0x. Based on the ACEN CORPORATION consolidated year-end balances. Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level. Semi annually, together with financial statements. | 2,618,333 | 1,571,556 |
| | AU\$5.00 million | May 17, 2023 | October 28, 2027 | 6.4275% per annum | | | | |
| | AU\$7.00 million | August 24, 2023 | October 28, 2027 | 6.4275% per annum | | | | |
| | AU\$15.00 million | September 24, 2023 | October 28, 2027 | 6.4275% per annum | | | | |
| | AU\$15.00 million | November 5, 2023 | October 28, 2027 | 6.4275% per annum | | | | |
| AU\$24.60 million | April 18, 2024 | October 28, 2027 | 6.4275% per annum | | | | | |
| AU\$204.54 million Loan | AU\$157.78 million | February 11, 2021 | December 22, 2025 | 2.25% per annum | Principal Repayment based on agreed schedule. Interest payments 3 or 6 months or any such shorter period agreed. | Default DSCR Ratio of 1.15x, 12 months backward and forward looking. Secured by Property Based on the ACEN consolidated year-end balances. Tested quarterly after conversion to operation term facility. | 7,293,866 | 7,560,254 |
| | AU\$6.125 million | January 22, 2023 | December 22, 2025 | | | | | |
| | AU\$0.699 million | February 22, 2023 | December 22, 2025 | | | | | |
| | AU\$6.00 million | March 16, 2023 | December 22, 2025 | | | | | |
| | AU\$0.610 million | March 22, 2023 | December 22, 2025 | | | | | |
| AU\$18.00 million | April 24, 2023 | December 22, 2025 | | | | | | |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|-------------------------|--------------------|--------------------|-------------------|-------------------|--|---|---------------------------|-----------------------------|
| | AU\$2.50 million | May 18, 2023 | December 22, 2025 | | | | | |
| | AU\$2.406 million | June 22, 2023 | December 22, 2025 | | | | | |
| | AU\$5.00 million | September 4, 2023 | December 22, 2025 | | | | | |
| | AU\$2.844 million | September 22, 2023 | December 22, 2025 | | | | | |
| | AU\$0.953 million | October 23, 2023 | December 22, 2025 | | | | | |
| | AU\$0.931 million | November 22, 2023 | December 22, 2025 | | | | | |
| | AU\$0.969 million | December 22, 2023 | December 22, 2025 | | | | | |
| | AU\$203.85 million | February 11, 2021 | December 22, 2025 | | | | | |
| | AU\$13.84 million | April 23, 2024 | December 22, 2025 | 2.903% per annum | | | | |
| | AU\$3.44 million | June 24, 2024 | December 22, 2025 | | | | | |
| AU\$277.00 million Loan | AU\$2.64 million | January 11, 2023 | January 6, 2028 | 5.5217% per annum | Principal Repayment on Termination Date. Interest periods may be | Net DE Ratio of 3.0x. Based on the ACEN CORPORATION consolidated year-end balances. | 7,271,162 | 4,950,760 |
| | AU\$70.00 million | February 3, 2023 | January 6, 2028 | 5.0350% per annum | | | | |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|-------------------|-------------------|-------------------|-------------------|-------------------|--|---|---------------------------|-----------------------------|
| | AU\$0.86 million | May 3, 2023 | January 6, 2028 | 5.5740% per annum | selected from one, 3 or 6 months. Or any other period greater than one month as agreed. | Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level. Semi annually, together with financial statements. | | |
| | AU\$10.00 million | June 20, 2023 | January 6, 2028 | 5.8601% per annum | | | | |
| | AU\$20.00 million | October 26, 2023 | January 6, 2028 | 6.0326% per annum | | | | |
| | AU\$25.67 million | December 20, 2023 | January 6, 2028 | 6.0653% per annum | | | | |
| | AU\$4.322 million | December 21, 2023 | January 6, 2028 | 6.0633% per annum | | | | |
| | AU\$23.0 million | March 20, 2024 | January 6, 2028 | 6.0040% per annum | | | | |
| | AU\$29.5 million | June 20, 2024 | January 6, 2028 | 6.0800% per annum | | | | |
| | AU\$10.00 million | July 15, 2024 | January 6, 2028 | 6.1167% per annum | | | | |
| AU\$75.00 million | AU\$0.30 million | February 26, 2024 | February 26, 2028 | 6.1849% per annum | Borrower shall repay loan in full on the termination date. Interest periods may be selected from one, 3 or 6 months. Or any other period greater than one month as agreed. | Net DE Ratio of 3.0x. Based on the ACEN CORPORATION consolidated year-end balances. Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level. Semi annually, together with financial statements. | 265,840 | - |
| | AU\$5.0 million | April 03, 2024 | February 26, 2028 | 6.1680% per annum | | | | |
| | AU\$1.5 million | June 20, 2024 | February 26, 2028 | 6.0525% per annum | | | | |

| Facility | Loan Availed | Date of Availment | Maturity | Interest Rate | Payment Terms | Covenants / Collateral | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---|------------------|-------------------|-------------------|-------------------|--|---|------------------------------|--------------------------------|
| AU\$75.00 million | AU\$0.45 million | February 26, 2024 | February 26, 2028 | 6.1849% per annum | Borrower shall repay loan in full on the termination date. Interest periods may be selected from one, 3 or 6 months. Or any other period greater than one month as agreed. | Net DE Ratio of 3.0x. Based on the ACEN CORPORATION consolidated year-end balances. Tangible Net worth of AU\$150 million at ACEN Australia Pty Ltd level. Semi annually, together with financial statements. | 271,704 | - |
| | AU\$5.0 million | April 03, 2024 | February 26, 2028 | 6.1597% per annum | | | | |
| | AU\$1.5 million | June 20, 2024 | February 26, 2028 | 6.0463% per annum | | | | |
| Totals | | | | | | | P76,647,037 | P45,939,997 |
| Less unamortized debt issue cost | | | | | | | 329,256 | 165,320 |
| Less current portion | | | | | | | 76,317,781 | 45,774,677 |
| Long-term loans, net of current portion | | | | | | | P74,909,036 | P44,485,573 |

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The roll forward of this account follows:

| | June 30, 2024 | December 31, 2023 |
|------------------------------------|--------------------------|----------------------|
| | (Unaudited) | (Audited) |
| As at beginning of period | ₱45,939,997 | ₱28,905,691 |
| Availment | 29,846,006 | 17,586,442 |
| Payment | (1,008,474) | (541,690) |
| Cumulative translation adjustments | 1,869,508 | (10,446) |
| | 76,647,037 | 45,939,997 |
| Less unamortized debt issue cost | 329,256 | 165,320 |
| As at end of period | ₱76,317,781 | ₱45,774,677 |

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

| | June 30, 2024 | December 31, 2023 |
|----------------------------------|--------------------------|----------------------|
| | (Unaudited) | (Audited) |
| As at beginning of period | ₱165,320 | ₱134,403 |
| Additions | 190,724 | 55,125 |
| Amortization/accretion (Note 19) | (26,788) | (24,208) |
| As at end of period | ₱329,256 | ₱165,320 |

SACASOL

On May 17, 2024, the Company entered into an Omnibus Loan and Security Agreement (“OLSA”) with a local bank for a long-term loan facility of up to 1,400.00 million. The proceeds of the loan shall be used for (i) general corporate funding requirements and (ii) for upstreaming to SACASOL’s shareholders through payment of dividends, advances, and/or preferred share redemption. The loan shall be repaid in 40 straight-line quarterly amortizations. The interest rate is floating at a rate of 7.3232% for three (3) months to be repriced one banking day prior to the first day of each interest period at a rate equivalent to (a) the three (3)-day average of the three (3)-month PHP BVAL Reference Rate plus Margin, or (b) the BSP Overnight Lending Facility per annum plus twenty-five basis points (0.25%) per annum, in each case divided by the Interest Premium Factor, whichever is higher.

The Omnibus Loan and Security Agreement includes a prepayment clause that allows SACASOL to make voluntary prepayments, whether in full or in part, commencing at the end of the second (2nd) year from initial advance date (May 22, 2024) and on any interest payment date thereafter, together with accrued interest thereon up to and including the date immediately preceding the date of prepayment, subject to the payment of applicable prepayment penalty, at least 30 days prior written notice to the lender, and in multiples of fifty 50 million.

The long-term loan facility is guaranteed by ACEN.

Loan Covenants

SACASOL's compliance with the debt covenants is assessed semi-annually and will start on June 30, 2025. SACASOL shall maintain a DSCR of at least 1.10x, Net Debt to Equity Ratio of a maximum of 70:30, and Dividend DSCR of at least 1.20x.

Total interest expense and other financing charges recognized on long-term loans amounted to ₱1,395.55 million and ₱746.51 million for the six-month period ended June 30, 2024 and 2023, respectively (see Note 19).

Compliance with covenants

Except for the long-term loans drawn during the year with the covenant to be tested using year end balances (i.e., December 31, 2024 balances), the Group has complied with the covenants required by the long-term loans payable as at June 30, 2024, and December 31, 2023.

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

Notes payable

The roll forward of this account follows:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|--|--|-----------------------------------|
| Principal | | |
| Balance at beginning and end of period | ₱30,383,600 | ₱30,383,600 |
| Debt issue cost | | |
| Balance at beginning of period | 134,704 | 198,773 |
| Amortization (Note 19) | (12,107) | (64,069) |
| Balance at end of period | 122,597 | 134,704 |
| Cumulative translation adjustment | 3,068,459 | 1,754,898 |
| | ₱33,329,462 | ₱32,003,794 |

For the six-months period ended June 30, 2024 and 2023, total interest expense and other financing charges recognized on the US dollar Green Bonds amounted to US\$8.31 million (₱472.81 million) and US\$5.11 million (₱285.58 million), respectively.

For the six-months ended June 30, 2024 and 2023, total interest expense and other financing charges recognized on the Peso Green Bonds amounted to ₱300.82 million and ₱183.17 million, respectively (see Note 19).

The prepayment option on all long-term loans were assessed to be embedded that is clearly and closely related to the host contract, therefore, not required to be bifurcated.

Compliance with covenants

The Group has complied with the covenants required by the notes payable as at June 30, 2024, and December 31, 2023.

14. Other Noncurrent Liabilities

This account consists of:

| | June 30, 2024 | December 31, 2023 |
|--|--------------------------|----------------------|
| | (Unaudited) | (Audited) |
| Unearned revenues (Note 11) | ₱5,566,924 | ₱5,184,182 |
| Asset retirement obligations | 1,204,653 | 757,245 |
| Derivative liability | 337,235 | 12,437 |
| Provision for Employee Benefits / long service leave | 135,551 | 39,694 |
| Contract liabilities | 60,825 | 60,609 |
| Deposit payable | 54,592 | 65,016 |
| Retention payable | 16,683 | 6,932 |
| Nontrade payable | 1,633 | 133,351 |
| Others | 33,318 | 84,538 |
| | ₱7,411,414 | ₱6,344,004 |

15. Equity

Capital Stock

This account consists of:

| Class of share | Common | Redeemable Preferred | Total |
|--|-----------------------|-------------------------|-----------------------|
| Authorized shares | 48,300,000,000 | 100,000,000 | 48,400,000,000 |
| Par value | ₱1 | ₱1 | ₱1 |
| Balances at December 31, 2022 | 39,691,894,773 | - | 39,691,894,773 |
| Issuance of new shares | - | 25,000,000 | 25,000,000 |
| Balances at December 31, 2023 and June 30, 2024 | 39,691,894,773 | 25,000,000 | 39,716,894,773 |

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

| | June 30, 2024 |
|-----------------------------|----------------------|
| Common shares | 4,462 |
| Redeemable preferred shares | 10 |

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 |

(Forward)

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| Year Approval | No. of shares Registered | No. of shares Issued | Par Value |
|---------------|--------------------------|-----------------------|-----------|
| 2012 | 4,200,000,000 | 2,027,395,343 | ₱1.00 |
| 2013 | – | 6,603,887 | 1.00 |
| 2014 | – | 1,283,332 | 1.00 |
| 2016 | – | 20,751,819 | 1.00 |
| 2017 | – | 3,877,014 | 1.00 |
| 2019 | – | 2,632,000,000 | 1.00 |
| 2020 | 16,000,000,000 | 6,185,182,288 | 1.00 |
| 2021 | 24,000,000,000 | 24,623,380,967 | 1.00 |
| 2022 | – | 1,361,556,596 | 1.00 |
| Total | 48,400,000,000 | 39,691,894,773 | |

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

**Equivalent number of shares at ₱1.00 par.

Additional Paid-in Capital

The roll forward of this account follows:

| Class of share | Additional Paid-In Capital (Amount) | | |
|--|-------------------------------------|------------------------|-------------------------|
| | Common | Redeemable Preferred | Total |
| Balances at December 31, 2022 | ₱107,492,243,548 | ₱– | ₱107,492,243,548 |
| Issuance of capital stock | – | 24,975,000,000 | 24,975,000,000 |
| Share issuance cost | – | (171,554,704) | (171,554,704) |
| Balances at December 31, 2023 and June 30, 2024 | ₱107,492,243,548 | ₱24,803,445,296 | ₱132,295,688,844 |

Cumulative Translation Adjustments

This account pertains to cumulative translation adjustments of subsidiaries with functional currency other than the Group's presentation currency (see Note 2). Exchange differences arising from translation of foreign operations for the period ended June 30, 2024 and December 31, 2023 follows:

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|---------------------------------|---------------------------------|-----------------------------------|
| ACRI | (\$210,228) | (\$153,098) |
| ACEN Cayman | (66,560) | (52,907) |
| Others | 61 | (23) |
| Consolidations and eliminations | 60,780 | 25,955 |
| | (\$215,947) | (\$180,073) |
| Attributable to: | | |
| Equity holders of the Parent | (\$216,553) | (\$181,448) |
| Non-controlling interest | \$606 | 1,375 |
| | (\$215,947) | (\$180,073) |

Retained Earnings

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

Retained earnings not available for dividend declaration are included in the Group's retained earnings to the extent of (a) accumulated equity in undistributed net earnings of consolidated subsidiaries, and associates and joint ventures accounted for under equity method amounting to ₱41,538.54 million and ₱41,459.53 million as at June 30, 2024 and December 31, 2023, respectively and (b) the cost of treasury shares amounting to ₱28.66 million as at June 30, 2024 and December 31, 2023.

As at June 30, 2024 and December 31, 2023, deferred tax liabilities have not been recognized on undistributed earnings of and cumulative translation adjustment of foreign subsidiaries since the timing of the reversal of the temporary difference can be controlled by the Group. Management does not expect the reversal of the temporary differences in the foreseeable future. The undistributed earnings and cumulative translation adjustment amounted to US\$952.94 million (₱52,085.92 million) and US\$669.84 million (₱25,246.02 million) as at June 30, 2024 and December 31, 2023, respectively.

Dividends*Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA) Series B Preferred Shares (ACENB)*

Pursuant to the November 16, 2023 approval of the BOD of the schedule of 2024 dividends and payments date for the ACEN's Preferred Shares, and authority delegated by the Board to Management:

On February 8, 2024, the BOD of ACEN approved the declaration of the first quarter of 2024 cash dividends on the ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB):

| | ACENA | ACENB |
|--------------------|------------------------|------------------------|
| Dividend Rate | ¼ of 7.1330% per annum | ¼ of 8.0000% per annum |
| Dividend Per Share | ₱17.8325 per share | ₱20.0000 per share |
| Dividends | ₱148,750 | ₱333,170 |

Total dividends amounting to ₱481.92 million were paid on February 29, 2024.

On May 6, 2024 the Management of ACEN approved the declaration of the second quarter cash dividends on the ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB):

| | ACENA | ACENB |
|--------------------|------------------------|------------------------|
| Dividend Rate | ¼ of 7.1330% per annum | ¼ of 8.0000% per annum |
| Dividend Per Share | ₱17.8325 per share | ₱20.0000 per share |

Total dividends amounting to ₱481.92 million were paid on June 3, 2024.

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Declaration of cash dividends on common shares

On June 26, 2024, the BOD of ACEN approved the declaration of cash dividends of five centavos (₱0.05) per share on the 39,677,394,773 outstanding common shares of ACEN, or a total dividend amounting to ₱1,983.87 million, paid on July 25, 2024, to the shareholders on record as at July 11, 2024.

Non-controlling Interest (NCI)

The roll forward of this account is as follows:

| | June 30, 2024 | December 31, 2023 |
|--|--------------------------|----------------------|
| | (Unaudited) | (Audited) |
| Balance at beginning of year | ₱29,903,540 | ₱31,859,767 |
| Net income attributable to NCI | 654,831 | 1,710,534 |
| Capital infusion of NCI in a subsidiary (Note 2) | 56,331 | – |
| Cumulative translation adjustments | 35,515 | 76,149 |
| Capital redemption of NCI in a subsidiary | (20,129,241) | – |
| Dividends | (370,245) | (1,882,833) |
| Acquisition of NCI | – | (1,860,077) |
| Balance at end of year | ₱10,150,731 | ₱29,903,540 |

On January 23, 2024, ACEN Cayman through unanimous approval of its BOD redeemed US\$352.00 million (₱19,808.80 million) worth of redeemable preferred shares held by AC Energy Finance International Limited (ACEFIL). The redeemable preferred shares were subscribed by ACEFIL at par value of US\$1.00 each. Redemptions were made to the following shares:

- a. 280,000,000 Class A1 redeemable preferred shares with par value of US\$1.00 each;
- b. 12,000,000 Class A1-2 redeemable preferred shares with par value of US\$1.00 each; and
- c. 60,000,000 Class A3 redeemable preferred shares with par value of US\$1.00 each.

Dividends

For the six-month periods ended June 30, 2024 and 2023, ACEN Cayman declared dividends to its shareholder, AC Energy Finance International Limited, of US\$6.47 million (₱370.25 million) and US\$13.74 million (₱759.27 million), respectively.

Other Equity Reserves

This account consists of:

| | June 30, 2024 | December 31, 2023 |
|--|--------------------------|----------------------|
| | (Unaudited) | (Audited) |
| Effect of: | | |
| Common control business combinations | (₱53,269,303) | (₱53,269,303) |
| Purchase of: | | |
| 20% in UPC-ACE Australia shares | (2,864,605) | (2,864,605) |
| 20% in SLTEC | (2,229,587) | (2,229,587) |
| 32% in NorthWind | (723,974) | (723,974) |
| 34% in MSPDC | (261,728) | (261,728) |
| Various interest in other subsidiaries | (119,486) | (119,486) |
| Others | 18,338 | 18,338 |
| | (₱59,450,345) | (₱59,450,345) |

Capital Management

The primary objective of the Group's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjusts 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. No changes were made in the objectives, policies, or processes for the six-month period ended June 30, 2024 and year ended December 31, 2023. The Group considers its total equity as capital.

The loan agreements on long-term debt of the Parent Company and some subsidiaries provide for certain restrictions and requirements with respect to, among others, payment of dividends, incurrence of additional liabilities, investment and guarantees, mergers or consolidations or other material changes in their ownership, corporate set-up or management, acquisition of treasury stock, disposition and mortgage of assets and maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the Group as at June 30, 2024 and December 31, 2023.

