



November 14, 2022

via electronic mail

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO JR.**
Markets and Securities Regulation Department

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

PSE Tower, 28th Street, cor. 5th Avenue
Bonifacio Global City, Taguig City

ATTENTION : **MS. ALEXANDRA D. TOM WONG**
Officer-in-Charge, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City 1226

ATTENTION : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head – Issuer Compliance and Disclosure Department

Gentlemen:

Please see enclosed SEC Form 17-Q (3rd Quarterly Report for 2022) of Aboitiz Equity Ventures Inc.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES INC.

By:

MANUEL ALBERTO R. COLAYCO^{CNO}
Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

MANUEL ALBERTO R. COLAYCO																			
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Contact Person

(02) 8-886-2338									
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Company Telephone Number

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Month Day
Fiscal Year

1st Quarterly Report 2022

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FORM TYPE

4th Monday of April

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Month Day
Annual Meeting

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Secondary License Type, if Applicable

S	E	C
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Dept. Requiring this Doc

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Amended Articles Number/Section

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Total No. of Stockholders

x

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2022**
2. Commission identification number **CEO2536** 3.BIR Tax Identification No. **003-828-269-V**
4. Exact name of issuer as specified in its charter
ABOITIZ EQUITY VENTURES INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines 1634
8. Issuer's telephone number, including area code
(02) 8 886-2800
9. Former name, former address and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, 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 Stock ₱1 Par Value | 5,630,225,457 |
| Amount of Debt Outstanding (September 30, 2022) | ₱339,398,149,000.00 |
11. Are any or all of the securities listed on a Stock Exchange?
- Yes ☒ No ☐
- If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
- Philippine Stock Exchange Common**

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☒ No ☐

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedule attached herewith.

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

Management's Discussion and Analysis or Plan of Action of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of Aboitiz Equity Ventures Inc. (AEV, the "Company", or the "Parent Company") and its Subsidiaries (collectively, the "Group") should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying disclosures set forth elsewhere in this report.

The Group's operating segments are as follows: a.) Aboitiz Power Corporation (AboitizPower) and its Subsidiaries (collectively, the "Power Group"), b.) Banking and Financial Services, c.) Pilmico Foods Corporation and its Subsidiaries, and Pilmico International Pte. Ltd. (Pilmico International) and its Subsidiaries (collectively, the "Food Group"), d.) Aboitiz InfraCapital Inc. and its Subsidiaries and Republic Cement and Building Materials, Inc. (RCBM) and its Subsidiaries (RCBM Group) (collectively, the "Infrastructure Group"), and e.) AboitizLand, Inc. (AboitizLand) and its Subsidiaries (collectively, the "Real Estate Group").

TOP FIVE KEY PERFORMANCE INDICATORS

Management uses the following indicators to evaluate the performance of AEV and its subsidiaries:

1. EQUITY IN NET EARNINGS OF INVESTEEES

Equity in net earnings (losses) of investees represents the Group's share in the undistributed earnings or losses of its associates and joint ventures for each reporting period subsequent to the acquisition of the said investment. This account reflects the result of the operating performance of Associates and Joint Ventures and indicates its contribution to the Group's consolidated net income.

Manner of Computation: Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost.

2. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)

The Company computes EBITDA as earnings before extraordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure in evaluating the Group's ability to service its debts and to finance its capital expenditure and working capital requirements.

3. CASH FLOW GENERATED

Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. CURRENT RATIO

Current Ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt-paying ability. The higher the ratio, the more liquid the Group is.

5. NET DEBT-TO-EQUITY RATIO

Net Debt-to-Equity Ratio indicates how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total interest-bearing debt less cash by total equity.

KEY PERFORMANCE INDICATORS (KPI)

(Amounts in thousands except financial ratio data)

	JAN-SEP 2022	JAN-SEP 2021
EQUITY IN NET EARNINGS OF INVESTEEES	₱13,690,607	₱13,846,961
EBITDA	54,011,735	49,518,742
CASH FLOW GENERATED:		
Net cash flows from operating activities	12,446,032	28,749,983
Net cash flows used in investing activities	(62,264,118)	(7,832,814)
Net cash flows used in financing activities	(41,478,227)	(36,364,110)
Net decrease in Cash & Cash Equivalents	(91,296,313)	(15,446,941)
Cash & Cash Equivalents, Beginning	147,534,035	65,966,411
Cash & Cash Equivalents, End	62,948,010	50,987,829
	30 SEPTEMBER 2022	30 SEPTEMBER, 2021
CURRENT RATIO	2.0	2.3
NET DEBT-TO-EQUITY RATIO	0.7	0.6