16. Revenue from Sale of Electricity

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

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|-------------------------------------|--|-------------|--|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Revenue from power supply contracts | ₱5,471,931 | ₱7,245,349 | ₱11,221,637 | ₱12,145,587 |
| Revenue from power generation | 3,713,119 | 4,017,205 | 7,729,508 | 8,139,981 |
| | ₱9,185,050 | ₱11,262,554 | ₱18,951,145 | ₱20,285,568 |

17. Costs of Sale of Electricity

This account consists of:

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|---|--|------------|--|-------------|
| | 2024 | 2023 | 2024 | 2023 |
| Costs of purchased power | ₱4,454,654 | ₱7,559,357 | ₱10,624,092 | ₱14,803,088 |
| Depreciation and amortization (Notes 8, 9 and 10) | 293,349 | 284,404 | 613,627 | 583,778 |
| Fuel | 691,774 | 891,109 | 799,361 | 1,060,794 |
| Others | 525,552 | 421,761 | 992,322 | 828,372 |
| Taxes and licenses | 136,820 | 112,491 | 275,158 | 231,729 |
| Repairs and maintenance | 125,222 | 106,322 | 247,609 | 229,505 |
| Salaries and directors' fees | 60,843 | 72,742 | 124,322 | 112,238 |
| Transmission costs | 50,095 | 29,204 | 88,377 | 49,709 |
| Insurance | 43,969 | 30,261 | 72,042 | 61,104 |
| Contractor's fee | 27,000 | 24,492 | 52,916 | 48,264 |
| Rent | 39,122 | 14,575 | 51,428 | 30,940 |
| Filing fees | 1,741 | 1,104 | 7,300 | 2,517 |
| Communication | 3,193 | 4,190 | 6,519 | 7,398 |
| Transportation and travel | 3,603 | 4,748 | 6,086 | 7,388 |
| Pension and other employee benefits | 1,995 | 1,684 | 3,964 | 3,571 |
| Others | 31,949 | 19,948 | 56,601 | 44,009 |
| | ₱5,965,329 | ₱9,156,631 | ₱13,029,402 | ₱17,276,032 |

18. General and Administrative Expenses

This account consists of:

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|---|--|------------|--|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Personnel costs, management, and | | | | |
| professional fees | ₱728,880 | ₱669,461 | ₱1,481,865 | ₱1,247,682 |
| Salaries and directors' fees | 497,396 | 404,608 | 984,095 | 656,496 |
| Management and professional fees | 231,484 | 264,853 | 497,770 | 591,186 |
| Provision for impairment – net of reversals (Notes 5, 7, 8 and 11) | 258,260 | 220,800 | 573,930 | 458,414 |
| Depreciation and amortization (Notes 8,9 and 10) | 271,381 | 101,588 | 386,242 | 223,037 |
| Others | 330,428 | 316,922 | 705,021 | 560,025 |
| Taxes and licenses | 167,876 | 106,478 | 256,032 | 200,170 |
| Insurance, dues and subscriptions | 10,142 | 28,612 | 102,657 | 55,457 |
| Transportation and travel | 18,550 | 32,704 | 57,582 | 51,474 |
| Pension and other employee benefits | 34,031 | 5,193 | 41,914 | 12,020 |
| Contractor's fee | 8,043 | 6,962 | 26,951 | 16,179 |
| Rent | 10,244 | 11,241 | 22,413 | 20,159 |
| Training and commitment fees | 17,316 | 17,140 | 25,631 | 18,209 |
| Utilities | 11,949 | 31,933 | 22,369 | 32,420 |
| Building maintenance and repairs | 11,127 | 4,935 | 19,698 | 20,206 |
| Meeting and conferences | 12,256 | 10,208 | 17,832 | 13,382 |
| Corporate social responsibilities | 8,957 | 31,016 | 15,749 | 36,657 |
| Communication | 4,256 | 3,412 | 9,239 | 5,352 |
| Advertisements | 3,253 | 1,621 | 7,993 | 13,038 |
| Office supplies | 4,532 | 3,192 | 7,755 | 7,977 |
| Others | 7,896 | 22,275 | 71,206 | 57,325 |
| | ₱1,588,949 | ₱1,308,771 | ₱3,147,058 | ₱2,489,158 |

19. Interest and Other Finance Charges

This account consists of:

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|---|--|----------|--|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| Interest expense on: | | | | |
| Long-term loans (Note 13) | ₱779,059 | ₱381,748 | ₱1,395,553 | ₱746,508 |
| Notes payable (Note 13) | 391,217 | 382,137 | 773,629 | 769,410 |
| Lease obligations (Note 9) | 30,176 | 8,022 | 140,065 | 94,871 |
| Short-term loans (Note 13) | 8,307 | 56,343 | 36,961 | 85,094 |
| Amortization of debt issue cost (Note 13) | 28,818 | 40,234 | 38,895 | 50,560 |
| Bank charges and interest expense on asset retirement obligation | 66,962 | (91,777) | 139,452 | 47,598 |
| | 1,304,539 | 776,707 | 2,524,555 | 1,794,041 |
| Capitalized interest (Note 8) | 881,546 | 557,595 | 1,409,287 | 910,515 |
| | ₱422,993 | ₱219,112 | ₱1,115,268 | ₱883,526 |

20. Interest and Other Financial Income and Other Income - Net

Interest and Other Financial Income

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

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

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|---|--|------------|--|------------|
| | 2024 | 2023 | 2024 | 2023 |
| Interest income on: | | | | |
| Cash in banks and short-term deposits (see Note 4) | ₱202,201 | ₱268,832 | ₱536,390 | ₱514,562 |
| Accounts and notes receivables (Notes 5 and 22) | 573,150 | 548,216 | 1,124,922 | 1,149,749 |
| Bridge financing (debt replacement) | 391,813 | 52,218 | 791,283 | 76,123 |
| Development loans | 102,401 | 419,206 | 213,549 | 915,892 |
| Accounts and other receivable | 18,884 | 68,407 | 38,426 | 146,878 |
| Other loans | 60,051 | 8,385 | 81,664 | 10,856 |
| Investments in redeemable preferred shares and convertible loans (Note 7) | 772,437 | 783,198 | 1,565,766 | 1,528,531 |
| Redeemable preferred shares | 628,268 | 631,869 | 1,282,083 | 1,194,281 |
| Convertible loans | 144,169 | 151,329 | 283,683 | 334,250 |
| | ₱1,547,787 | ₱1,600,246 | ₱3,227,078 | ₱3,192,842 |

Other income account consists of:

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|---|--|-----------|--|----------|
| | 2024 | 2023 | 2024 | 2023 |
| Gain on disposal of assets | ₱962,902 | ₱– | ₱1,352,084 | ₱154,392 |
| Early extinguishment of convertible loan | – | – | 389,182 | – |
| Gain on disposal of investment - net (Note 6) | 962,902 | – | 962,902 | – |
| Gain on sale of listed equity instruments | – | – | – | 154,392 |
| Others | 701,774 | 72,687 | 671,318 | 399,883 |
| Foreign exchange gain (loss) – net | 456,767 | 201,771 | 480,597 | (52,586) |
| Realized gain (loss) on foreign exchange forward contracts | 210,669 | (26,916) | 224,736 | (17,651) |
| Guarantee fee income | 57,743 | 22,722 | 83,702 | 47,139 |
| Gain on sale of listed equity instruments | 40,683 | 8,751 | 12,310 | 37,385 |
| Gain (loss) on sale of property, plant and equipment | 1 | (511) | 7,248 | (4,042) |
| Fair value adjustment on financial asset at FVTPL | (40,439) | (115,544) | (22,879) | (30,578) |
| Settlement of development loans | – | – | – | 360,608 |
| Others | (23,650) | (17,586) | (114,396) | 59,608 |
| | ₱1,664,676 | ₱72,687 | ₱2,023,402 | ₱554,275 |

Gain on early extinguishment of convertible loan

On September 27, 2023, the Group entered into a Framework Agreement with The Blue Circle Pte. Ltd (TBC) to effectively reduce the Group's capital deployed in Dai Phong and Hong Phong 1 Wind projects in Vietnam. This is to effectively make the projects effectively a true 50-50 joint venture in terms of funding. Salient points of the agreement are as follows:

- 50% of outstanding principal and accrued interest of bridge loan facility will be repaid at carrying value.
- 50% of outstanding principal and accrued interest long-term convertible facility will be repaid at a premium of US\$7.00 million (₱398.18 million).
- Premium will be paid via redemption of common shares of ACEN Vietnam Investments 2 Pte. Ltd. (ACEV2), which is subject to regulatory approval coming from Vietnam Competition Commission. ACEV2 is the subsidiary of the Group that entered into a joint venture agreement with TBC to construct the Vietnam wind projects.

Principal and accrued interest of bridge loan and long-term convertible loan facility was repaid September 2023. The cost of common shares redeemed amounted to US\$0.002 million.

On March 6, 2024, the Vietnam Competition Commission issued its approval of shares redemption and transfer of common share ownership, consequently, gain on early extinguishment of convertible loan was recognized amounting to US\$6.97 million (₱389.18 million). The transfer of common share ownership occurred on March 22, 2024.

| <i>In thousands</i> | In US\$ | In PHP |
|---|----------|------------|
| Total consideration | \$38,921 | ₱2,173,391 |
| Carrying value of convertible loan and accrued interest | 31,952 | 1,784,209 |
| Gain on sale | \$6,969 | ₱389,182 |

Gain on disposal of investment - net

On March 29, 2024, ACRI, together with its joint venture partners, signed a Share Purchase Agreement with PT Barito Wind Energy ("BWE"), for the sale of PT Sidrap Bayu Energi ("SBE"), through sale of ownership of UPC Renewables Asia III Limited ("Asia III"), UPC Sidrap (HK) Limited ("Sidrap (HK)") and Sunedison Sidrap B.V. (external party) in SBE.

On April 2, 2024, the sale transaction was completed upon receipt of total consideration of US\$101.90 million, of which US\$58.68 million (₱3,439.50 million) is allocated to ACRI.

On April 8, 2024, Asia III and Sidrap (HK) upstreamed the proceeds of sales allocated to ACRI through shareholder loan amounting to \$56.14 million and \$2.55 million, respectively.

Asia III and Sidrap (HK) recognized gain on sale of SBE shares amounting to US\$62.50 million and US\$18.33 million, respectively.

On June 29, 2024, the Board of Directors of Asia III approved the redemption of Redeemable Class A Preferred Shares (“RPS Class A”), accounted as investment in redeemable preferred shares, through distributable profits and capital reduction. The redemption was offset against the existing shareholder loan of Asia III to ACRI, together with outstanding interest receivable from investment in redeemable preferred shares. Any interest in RPS Class A ceased as of date of the resolution.

Management determined that the sale of the SBE shares resulted in a write-down of the investment in joint venture (Asia III) and investment in Sidrap (HK), accounted at financial assets at fair value through other comprehensive income, due to the absence of the underlying asset.

The series of transaction resulted in net gain of US\$22.65 million (₱1,329.95 million), through various forms as follows:

| Transactions | In US\$ | In PHP |
|---|----------|------------|
| <i>Asia III's gain on sale of Sidrap shares</i> | | |
| ACRI's share in divestment gain, accounted as part of equity in net income of joint venture | \$6,250 | ₱366,950 |
| | | |
| <i>Gain (loss) related to redemption of Asia III's shares</i> | | |
| Gain on redemption of investment in redeemable preferred shares (Note 7) | \$22,263 | ₱1,306,937 |
| Loss on write-down from disposal of investment in joint venture (Note 6) | (8,324) | (488,677) |
| Gain on offsetting intercompany balances | 2,464 | 144,642 |
| Gain on disposal of investment - net | \$16,403 | ₱962,902 |
| | \$22,653 | ₱1,329,852 |

As at June 30, 2024, ACRI's outstanding investments amounted to US\$2.19 million (₱128.18 million) in Redeemable preferred shares (Asia III) (see Note 7), while nil for both interest in joint venture (Asia III) and financial asset at FVOCI (Sidrap HK). The remaining shareholder loan amounted to US\$5.37 million (₱314.67 million) from Asia III and US\$2.87 million (₱168.36 million) from Sidrap HK.

ACRI Guarantee Agreement and guarantee fee income

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

For the six-month period ended June 30, 2024 and 2023, the Group recognized corresponding guarantee fee income amounting to US\$ 1.45 million (P83.70 million) and to US\$0.85 million (P47.14 million), respectively.

21. Income Taxes

Current and deferred income taxes consist of:

| | Three-Month Period | | Six-Month Period | |
|-------------------------------------|---------------------------|-------------|-------------------------|-------------|
| | Ended June 30 | | Ended June 30 | |
| | (Unaudited) | | (Unaudited) | |
| | 2024 | 2023 | 2024 | 2023 |
| Current tax expense | | | | |
| Regular corporate income tax (RCIT) | P760,512 | P55,688 | P943,831 | P122,250 |
| Minimum corporate income tax (MCIT) | 35,062 | 19,792 | 54,479 | 19,825 |
| Final income tax | 26,625 | 13,845 | 71,720 | 18,494 |
| Deferred tax expense (benefit) | 32,866 | 195,144 | (218,488) | (94,166) |
| | P855,065 | P284,469 | P851,542 | P66,403 |

Net deferred tax liabilities amounted to P771.29 million and P805.90 million as at June 30, 2024 and December 31, 2023, respectively.

Net deferred tax assets amounted to P2,427.38 million and P2,122.08 million as at June 30, 2024 and December 31, 2023, respectively.

22. Related Party Transactions

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

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

ACEN served as the guarantor for the US\$400.00 million senior undated fixed-for-life (non-deferrable) Notes with a fixed coupon of 4.00% for life, with no step-up and no reset, priced at par, issued by ACEN Finance on September 8, 2021, under its medium-term note (MTN) Programme. Proceeds will be used to finance or refinance, in whole or in part, new or existing Eligible Green Projects in accordance with ACEN's Green Bond Framework (see Note 13).

The balances as at June 30, 2024 and December 31, 2023 and transactions for the six-month period ended June 30, 2024 and 2023 are as follows:

a. Transactions with ACEIC, the intermediate parent company

| Nature | Amount / Volume | | Outstanding Balance Receivable (Payable) | | Terms / Conditions |
|--------------------------|---------------------------------|---------------------------------|---|-----------------------------------|--|
| | June 30, 2024 (Unaudited) | June 30, 2023 (Unaudited) | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) | |
| Management fee income | 4,317 | 7,204 | 7,575 | 1,580 | Unsecured; no impairment |
| Management fee (expense) | 58,210 | 289,202 | (246,562) | (280,247) | Non-interest bearing; due and demandable |
| Transfer of Employee | – | – | 176,633 | 176,633 | Non-interest bearing; due and demandable |
| Due from related parties | 1,062,860 | – | 1,234,890 | 172,030 | Non-interest bearing; due and demandable |
| Due to related parties | (44,095) | – | (121,901) | (77,806) | Non-interest bearing; due and demandable |

b. Notes Receivables

| Nature and Related Party | Amount / Volume | | Outstanding Balance Receivable (Payable) | | Terms / Conditions |
|---|---------------------------------|---------------------------------|---|-----------------------------------|---|
| | June 30, 2024 (Unaudited) | June 30, 2023 (Unaudited) | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) | |
| Development loans | | | | | |
| <i>Associates</i> | | | | | |
| PT Sidrap | ₹365,533 | ₹– | ₹365,533 | ₹– | Payable at the option of the lender; interest bearing; unsecured; no impairment |
| PT Lombok | 47,108 | – | 47,108 | – | Payable at the option of the lender; interest bearing; unsecured; no impairment |
| <i>Joint Ventures</i> | | | | | |
| UPC-ACE Solar | 49,145 | 723,120 | 855,839 | 806,694 | Due in 2024; interest bearing; unsecured; with impairment |
| PT Sukabumi | 247,646 | – | 247,646 | – | Payable at the option of the lender; interest bearing; unsecured; no impairment |
| ACEN-Silverwolf | 5,103 | 1,582 | 10,428 | 5,415 | Due in 2026; interest bearing; unsecured; no impairment |
| <i>Affiliate</i> | | | | | |
| Yoma Strategic Investments Ltd (“Yoma”) | 259,144 | 1,325,741 | 1,588,967 | 1,329,824 | Due in 2033; interest bearing; unsecured; no impairment |
| | ₹973,679 | ₹2,050,443 | ₹3,115,521 | ₹2,141,933 | |

(Forward)

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| Nature and Related Party | Amount / Volume | | Outstanding Balance Receivable (Payable) | | Terms / Conditions |
|-------------------------------------|------------------------------|------------------------------|--|--------------------------------|---|
| | June 30, 2024 (Unaudited) | June 30, 2023 (Unaudited) | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) | |
| Bridge financing | | | | | |
| <i>Joint Ventures</i> | | | | | |
| Greencore 3 | ₱124,279 | ₱4,474,536 | ₱4,598,815 | ₱4,474,536 | Due in 2024; interest bearing; unsecured; no impairment |
| Lac Hoa | 153,612 | 2,617,090 | 2,778,762 | 2,625,150 | Due in 2024; interest bearing; unsecured; no impairment |
| Hoa Dong | 134,748 | 2,295,710 | 2,437,528 | 2,302,780 | Due in 2024; interest bearing; unsecured; no impairment |
| Asian Wind 1 | 86,152 | 2,939,455 | 1,558,440 | 1,472,288 | Due in 2035; interest bearing; unsecured; no impairment |
| Asian Wind 2 | 40,093 | 2,334,223 | 1,197,988 | 1,157,895 | Due 2045 interest bearing; unsecured; no impairment |
| NEFIN Solar | – | 569,112 | 759,527 | 791,514 | Due in 2024; interest bearing; unsecured; no impairment |
| Vietnam Wind | 16,588 | 282,612 | 300,070 | 283,482 | Due in 20 years from date of drawdown; interest bearing; unsecured; no impairment |
| Ingrid | – | 800,000 | 300,000 | 300,000 | Due in 2024; interest bearing; unsecured; no impairment |
| AMI Greenergy Investment JSC | 202,205 | – | 202,205 | – | Due in 2028; interest bearing; unsecured; no impairment |
| PT Dewata ACEN Renewables Indonesia | 10,998 | – | 44,212 | 33,214 | Due in 2024; interest bearing; unsecured; no impairment |
| | ₱768,675 | ₱16,312,738 | ₱14,177,547 | ₱13,440,859 | |
| Other Loans | | | | | |
| <i>Joint Venture</i> | | | | | |
| Infineum 4 Energy, Inc. | ₱– | ₱45,222 | ₱77,826 | ₱77,826 | Due in 2024; interest bearing; unsecured; no impairment |
| BrightNight | 225,597 | 309,992 | 536,139 | 310,542 | Due in 20 years; interest bearing; unsecured; no impairment |
| URH | 168,951 | – | 168,951 | – | Due in 2025; interest bearing; unsecured; no impairment |
| Bim Group Joint Stock Company | 2,051,350 | – | 2,051,350 | – | Due in 2029; interest bearing; unsecured; no impairment |
| | ₱2,445,898 | ₱355,214 | ₱ 2,834,266 | ₱388,368 | |

Except for the discussion above, the movement in the notes receivable from related parties are revaluation of US\$ denominated notes receivable to Philippine peso from December 31, 2023, to June 30, 2024.

c. Interest Income and Receivable

This account consists of:

| Nature and Related Party | Amount / Volume | | Outstanding Balance Receivable (Payable) | | Terms / Conditions |
|--|---------------------------------|---------------------------------|---|-----------------------------------|---|
| | June 30, 2024 (Unaudited) | June 30, 2023 (Unaudited) | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) | |
| Investments in redeemable preferred shares and convertible loans (Note 7) | | | | | |
| Redeemable preferred shares | ₱1,282,083 | ₱1,194,279 | ₱3,383,094 | ₱3,473,000 | various dates |
| Convertible loans | 283,683 | 334,252 | 1,199,129 | 761,760 | various dates |
| | ₱1,565,766 | ₱1,528,531 | ₱4,582,223 | ₱4,234,760 | |
| Development Loans | | | | | |
| Joint Ventures | | | | | |
| UPC-ACE Solar | ₱51,832 | ₱56,322 | ₱362,637 | ₱327,633 | various dates |
| PT UPC Sukabumi Bayu Energi | 3,374 | – | 3,414 | – | Payable at the option of the lender; interest bearing; unsecured; no impairment |
| Unlimited Associates | 444 | – | – | – | various dates |
| PT UPC Sidrap Bayu Energi Tahap Dua | 5,161 | – | 5,310 | – | various dates |
| ACEN-Silverwolf | 571 | – | 676 | 206 | various dates |
| PT UPC Lombok Timur Bayu Energi | 330 | – | 338 | – | Payable at the option of the lender; interest bearing; unsecured; no impairment |
| Affiliate | | | | | |
| Yoma | 31,338 | 26,447 | 32,268 | 198,328 | various dates |
| | ₱93,050 | ₱82,769 | ₱404,643 | ₱526,167 | |
| Bridge financing | | | | | |
| Joint Ventures | | | | | |
| Vietnam Wind | 24,681 | 15,875 | 865,778 | 465,726 | various dates |
| Hoa Dong | 106,865 | 145,245 | 520,037 | 439,074 | various dates |
| Lac Hoa | 121,740 | 165,407 | 590,486 | 387,030 | various dates |
| NEFIN | 34,851 | 21,970 | – | 63,448 | various dates |
| Greencore 3 | 345,008 | 152,884 | 246 | 57,797 | 30-day, non-interest bearing |
| Ingrid | 17,951 | 48,543 | 149 | 33,337 | 30-day, non-interest bearing |
| PT Dewata ACEN Renewables Indonesia | 2,111 | – | 2,673 | 472 | various dates |
| Ami Greenery Investment JSC | 3,227 | – | 3,319 | – | various dates |
| Asian Wind 1 | 75,732 | 162,888 | – | – | various dates |
| Asian Wind 2 | 59,117 | 128,980 | – | – | various dates |
| BIM Wind | – | 130,307 | – | – | various dates |
| | ₱791,283 | ₱972,099 | ₱1,982,688 | ₱1,446,884 | |
| Other Loans | | | | | |
| BrightNight | ₱34,594 | ₱10,361 | ₱768 | ₱29,693 | 30-day, non-interest bearing |
| Others | 4,353 | 1,686 | 74,631 | 4,095 | 30-day, non-interest bearing |
| | ₱38,947 | ₱12,047 | ₱75,399 | ₱33,788 | |
| Trade Receivables | | | | | |
| Affiliates | ₱– | ₱– | ₱2,156 | ₱9,068 | 30-day, non-interest bearing |

Allowance for expected credit loss

For the six-month period ended June 30, 2024, the Group recognized net allowance for impairment loss in development loan to UPC-AC Energy Solar Limited (UPC-ACE Solar) for its principal and interest amounting to US1.00 million (₱56.72 million) and US\$0.91 million (₱51.61 million), respectively.

The Group also recognized allowance for impairment loss in interest receivable of convertible loan to Vietnam Wind Energy Limited (Vietnam Wind) amounting to US\$7.51 million

(₱427.68 million) (nil in 2023) (see Notes 5 and 18).

Allowance for impairment loss

For the six-month period ended June 30, 2024 and 2023, the Group recognized reversal allowance for impairment loss \$2.77 million (₱154.10 million) and additional allowance for impairment loss of \$8.51 million (₱469.87 million) respectively, in convertible loan to Vietnam Wind (see Notes 7 and 18).

For the six-month period ended June 30, 2024 and 2023, the Group recognized allowance for impairment loss \$0.66 million (₱37.40 million) and nil respectively, in redeemable preferred shares in UPC-ACE Solar (see Notes 7 and 18).

d. Loans Payable

| Nature and Related party | Amount / Volume | | Outstanding Balance Receivable (Payable) | | Terms / Conditions |
|-------------------------------------|------------------------------|------------------------------|--|--------------------------------|----------------------------|
| | June 30, 2024 (Unaudited) | June 30, 2023 (Unaudited) | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) | |
| BPI | | | | | |
| Interest expense / Interest payable | ₱84,006 | ₱87,886 | (18,957) | (16,521) | 30 days, unsecured |
| Long-term loans | – | – | (2,260,828) | (2,367,909) | 12 years, interest bearing |
| Short-term loans | – | – | (700,000) | (1,500,000) | 63 days, interest bearing |

e. Right of Use Assets / Lease Liabilities

The Group entered into lease agreements with Ayala Land, Inc, (ALI) and Fort Bonifacio Development Corporation (FBDC), affiliates, for the use of its office units and parking spaces. Lease with FBDC ended on June 30, 2024.

| Related Party | Amortization / Interest expense | | Right-of-use assets / (Lease Liabilities) | | Terms / Conditions |
|-----------------------------|---------------------------------|------------------------------|---|--------------------------------|---------------------|
| | June 30, 2024 (Unaudited) | June 30, 2023 (Unaudited) | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) | |
| ALI | | | | | |
| Right of use Assets Note 9) | ₱74,034 | ₱66,206 | ₱1,355,202 | ₱1,448,350 | 10 years, unsecured |
| Lease Liabilities (Note 9) | 29,432 | 21,467 | (1,575,366) | (1,639,935) | 10 years, unsecured |

f. Other Related Party Transactions

| Nature | Amount / Volume | | Outstanding Balance Receivable (Payable) | | Terms / Conditions |
|-------------------------------------|---------------------------------|---------------------------------|---|-----------------------------------|----------------------|
| | June 30, 2024 (Unaudited) | June 30, 2023 (Unaudited) | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) | |
| Management fee income | ₱272,841 | ₱120,534 | ₱91,429 | ₱112,513 | 30-days, unsecured |
| Rental income | 8,669 | 8,675 | 2,798 | 4,214 | 30-days, unsecured |
| Revenue from power supply contracts | 278,698 | 260,908 | – | – | 30-days, unsecured |
| Dividend Receivable | – | 160,002 | – | – | On demand, Unsecured |
| Cost of sale of electricity | 521,318 | 512,262 | (86,153) | (103,650) | 30-days, unsecured |
| Due from related parties | – | – | 88,538 | 738,206 | On demand, Unsecured |
| Due to related parties | – | – | 2,263,495 | 2,733,673 | On demand, Unsecured |

Management fee income pertains to service fees billed by the Group to its related parties under common control and joint venture & associates for providing a full range of business process outsourcing services, such as, but not limited to, financial and general accounting/ bookkeeping services, human resources management, manpower related services and other related functions.

Rental income pertains to revenue from sublease agreement with Ingrid.

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

The amount due from a related company pertains mostly from advances including those for project development or reimbursement of expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

The amount due to a related parties pertains to advances, including those for development cost, utilities expense, professional services and other miscellaneous expenses. These are non-trade, interest-free, repayable on demand and to be settled in cash.

g. Receivables from Employees and Officers

As at June 30, 2024 and December 31, 2023, receivables from officers and employees amounting to ₱307.74 million and ₱301.17 million pertain to housing, car, salary and other loans granted to Group's officers and employees.

h. Payable to Directors and Stockholders

| | Amount / Volume | | Outstanding Balance Receivable (Payable) | | Terms / Conditions |
|---|---------------------------------|---------------------------------|---|-----------------------------------|----------------------|
| | June 30, 2024 (Unaudited) | June 30, 2023 (Unaudited) | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) | |
| Accrued director's and annual incentives | | | | | |
| Directors' fee and annual incentives | ₱20,000 | ₱13,877 | (₱300) | (₱2,000) | On demand, Unsecured |
| Due to stockholders | 2,947,709 | – | (1,997,552) | (16,585) | On demand, Unsecured |

Key Management Compensation

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

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|------------------------------|--|-----------------------------------|
| Short-term employee benefits | ₱67,463 | ₱59,802 |
| Post-employment benefits | – | 27,750 |
| | ₱67,463 | ₱87,552 |

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.

23. Earnings Per Share

Basic and diluted EPS are computed as follows:

| | Three-Month Period Ended June 30 (Unaudited) | | Six-Month Period Ended June 30 (Unaudited) | |
|--|---|----------------|--|----------------|
| | 2024 | 2023 | 2024 | 2023 |
| | (In Thousands, Except for Number of Shares and Per Share Amounts) | | | |
| (a) Net income attributable to common shareholders of Parent Company | ₱3,092,064 | ₱2,205,549 | ₱5,330,072 | ₱4,231,454 |
| Common shares outstanding at beginning of period (Note 15) | 39,677,394,773 | 39,677,394,773 | 39,677,394,773 | 39,677,394,773 |
| Weighted average number of: Shares issued during the period | – | – | – | – |
| (b) Weighted average common shares outstanding | 39,677,394,773 | 39,677,394,773 | 39,677,394,773 | 39,677,394,773 |
| Basic/Diluted earnings per share (a/b) | ₱0.08 | ₱0.06 | ₱0.13 | ₱0.11 |

For the six-month period ended June 30, 2024 and 2023, except for ESOWN, the Parent Company does not have any material potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings per share is the same as basic earnings per share for the six-month period ended June 30, 2024 and 2023.

24. Financial Risk Management Objectives and Policies

Objectives and Investment Policies

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

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

- Preservation of invested cash
- Liquidity of invested cash; and
- Yield on invested cash.

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.

The Chief Financial Officer (CFO), together with the CFT focuses on the following major risks that may affect its transactions:

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

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

- Market risk
- Equity price risk
- Commercial Operations (“CO”) focuses on commodity price risk

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

Risk Management Process

Foreign Exchange Risk

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

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

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

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

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

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

| | June 30, 2024 | December 31, 2023 |
|---|-------------------------------|-----------------------|
| | U.S. Dollar (US\$) | U.S. Dollar (US\$) |
| Financial Assets | | |
| Cash and cash equivalents | \$131,914 | \$288,622 |
| Other receivables | 427,086 | 370,703 |
| | 559,000 | 659,325 |
| Financial Liabilities | | |
| Accounts payable and other current liabilities | (177,905) | (173,920) |
| Notes payable and loans-term loans | (1,176,761) | (722,412) |
| | (1,354,666) | (896,332) |
| Net foreign currency-denominated assets (liabilities) | (\$795,666) | (\$237,007) |
| Peso equivalent | (₱46,839,265) | (₱13,168,109) |

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rates used were ₱58.87 to US\$1.00 June 30, 2024 and ₱55.57 to US\$1.00 as at December 31, 2023.

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\$ | |
|----------------------|--|------------------|
| June 30, 2024 | (₱0.50) | 397,833 |
| (Unaudited) | (1.00) | 795,666 |
| | 0.50 | (397,833) |
| | 1.00 | (795,666) |

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| Pertinent Period | Increase (Decrease) in Foreign Exchange Rate US\$ | |
|---------------------|--|-----------|
| | December 31, 2023 (Audited) | (₱0.50) |
| | (1.00) | 237,007 |
| | 0.50 | (118,504) |
| | 1.00 | (237,007) |

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 ACEN Cayman Limited, ACEN HK and ACEN Finance which are in US\$ functional currency was likewise translated to the Group's presentation currency.

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

| | June 30, 2024 (Unaudited) | |
|--|---------------------------|------------------|
| | Peso | US\$ |
| Cash and cash equivalents | ₱5,331,373 | \$90,964 |
| Receivables | 24,604,091 | 419,793 |
| Investments in: | | |
| Associates and joint ventures | 21,991,581 | 375,219 |
| Redeemable preferred shares and convertible loans | 22,794,317 | 388,915 |
| Financial asset at FVTPL | 7,338,395 | 125,207 |
| | 82,059,757 | 1,400,098 |
| Accounts payable and other current liabilities | 10,423,994 | 177,854 |
| Notes payable | 68,969,944 | 1,176,761 |
| Net foreign currency position | ₱2,665,819 | \$45,483 |

| | December 31, 2023 (Audited) | |
|--|-----------------------------|-----------|
| | Peso | US\$ |
| Cash and cash equivalents | ₱13,762,449 | \$248,554 |
| Receivables | 20,149,499 | 363,906 |
| Investments in: | | |
| Associates and joint ventures | 19,083,118 | 344,647 |
| Redeemable preferred shares and convertible loans | 21,633,799 | 390,713 |
| Financial asset at FVTPL | 7,731,998 | 139,642 |
| | 82,360,863 | 1,487,462 |
| Accounts payable and other current liabilities | 9,629,365 | 173,909 |
| Notes payable | 39,999,949 | 722,412 |
| Net foreign currency position | ₱32,731,549 | \$591,141 |

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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 |
|----------------------|-------------|---|---------------------------------------|
| June 30, 2024 | US\$ | (\$0.50) | (₱22,742) |
| (Unaudited) | | (1.00) | (45,483) |
| | | 0.50 | 22,742 |
| | | 1.00 | 45,483 |
| December 31, 2023 | US\$ | (\$0.50) | (₱295,571) |
| (Audited) | | (1.00) | (591,141) |
| | | 0.50 | 295,571 |
| | | 1.00 | 591,141 |

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.

| | June 30, 2024 (Unaudited) | | | | | Total |
|--------------------------------|-------------------------------|----------|------------|---------------------------|--------------------------------|-------------|
| | Neither Past Due nor Impaired | | | Past Due but not Impaired | Past Due Individually Impaired | |
| | Class A | Class B | Class C | | | |
| Trade and other receivables | | | | | | |
| <i>Current:</i> | | | | | | |
| Trade receivables | ₱4,264,919 | ₱475,789 | ₱3,331,253 | ₱2,702,866 | ₱29,073 | ₱10,803,900 |
| Due from related parties | 6,999,235 | 282 | 51,087 | 6,072,691 | – | 13,123,295 |
| Others | 4,489,436 | 3,175 | 20,539 | 1,550,518 | 689,019 | 6,752,687 |
| <i>Noncurrent</i> | | | | | | |
| Trade receivables | – | – | – | – | 1,082,102 | 1,082,102 |
| Due from related parties | 14,569,655 | 115,261 | 92,752 | 845,269 | 180,765 | 15,803,702 |
| Receivables from third parties | 727,286 | – | – | 240,439 | – | 967,725 |
| | ₱31,050,531 | ₱594,507 | ₱3,495,631 | ₱11,411,783 | ₱1,980,959 | ₱48,533,411 |

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| | December 31, 2023 (Audited) | | | | | |
|--------------------------------|-------------------------------|----------|----------|---------------------------------|--------------------------------------|-------------|
| | 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 | ₱4,399,914 | ₱819,759 | ₱281,793 | ₱2,521,277 | ₱50,196 | ₱8,072,939 |
| Due from related parties | 6,028,005 | 234 | 5,032 | 5,685,385 | – | 11,718,656 |
| Others | 5,175,257 | 1,397 | 8,302 | 1,139,336 | 84,864 | 6,409,156 |
| <i>Noncurrent</i> | | | | | | |
| Trade receivables | – | – | – | 132,295 | 1,157,518 | 1,289,813 |
| Due from related parties | 10,626,653 | 102,868 | 89,307 | 799,583 | – | 11,618,411 |
| Receivables from third parties | 696,763 | – | – | 241,574 | – | 938,337 |
| | ₱26,926,592 | ₱924,258 | ₱384,434 | ₱10,519,450 | ₱1,292,578 | ₱40,047,312 |

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 ₱5,898.84 million and ₱5,799.32 million as at June 30, 2024 and December 31, 2023, respectively.

Maximum exposure to credit risk of financial assets subject to impairment

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

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|--|--|-----------------------------------|
| <i>Financial Assets at Amortized Cost (Portfolio 1)</i> | | |
| Cash and cash equivalents | ₱20,204,737 | ₱39,696,662 |
| Under “Receivables” account | | |
| Current: | | |
| Trade receivables | 10,774,827 | 8,022,743 |
| Due from related parties | 13,123,295 | 11,718,656 |
| Others | 6,063,668 | 6,324,293 |
| Noncurrent: | | |
| Trade receivables | – | 164,971 |
| Due from related parties | 15,622,937 | 11,585,735 |
| Receivables from third parties | 967,725 | 938,336 |
| Investments in redeemable preferred shares and convertible loans | 22,794,317 | 21,633,799 |
| Under “Other Noncurrent Assets” account | | |
| Deposits | 189,266 | 161,373 |
| | ₱89,740,772 | ₱100,246,568 |

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

| Grade | June 30, 2024 (Unaudited) | | | | | |
|-----------------------|---------------------------|--------------|---------|-------------|------------------------|-------|
| | 12-month Stage 1 | Lifetime ECL | | | Simplified Approach | Total |
| | | Stage 2 | Stage 3 | | | |
| High | ₱25,124,456 | ₱– | ₱– | ₱– | ₱25,124,456 | |
| Standard | – | – | – | 1,010,838 | 1,010,838 | |
| Substandard | – | – | – | – | – | |
| Default | – | – | – | – | – | |
| Gross carrying amount | 25,124,456 | – | – | 1,010,838 | 26,135,294 | |
| Less loss allowance | – | – | – | – | – | |
| Carrying amount | ₱25,124,456 | ₱– | ₱– | ₱ 1,010,838 | ₱26,135,294 | |

| Grade | December 31, 2023 (Audited) | | | | | |
|-----------------------|-----------------------------|--------------|---------|------------|------------------------|-------|
| | 12-month Stage 1 | Lifetime ECL | | | Simplified Approach | Total |
| | | Stage 2 | Stage 3 | | | |
| High | ₱20,536,109 | ₱– | ₱– | ₱459,036 | ₱20,995,145 | |
| Standard | 42,282 | – | – | 1,536,887 | 1,579,169 | |
| Substandard | – | – | – | – | – | |
| Default | – | 113,857 | – | – | 113,857 | |
| Gross carrying amount | 20,578,391 | 113,857 | – | 1,995,923 | 22,688,171 | |
| Less loss allowance | – | – | – | – | – | |
| Carrying amount | ₱20,578,391 | ₱113,857 | ₱– | ₱1,995,923 | ₱22,688,171 | |

Simplified Approach

Set out below is the information about the credit risk exposure on the Group's trade receivables using simplified approach (provision matrix):

| June 30, 2024 (Unaudited) | | | | | | |
|--|------------|----------|------------|------------|------------|------------|
| | Current | Days Due | | | | Total |
| | | <30 days | 30-60 days | 61-90 days | >91 days | |
| Expected credit loss rate | 0.64% | 1.72% | 2.12% | 4.67% | 6.04% | |
| Estimated total gross carrying amount at default | ₱3,472,406 | ₱735,036 | ₱268,369 | ₱284,065 | ₱1,636,622 | ₱6,396,498 |
| Expected credit loss | ₱22,272 | ₱12,671 | ₱5,678 | ₱13,278 | ₱98,852 | ₱152,751 |

| December 31, 2023 (Audited) | | | | | | |
|--|------------|----------|------------|------------|------------|------------|
| | Current | Days Due | | | | Total |
| | | <30 days | 30-60 days | 61-90 days | >91 days | |
| Expected credit loss rate | 0.64% | 1.72% | 2.12% | 4.67% | 6.04% | |
| Estimated total gross Carrying amount at default | ₱3,472,406 | ₱735,036 | ₱268,369 | ₱284,065 | ₱1,629,354 | ₱6,389,230 |
| Expected credit loss | ₱22,272 | ₱12,671 | ₱5,678 | ₱13,278 | ₱98,413 | ₱152,312 |

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.

| June 30, 2024 (Unaudited) | | | | | | |
|---|-------------|--------------------|----------------|-----------------|-------------------|--------------|
| | On Demand | Less than 3 Months | 3 to 12 Months | More than 1 | | Total |
| | | | | Year to 5 Years | More than 5 Years | |
| Accounts payable and other current liabilities: | | | | | | |
| Trade and nontrade accounts payable | ₱6,381,786 | ₱2,466,189 | ₱68,829 | ₱1,633 | ₱- | ₱8,918,437 |
| Retention payable | 395,934 | 3,487 | 11,142 | 16,683 | - | 427,246 |
| Accrued expenses ^a | 1,775,733 | 1,078,778 | 488,232 | 135 | - | 3,342,878 |
| Accrued interest | 223,079 | 999,265 | - | 433 | - | 1,222,777 |
| Due to related parties | 1,205,289 | 939,480 | 371,095 | - | - | 2,515,864 |
| Others | 57,053 | - | - | 33,318 | - | 90,371 |
| Derivative Liability | - | 783 | - | 337,235 | - | 338,018 |
| Short-term loans | - | 700,000 | - | - | - | 700,000 |
| Due to stockholders | 1,163,237 | 834,316 | - | - | - | 1,997,553 |
| Lease liabilities ^b | - | 114,893 | 1,214,365 | 3,188,510 | 13,899,968 | 18,417,736 |
| Long-term loans ^c | - | 777,739 | 2,864,492 | 58,222,967 | 28,511,266 | 90,376,464 |
| Notes payable | - | - | - | 33,241,136 | - | 33,241,136 |
| Other noncurrent liabilities ^d | - | - | - | 5,682,341 | - | 5,682,341 |
| | ₱11,202,111 | ₱7,914,930 | ₱5,018,155 | ₱100,724,391 | ₱42,411,234 | ₱167,270,821 |

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

^b Gross contractual payments.

^c Including contractual interest payments.

^d Excluding contract liabilities.

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| | December 31, 2023 (Audited) | | | | | Total |
|---|-----------------------------|-----------------------|-------------------|-----------------------------------|----------------------|---------------------|
| | On Demand | Less than 3 Months | 3 to 12 Months | More than 1 Year to 5 Years | More than 5 Years | |
| Accounts payable and other current liabilities: | | | | | | |
| Trade and nontrade accounts payable | ₱4,786,861 | ₱2,545,347 | ₱49,290 | ₱133,351 | ₱– | ₱7,514,849 |
| Retention payable | 80,542 | 1,446 | 306,416 | 6,932 | – | 395,336 |
| Accrued expenses ^a | 3,522,924 | 1,521 | 303,245 | 159 | – | 3,827,849 |
| Accrued interest | – | – | – | – | – | – |
| Due to related parties | 2,245,231 | 725,675 | 224,470 | 15 | – | 3,195,391 |
| Others | 41,219 | 814 | 4,924 | 84,523 | – | 131,480 |
| Derivative Liability | – | 10,563 | – | 12,437 | – | 23,000 |
| Short-term loans | – | 1,500,000 | – | – | – | 1,500,000 |
| Due to stockholders | 16,585 | – | – | – | – | 16,585 |
| Lease liabilities ^b | – | 159,857 | 1,183,734 | 3,467,918 | 12,590,733 | 17,402,242 |
| Long-term loans ^c | – | 593,851 | 1,535,146 | 20,934,687 | 34,828,021 | 57,891,705 |
| Notes payable | – | – | – | 33,949,492 | – | 33,949,492 |
| Other noncurrent liabilities ^d | – | – | – | 5,249,198 | – | 5,249,198 |
| | ₱10,693,362 | ₱5,539,074 | ₱3,607,225 | ₱63,838,712 | ₱47,418,754 | ₱131,097,127 |

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

^b Gross contractual payments.

^c Including contractual interest payments.

^d Excluding contract liabilities.