Equity earnings in investees decreased by 1%, from ₱13.8 billion (bn) during the first nine months of 2021 to ₱13.7 bn during the first nine months of 2022. The decrease was due to: (i) lower earnings of Union Bank of the Philippines (UnionBank, or the "Bank"), and (ii) lower earnings of RCBM due to weaker market demand, and as well as one-time

tax adjustments during the first quarter of 2021 resulting from the Corporate Recovery and Tax Incentives for Enterprises Act ("CREATE Act"). This was partly offset by the fresh contributions from GNPowr Dinginin Ltd. Co. (GNPD) during the first nine months of 2022.

Consolidated EBITDA translated into substantial cash inflows from Subsidiaries' operations. These inflows, coupled with dividends received from Associates and Joint Ventures are the main source of internally-generated funds, which are then used to finance capital expenditures, additional investments into associates, dividends and interest payments.

Net Debt-to-Equity ratio as of 30 September 2022 increased to 0.7x from the end-2021 level of 0.6x, as the increase in net debt was higher than the growth in total equity. The Current Ratio as of 30 September 2022 was at 2.0x, a decline from the end-2021 level of 2.3x, as current assets decreased while current liabilities increased.

REVIEW OF JANUARY-SEPTEMBER 2022 OPERATIONS COMPARED TO JANUARY-SEPTEMBER 2021

RESULTS OF OPERATIONS

For the nine-month period ended 30 September 2022, AEV and its Subsidiaries posted a net income attributable to the equity holders of Parent Company ("Net Income to Equity Holders of AEV") of ₱21.4 bn, a 9% increase year-on-year ("YoY"). This translated to earnings per share of ₱3.79 for the period. The Power Group accounted for the bulk of the income contributions to AEV at 58%, followed by the Banking and Financial Services, Real Estate, Infrastructure and Food Groups at 29%, 10%, 1%, and 1%, respectively.

During the first nine months of 2022, the Group generated non-recurring gains of ₱5.3 bn (compared to ₱83 million (mn) gains for the corresponding period in 2021) due to the revaluation of US dollar cash and liquid financial instruments. Without these one-off gains, the Group's core net income for the first nine months of 2022 was ₱16.1 bn, 17% lower YoY. AEV recorded consolidated EBITDA of ₱54.0 bn during the first nine months of 2022, a 9% increase from ₱49.5 bn recorded in the same period in 2021.

MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME

The following discussion describes material changes in the line items of the Company's statement of income and of comprehensive income for the nine months ended 30 September 2022 compared to the nine months ended 30 September 2021.

Revenues

Sale of Power

The Group's revenue from sale of power increased by 45%, or ₱42.4 bn, from ₱93.4 bn in the nine months ended 30 September 2021 to ₱135.8 bn in the nine months ended 30 September 2022. The increase was primarily attributable to (i) higher availability of the GNPowr Mariveles Energy Center Ltd. Co. (GMEC) facility, (ii) higher sales from retail electricity, and (iii) higher Wholesale Electricity Spot Market (WESM) dispatch. The Group's sale of power comprised 59% and 63% as a percentage of total revenues in both the nine months ended 30 September 2021 and 30 September 2022, respectively.

Sale of Goods

The Group's revenue from sale of goods increased by 21%, or ₱13.0 bn, from ₱61.3 bn in the nine months ended 30 September 2021 to ₱74.3 bn in the nine months ended 30 September 2022. The increase was primarily due to higher selling prices for the Food Group. The Group's sale of goods comprised 39% and 34% as a percentage of total revenues in the nine months ended 30 September 2021 and 30 September 2022, respectively.

Real Estate

The Group's revenue from real estate increased by 108%, or ₱2.8 bn, from ₱2.6 bn in the nine months ended 30 September 2021 to ₱5.3 bn in the nine months ended 30 September 2022. The increase was primarily attributable to AboitizLand's higher revenue recognition from increased construction activity for its residential business, significant site development completion and strong sales with spot cash payments. As a percentage of total revenues, the Group's revenue from real estate comprised 2% in both the nine months periods ended 30 September 2021 and 30 September 2022.