As at June 30, 2024 and December 31, 2023, the profile of financial assets used to manage the Group's liquidity risk is as follows:

| | June 30, 2024 (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 | ₱20,204,737 | ₱– | ₱– | ₱– | ₱20,204,737 |
| Accounts and Notes | | | | | |
| Receivables: | | | | | |
| Accounts and other receivable | 9,565,913 | 2,302,394 | 1,678,857 | – | 13,547,164 |
| Notes receivable | 4,481,112 | 619,277 | 8,977,930 | – | 14,078,319 |
| Interest receivable | 2,721,640 | 40,529 | 292,230 | – | 3,054,399 |
| <i>Noncurrent:</i> | | | | | |
| Receivables: | | | | | |
| Accounts and other receivable | – | – | – | 1,805,418 | 1,805,418 |
| Notes receivable | – | – | – | 11,767,384 | 11,767,384 |
| Interest receivable | – | – | – | 4,280,727 | 4,280,727 |
| Derivative assets | – | – | 661,376 | 4,705,364 | 5,366,740 |
| Investments in redeemable preferred shares and convertible loans | – | – | – | 22,794,317 | 22,794,317 |
| Financial assets at FVOCI: | | | | | |
| Quoted | – | – | – | 4,740 | 4,740 |
| Unquoted | – | – | – | 300 | 300 |
| | ₱36,973,402 | ₱2,962,200 | ₱11,610,393 | ₱45,358,250 | ₱96,904,245 |

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| | December 31, 2023 (Audited) | | | | Total |
|---|-----------------------------|-----------------------|-------------------|-------------------|--------------|
| | On Demand | Less than 3 Months | 3 to 12 Months | Over 12 Months | |
| Loans and receivables: | | | | | |
| <i>Current:</i> | | | | | |
| Cash and cash equivalents | ₱39,696,662 | ₱– | ₱– | ₱– | ₱39,696,662 |
| Short-term investments | – | – | – | – | – |
| Accounts and Notes Receivables: | | | | | |
| Accounts and other receivable | 7,451,131 | 1,204,573 | 1,761,647 | – | 10,417,351 |
| Notes receivable | 8,872,038 | 26,249 | 4,978,164 | – | 13,876,451 |
| Interest receivable | 1,806,672 | 15,519 | 84,759 | – | 1,906,950 |
| <i>Noncurrent:</i> | | | | | |
| Receivables: | | | | | |
| Accounts and other receivable | – | – | – | 1,988,705 | 1,988,705 |
| Notes receivable | – | – | – | 7,558,457 | 7,558,457 |
| Interest receivable | – | – | – | 4,299,398 | 4,299,398 |
| Derivative assets | – | – | 177,828 | 6,269,689 | 6,447,517 |
| Investments in redeemable preferred shares and convertible loans | – | – | – | 21,633,799 | 21,633,799 |
| Financial assets at FVOCI: | | | | | |
| Quoted | – | – | – | – | – |
| Unquoted | – | – | – | 300 | 300 |
| | ₱57,826,503 | ₱1,246,341 | ₱7,002,398 | ₱41,750,348 | ₱107,825,590 |

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 June 30, 2024 and December 31, 2023, the Group has fixed rate financial instruments measured at fair value.

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

Market Risk

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

Equity Price Risk

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

*Commodity Price Risk*Cash flow hedges

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

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

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

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

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

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

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

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

The hedge ineffectiveness can arise from:

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

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

| | Maturity | | | | | | Total |
|---|-----------|------------|------------|------------|--------------|------------|-----------|
| | < 1 month | 1-3 months | 4-6 months | 7-9 months | 10-12 months | >12 months | |
| As at June 30, 2024 | | | | | | | |
| <i>Foreign exchange forward contracts</i> | | | | | | | |
| Notional amount (\$000) | \$27,431 | \$104,077 | \$2,538 | \$- | \$- | \$- | \$134,046 |
| Average forward rate (\$/P) | 557.33 | 57.95 | 57.54 | - | - | - | |
| <i>Coal</i> | | | | | | | |
| Notional amount (in Metric Tons) | - | - | - | 1,200 | - | - | 1,200 |
| Notional amount (in \$000) | \$- | \$- | \$- | (\$94) | \$- | \$- | (\$94) |
| Average hedged rate (\$ per Metric ton) | \$- | \$- | \$- | \$168.04 | \$- | \$- | |
| As at December 31, 2023 | | | | | | | |
| <i>Foreign exchange forward contracts</i> | | | | | | | |
| Notional amount (\$000) | \$17,161 | 15,159 | \$6,560 | \$- | \$- | \$- | \$38,880 |
| Average forward rate (\$/P) | 55.47 | 55.42 | 55.43 | - | - | - | |
| <i>Coal</i> | | | | | | | |
| Notional amount (in Metric Tons) | 1,200 | - | - | - | - | - | 1,200 |
| Notional amount (in \$000) | (\$95) | \$- | \$- | \$- | \$- | \$- | (\$95) |
| Average hedged rate (\$ per Metric ton) | \$168.22 | \$- | \$- | \$- | \$- | \$- | |

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

| | Notional amount | Carrying amount | Line item in the statement of financial position | Change in fair value used for measuring ineffectiveness for the period |
|------------------------------------|-----------------|-----------------|--|--|
| As at June 30, 2024 | | | | |
| Foreign exchange forward contracts | \$75,046 | ₹94,603 | Other current assets | ₹94,603 |
| Foreign exchange forward contracts | \$59,000 | (783) | Accounts payable and other current liabilities | (783) |
| Commodity swap contracts – Coal | \$1,200 | (5,210) | Other noncurrent liabilities | (5,210) |
| As at December 31, 2023 | | | | |
| Foreign exchange forward contracts | \$17,161 | (10,563) | Accounts payable and other current liabilities | (10,563) |
| Commodity swap contracts – Coal | \$1,200 | (5,277) | Other noncurrent liabilities | (3,958) |

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

| | Change in fair value used for measuring ineffectiveness | Cash flow hedge reserve | Cost of hedging reserve |
|------------------------------------|---|-------------------------|-------------------------|
| As at June 30, 2024 | | | |
| Highly probable forecast purchases | ₹94,603 | P- | P- |
| Highly probable forecast purchases | (₹783) | - | - |
| Coal purchase | (5,210) | - | - |
| As at December 31, 2023 | | | |
| Highly probable forecast purchases | (₹10,563) | P- | P- |
| Coal purchase | (3,958) | - | - |

The effect of the cash flow hedge in the consolidated statements of comprehensive income are as follows:

| | Total hedging gain/(loss) recognized in OCI | Ineffectiveness recognized in profit or loss | Line item in consolidated statements of comprehensive income | Cost of hedging recognized in OCI | Amount reclassified from OCI to profit or loss | Line item in the statement of profit or loss |
|------------------------------------|---|--|--|-----------------------------------|--|--|
| As at June 30, 2024 | | | | | | |
| Foreign exchange forward contracts | P- | (P8,300) | Other income (charges) | P- | P- | P- |
| Foreign exchange forward contracts | P82,943 | - | Unrealized fair value gain on derivative instruments designated as hedges – net of tax | - | - | - |
| Commodity swap contracts - Coal | (3,907) | - | Unrealized fair value gain on derivative instruments designated as hedges – net of tax | - | - | - |
| As at December 31, 2023 | | | | | | |
| Foreign exchange forward contracts | P- | (P10,563) | Other income | P- | P- | P- |
| Commodity swap contracts - Coal | (3,958) | - | Unrealized fair value gain on derivative instruments designated as hedges – net of tax | - | - | - |

Monitoring of Risk Management Process

Risk management is regarded as a core competency, thus review of processes and approval processes including periodic audit are practiced and observed as follows:

- Enterprise risk assessments are refreshed on an annual basis. Risk assessments at the plant level are also conducted for operational risks. Insurance coverage is also reviewed annually by the Insurance Committee.
- Monthly Treasury meetings are scheduled where approved strategies, limits, mixes are challenged and rechallenged based on current and forecasted developments on the financial and political events.
- Monthly management reports are submitted to the Operations Management Committee that includes updates from the various business and functional units, including market updates. This includes updates on financials, leverage, operations, health and safety, human resources, sustainability, and other risk areas.
- Annual planning sessions are conducted to set the targets for the Group, and these are revisited at midyear to review the progress and risks related to the accomplishment of these targets.
- Annual teambuilding sessions are organized as a venue for the review of personal goals, corporate goals and professional development.
- One on one coaching sessions are scheduled to assist, train and advise personnel.
- Periodic review of Treasury risk profile and control procedures.
- Periodic specialized audit is performed to ensure active risk oversight.

Capital Management

The primary objective of the Group's capital management policy is to ensure that it maintains a robust statement of financial position in order to support its business and maximize shareholder value.

The Group manages its capital structure and adjusts 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.

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Statutory debt consists of short-term and long-term debts of the Group. Net statutory 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 (including redeemable preferred shares) as capital.

| | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
|-----------------------------------|--|-----------------------------------|
| Short-term debt (Note 13) | ₱700,000 | ₱1,500,000 |
| Long-term debt (Note 13) | 109,647,243 | 77,778,471 |
| Total statutory debt | 110,347,243 | 79,278,471 |
| Less: | | |
| Cash and cash equivalent (Note 4) | 20,204,737 | 30,868,829 |
| Restricted cash (Note 4) | - | 8,827,833 |
| Net statutory debt | 90,142,506 | 39,581,809 |
| Total equity | 160,796,571 | 173,375,857 |
| Debt to equity | 68.63% | 45.73% |
| Net debt to equity | 56.06% | 22.83% |

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

25. Fair Values

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at June 30, 2024 and 2023:

| | Carrying Value | June 30, 2024 (Unaudited) | | |
|---|---------------------|---|--|--|
| | | Fair Value | | |
| | | Quoted Prices in Active Markets (Level 1) | Significant Observable Input (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | |
| Investment in financial assets at FVTPL | ₱3,007,265 | ₱1,560,665 | ₱1,446,600 | ₱- |
| Investment in financial assets at FVOCI | 5,896,835 | - | 5,896,835 | - |
| Investments in redeemable preferred shares and convertible loans | 22,794,317 | - | - | 25,067,904 |
| Derivative asset* | 5,366,740 | - | 661,376 | 4,705,364 |
| Refundable deposits** | 195,992 | - | - | 189,266 |
| Trade receivables*** | 575,412 | - | - | 585,683 |
| Receivables from third parties**** | 35,224 | - | - | 35,224 |
| | ₱37,871,785 | ₱1,560,665 | ₱8,004,811 | ₱30,583,441 |
| Liabilities | | | | |
| Notes payable | ₱33,329,462 | ₱- | ₱- | ₱29,688,593 |
| Long-term debt | 74,909,036 | - | - | 70,638,844 |
| Deposit payables and other liabilities***** | 54,592 | - | - | 54,592 |
| Derivative liability***** | 337,235 | - | 337,235 | - |
| Lease liabilities | 7,738,385 | - | - | 9,382,373 |
| | ₱116,368,710 | ₱- | ₱337,235 | ₱109,764,402 |

* Included under "Other current assets" account.

** Included under "Other noncurrent assets" account.

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

**** Included under "Receivables"

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

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

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| | December 31, 2023 (Audited) | | | |
|---|-----------------------------|---|--|--|
| | Carrying Value | Fair Value | | |
| | | Quoted Prices in Active Markets (Level 1) | Significant Observable Input (Level 2) | Significant Unobservable Inputs (Level 3) |
| Assets | | | | |
| Investment in financial assets at FVTPL | P3,871,472 | P501,822 | P3,369,650 | P- |
| Investment in financial assets at FVOCI | 5,799,323 | - | 5,799,323 | - |
| Investments in redeemable preferred shares and convertible loans | 21,633,799 | - | - | 21,633,799 |
| Derivative asset* | 6,447,517 | - | 1,284,709 | 5,162,808 |
| Refundable deposits** | 167,101 | - | - | 161,373 |
| Trade receivables*** | 738,798 | - | - | 779,816 |
| Receivables from third parties**** | 10,262 | - | - | 10,262 |
| | P38,668,272 | P501,822 | P10,453,682 | P27,748,058 |
| Liabilities | | | | |
| Notes payable | P32,003,794 | P- | P- | P29,589,780 |
| Long-term debt | 44,485,573 | - | - | 44,224,717 |
| Deposit payables and other liabilities***** | 65,016 | - | - | 65,016 |
| Derivative liability | 23,000 | - | 23,000 | - |
| Lease liabilities | 7,505,848 | - | - | 8,820,127 |
| | P84,083,231 | P- | P23,000 | P82,699,640 |

* Included under "Other current assets" account.

** Included under "Other noncurrent assets" account.

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

**** Included under "Receivables"

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

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

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

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

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

Cash and Cash Equivalents, Short-term Investment, Receivables, Accounts Payable and Other Current Liabilities and Due to Stockholders

The carrying amounts of cash and cash equivalents, short-term investment, receivables, accounts payable and other current liabilities and due to stockholders approximate their fair values due to the relatively short-term maturities of these financial instruments.

Financial Asset at FVTPL and FVOCI

Quoted financial assets at FVOCI and FVTPL, specifically for publicly traded shares held by the Group, were measured using market prices and classified as Level 1.

Quoted financial assets at FVTPL, specifically investments in unit investment trust funds (UITFs) held by the Group were measured using the funds' net asset value (NAV) and classified as Level 2.

The Group holds UITF amounting to ₱1,442.63 million and ₱1,436.68 million as at June 30, 2024 and December 31, 2023, respectively.

Unquoted financial assets at FVTPL and FVOCI, specifically debt and equity instruments held by the Group were measured using 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. Financial assets at FVTPL classified as Level 2 includes Compulsorily Convertible Debentures of Masaya Solar Energy Private Limited amounting to ₱1,446.60 million and ₱1,932.98 million as at June 30, 2024 and December 31, 2023, respectively. In 2024 and 2023, financial assets at FVOCI consists of new investments in Redeemable Preference Share in UPC-ACE Solar, BrightNight and PT Puri Prakarsa Batam amounting to US\$43.88 million (₱2,571.99 million), US\$50.97 million (₱2,987.36 million) and US\$5.67 million (₱332.44 million), respectively. The Group recognized financial assets at FVOCI classified as Level 2 amounting to ₱5,896.84 million and ₱5,799.32 million for the six-month period ended June 30, 2024 and year ended December 31, 2023, respectively.

Investments in redeemable preferred shares and convertible loans

This includes investments in redeemable preferred shares and convertible loans. The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread.

Noncurrent trade receivables, Receivables from third parties, Refundable Deposits, Deposits Payable and Other Liabilities

Estimated fair value is based on present value of future cash flows discounted using the prevailing BVAL rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Long-Term Loans

The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows ranged from 3.04 % to 9.01% and 1.03% to 8.88% as at June 30, 2024 and December 31, 2023, respectively.

Notes Payable

The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows is 6.38% and 6.07% as at as at June 30, 2024 and December 31, 2023, respectively.

Derivative asset and liability

The fair value of the derivative asset and liability is determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for risks existing at the end of each reporting period. The following table gives information about how the fair values of derivative asset are determined (in particular, the valuation technique(s) and inputs used).

| Derivative asset | Valuation technique |
|-----------------------------------|---|
| Long-term Energy Supply Agreement | Discounted cash flow. Valuation requires the use of long dated energy valuation volumes and long dated energy and LGC price curves |
| Interest rate swaps | Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparts |

There were no significant unobservable inputs used in the valuation of the derivative assets on Long-term Energy Supply Agreement and interest rate swaps.

There were no transfers between levels in the fair value hierarchy in 2024 and 2023.

26. Operating Segment Information

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

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

- Philippines, which includes:
 1. Retail Electricity Supply (RES) and Commercial Operations (CO)
 2. Renewables – generation, transmission, distribution, and supply of electricity using renewable sources such as solar, wind, and geothermal resources
 3. Thermal – generation, transmission, distribution, and supply of electricity using conventional methods of energy generation
 4. Project development
 5. Leasing
 6. Bulk water supply - arising from previously owned biomass project (ACEN legacy projects)
 7. Petroleum and exploration – pursued via 75.92% owned subsidiary, ENEX Energy Corp.
- International represents the operations of ACRI, which is the holding company for all offshore investments, which includes businesses from Australia, Vietnam, Indonesia, India and rest of the world. This includes earnings from the operations of ACEN Australia, international renewable investments, as well as project development expenses, financing activities, and overhead expenses for the various renewable power projects in the pipeline.
- Parent and Others represents operations of the Parent Company (excluding Commercial Operations) including its financing entities such as ACEN Finance Limited and ACEN Cayman Ltd.

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 (1) operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statement referred to by management as “Core Operating Earnings” and (2) selected attributable financial information, specifically attributable earnings before interest, taxes, depreciation, and amortization (EBITDA) and attributable debt of renewable energy projects.

Statutory EBITDA is the sum of the consolidated (1) revenues, (2) cost and expenses excluding depreciation and amortization and provision for impairment, (3) equity in net income of associates and joint ventures and (4) other income – net (excluding gain on previously held interest, unrealized foreign exchange gain/loss, fair value loss on financial asset at FVTPL).

Attributable EBITDA is the sum of (1) statutory EBITDA, and (2) nonconsolidated operating projects’ EBITDA multiplied by ACEN’s economic interest less (1) equity in net income of associates and joint ventures, and (2) less interest and other financial income from Investment in redeemable preferred shares and convertible loans (this is presented under other income (charges) in the consolidated statements of income). This is not equivalent to the statutory EBITDA of the Group.

Operating projects’ EBITDA follows the same definition as statutory EBITDA.

Nonconsolidated projects are investments in associates and joint ventures and investment in redeemable preferred shares and convertible loans of the Group.

Statutory net debt is the sum of consolidated (1) short-term loans, (2) long-term loans, and (3) notes payable less consolidated cash and cash equivalents.

Attributable net debt is the sum of (1) statutory net debt and (2) nonconsolidated operating projects’ net debt which is debt less cash multiplied by ACEN economic interest.

Statutory and attributable net debt includes recourse and non-recourse debt. Nonconsolidated operating projects’ net debt excludes intercompany loans wherein the Group is the lender. These are Bridge financing, development loans and investment in redeemable preferred shares and convertible loans in the consolidated statements of financial position of the Group.

Revenue earned from a single external customer amounted to ₱2,770.09 million and ₱2,694.66 million for the six-month period ended June 30, 2024 and 2023, respectively, which accounted for more than 10% of the consolidated revenues from external customers, arising from sales in the Philippine Segment.

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

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The following tables regarding operating segments present revenue and income information for the six-month period ended June 30, 2024 and 2023 and assets and liabilities as at June 30, 2024 and December 31, 2023:

| | For the Six-Month Period Ended June 30, 2024 (Unaudited) | | | |
|--|--|-------------------|---------------------|--------------------|
| | Philippines | International | Parent and Others | Consolidated |
| Revenues | | | | |
| Revenue from sale of electricity | ₱17,680,323 | ₱1,270,823 | ₱- | ₱18,951,146 |
| Rental income | 34,798 | - | - | 34,798 |
| Dividend income | - | 84,130 | - | 84,130 |
| Other revenues | 170,071 | 27,118 | 31,878 | 229,067 |
| | 17,885,192 | 1,382,071 | 31,878 | 19,299,141 |
| Costs and expenses | | | | |
| Costs of sale of electricity | | | | |
| Cost of purchased power | 10,590,425 | 33,667 | - | 10,624,092 |
| Fuel | 799,361 | - | - | 799,361 |
| Depreciation and amortization | 613,627 | - | - | 613,627 |
| Others | 992,322 | - | - | 992,322 |
| | 12,995,735 | 33,667 | - | 13,029,402 |
| General and administrative expenses | | | | |
| Personnel costs, management and professional fees | 478,899 | 769,410 | 233,556 | 1,481,865 |
| Provision for impairment | 2,685 | 571,245 | - | 573,930 |
| Depreciation and amortization | 34,143 | 172,448 | 179,651 | 386,242 |
| Others | 74,299 | 348,269 | 282,453 | 705,021 |
| | 590,026 | 1,861,372 | 695,660 | 3,147,058 |
| | 13,585,761 | 1,895,039 | 695,660 | 16,176,460 |
| Equity in net income of associates and joint ventures | ₱287,660 | ₱254,732 | ₱- | 542,392 |
| Other income (charges) | | | | |
| Interest and other financial income | | | | |
| Cash in banks and short-term deposits | 171,810 | 155,923 | 208,657 | 536,390 |
| Accounts and notes receivable | 414,892 | 701,351 | 8,679 | 1,124,922 |
| Investment in redeemable preferred shares and convertible loans | - | 1,565,766 | - | 1,565,766 |
| | 586,702 | 2,423,040 | 217,336 | 3,227,078 |
| Interest and other finance charges | (225,683) | (464,730) | (424,855) | (1,115,268) |
| Other income - net | | | | |
| Gain on disposal of assets | - | 1,352,084 | - | 1,352,084 |
| Others | 671,318 | - | - | 671,318 |
| | 671,318 | 1,352,084 | - | 2,023,402 |
| | 1,032,337 | 3,310,394 | (207,519) | 4,135,212 |
| Net income (loss) before income tax | 5,619,427 | 3,052,159 | (871,301) | 7,800,285 |
| Provision for (benefit from) income tax | 575,743 | (33,988) | 309,787 | 851,542 |
| Segment net income (loss) | ₱5,043,684 | ₱3,086,147 | (₱1,181,088) | ₱6,948,743 |
| Other disclosures: | | | | |
| Depreciation and amortization | ₱647,770 | ₱172,448 | ₱179,651 | ₱999,869 |
| Capital expenditures | 13,243,269 | 12,012,614 | - | 25,255,883 |
| Provision for impairment of property, plant and equipment, advances to contractors | 2,246 | - | - | 2,246 |
| Statutory EBITDA | 5,652,438 | 4,104,658 | (475,452) | 9,281,644 |
| Attributable EBITDA | 6,050,371 | 7,477,524 | (475,452) | 13,052,443 |
| Statutory Cash | 11,651,341 | 2,981,031 | 5,572,365 | 20,204,737 |
| Statutory Debt | 4,550,835 | 25,769,110 | 80,027,298 | 110,347,243 |
| Statutory Net Debt (Cash) | (7,100,506) | 22,788,079 | 74,454,933 | 90,142,506 |
| Attributable Cash | 1,226,338 | 6,244,393 | - | 7,000,321 |
| Attributable Debt | (7,412,632) | (52,220,836) | - | (59,633,468) |
| Attributable Net Debt (Cash) | (914,212) | 68,764,522 | 74,454,933 | 142,305,243 |

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| | As at June 30, 2024 (Unaudited) | | | |
|--|---------------------------------|--------------------|---------------------|---------------------|
| Operating assets | ₱58,437,045 | ₱80,733,708 | ₱169,916,258 | ₱309,087,011 |
| Operating liabilities | ₱16,246,362 | ₱63,659,247 | ₱68,384,831 | ₱148,290,440 |
| Investments in associates and joint ventures | ₱11,846,906 | ₱24,193,505 | ₱- | ₱36,040,411 |

The reconciliation of statutory and attributable EBITDA, cash, debt follows:

| | For the Six-Month Period Ended June 30, 2024 (Unaudited) | | | |
|---|--|--------------------|-------------------|---------------------|
| | Philippines | International | Parent and Others | Consolidated |
| Revenues | ₱17,885,192 | ₱1,382,071 | ₱31,878 | ₱19,299,141 |
| Cost and expenses (exc. Depreciation and amortization and provision for impairment) | (12,935,306) | (1,151,346) | (516,009) | (14,602,661) |
| Equity in net income of associates and joint ventures | 287,660 | 254,732 | - | 542,392 |
| Interest and other financial income | | | | |
| Accounts and notes receivable | 414,892 | 701,351 | 8,679 | 1,124,922 |
| Investments in redeemable preferred shares and convertible loans | - | 1,565,766 | - | 1,565,766 |
| Other income - net | - | 1,352,084 | - | 1,352,084 |
| Statutory EBITDA | ₱5,652,438 | ₱4,104,658 | (₱475,452) | ₱9,281,644 |

| | Philippines | International | Parent and Others | Consolidated |
|--|-------------------|--------------------|-------------------|--------------------|
| Statutory EBITDA | ₱5,652,438 | ₱4,104,658 | (₱475,452) | ₱9,281,644 |
| Nonconsolidated operating projects' EBITDA | 685,593 | 5,193,364 | - | 5,878,957 |
| Equity in net income of associates and joint ventures | (287,660) | (254,732) | - | (542,392) |
| Interest and other financial income from | | | | |
| Investments in redeemable preferred shares and convertible loans | - | (1,565,766) | - | (1,565,766) |
| Attributable EBITDA | ₱6,050,371 | ₱7,477,524 | (₱475,452) | ₱13,052,443 |

| | As at June 30, 2024 (Unaudited) | | | |
|------------------------------------|---------------------------------|--------------------|--------------------|--------------------|
| | Philippines | International | Parent and Others | Consolidated |
| Short-term loans | ₱- | ₱- | ₱700,000 | ₱700,000 |
| Long-term loans | 4,550,835 | 25,769,110 | 45,997,836 | 76,317,781 |
| Notes payable | - | - | 33,329,462 | 33,329,462 |
| Statutory debt | 4,550,835 | 25,769,110 | 80,027,298 | 110,347,243 |
| Statutory cash and cash equivalent | 11,651,341 | 2,981,031 | 5,572,365 | 20,204,737 |
| Statutory net debt (cash) | (₱7,100,506) | ₱22,788,079 | ₱74,454,933 | ₱90,142,506 |

| | As at June 30, 2024 (Unaudited) | | | |
|-------------------------------------|---------------------------------|--------------------|--------------------|---------------------|
| | Philippines | International | Parent and Others | Consolidated |
| Statutory net debt (cash) | (₱7,100,506) | ₱22,788,079 | ₱74,454,933 | ₱90,142,506 |
| Statutory debt | 4,550,835 | 25,769,110 | 80,027,298 | 110,347,243 |
| Statutory cash and cash equivalents | 11,651,341 | 2,981,031 | 5,572,365 | 20,204,737 |
| Nonconsolidated operating projects' | | | | |
| Attributable debt | 6,186,294 | 45,976,443 | - | 52,162,737 |
| Attributable cash | 7,412,632 | 52,220,836 | - | 59,633,468 |
| Attributable cash | 1,226,338 | 6,244,393 | - | 7,470,731 |
| Gross attributable debt | 11,963,467 | 77,989,946 | 80,027,298 | 169,980,711 |
| Attributable net debt (cash) | (₱914,212) | ₱68,764,522 | ₱74,454,933 | ₱142,305,243 |

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As of June 30, 2024 limited recourse and non-recourse for statutory debt amounts to ₱27.24 million and ₱83.1 million, respectively. Some of the international attributable debt is covered by guarantees (see Note 20).

| | For the Six-Month Period Ended June 30, 2023 (Unaudited) | | | |
|--|--|---------------|-------------------|--------------|
| | Philippines | International | Parent and Others | Consolidated |
| Revenues | | | | |
| Revenue from sale of electricity | ₱20,285,568 | ₱– | ₱– | ₱20,285,568 |
| Rental income | 34,432 | – | – | 34,432 |
| Other revenues | 5,704 | 20,773 | 122,084 | 148,561 |
| | 20,325,704 | 20,773 | 122,084 | 20,468,561 |
| Costs and expenses | | | | |
| Costs of sale of electricity | | | | |
| Costs of power purchased | 14,803,088 | – | – | 14,803,088 |
| Fuel | 1,060,794 | – | – | 1,060,794 |
| Depreciation and amortization | 583,778 | – | – | 583,778 |
| Others | 828,372 | – | – | 828,372 |
| | 17,276,032 | – | – | 17,276,032 |
| General and administrative expenses | | | | |
| Personnel costs, management and professional fees | 47,315 | 566,109 | 634,258 | 1,247,682 |
| Provision for impairment | (11,458) | 469,872 | – | 458,414 |
| Depreciation and amortization | 88,326 | 21,751 | 112,960 | 223,037 |
| Others | 352,896 | 140,935 | 66,194 | 560,025 |
| | 477,079 | 1,198,667 | 813,412 | 2,489,158 |
| | 17,753,111 | 1,198,667 | 813,412 | 19,765,190 |
| Equity in net income of associates and joint ventures | 672,447 | 892,411 | – | 1,564,858 |
| Other income (charges) | | | | |
| Interest and other financial income | | | | |
| Cash in banks and short-term deposits | 65,411 | 415,862 | 33,289 | 514,562 |
| Accounts and notes receivable | 246,171 | 903,415 | 163 | 1,149,749 |
| Investments in redeemable preferred shares and convertible loans | – | 1,528,531 | – | 1,528,531 |
| | 311,582 | 2,847,808 | 33,452 | 3,192,842 |
| Interest and other finance charges | (177,612) | (58,652) | (647,262) | (883,526) |
| Other income (expense) - net | | | | |
| Gain on disposal of assets | – | – | 154,392 | 154,392 |
| Others | 399,883 | – | – | 399,883 |
| | 399,883 | – | 154,392 | 554,275 |
| | 533,853 | 2,789,156 | (459,418) | 2,863,591 |
| Net income (loss) before income tax | 3,778,893 | 2,503,673 | (1,150,746) | 5,131,820 |
| Provision for (benefit from) income tax | 311,092 | (266,883) | 22,194 | 66,403 |
| Segment net income (loss) | ₱3,467,801 | ₱2,770,556 | (₱1,172,940) | ₱5,065,417 |

Other disclosures:

| | As at June 30, 2023 (Unaudited) | | | |
|--|---------------------------------|------------|-----------|------------|
| Depreciation and amortization | ₱ 672,104 | ₱ 21,751 | ₱ 112,960 | ₱ 806,815 |
| Capital expenditures | 8,210,573 | 10,290,351 | – | 18,500,924 |
| Provision for impairment of property, plant and equipment, advances to contractors | 4,016 | – | – | 4,016 |
| Statutory EBITDA | 4,151,856 | 2,638,086 | (423,813) | 6,366,129 |
| Attributable EBITDA | 4,622,002 | 5,461,705 | (423,813) | 9,659,894 |

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| | As at December 31, 2023 (Audited) | | | |
|--|-----------------------------------|------------|-------------|-------------|
| Statutory Cash | ₱14,743,597 | ₱1,507,428 | ₱23,445,637 | ₱39,696,662 |
| Statutory Debt | 3,350,857 | 18,539,295 | 57,388,319 | 79,278,471 |
| Statutory Net Debt (Cash) | (11,392,740) | 17,031,867 | 33,942,682 | 39,581,809 |
| Attributable Cash | 15,524,271 | 6,593,490 | 23,445,637 | 45,563,398 |
| Attributable Debt | 10,960,857 | 72,023,312 | 57,388,319 | 140,372,488 |
| Attributable Net Debt | (4,563,414) | 65,429,822 | 33,942,682 | 94,809,090 |
| Operating assets | 41,772,249 | 85,942,407 | 157,218,844 | 284,933,500 |
| Operating liabilities | 18,550,582 | 32,530,461 | 60,476,600 | 111,557,643 |
| Investments in associates and joint ventures | 10,882,646 | 19,215,971 | – | 30,098,617 |

The reconciliation of statutory and attributable EBITDA, cash, debt follows:

| | For the Six-Month Period Ended June 30, 2023 (Unaudited) | | | |
|---|--|---------------|-------------------|--------------|
| | Philippines | International | Parent and Others | Consolidated |
| Revenues | ₱20,325,703 | ₱20,773 | ₱122,084 | ₱20,468,560 |
| Cost and expenses (exc. Depreciation and amortization and provision for impairment) | (17,092,465) | (707,044) | (700,452) | (18,499,961) |
| Equity in net income of associates and joint ventures | 672,447 | 892,411 | – | 1,564,858 |
| Interest and other financial income | | | | |
| Accounts and notes receivable | 246,171 | 903,415 | 163 | 1,149,749 |
| Investment in redeemable preferred shares and convertible loans | – | 1,528,531 | – | 1,528,531 |
| Other income - net | – | – | 154,392 | 154,392 |
| Statutory EBITDA | ₱4,151,856 | ₱2,638,086 | (₱423,813) | ₱6,366,129 |

| | Philippines | International | Parent and Others | Consolidated |
|--|-------------|---------------|-------------------|--------------|
| Statutory EBITDA | ₱4,151,856 | ₱2,638,086 | (₱423,813) | ₱6,366,129 |
| Nonconsolidated operating projects' EBITDA | 1,142,593 | 5,244,561 | – | 6,387,154 |
| Equity in net income of associates and joint ventures | (672,447) | (892,411) | – | (1,564,858) |
| Interest and other financial income from investment in redeemable preferred shares and convertible loans | – | (1,528,531) | – | (1,528,531) |
| Attributable EBITDA | ₱4,622,002 | ₱5,461,705 | (₱423,813) | ₱9,659,894 |

| | As at December 31, 2023 (Audited) | | | |
|------------------------------------|-----------------------------------|---------------|-------------------|--------------|
| | Philippines | International | Parent and Others | Consolidated |
| Short-term loans | ₱– | ₱– | ₱1,500,000 | ₱1,500,000 |
| Long-term loans | 3,350,857 | 18,539,295 | 23,884,525 | 45,774,677 |
| Notes payable | – | – | 32,003,794 | 32,003,794 |
| Statutory debt | 3,350,857 | 18,539,295 | 57,388,319 | 79,278,471 |
| Statutory cash and cash equivalent | 14,743,597 | 1,507,428 | 23,445,637 | 39,696,662 |
| Statutory net debt (cash) | (₱11,392,740) | ₱17,031,867 | ₱33,942,682 | ₱39,581,809 |

| | Philippines | International | Parent and Others | Consolidated |
|-------------------------------------|---------------|---------------|-------------------|--------------|
| Statutory net debt (cash) | (₱11,392,740) | ₱17,031,867 | ₱33,942,682 | ₱39,581,809 |
| Statutory debt | 3,350,857 | 18,539,295 | 57,388,319 | 79,278,471 |
| Statutory cash and cash equivalent | 14,743,597 | 1,507,428 | 23,445,637 | 39,696,662 |
| Nonconsolidated operating projects' | | | | |
| Attributable debt | 7,610,000 | 53,484,017 | – | 61,094,017 |
| Attributable cash | 780,674 | 5,086,062 | – | 5,866,736 |

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| | Philippines | International | Parent and Others | Consolidated |
|------------------------------|--------------|---------------|----------------------|--------------|
| Gross attributable debt | 10,960,857 | 72,023,312 | 57,388,319 | 140,372,488 |
| Attributable net debt (cash) | (P4,563,414) | P65,429,822 | P33,942,682 | P94,809,090 |

As of December 31, 2023 limited recourse and non-recourse for statutory debt amounts to P12,815.90 million and P66,462.71 million, respectively. Some of the international attributable debt is covered by guarantees (see Note 20).

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.

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

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.

27. Supplemental Cash Flows Information

The non-cash investing activities of the Group for the six-month period ended June 30, 2024 and 2023 are as follow:

| | For the six-month period Ended June 30 (Unaudited) | |
|---|---|-------------|
| | 2024 | 2023 |
| Non-cash additions to property, plant and equipment | P1,152,868 | P1,115,723 |
| Set-up of ROU assets from new lease agreements | 131,431 | 911,973 |
| Reclassifications to (from): | | |
| Property, plant and equipment | 6,474,889 | 6,262,584 |
| Investments in associates and joint ventures | 338,884 | 29,148 |
| Other noncurrent assets | (5,167,624) | (6,370,093) |
| Investments in redeemable preferred shares and convertible loans | (338,884) | (29,148) |
| Creditable withholding taxes | (38,345) | 492,724 |

Movements in the Group's liabilities from financing activities for the six-month period ended June 30, 2024 and 2023 are as follows:

| | December 31, 2023 (Audited) | Availments/ Proceeds | Payments | Others | June 30, 2024 (Unaudited) |
|---|-----------------------------------|-------------------------|----------------------|-------------------|---------------------------------|
| Current portion of: | | | | | |
| Short-term loans | ₱1,500,000 | ₱3,700,000 | (₱4,500,000) | ₱– | ₱700,000 |
| Long-term loans | 1,289,104 | – | (1,008,474) | 1,128,115 | 1,408,745 |
| Lease liabilities | 850,953 | – | (268,979) | 509,695 | 1,091,669 |
| Interest payable | 862,164 | – | (3,386,153) | 3,754,881 | 1,230,892 |
| Due to stockholders | 16,585 | – | (1,336,988) | 3,317,955 | 1,997,552 |
| Noncurrent portion of: | | | | | |
| Notes payable | 32,003,794 | – | – | 1,325,668 | 33,329,462 |
| Long-term loans | 44,485,573 | 30,604,406 | – | (180,943) | 74,909,036 |
| Lease liabilities | 7,505,848 | – | – | 232,537 | 7,738,385 |
| Other noncurrent liabilities | 6,344,004 | 1,970,860 | – | (903,450) | 7,411,414 |
| Total liabilities from financing activities | ₱94,858,025 | ₱36,275,266 | (₱10,500,594) | ₱9,184,458 | ₱129,817,155 |

| | January 1, 2023 (Audited) | Availments/ Proceeds | Payments | Others | June 30, 2023 (Unaudited) |
|---|---------------------------------|-------------------------|----------------------|-------------------|---------------------------------|
| Current portion of: | | | | | |
| Short-term loans | ₱2,900,000 | ₱11,600,000 | (₱10,500,000) | ₱– | ₱4,000,000 |
| Long-term loans | 719,385 | – | (243,612) | 743,090 | 1,218,863 |
| Lease liabilities | 258,562 | – | (201,978) | 320,834 | 377,418 |
| Interest payable | 483,090 | – | (508,667) | 749,126 | 723,549 |
| Due to stockholders | 16,585 | – | (759,273) | 759,273 | 16,585 |
| Noncurrent portion of: | | | | | |
| Notes payable | 32,093,314 | – | – | (188,336) | 31,904,978 |
| Long-term loans | 28,051,903 | 11,531,741 | – | (845,623) | 38,738,021 |
| Lease liabilities | 4,206,459 | – | – | 898,310 | 5,104,769 |
| Other noncurrent liabilities | 827,643 | – | 307,672 | (126,977) | 1,008,338 |
| Total liabilities from financing activities | ₱69,556,941 | ₱23,131,741 | (₱11,905,858) | ₱2,309,697 | ₱83,092,521 |

28. Provisions and Contingencies

Tax assessments:

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

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

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

1. The dividend distribution is a distribution of profits by ACEN to its stockholders and not a "disposition" as contemplated under Revenue Regulations Nos. 6-2008 and 6-2013 which would result in the realization of any capital gain of ACEN;

2. ACEN did not realize any gain or increase its wealth as a result of the dividend distribution; and,
3. There was no donative intent on the part of ACEN.

On May 27, 2015, ACEN received from the BIR a Final Decision on Disputed Assessment (“FDDA”) denying the protest.

On June 25, 2015, ACEN filed with the Court of Tax Appeals (“CTA”) a Petition for Review seeking a review of the FDDA and requesting the cancellation of the assessment.

In its decision dated September 28, 2018, the CTA Third Division granted ACEN’s petition and ordered the cancellation and withdrawal of the FLD (the “CTA Third Division Decision”). On January 18, 2019, the CTA denied the Commissioner of Internal Revenue’s (“CIR”) motion for reconsideration (“CTA Resolution”). On February 22, 2019, the CIR filed a petition for review with the CTA *en banc* seeking the reversal of the CTA Third Division’s Decision and CTA Resolution. On July 21, 2020, the CTA *en banc* upheld the CTA Third Division Decision and denied the CIR’s petition. The CIR filed a motion for reconsideration dated August 26, 2020. In response, ACEN filed its Comment/ Opposition. As at May 8, 2024, the CIR’s motion for reconsideration has not been resolved by the CTA *en banc*.

Claims for tax refund

- a. On May 19, 2022, Guimaras Wind Corporation (“Guimaras Wind”) received a copy of the Decision of the CTA En Banc dated May 17, 2022 denying Guimaras Wind’s Petition for Review for lack of merit. The CTA En Banc affirmed the decision dated January 3, 2020 and Resolutions dated July 1, 2020 and September 23, 2020, both rendered by the CTA Third Division, which partially granted Guimaras Wind’s claim for the refund of or the issuance of a tax credit certificate in the reduced amount of ₱16,149,514, out of the total amount claimed of ₱335,759,253, representing Guimaras Wind’s excess and unutilized input value-added tax for Q3 and Q4 of 2014 and Q1 and Q2 of 2015. Guimaras Wind filed its Motion for Reconsideration (MR) to the CTA En Banc on June 3, 2022.

On June 27, 2022, Guimaras Wind received a Resolution from the CTA En Banc directing Guimaras Wind to file its Comment to the MR filed by the Commissioner of Internal Revenue within five (5) days from receipt of the said Resolution. Consequently, Guimaras Wind complied with the Resolution and filed its Comment to the CTA En Banc on July 4, 2022.

On January 17, 2023, the CTA En Banc issued a Resolution reiterating its Decision dated May 17, 2022, which in turn affirmed the CTA Third Division’s Decision limiting Guimaras Wind’s entitlement to refund to a reduced amount of ₱16,149,514.

The CTA En Banc held that the Certificate of Endorsement (COE) from the Department of Energy (DOE) and the Certificate of Compliance (COC) from the Energy Regulatory Commission (ERC) are both required in order for Guimaras Wind to properly avail of VAT zero-rating incentives. The CTA En Banc also rejected Guimaras Wind’s position that its application for COC should be deemed “provisionally approved” six months from the filing of its application for a COC with the ERC.

On February 3, 2023, Guimaras Wind filed a Motion for Extension of Time to File Petition for Review on Certiorari with the Supreme Court. On March 6, 2023, the Company filed the Petition.

On January 24, 2024, the Supreme Court Third Division issued a Resolution requiring Guimaras Wind to file a Comment to the Petition for Review filed by the Commissioner of Internal Revenue within ten (10) days from receipt of the notice. Guimaras Wind filed the Comment on February 12, 2024. There is no decision or resolution as of date.

On April 16, 2024, Guimaras Wind received the CIR's MOTEX to file their Comment dated April 3, 2024.

- b. On April 12, 2017, San Carlos Solar Energy Inc. ("SACASOL") filed a Petition for Review with the CTA regarding the disallowed claim of 2015 input VAT amounting to ₱40.62 million. On February 3, 2021, the CTA denied SACASOL's Petition for Review on the ground that SACASOL failed to establish that its sales qualify for VAT zero-rating because SACASOL did not present any proof that it was issued a DOE Certificate of Endorsement ("COE"), on a per transaction basis. On February 26, 2021, SACASOL filed a Motion for Reconsideration ("MR"), on the basis that there is no legal requirement for the COE to be on a per transaction basis for the VAT zero-rating of SACASOL's sales, and the VAT zero-rated sales were never disputed considering the partial grant by the BIR of SACASOL's claim for unutilized input VAT attributable to VAT zero-rated sales.

On May 6 and 20, 2021, SACASOL filed Supplemental Motions to admit additional evidence which included a DOE letter and certification confirming that a COR on a per transaction basis is not required for purposes of VAT zero-rating of RE Sales of RE Developers and such document is not actually being issued by the DOE. On September 22, 2021, CTA Third Division issued a resolution denying the Motion for Reconsideration.

On February 2, 2023, SACASOL filed a Petition for Review before the CTA En Banc. On April 27, 2023 CTA En Banc denied SACASOL Petition for Review on the basis of jurisdictional grounds. The CTA En Banc denied the Petition on the ground that the CTA Third Division purportedly has no jurisdiction to entertain the judicial claim for refund for being filed beyond the 120+30 day mandatory and jurisdictional period. The CTA En Banc counted the 120-day period from November 3, 2016 - the date when SACASOL filed its administrative claim for refund, and noted that the BIR only had until March 3, 2017 to decide the said claim. The CTA En Banc then held that since SACASOL did not receive an adverse decision from the BIR by March 3, 2017, the law considers the administrative claim as denied. According to the Decision, SACASOL had 30 days from March 3, 2017 or until April 3, 2017 to seek judicial redress. Since the Petition was only filed on April 12, 2017, the CTA is deprived of jurisdiction to hear the case.

On May 19, 2023, SACASOL filed its MR on the ground that (i) Sec 112(c) does not require that the BIR acts and the taxpayer receives the decision within the 120 days; and (ii) SACASOL should be able to file the judicial claim within 30 days from receipt of the decision, as long the decision was made within the 120-day period.

On January 12, 2024, SACASOL received CTA EN Banc Resolution denying the and reiterated its earlier ruling that CTA has no jurisdiction for failure of SACASOL to file its judicial claim for refund within the 120+30 days period from the filing of its administrative claim. The CTA En Banc ruled that the issues in the MR were already addressed, discussed and found wanting in its earlier Decision. On 25 January 2024, SACASOL filed Petition for Extension to File Petition for Review with the Supreme Court. SACASOL filed its Petition for Review on 26 February 2024. As of August 2, 2024, SACASOL has not received any orders from the Supreme Court relating to the case.

Provisions and Contingencies

NorthWind Power Development Corporation (“NorthWind”) is a party to several cases involving the assessment and collection by the Provincial Treasurer of Ilocos Norte of real property tax (“RPT”) on the wind turbine generators, civil works, equipment, machinery, and transmission lines of NorthWind located in the Municipality of Bangui. NorthWind was assessed RPT at a rate of two percent (2%) or an aggregate amount of ₱147.23 million for years 2017 to 2021. NorthWind paid under protest the RPT thereon and filed a protest questioning the imposition of 2% tax rate on its Renewable Energy (“RE”) facilities. Under Republic Act 9513 or the RE Law, realty and other taxes on civil works, equipment, machinery, and other improvements of a Registered RE Developer actually and exclusively used for RE facilities shall not exceed 1.5% of their original cost less accumulated normal depreciation or net book value. All protests filed by NorthWind to the Provincial Treasurer from 2017 to 2024 were denied.

As at August 6, 2024, the 2017 to 2023 RPT protest, regarding an aggregate amount of ₱212.49 million, is still pending decision with the Local Board of Assessment Appeals of Ilocos Norte.

Compliance with Must Offer Rule

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

On October 28, 2020 and August 17, 2021, the PEMC Board cleared CIP and found no breaches from August 2014 to December 2015. On June 3, 2022, the PEMC Board cleared One Subic Power and found no breaches for the period May- December 2014 period. In the May 2022 meeting, PEMC met with trading participants with pending investigations and discussed a shortened process in the investigation while at the same time ensuring due process for all participants. The shortened process will adopt the current PEMC process of frequently flagging the trading participant of the intervals under investigation and requesting for immediate replies and dispensing with lengthy discussions in its investigation reports.

On July 7, 2023, the PEMC Board issued a Notice on Investigation Report which approves the imposition of penalty amounting to ₱700,000 against One Subic Power for breach of MOR. The said breaches were broken down as follows: four breaches in 2014, one breach in 2015, one breach in 2016, and one breach in 2019.

In the May 5, 2023 PEM Board Action letter, the PEM Board cleared Bulacan Power of 10,821 trading intervals, and released its findings and found NO breaches for Bulacan Power for said trading intervals during the January 2015-December 2015 and January 2016-December 2016 investigation periods.

As for CIP II, no breach was found for all the trading intervals from 2014-2021. The PEMC Board issued a Certification dated 24 July 2023 certifying that the investigation cases have been closed and finally disposed of by PEMC.

Refund of Market Transaction Fee from PEMC

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

The PEMC filed a motion for reconsideration with the ERC. In an Order promulgated on June 11, 2021, the ERC resolved to deny the motion for reconsideration filed by the. The market level fee approved by the ERC in its Decision of July 2020 was implemented by the Independent Electricity Market Operator of the Philippines for the WESM market fee collection for the calendar year 2021.

29. Reclassification

The consolidated statements of income for the six-month period ended June 30, 2023 have been reclassified to conform to the six-month period ended June 30, 2024.

The following consolidated statements of income accounts were expanded to present additional components and/or reclassified as follows:

1. Cost of sale of electricity – expanded to present its components:
 - a. Cost of purchased power;
 - b. Depreciation and amortization;
 - c. Fuel; and
 - d. Others
2. General and administrative expenses – expanded to present its components:
 - a. Personnel cost, management and professional fees;
 - b. Provision for impairment;
 - c. Depreciation and amortization; and
 - d. Others
3. Other income (charges) – previously referred to as Other Income - Net
 - a. Interest and other financial income – previously presented under Other Income – net was expanded to present its components:
 - i. Cash in bank and short-term deposits
 - ii. Accounts and other receivables
 - iii. Investments in redeemable preferred shares and convertible loans
 - b. Interest and other finance charge – previously presented as a separate line item in the consolidated statement of income
 - c. Other Income – net – was expanded to present its components:
 - i. Gain on disposal of assets; and
 - ii. Others

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The changes did not result to any change in the consolidated net income after tax of the Group for the six-month period ended June 30, 2023.

| COSTS AND EXPENSES | |
|--|-------------|
| Costs of sale of electricity (Note 17) | |
| Cost of purchased power | ₱14,803,088 |
| Depreciation and amortization | 583,778 |
| Fuel | 1,060,794 |
| Others | 828,372 |
| | <hr/> |
| | 17,276,032 |
| General and administrative expenses (Note 18) | |
| Personnel costs, management and professional fees | 1,247,682 |
| Reversal of impairment | (11,458) |
| Depreciation and amortization | 223,037 |
| Others | 560,025 |
| | <hr/> |
| | 2,019,286 |
| | <hr/> |
| | ₱19,295,318 |
| OTHER INCOME (CHARGES) | |
| Interest and other financial income (Note 20) | |
| Cash in banks and short-term deposits | ₱514,562 |
| Accounts and notes receivable (Note 5) | 1,149,749 |
| Investment in redeemable preferred shares and convertible loans (Note 7) | 1,528,531 |
| | <hr/> |
| | 3,192,842 |
| Interest and other finance changes (Note 19) | (883,526) |
| Other income - net (Note 20) | |
| Gain on disposal of assets | 37,385 |
| Others | 47,018 |
| | <hr/> |
| | 84,403 |
| | <hr/> |
| | ₱2,393,719 |

Previously, these accounts were presented in the consolidated statement of income for the six-month period ended June 30, 2023 as follow:

| COSTS AND EXPENSES | |
|---|-------------|
| Costs of sale of electricity (Note 17) | ₱17,276,032 |
| General and administrative expenses (Note 18) | 2,019,286 |
| | <hr/> |
| | 19,295,318 |
| INTEREST AND OTHER FINANCE CHANGES (Note 19) | |
| | (883,526) |
| OTHER INCOME – NET* | |
| | 3,277,245 |

* Other income – net is the sum of interest and other financial income of ₱3,192.84 million and other income – net of ₱84.40 million.

The consolidated statement of income for the six-month period ended June 30, 2023 has been updated to include an additional disclosure on net income attributable to common shareholders of the Parent Company to align with the consolidated statement of income for the six-month period ended June 30, 2024. Since the redeemable preferred shares amounting to ₱25,000.00 million were issued on September 1, 2023, net income attributable to equity holders of the Parent Company amounting to ₱4,231.45 million is equal to the net income attributable to common shareholders of the Parent Company for the six-month period ended June 30, 2023. The redeemable preferred shares are the issuance of the Group of Series A Preferred Shares amounting to ₱8,341.50 million and Series B Preferred Shares amounting to ₱16,658.50 million with dividend rate of 7.1330% and 8.000% per annum, respectively.

30. Events After the Reporting Period

Below are the events after the reporting period which are treated as non-adjusting events as at June 30, 2024:

Financing Activities

On various dates in July 2024, the Group availed short-term loans from local banks as follow:

| Date of Availment | Maturity | Amount | Interest Rate |
|-------------------|-------------------|--------------------|---------------|
| July 23, 2024 | August 6, 2024 | ₱3,200,000 | 6.000% |
| July 24, 2024 | August 29 2024 | 800,000 | 6.375% |
| July 24, 2024 | August 29 2024 | 1,700,000 | 6.250% |
| July 24, 2024 | September 3, 2024 | 1,250,000 | 6.000% |
| July 29, 2024 | September 3, 2024 | 500,000 | 6.350% |
| July 29, 2024 | September 8, 2024 | 3,400,000 | 6.375% |
| TOTAL | | ₱10,850,000 | |

The ₱3,200.00 million short-term loan was settled on maturity date, August 6, 2024.

On October 13, 2023, ACEN signed a ₱5,000.00 million term loan agreement with a local bank. A subsequent amendment was done to allow the facility to be used for working capital. Further, a second amendment was made on August 5, 2024 to allow for the facility to be drawn in US Dollars, Sterling and Euros.

On August 6, 2024, ACEN drew an equivalent of ₱3,200.00 million with USD notional value of US\$54.86 million. Maturity date is on July 24, 2029. This was used to refinance the ₱3,200.00 million short-term loan that matured on August 6, 2024.

On August 1, 2024, ACEN entered into a forward-starting cross-currency swap which has an effective date of August 6, 2024 to hedge the USD loan exposure. Under the cross-currency swap, ACEN pays notional amount of ₱3,200.00 million at a fixed PHP interest rate.

ACEN's acquisition of shares in Real Wind Energy, Inc. (RWEI)

On August 1, 2024, ACEN signed the following documents:

1. Share Purchase Agreement with Maraj Energy and Development Corp. ("Maraj")
2. Deed of Absolute Sale of Shares in Maraj, as the seller, for the acquisition by ACEN of 6,000 common shares in RWEI.
3. Loan Amendment and Assignment Agreement for the assignment of Maraj's loan receivable from RWEI to ACEN.

Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA) Series B Preferred Shares (ACENB)

On August 5, 2024 the Management of ACEN approved the declaration of the third quarter cash dividends on the ACEN's outstanding Series A Preferred Shares (ACENA) and Series B Preferred Shares (ACENB):

| | <u>ACENA</u> | <u>ACENB</u> |
|--------------------|------------------------|------------------------|
| Dividend Rate | ¼ of 7.1330% per annum | ¼ of 8.0000% per annum |
| Dividend Per Share | ₱17.8325 per share | ₱20.0000 per share |

ANNEX B

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of ACEN and its subsidiaries should be read in conjunction with the unaudited interim consolidated financial statements as at June 30, 2024, for the six-month period ended June 30, 2024 and 2023 and the audited consolidated financial statements as at June 30, 2024. The unaudited interim consolidated financial statements have been prepared in accordance with Philippine Accounting Standards (“PAS”) 34, *Interim Financial Reporting*.

2024

Corporate Highlights:

- On January 3, 2024, transaction closing was achieved by ACEN Investments HK Limited, a subsidiary of ACRI, and Barito Renewables for the acquisition of three late-stage wind development assets with a combined potential capacity of 320 MW. The assets are located in South Sulawesi, Sukabumi, and Lombok provinces. The transaction was originally disclosed on December 15, 2023.
- On January 23, 2024, ACEN, together with its joint venture partners PivotGen and UPC Solar & Wind Investments, completed a purchase agreement with EDF Renewables North America for the lessee interests in the 38 MW Chestnut Flats operating wind project near Altoona, Pennsylvania. The purchase was made via the joint venture entity UPC Power Solutions. EDF Renewables will continue to provide asset management, operations, and maintenance services. This represents ACEN’s second project in North America, following the Stockyard Wind portfolio in 2023.
- In February 2024, ACEN’s subsidiary ACEN Australia announced that it secured a total of AUD 150 million in green term loans from Australia and New Zealand Banking Group (ANZ) and Westpac Banking Corporation, with each bank providing AUD 75 million. The green term loans represent ACEN’s commitment to the Australian market, where 1 GW is already in operations and under construction, with an additional development pipeline of more than 8 GW in renewables.
- In March 2024, ACEN Australia signed a cooperation agreement with Marubeni Corporation for the joint development of a 200 MW/400 MWh (2-hour) Battery Energy Storage System (BESS) in New South Wales, Australia. The signing ceremony for the Agreement took place at the Philippine Business Forum held in Melbourne, and was presented to the President of the Philippines, Ferdinand R. Marcos Jr. The agreement commits the parties to work together on the delivery of the New England 400 MWh BESS. The 50-50 partnership has a projected investment amount of AU\$ 250 million with a target completion by the end of 2025.
- Also in March 2024, ACEN announced its second partnership with BrightNight, to advance the development, construction, and operation of the latter's renewable power portfolio in the Philippines. The partnership plans to develop and construct 1 GWac of renewable energy projects in the Philippines with an estimated capital deployment of USD1.2 billion over the next five years. This is BrightNight and ACEN’s second partnership and builds on the success of the one established in India in March 2023, which has already produced the 100 MW Maharashtra Hybrid Solar-Wind project.

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- ACEN in March 2024 secured a “B” rating for its climate change disclosure through CDP, a global non-profit that runs the world’s leading environmental disclosure platform. This rating puts ACEN two levels higher than last year’s, underscoring ACEN’s dedication to decarbonization and adherence to the highest environmental standards. Since beginning its disclosures with CDP in 2022, ACEN has actively participated in the Climate Change questionnaire, contributing to the world’s most comprehensive inventory of self-reported environmental data. The company’s ongoing efforts align with the increasing demand for environmental transparency from financial institutions, customers and policymakers.
- On April 3, 2024, ACEN’s wholly owned subsidiary, ACEN Renewables International Pte. Ltd. (ACRI), together with its joint venture partner, UPC Renewables Asia Pacific Holdings Pte. Ltd., completed the sale of all their shares in PT UPC Sidrap Bayu Energi, held through UPC Sidrap HK Limited and UPC Renewables Asia III Limited, to PT Barito Wind Energy. PT UPC Sidrap Bayu Energi is the legal entity that owns the 75 MW Sidrap Wind farm in South Sulawesi, Indonesia. The transaction was first disclosed on December 7, 2023. ACEN’s parent company AC Energy and Infrastructure Corporation, through ACRI, originally invested in the Sidrap Wind farm, Indonesia’s first, in 2017.
- On April 15, 2024, ACRI signed a US\$150 million green term loan facility with Sumitomo Mitsui Banking Corporation Singapore Branch (SMBC), for financing investments in renewable energy projects across the region. The green term loan has a tenure of five years and SMBC acts as both lender and green loan coordinator. This facility represents the first partnership between ACEN and SMBC.
- On April 17, 2024, ACEN and the Rockefeller Foundation announced that the first Coal to Clean Credit Initiative (CCCI) pilot project under consideration in the Philippines, could avoid up to 19 million tons of carbon dioxide (CO₂) emissions. An assessment by the Rocky Mountain Institute (RMI), a technical partner of the Rockefeller Foundation, explored the climate impact of leveraging carbon finance to close the South Luzon Thermal Energy Corporation (SLTEC) coal plant in 2030 – ten years ahead of its scheduled retirement – and replacing it with clean power and battery storage, while supporting the livelihoods of workers affected by the plant’s early transition. ACEN executed the world’s first market-based Energy Transition Mechanism (ETM) on SLTEC in 2022. Announced during Financing Asia’s Transition Conference, RMI’s analysis applied CCCI’s draft methodology, currently under review by Verra, to assess SLTEC’s eligibility for carbon financing. It found that the project meets the eligibility criteria of the draft methodology and that decommissioning by 2030 would not be possible without carbon finance. It found that a carbon credit-backed retirement as early as 2030 could yield positive financial, social, and climate outcomes when compared to a 2040 retirement.
- On July 17, 2024, ACEN wholly owned subsidiaries participated in Meralco’s Competitive Selection Process (CSP) for 500 MW of renewable energy supply, winning two 10-year contracts, inclusive of renewable energy certificates (RECs). Gigasol 3 secured 10 MW starting February 2025 with a further 129 MW starting in February 2026, all at tariffs on P8.1819/KWh. Santa Cruz Solar Energy (SCSEI) won a further 21 MW starting February 2026 at P8.1998/kWh.

Operating Highlights:

- ACEN currently has 4,849 MW (megawatts) of attributable capacity from projects both operational and under construction in the Philippines and internationally, of which 4,781

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MW, or 99%, is renewable. This puts the Group in a strong position to reach its 20-GW RE (gigawatt renewable) target by 2030.

- Philippine assets net attributable capacity is 1,912 MW of which 1,844 MW is renewables; and
- International assets net attributable capacity is at 2,936 MW which is 100% renewables.
- Operating status of 4,849 MW is:
 - 31% or 1,518 MW is under construction.
 - 64% or 3,144 MW is operating; and
 - 5% or 217 MW is partially operating. These are plants under construction which are already transmitting power to the grid, under energization, testing and commissioning, and/or awaiting key requirements.
- Geographical split of the 4,849 MW net attributable capacity is:
 - 39% or 1,912 MW - Philippines;
 - 23% or 1,092 MW - Australia;
 - 19% or 902 MW - Vietnam – Lao PDR;
 - 13% or 609 MW - India;
 - 2% or 99 MW - Indonesia;
 - 3% or 142 MW - United States
 - 1% or 93 MW – Others, primarily rooftop solar from the NEFIN partnership across several countries in East Asia.
- Technology split of the 4,852 MW net attributable capacity is:
 - 69% or 3,361 MW - Solar;
 - 22% or 1,025 MW - Wind;
 - 2% or 107 MW - Geothermal;
 - 2% or 105 MW - Hybrid Solar-Wind;
 - 2% or 92 MW – Rooftop Solar
 - 2% or 90 MW - Battery
 - 1% or 68 MW - Diesel
- Attributable generation output reached 3,008 GWh which is +38% year-over-year driven by production from newly operational plants.
 - Philippines attributable generation output at 1,130 GWh which is +60% year-over-year from the commissioning of San Marcelino Solar Phases 1 and 2, Pagudpud Wind, Cagayan North Solar and Arayat Mexico Solar.
 - International attributable generation output at 1,893 GWh which is +28% year-over-year from the ramp ups of New England Solar Farm 1 in Australia and Masaya Solar in India, in addition to new capacity from Solar NT in Vietnam.
- Attributable generation output is 1,426 GWh for the second quarter (three-month period ended June 30, 2024). This is 11% lower than the first quarter (three-month period ended March 31, 2024) with generation output of 1,597 GWh and +28% higher than the second quarter last year (three-month period ended March 31, 2023) with generation output of 1,112GWh.

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- Philippines attributable generation output at 543 GWh which is 7% lower than the first quarter mainly due to lower wind regime and seasonality. This is higher by 44% than second quarter last year due to contribution of San Marcelino solar project that started testing and commissioning in December 2023.
- International attributable generation output at 883 GWh which is 13% lower than first quarter mainly due to seasonality in Australia, lower wind regime in Vietnam and impact of divestment in Indonesia wind plant in April 2024. This is higher by 20% than second quarter last year due to contribution of NESF1 that reached commercial operations in April 2024.

Financial Highlights:

- The Group posted consolidated net income attributable to equity holders of the Parent Company amounting to ₱6,293.91 million for the first half of 2024 compared to ₱4,231.45 million net income in the same period last year. Consolidated net income attributable to common shareholders of Parent Company amounted to ₱5,330.07 million and ₱4,231.45 million for the first quarter of 2024 and 2023, respectively.
- The significant uplift of +49% year-over-year in net income attributable to equity holders of the Parent Company is due to:
 - Attributable generation output year-over-year growth of +38% with a full or near-full operationalization of San Marcelino Solar 1 & 2, Pagudpud Wind, Cagayan North Solar, Arayat-Mexico Solar, and New England Solar Farm 1. All are subsidiaries except for Arayat-Mexico Solar which is through an investment in a joint venture by the Group.
 - Gain recognized in the second quarter of 2024 amounting to US\$22.65 million (₱1,329.85 million) from the divestment from PT Sidrap Bayu Energi. This was an investment of the Group in Sidrap Wind, an Indonesia wind plant with attributable capacity of 56MW.
- Philippines business continues to strengthen its net seller merchant position at 505 GWh following the contribution of new merchant renewable capacity. The increase in merchant volume was tempered by the lower Wholesale Electricity Spot Market (WESM) price environment compared to last year.
- In addition to the gain on divestment from Sidrap Wind, the Group recognized non-recurring gains of US\$6.97 million (₱389.18 million) due to the early extinguishment of a convertible loan with The Blue Circle Pte. Ltd (TBC). This effectively reduced the Group's capital deployed in Dai Phong and Hong Phong 1 Wind projects in Vietnam.
- Overhead expenses (general and administrative expenses in the consolidated statement of income) grow year-over-year due to development ramp up as execution continues on long term goals.

The tables below summarize the consolidated results of operations of the Group's revenues, costs and expenses for the first quarter ended June 30, 2024 and 2023.

Revenues

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| <i>In thousand Pesos</i> | Apr - Jun | | Jan - Jun | | Apr - Jun | | Jan - Jun | |
|----------------------------------|------------------|------------|-------------------|------------|--------------------|------|--------------------|-----|
| | 2023 | 2023 | 2024 | 2023 | Inc (Dec) | % | Inc (Dec) | % |
| Revenue from sale of electricity | 9,185,050 | 11,262,554 | 18,951,145 | 20,285,568 | (2,077,504) | (18) | (1,334,423) | (7) |
| Rental income | 17,399 | 17,219 | 34,798 | 34,432 | 180 | 1 | 366 | 1 |
| Dividend income | 84,130 | - | 84,130 | - | 84,130 | - | 84,130 | - |
| Other revenues | 159,326 | 53,085 | 229,068 | 148,561 | 106,241 | 200 | 80,507 | 54 |
| | | 11,332,85 | 19,299,14 | | | | | |
| | 9,445,905 | 8 | 1 | 20,468,561 | (1,886,953) | (17) | (1,169,420) | (6) |

- **Revenue from sale of electricity** increased as a result of higher retail electricity supply (RES) portfolio, higher net generation driven by new capacity, mainly in the Philippines and Australia. Revenue includes sale of large-scale general certificates (LGCs) in Australia.
 - RES portfolio grew to 265 MW, up 51% year-on-year, with more commercial and industrial customers, and more contracts linked to DU rates
 - New volumes in the Philippines at 437GWh; new volumes in Australia at 385GWh
 - Low WESM price environment tempered the growth of revenue in the Philippines
 - LGC sale of AU\$10.49 million (₱390.92 million)
- **Rental income** mainly from land lease with third party.
- **Other revenue** consists of management fees earned by ACEN from its joint venture and bulk water sales.

Costs and Expenses

| <i>In thousand Pesos</i> | Apr - Jun | | Jan - Jun | | Apr - Jun | | Jan - Jun | |
|---|------------------|------------|-------------------|------------|--------------------|------|--------------------|------|
| | 2024 | 2023 | 2024 | 2023 | Inc (Dec) | % | Inc (Dec) | % |
| Cost of sale of electricity | | | | | | | | |
| Cost of purchased power | 4,454,654 | 7,559,357 | 10,624,092 | 14,803,088 | (3,104,703) | (41) | (4,178,996) | (28) |
| Depreciation and amortization | 293,349 | 284,404 | 613,627 | 583,778 | 8,945 | 3 | 29,849 | 5 |
| Fuel | 691,774 | 891,109 | 799,361 | 1,060,794 | (199,335) | (22) | (261,433) | (25) |
| Others | 525,552 | 421,761 | 992,322 | 828,372 | 103,791 | 25 | 163,950 | 20 |
| | 5,965,329 | 9,156,631 | 13,029,402 | 17,276,032 | (3,191,302) | (35) | (4,246,630) | (25) |
| General and administrative expenses | | | | | | | | |
| Personnel costs, management and professional fees | 728,880 | 669,461 | 1,481,865 | 1,247,682 | 59,419 | 9 | 234,183 | 19 |
| Provision for impairment | 258,260 | 220,800 | 573,930 | 458,414 | 37,460 | 17 | 115,516 | 25 |
| Depreciation and amortization | 271,381 | 101,588 | 386,242 | 223,037 | 169,793 | 167 | 163,205 | 73 |
| Others | 330,428 | 316,922 | 705,021 | 560,025 | 13,506 | 4 | 144,996 | 26 |
| | 1,588,949 | 1,308,771 | 3,147,058 | 2,489,158 | 280,178 | 21 | 657,900 | 26 |
| | 7,554,278 | 10,465,402 | 16,176,460 | 19,765,190 | (2,911,124) | (28) | (3,588,730) | (18) |

- **Cost of sale of electricity** decreased mainly due to lower WESM purchases attributed to lower average WESM price due to security limits in first quarter of 2024 and lower coal prices. This was tempered by thinner supply margins caused by higher demand in the second quarter. New plants, specifically San Marcelino Solar Phase 1 and 2, Pagudpud Wind and Cagayan North Solar, are still under testing and commissioning and have not yet started to be depreciated as of June 30, 2024. New England Solar 1 reached commercial operations in April 2024 and started depreciation in May 2024.

- **General and administrative expenses** include provision for expected credit losses on Investments in redeemable preferred shares and convertible loans and accrued receivables which are investments made by the Group in Vietnam Wind Energy Limited (Vietnam Wind) and UPC-AC Energy Solar Limited (UPC-ACE Solar). Vietnam Wind is a wind plant in Vietnam with attributable capacity of 48MW which is operating but has not received a final tariff, and UPC-ACE Solar is a platform of three operating solar projects in India. The overall increase in G&A expenses is mainly attributed to the ramp up of development and operations.

Equity in Net Income of Associates and Joint Venture

| <i>In thousand Pesos</i> | Apr - Jun | | Jan - Jun | | Apr - Jun | | Jan - Jun | |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-------|-------------|-------|
| | 2023 | 2023 | 2024 | 2023 | Inc (Dec) | % | Inc (Dec) | % |
| Netherlands | 279,868 | 409,038 | 557,883 | 724,876 | (129,170) | (32) | (166,993) | (23) |
| Philippines | (4,937) | 210,405 | 287,660 | 672,447 | (215,342) | (102) | (384,787) | (57) |
| USA | (165,279) | (27,116) | (218,695) | (86,953) | (138,163) | 510 | (131,742) | 152 |
| Vietnam | (10,701) | 287,473 | (10,813) | 287,473 | (298,174) | (104) | (298,286) | (104) |
| Indonesia | 37,382 | - | (33,845) | - | 37,382 | - | (33,845) | - |
| Others | 50,757 | (293,426) | (39,798) | (32,985) | 344,183 | (117) | (6,813) | 21 |
| | 187,090 | 586,374 | 542,392 | 1,564,858 | (399,284) | (68) | (1,022,466) | (65) |

Equity in net income of associates and joint ventures decreased mainly driven by:

- Philippines – lower wind regime and impact of seasonality in North Luzon Renewables Energy Corp., a wind farm in Ilocos Norte
- Vietnam – normalized wind regime compared to last year and appreciation of USD vs VND that resulted to higher foreign exchange losses (project finance of selected Vietnam projects are in USD while functional currency of these projects are in VND, such that forex losses associated with the whole value of the project finance are booked through the income statements of the relevant projects but will be serviced over time since the tariffs of these projects are USD linked).
- India – growth in generation and completion of Masaya Solar is offset by higher share in pre-operating losses as activities ramp up for projects under construction and pre-development.
- USA and Others - higher share in pre-operating losses as activities ramp up for projects under construction or refurbishment.
- Indonesia – reflects the impact of Salak-Darajat partial divestment in September 2023 and impact of full divestment in Sidrap Wind in April 2024.

Other Income (Charges)

| <i>In thousand Pesos</i> | Apr - Jun | | Jan – Jun | | Apr - Jun | | Jan - Jun Inc | |
|--|------------------|-----------|-------------------|-----------|------------------|-------|--------------------------|-----|
| | 2024 | 2023 | 2024 | 2023 | Inc (Dec) | % | (Dec) | % |
| Interest and other financial income | | | | | | | | |
| Cash in banks and short-term deposits | 202,200 | 268,832 | 536,390 | 514,562 | (66,632) | (25) | 21,828 | 4 |
| Accounts and notes receivable | 573,150 | 548,216 | 1,124,922 | 1,149,749 | 24,934 | 5 | (24,827) | (2) |
| Redeemable preferred shares and convertible loans | 772,437 | 783,198 | 1,565,766 | 1,528,531 | (10,761) | (1) | 37,235 | 2 |
| | 1,547,787 | 1,600,246 | 3,227,078 | 3,192,842 | (52,459) | (3) | 34,236 | 1 |
| Interest and other finance changes | (422,993) | (219,112) | 1,115,268) | (883,526) | (203,881) | 93 | (231,742) | 26 |
| Other income - net | | | | | | | | |
| Gain on disposal of assets | 962,902 | 154,392 | 1,352,084 | 154,392 | 808,510 | 524 | 2 | 776 |
| Others | 701,774 | (81,705) | 671,318 | 399,883 | 783,479 | (959) | 271,435 | 68 |
| | 1,664,676 | 72,687 | 2,023,402 | 554,275 | 1,591,989 | 2,190 | 7 | 265 |
| | 2,789,470 | 1,453,821 | 4,135,212 | 2,863,591 | 1,335,649 | 92 | 1 | 44 |

- **Interest and other finance income** increased from:
 - **Cash in banks and short-term** deposits decreased following deployment of funds raised during financing activities in 2023. Funds were deployed to projects under construction.
 - **Accounts and notes receivables** increased mainly from the additional loan extended to BIM Projects in Q2 2024. decreased with maturity of bridge financing loan provided in Vietnam wind projects in 2023.
 - **Investment in redeemable preferred shares and convertible loans** at par with last year mainly from compounding features of the redeemable preferred shares
- **Interest and other finance charges** increased following availment of long-term loans from local banks by ACEN Cayman of US\$180.00 million (₱10,123.20 million) and US\$140.00 million (₱7,873.60 million) at 5.3980% and 5.3060%, respectively in January 2024. The proceeds of the long-term loans were used to redeem US\$352.00 million redeemable preferred shares in ACEN Cayman held by AC Energy Finance International Limited.
- **Other income** increased mainly from the gain recognized amounting to US\$16.40 million (₱962.90 million) from the divestment from Sidrap Wind and non-recurring gains of US\$6.97 million (₱389.18 million) from the early extinguishment of a convertible loan with TBC.

Provision for (Benefit from) Income Tax

| <i>In thousand Pesos</i> | Apr - Jun | | Jan - Jun | | Apr - Jun | | Jan - Jun | |
|--------------------------|-----------------|----------|-------------------|----------|------------------|------|------------------|-------|
| | 2024 | 2023 | 2024 | 2023 | Inc (Dec) | % | Inc (Dec) | % |
| Current | ₱822,199 | ₱89,325 | ₱1,070,030 | ₱160,569 | ₱732,874 | 820 | ₱909,461 | 566 |
| Deferred Income tax | 32,866 | 195,144 | (218,488) | (94,166) | (162,278) | (83) | (124,322) | 132 |
| | ₱855,065 | ₱284,469 | ₱851,542 | ₱66,403 | ₱570,596 | 201 | ₱785,139 | 1,182 |

- The increase in **provision for income tax - current** due to higher taxable income for the period from increase in business of the Group, specifically testing and commissioning income of Philippine renewable plants which are not yet under income tax holiday.
- **Deferred income tax benefit** mainly driven by the Group's deferred tax asset of net operating loss carry over offset by deferred tax liability recognized from capitalized costs.

The table below bridges consolidated statutory earnings before interest, taxes, depreciation, and amortization (EBITDA) to (i) attributable EBITDA and then (ii) core attributable EBITDA.

| <i>In thousand Pesos</i> | Jan-Mar | Apr-Jun | Increase (Decrease) | | Jan - Jun | | Increase (Decrease) | |
|---|-------------------|-------------------|---------------------|------------|--------------------|-------------------|---------------------|------------|
| | 2024 | 2024 | Amount | % | 2024 | 2023 | Amount | % |
| Revenue | ₱9,853,237 | ₱9,445,905 | (₱407,332) | -4% | ₱19,299,141 | ₱20,468,561 | (₱1,169,420) | -6% |
| Cost and expenses | (8,622,182) | (7,554,278) | 1,067,904 | -12% | (16,176,461) | (19,765,190) | 3,588,729 | -18% |
| Depreciation expense | 435,140 | 564,730 | 129,590 | 30% | 999,869 | 806,815 | 193,055 | 24% |
| Provision for impairment | 315,670 | 258,260 | (57,410) | -18% | 573,930 | 458,414 | 115,514 | 25% |
| Equity in net income of associates and joint ventures | 355,303 | 187,090 | (168,213) | -47% | 542,392 | 1,564,858 | (1,022,466) | -65% |
| Interest income - investment in redeemable preferred shares and convertible loans | 793,329 | 772,437 | (20,892) | -3% | 1,565,766 | 1,528,531 | 37,235 | 2% |
| Value realization | 389,182 | 962,902 | 573,720 | 147% | 1,352,085 | 154,392 | 1,197,693 | 776% |
| Interest income - accounts and other receivables | 551,773 | 573,149 | 21,376 | 4% | 1,124,922 | 1,149,749 | (24,827) | -2% |
| Statutory EBITDA | 4,071,452 | 5,210,195 | 1,138,743 | 28% | 9,281,644 | 6,366,129 | 2,915,514 | 46% |
| Equity in net income of associates and joint ventures | (355,303) | (187,090) | 168,213 | -47% | (542,392) | (1,564,858) | 1,022,466 | -65% |
| Interest income - investment in redeemable preferred shares and convertible loans | (793,329) | (772,437) | 20,892 | -3% | (1,565,766) | (1,528,531) | (37,234) | 2% |
| Attributable EBITDA from joint ventures and associates | 3,266,752 | 2,612,205 | (654,547) | -20% | 5,878,957 | 6,387,154 | (508,198) | -8% |
| Attributable EBITDA | 6,189,572 | 6,862,873 | 673,301 | 11% | 13,052,443 | 9,659,894 | 3,392,550 | 35% |
| Value realization | (389,182) | (962,902) | (573,720) | 147% | (1,352,085) | (154,392) | (1,197,693) | 776% |
| Interest income - accounts and other receivables | (551,773) | (573,149) | (21,376) | 4% | (1,124,922) | (1,149,749) | (24,827) | (2%) |
| Core Attributable EBITDA | ₱5,248,617 | ₱5,326,822 | ₱78,205 | 1% | ₱10,575,436 | ₱8,355,753 | ₱2,219,684 | 27% |

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Material changes in Consolidated Statements of Financial Position accounts

| <i>In thousand pesos</i> | June 30, 2024 | December 31, 2023 | <u>Increase (Decrease)</u> | |
|---|--------------------------|----------------------|----------------------------|------|
| | (Unaudited) | (Audited) | Amount | % |
| Current Assets | | | | |
| Cash and cash equivalents | ₱20,204,737 | ₱39,696,662 | (₱19,491,925) | (49) |
| Current portion of: | | | | |
| Accounts and notes receivable | 29,961,790 | 26,065,692 | 3,896,098 | 15 |
| Input value added tax (VAT) | 2,641,403 | 2,059,734 | 581,669 | 28 |
| Creditable withholding taxes | 141,329 | 102,984 | 38,345 | 37 |
| Financial assets at fair value through profit or loss (FVTPL) | 1,560,664 | 1,938,497 | (377,833) | (19) |
| Fuel and spare parts | 868,597 | 964,053 | (95,456) | (10) |
| Other current assets | 894,339 | 750,493 | 143,846 | 19 |
| Noncurrent assets held for sale | 220,881 | – | 220,881 | – |
| Noncurrent Assets | | | | |
| Investment in: | | | | |
| Associates and joint ventures | 36,040,411 | 30,098,617 | 5,941,794 | 20 |
| Redeemable preferred shares and convertible loans | 22,794,317 | 21,633,799 | 1,160,518 | 5 |
| Financial assets at FVTPL | 1,446,600 | 1,932,975 | (486,375) | (25) |
| Financial assets at fair value through other comprehensive income (FVOCI) | 5,896,835 | 5,799,323 | 97,512 | 2 |
| Plant, property and equipment | 117,138,469 | 88,928,251 | 28,210,218 | 32 |
| Right-of-use assets | 8,906,789 | 8,213,704 | 693,085 | 8 |
| Goodwill and other intangible assets | 24,356,152 | 23,165,368 | 1,190,784 | 5 |
| Net of current portion: | | | | |
| Accounts and notes receivable | 16,590,662 | 12,689,042 | 3,901,620 | 31 |
| Input VAT | 3,336,830 | 3,120,200 | 216,630 | 7 |
| Creditable withholding tax | 3,186,504 | 2,513,774 | 672,730 | 27 |
| Deferred income tax assets – net | 2,427,383 | 2,122,081 | 305,302 | 14 |
| Other noncurrent assets | 10,472,318 | 13,138,251 | (2,665,933) | (20) |

- Decrease in **Cash and cash equivalents** is due to continued deployment of funds raised from financing activities and internally generated cash to projects under construction.
- Increase in **Accounts and notes receivable** is due to:
 - Higher attributable generation output driven by new plants in Philippines and Australia;
 - The Energy Regulatory Commission (ERC) issued an Order dated June 13, 2024 in ERC Case No. 2024-017 MC entitled “In the Matter of Declaration of Market Suspension During Red Alerts during Summer Months of 2024”. The Order approves the four-month staggered collection and payment of Distribution Utilities’ (DU) WESM purchases to ease the impact of high generation costs on consumers. The DU and Electric Cooperatives shall pay equally in four-month amortization period from June to September 2024. Consequently, revenues from April 26, 2024 to May 25, 2024 of Philippine merchant plants will be collected from June to September 2024 resulting to an increase in receivables from IEMOP;
 - Bridge financing provided to related parties to fund their capital utilization plans; and
 - Development loans provided to fund the development of renewable power plant projects in India

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- Decrease in **current portion of input VAT** mainly driven by application against output VAT arising from VATable commercial operations / RES energy sales in the Philippines which has increased its business activities compared to last year.
- **Creditable withholding tax** went up with increase in revenues for the first half of 2024.
- **Financial Assets at FVTPL** decreased mainly from withdrawal of UITFs as infusions were made by the Parent Company to fund equity of projects under construction. Funds available on hand from financing activities in 2023 while not deployed were previously invested in UITFs.
- **Fuel and spare parts** went down due to lower bunker operations.
- **Other current assets** increased primarily due to increase in prepayments for operating expenses in the Philippines and Australia.
- **Assets Held for Sale** consist of pre-development costs of a solar farm in Australia which is to be sold.
- **Investments in associates and joint ventures** increased mainly from additional investments in the following:

| Investee Company | Project | Geography | Technology | Capacity | Amount in US\$ (millions) | Amount in PHP (millions) |
|------------------|----------------------------|-------------|-------------------|----------|---------------------------|--------------------------|
| UPC Power | Stockyard & Chestnut Flats | USA | Wind | 148 | 46.89 | ₱2,275.43 |
| BrightNight | BN Maharashtra | India | Hybrid Solar-Wind | 80 | – | 1,457.37 |
| PhilWind | Capa Wind 2 | Philippines | Wind | 70 | – | 504.46 |
| NLR | Capa Wind 2 | Philippines | Wind | 70 | – | 495.40 |
| RWEI | Real Wind | Philippines | Wind | TBD | – | 442.92 |
| PT Lombok | Lombok | Indonesia | Wind | 39 | 2.99 | 177.06 |
| PT Sukabumi | Sukabumi | Indonesia | Wind | 74 | 1.32 | 88.46 |
| PT Sidrap 2 | Sidrap 2 | Indonesia | Wind | 34 | 0.98 | 75.75 |
| Monsoon Wind | Monsoon | Vietnam | Wind | 146 | 4.71 | 20.19 |
| Others | | | | | | 237.46 |
| Total | | | | | | ₱5,537.04 |

- **Investments in redeemable preferred shares and convertible loans** are investments made in International projects (excluding Australia) in the form of redeemable preferred shares and convertible loans. The increase is mainly due to the appreciation of the US dollar against the peso with a net impact of ₱1,179.82 million. There is also a recognition of impairment in redeemable preferred shares in UPC-AC Energy Solar Limited in the amount of ₱37.40 million. The decrease is offset by subscriptions in redeemable preferred shares of Impact Wind Investment and NEFIN Limited in the amount of ₱1,120.74 million and subscription deposits of UPC Renewables in the amount of ₱228.14 million.
- **Noncurrent financial assets at FVTPL** pertains to Compulsorily Convertible Debentures (CCDs) from Masaya Solar. Masaya Solar has constructed the 420MW solar farm in the Central Indian state of Madhya Pradesh. The decrease is mainly attributable to a redemption of outstanding bridge financing.
- **Noncurrent financial assets at FVOCI** are largely the investment in UPC Sidrap, UPC-AC Energy, PT Puri, BrightNight and also include golf club shares and listed equity instruments. The increase is attributable to cumulative translation adjustment gains coming from the foreign investments.

- **Plant, property and equipment's** increase is related to capital expenditures on the following projects:

| Project | Technology | Capacity (MW) | Location | % of Completion | |
|--------------------------------------|------------|---------------|--|---------------------------|-----------------------------|
| | | | | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) |
| San Marcelino Solar (Phase 3) | Solar | 200 | Zambales, Philippines | 4% | <1% |
| New England BESS | Battery | 200 | Uralla, New South Wales, Australia | 5% | -- |
| Palauig 2 Solar | Solar | 300 | Zambales, Philippines | 68% | 31% |
| Pangasinan Solar | Solar | 60 | Pangasinan, Philippines | 93% | 60% |
| Pagudpud Wind | Solar | 160 | Ilocos Norte, Philippines | 99% | 98% |
| Stubbo Solar | Solar | 520 | Central Western Tablelands, New South Wales, Australia | 80% | 23% |
| New England Solar Farm 1 | Solar | 521 | Uralla, New South Wales, Australia | 100% | 98% |
| San Marcelino Solar (Phase 1 and 2)* | Solar | 385 | Zambales, Philippines | 100%* | 98% |
| Cagayan North Solar (Phase 1)* | Solar | 133 | Lal-lo Cagayan, Philippines | 100%* | 98% |

The Group also had ₱1,409.29 million capitalized borrowing costs from project companies during the period.

- **Right-of-use assets** increased due to new lease contracts and lease modifications in 2024, mainly in ACEN Australia.
- **Receivables - net of current portion** increased primarily due to accretion of long term interest receivables from international joint ventures and associates.
- **Goodwill & other intangible assets** increased due to cumulative translation adjustment gains on ACEN Australia.
- Majority of the balance of **Deferred tax asset** came from recognition of accrued expenses, net operating losses carry over (NOLCO), minimum corporate income tax (MCIT) and lease liabilities.
- **Input VAT non-current** increased due to large purchases of capital equipment for ongoing projects in the Philippines.
- **Other non-current assets** increase mainly from development costs incurred for a wind power project in Real, Quezon in the Philippines.

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| <i>In thousand pesos</i> | June 30, 2024 | December 31, 2023 | Increase (Decrease) | |
|---|--------------------------|----------------------|---------------------|----------|
| | (Unaudited) | (Audited) | Amount | % |
| Current Liabilities | | | | |
| Accounts payable and other current liabilities | ₱17,979,055 | ₱16,145,386 | ₱1,833,669 | (11) |
| Short-term loans | 700,000 | 1,500,000 | (800,000) | 53 |
| Current portion of: | | | | |
| Long-term loans | 1,408,745 | 1,289,104 | 119,641 | (9) |
| Lease liabilities | 1,091,669 | 850,953 | 240,716 | (28) |
| Income and withholding taxes payable | 518,319 | 241,667 | 276,652 | (114) |
| Due to stockholders | 1,997,552 | 16,585 | 1,980,967 | (11,944) |
| Noncurrent Liabilities | | | | |
| Notes payable | 33,329,462 | 32,003,794 | 1,325,668 | (4) |
| Noncurrent portion of: | | | | |
| Long-term loans | 74,909,036 | 44,485,573 | 30,423,463 | (68) |
| Lease liabilities | 7,738,385 | 7,505,848 | 232,537 | (3) |
| Pension and other employee benefits | 435,517 | 368,827 | 66,690 | (18) |
| Deferred tax income liabilities - net | 771,286 | 805,902 | (34,616) | 4 |
| Other noncurrent liabilities | 7,411,414 | 6,344,004 | 1,067,410 | (17) |
| Equity | | | | |
| Common shares | 39,691,895 | 39,691,895 | - | - |
| Redeemable preferred shares | 25,000 | 25,000 | - | - |
| Additional paid-in capital | 132,295,689 | 132,295,689 | - | - |
| Other equity reserves | (59,450,345) | (59,450,345) | - | - |
| Unrealized fair value loss on equity instruments at FVOCI | (618,652) | (268,000) | (350,652) | (131) |
| Unrealized fair value (loss) gain on derivative instruments designated as hedges – net of tax | (450,618) | 588,519 | (1,039,137) | 117 |
| Remeasurement loss on defined benefit plans – net of tax | (46,460) | (32,821) | (13,639) | (42) |
| Accumulated share in other comprehensive loss of associates and joint ventures | (192,347) | (85,483) | (106,864) | (125) |
| Cumulative translation adjustments | 11,202,325 | 5,864,713 | 5,337,612 | (91) |
| Retained earnings | 28,218,010 | 24,871,807 | 3,346,203 | (13) |
| Treasury shares | (28,657) | (28,657) | - | - |
| Non-controlling interests | 10,150,731 | 29,903,540 | (19,752,809) | 66 |

- **Accounts payable and other current liabilities** decreased from settlement of payables related to projects under construction in the first half of 2024.
- **Short-term loans** are outstanding loans from local banks.
- **Current portion of long-term loans** movement mainly due to payment timing schedule.
- **Current portion of lease liability** movement mainly due to payment timing schedule of leased assets.
- Increase in **income and withholding taxes payable** was mainly due to withholding taxes payable from various purchases in the Philippines.
- **Notes payable** pertains to the ₱10 billion 5-year Green Bonds by ACEN and the US\$400.0 million U.S. dollar-denominated senior guaranteed undated fixed-for-life (non-deferrable) Green Bonds (the Bonds) issued and listed in SGX-ST.
- **Long-term loans - net of current portion** increased due to the new loan availed by ACE Cayman of \$320 million and borrowings made by ACEN International to fund India projects. The US\$320.00 million loan was used to pay the US\$352.00 million green bonds that was

infused by the Group through subscription to redeemable preferred shares issued by ACEN Cayman to AC Energy Finance Limited (ACEFIL). The difference between the redeemable preferred shares and loan proceeds was funded by cash on hand of the Group.

- **Lease Liabilities-net of current portion** decreased mainly due to lease payments during the period.
- Majority of the balance of **deferred income tax liabilities** came from recognition of unrealized foreign exchange gains and right-of-use assets of the Group as at period ended.
- **Other non-current liabilities** include contract liabilities and asset retirement obligations related to operating renewable power plant projects.
- The increase in **unrealized FV loss on equity instruments at FVOCI** came from mark-to-market loss for UPC Sidrap for the current period. Equity investment in UPC Sidrap is classified as FVOCI since this is not an instrument held for trading by the Group.
- **Unrealized fair value gain on derivative instruments** designated as hedges increased due to movement in the derivative related to Long Term Energy Service Agreements in Australia.
- **Remeasurement loss on defined benefit plan** increased mainly from current service costs.
- The increase in **accumulated share in other comprehensive income of associates and joint ventures** significantly came from other comprehensive income share in cumulative transaction adjustments of associates and joint ventures.
- **Retained earnings** increased from resulting net income earned for the period.
- **Treasury shares** had no movement during the period.
- **Non-controlling interests** decreased following redemption of ACEN Cayman of US\$352.00 million worth of redeemable preferred shares held by ACEFIL on January 23, 2024.

Key Performance Indicators

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

| Key Performance Indicator | Formula | June 30, 2024 (Unaudited) | December 31, 2023 (Audited) | Increase (Decrease) | |
|--------------------------------------|--|------------------------------|--------------------------------|---------------------|------|
| | | | | Amount | % |
| <i>Liquidity Ratios</i> | | | | | |
| Current Ratio | $\frac{\text{Current assets}}{\text{Current liabilities}}$ | 2.38 | 3.57 | (1.19) | (33) |
| Acid test ratio | $\frac{\text{Cash + Short-term investments + Accounts receivables + Other liquid assets}}{\text{Current liabilities}}$ | 2.18 | 3.38 | (1.20) | (36) |
| <i>Solvency Ratios</i> | | | | | |
| Debt/Equity ratio | $\frac{\text{Total liabilities}}{\text{Total equity}}$ | 0.92 | 0.64 | 0.28 | 44 |
| Asset-to-equity ratio | $\frac{\text{Total assets}}{\text{Total equity}}$ | 1.92 | 1.64 | 0.28 | 17 |
| Interest Coverage Ratio | $\frac{\text{Statutory Earnings before interest \& tax (EBIT)}^{(1)}}{\text{Interest expense}^{(2)}}$ | 3.28 | 2.37 | 0.91 | 38 |
| Net bank Debt to Equity ratio | $\frac{\text{Short \& long-term loans - Cash \& Cash Equivalents}}{\text{Total Equity}}$ | 0.56 | 0.23 | 0.33 | 143 |
| <i>Profitability Ratios</i> | | | | | |
| Return on Equity * | $\frac{\text{Net income after tax attributable to equity holders of the Parent Company}}{\text{Average total stockholders' equity attributable to equity holders of the Parent Company}}$ | 6.92% | 6.05% | 0.87% | 14 |
| Return on Common Equity * | $\frac{\text{Net income after tax attributable to equity holders of the Parent Company (Common)}}{\text{Average Common equity attributable to equity holders of the Parent Company (Common)}}$ | 6.42% | 5.71% | 0.71% | 12 |
| Return on assets * | $\frac{\text{Net income after taxes}}{\text{Average total assets}}$ | 2.34% | 3.52% | (1.18%) | (34) |
| Asset Turnover | $\frac{\text{Revenues}}{\text{Average total assets}}$ | 6.50% | 14.10% | (7.60%) | (54) |

*computed on trailing 12-months net income after tax attributable to equity holders of the parent company and net income after tax attributable to equity holders of the parent company (common) for June 30, 2024 profitability ratios

(1) Statutory EBIT is Statutory EBITDA less depreciation and amortization expense.

(2) Cash interest expense is gross of capitalized borrowing cost of ₱1,409.29 million and of ₱1,852.97 million for the six-month period ended June 30, 2024 and year ended December 31, 2023, respectively.

Current ratio & Acid test ratio

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

Debt/Equity ratio & Asset-to-equity ratio

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

Interest coverage ratio

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

Net bank debt to equity ratio

Increased from year-end 2023 due to additional availments of short-term and long-term loans.

Asset turnover

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

Material events and uncertainties

- There were no events that triggered direct or contingent financial obligation that was material to the Group. There were no contingent assets or contingent liabilities since the last annual financial reporting.
- There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Parent Company with unconsolidated entities or other persons created during the financial reporting period.
- There were no material events that had occurred subsequent to the financial reporting close except for the events after the reporting period disclosed in Note 29 of the unaudited Interim Condensed Consolidated Financial Statements.
- ACEN has material commitments to invest in capital expenditure projects mainly in the following:
 - 288MW solar project in Buguey and Lal-lo, Cagayan and the proposed 275MW expansion of Gigasol Palauig solar project in Zambales.
 - 120MWdc solar power project in Alaminos, Laguna through Solarace1;
 - 150MW diesel plant in Pililla, Rizal through Ingrid, a joint venture of ACEN, ACEN Global Development Group, Inc. (Formerly: ACE Endeavor, Inc.) and APHPC
 - 60MWdc solar power project in Palauig, Zambales through Gigasol3;
 - 50MWac (72MWdc) solar power project in Arayat and Mexico, Pampanga through Greencore 3, a joint venture of ACEN, ACEN Global Development Group, Inc. (Formerly: ACE Endeavor, Inc.) and Citicore;
 - 500MW solar power project in San Marcelino, Zambales through Santa Cruz Solar;
 - 2x20 MW Alaminos Battery Energy Storage System (BESS) Project through Giga Ace 4;
 - 160MW wind farm in Balaoi, Pagudpud, Ilocos Norte through BWPC, in partnership with UPC Renewables;
 - Investment into 4MW renewable energy laboratory in Bataan through BSEI;

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- 521MWdc New England Solar Farm (NESF) and adjacent 50MW battery energy storage system located near Uralla in New South Wales through UPC-ACE Australia, a joint venture of ACEN and UPC Renewables Australia.
- Various Vietnam wind farms:
 - 252MW wind farm in Quang Binh through AMI Renewables Energy Joint Stock Company
 - 88MW wind farm in Ninh Thuan through BIM Energy Joint Stock Co. (“BIME”)
 - 40MW second phase of the Mui Ne Wind Farm in Binh Thuan through the partnership with the Blue Circle.
 - 60MW Lac Hoa & Hoa Dong wind farm in Soc Trang through a joint venture with UPC
- Funding of up to U.S.\$100 million for new technology investments in the Philippines. Refer to Notes to Consolidated Financial Statements for the details.
- Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations
 - The results of operations of ACEN and its subsidiaries depend to a significant extent, on the performance of the Philippine economy.
 - The current highly competitive environment, operation of priority-dispatch variable renewable energy, and community quarantines resulted in lower demand for electricity and have driven market prices of electricity downward.
 - Movements in the WESM prices could have a significant favorable or unfavorable impact on the Group’s financial results.
- Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant’s liquidity increasing or decreasing in any material way - The Group is developing a line-up of renewable energy projects as part of its growth aspiration. The capital expenditures shall be funded by a combination of equity and debt. Several capital raising activities are also set for 2022.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or results of operations.
- There were no operations subject to seasonality and 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**ACEN CORPORATION** (the "Company")**2nd QUARTER**

1. April 2, 2024 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of March 31, 2024
2. April 3, 2024 – Sale of shares indirectly owned by ACEN Renewables International Pte. Ltd. in PT UPC Sidrap Bayu Energi
3. April 8, 2024- Annual Certification of the Department of Energy
4. April 12, 2024 – Public Ownership Report for the period ending March 31, 2024
5. April 12, 2024 – List of Top 100 Stockholders (preferred A shares) for the period ended March 31, 2024
6. April 12, 2024 – List of Top 100 Stockholders (preferred B shares) for the period ended March 31, 2024
7. April 12, 2024 – Annual Report for the fiscal year ended December 31, 2023
8. April 12, 2024 – List of Top 100 Stockholders (common shares) for the period ended March 31, 2024
9. April 15, 2024 – Amended Annual Report for the fiscal year ended December 31, 2023
10. April 15, 2024 – Disbursements of the proceeds generated from the Company’s Preferred Shares Offering
11. April 16, 2024 – Press release: ACEN secures US\$150M green term loan facility from SMBC
12. April 17, 2024 – Disbursements of the proceeds generated from the Company’s Preferred Shares Offering
13. April 17, 2024 – Press release: ACEN and Rockefeller Foundation pilot could avoid up to 19 million tons of CO₂ via Carbon Financing
14. April 24, 2024 – Results of 2024 Annual Stockholders’ Meeting
15. April 24, 2024 – Results of 2024 Organizational Meeting of the Board of Directors
16. April 25, 2024 – Amendment to Articles of Incorporation of the Second Article to remove “distribution” from the Primary Purpose
17. April 25, 2024 – Clarification of the news article in BusinessWorld (Online Edition) on April 25, 2024 entitled, “Output of new RE projects to hit nearly 1.6GW–ACEN”
18. April 26, 2024 – Notice of Analysts’ and Investors’ Briefing on 8 May 2024
19. April 26, 2024 – Submission of SEC form 23-A of Raissa C. Villanueva as newly appointed Assistant Corporate Secretary 2
20. April 26, 2024 – Submission of SEC form 23-A of Jaime Z. Urquijo as newly elected director
21. April 26, 2024 – Submission of SEC form 23-A of Gerardo C. Ablaza, Jr. as newly elected director
22. May 2, 2024 – Subscription of 30,000,000 non-voting Preferred Shares by ACEN to shares in ENEX Energy Corp.
23. May 7, 2024 - Participation of our Directors and Officers in Corporate Governance Training period December 31, 2023
24. May 7, 2024 - Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENA)
25. May 7, 2024 - Declaration of Cash Dividends on Outstanding Series A Preferred Shares (ACENB)
26. May 7, 2024 – Disbursements of the proceeds generated from the Company’s Preferred Shares Offering
27. May 7, 2024 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of April 30, 2024
28. May 8, 2024 – Quarterly report for the period ending March 31, 2024
29. May 8, 2024 – Press release: ACEN net income grows 34 percent to Php2.7 billion in the first quarter of 2024
30. May 13, 2024 – Approval of Acquisition of Hackberry Wind Project

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31. May 20, 2024 – Advances to ACEN CORPORATION from Giga Ace 3, Inc.
32. May 20, 2024 – Issuance of Corporate Guarantee in Support of San Carlos Solar Energy, Inc.
33. May 23, 2024 – Amendment of Facility Agreement
34. May 23, 2024 – Amendment to Articles of Incorporation of the Second Article to remove “distribution” from the Primary Purpose as approved by the Securities and Exchange Commission on May 22, 2024
35. May 24, 2024 – Advances to ACEN CORPORATION from San Carlos Solar Energy, Inc.
36. May 27, 2024 – Filing of 2024 General Information Sheet
37. May 29, 2024 – Submission of Integrated Annual Corporate Governance Report for the fiscal year ended December 31, 2023
38. June 3, 2024 – Change in the number of shares owned by AC Energy and Infrastructure Corporation to the Company as of May 31, 2024
39. June 6, 2024 – Subscription of ACEN to (a) 26,093,464 Common A Shares; (b) 234,889,072 Redeemable Preferred A Shares (“RPS A”); and (c) 60,897,168 Redeemable Preferred C Shares (“RPS C”) of additional shares in Giga Ace 8, Inc.
40. June 7, 2024 – Clarification of the news article in Bilyonaryo.com on April 25, 2024 entitled, “Ayala’s ACEN races to quadruple capacity by 2030 with \$6 billion fundraising drive”
41. June 25, 2024 – Disbursements of the proceeds generated from the Company’s Preferred Shares Offering
42. June 27, 2024 – Matters approved at the special board meeting held on June 26, 2024:
 - a. The declaration of cash dividends of Five Centavos (Php0.05) per common share on the Company’s 39,677,394,773 outstanding common shares, to be paid on or before 25 July 2024 to stockholders of record as of 11 July 2024
 - b. Increase of existing omnibus credit lines for working capital and general corporate requirements
 - c. Extension of maturity of the loan facility for the Arayat-Mexico Solar Project
 - d. 2024 key result areas
43. June 27, 2024 – Declaration and Payment of Cash Dividends on Outstanding Common Shares
44. June 28, 2024 – Executive Committee approval of ACEN’s Business Separation and Unbundling Plan for 2023

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
Jun 30, 2024
2. SEC Identification Number
39274
3. BIR Tax Identification No.
000-506-020-000
4. Exact name of issuer as specified in its charter
ACEN CORPORATION
5. Province, country or other jurisdiction of incorporation or organization
Makati City, Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
35th Floor, Ayala Triangle Gardens Tower 2, Paseo de Roxas corner Makati Avenue,
Makati City
Postal Code
1226
8. Issuer's telephone number, including area code
(02) 7730 6300
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|---------------------------|---|
| Common Shares | 39,677,394,773 |
| Series A Preferred Shares | 8,341,500 |
| Series B Preferred Shares | 16,658,500 |

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:

The Philippine Stock Exchange, Inc. - Common Shares; Series A Preferred Shares;
Series B Preferred Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC 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 that 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

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



ACEN CORPORATION ACEN

PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

| | |
|--|-------------------|
| For the period ended | Jun 30, 2024 |
| Currency (indicate units, if applicable) | In thousand pesos |

Balance Sheet

| | Period Ended | | Fiscal Year Ended (Audited) | |
|--------------------------------------|--------------|--|-----------------------------|--|
| | Jun 30, 2024 | | Dec 31, 2023 | |
| Current Assets | 56,493,741 | | 71,578,115 | |
| Total Assets | 309,087,011 | | 284,933,500 | |
| Current Liabilities | 23,695,340 | | 20,043,695 | |
| Total Liabilities | 148,290,440 | | 111,557,643 | |
| Retained Earnings/(Deficit) | 28,218,010 | | 24,871,807 | |
| Stockholders' Equity | 160,796,571 | | 173,375,857 | |
| Stockholders' Equity - Parent | 150,645,840 | | 143,472,317 | |
| Book Value per Share | 3.8 | | 3.62 | |

Income Statement

| | Current Year (3 Months) | Previous Year (3 Months) | Current Year-To-Date | Previous Year-To-Date |
|---------------------------------|----------------------------|-----------------------------|----------------------|-----------------------|
| Gross Revenue | 9,361,775 | 11,332,858 | 19,215,011 | 20,468,561 |
| Gross Expense | 7,554,278 | 10,465,402 | 16,176,460 | 19,765,190 |
| Non-Operating Income | 3,483,683 | 2,259,307 | 5,877,002 | 5,311,975 |
| Non-Operating Expense | 422,993 | 219,112 | 1,115,268 | 883,526 |
| Income/(Loss) Before Tax | 4,868,187 | 2,907,651 | 7,800,285 | 5,131,820 |
| Income Tax Expense | 855,065 | 284,469 | 851,542 | 66,403 |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Net Income/(Loss) After Tax | 4,013,122 | 2,623,182 | 6,948,743 | 5,065,417 |
| Net Income Attributable to Parent Equity Holder | 3,573,984 | 2,205,549 | 6,293,912 | 4,231,454 |
| Earnings/(Loss) Per Share (Basic) | 0.08 | 0.06 | 0.13 | 0.11 |
| Earnings/(Loss) Per Share (Diluted) | 0.08 | 0.06 | 0.13 | 0.11 |

| | Current Year (Trailing 12 months) | Previous Year (Trailing 12 months) |
|--|--|---|
| Earnings/(Loss) Per Share (Basic) | 0.28 | 0.42 |
| Earnings/(Loss) Per Share (Diluted) | 0.28 | 0.42 |

| |
|-----------------------------------|
| Other Relevant Information |
| - |

Filed on behalf by:

| | |
|--------------------|--|
| Name | Dodjie Lagazo |
| Designation | General Counsel; Assistant Corporate Secretary; Compliance Officer |