Other Revenues

The Group's combined revenue from the sale of swine, service fees and other sources increased by 44% or ₱374 mn, from ₱840 mn in the nine months ended 30 September 2021 to ₱1.2 bn in the nine months ended 30 September 2022. This was mainly due to higher service fees. As a percentage of total revenues, the Group's other revenues comprised 1% in both the nine months ended 30 September 2021 and 30 September 2022.

Costs and Expenses

Cost of Generated and Purchased Power

The Group's cost of generated and purchased power increased by 75%, or ₱37.3 bn, from ₱49.8 bn in the nine months ended 30 September 2021 to ₱87.2 bn in the nine months ended 30 September 2022. The increase was primarily attributable to higher volume of power generated and higher purchased power rates driven by higher WESM prices. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 37% and 47% in the nine months ended 30 September 2021 and 30 September 2022, respectively.

Cost of Goods Sold

The Group's cost of goods sold increased by 21%, or ₱11.6 bn, from ₱54.0 bn in the nine months ended 30 September 2021 to ₱65.7 bn in the nine months ended 30 September 2022. The increase was primarily attributable to higher raw materials costs of the Food Group. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 40% and 35% in the nine months ended 30 September 2021 and 30 September 2022, respectively.

Operating Expenses

The Group's operating expenses increased by 5%, or ₱1.5 bn, from ₱28.7 bn in the nine months ended 30 September 2021 to ₱30.2 bn in the nine months ended 30 September 2022. The increase was primarily attributable to higher expenses related to the (i) ramp-up of activities in the Infrastructure Group, and (ii) freight and delivery and professional fees of the Food Group. As a percentage of total costs and expenses, the Group's operating expenses comprised 21% and 16% in the nine months ended 30 September 2021 and 30 September 2022, respectively.

Cost of Real Estate Sales

For the nine months ended 30 September 2022, the Group's cost of real estate increased by 105%, or ₱1.4 bn, from ₱1.3 bn in the nine months ended 30 September 2021 to ₱2.7 bn in the nine months ended 30 September 2022. The increase was mainly driven by higher real estate sales. As a percentage of total costs and expenses, the Group's other costs and expenses comprised 1% in both the nine months ended 30 September 2021 and 30 September 2022.

Operating Profit

As a result of the foregoing, the Group's operating profit increased by 28%, or ₱6.7 bn, from ₱24.2 bn in the nine months ended 30 September 2021 to ₱30.9 bn in the nine months ended 30 September 2022.

Income Before Income Tax

The Group's income before income tax increased by 33%, or ₱8.8 bn, from ₱26.5 bn in the nine months ended 30 September 2021 to ₱35.3 bn in the nine months ended 30 September 2022. The increase was mainly due to higher operating profit and foreign exchange gains from the revaluation of US dollar cash and liquid financial instruments.

Net Income

As a result of the foregoing, the Group's Net Income to Equity Holders of AEV increased by 9%, or ₱1.8 bn, from ₱19.5 bn in the nine months ended 30 September 2021 to ₱21.4 bn in the nine months ended 30 September 2022.

Net income attributable to non-controlling interests (NCI) for the nine months ended 30 September 2022 increased to ₱10.7 bn from ₱5.0 bn in the nine months ended 30 September 2021. This was primarily due to the increase in NCI as a result of the sale of shares of AboitizPower.

STRATEGIC BUSINESS UNITS (SBU)

The following discussion describes the performance of the Group's SBUs for the nine months ended 30 September 2022 compared to the nine months ended 30 September 2021.

Power

For the nine months ended 30 September 2022, the Power Group's contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, was ₱10.1 bn, a 16% decrease from ₱12.1 bn in the nine months ended 30 September 2021.

Before elimination of transactions within the Group, the combined contribution of AboitizPower's Power Generation and Retail Electricity Supply businesses to Net Income to Equity Holders of AEV decreased by 16%, from ₱12.5 bn in the nine months ended 30 September 2021 to ₱10.5 bn in the nine months ended 30 September 2022. The variance was primarily due to the lower ownership of AEV in AboitizPower, which offset the impact of fresh contributions from GNPD Units 1 and 2, the higher availability of the GMEC facility, higher water inflows for AboitizPower's hydro power generation plants, and gains from commodity hedges.

Capacity sold increased from 3,663 megawatts (MW) for the nine months ended 30 September 2021 to 3,940 MW for the nine months ended 30 September 2022. Energy sold in the nine months ended 30 September 2022 increased by 19% to 21,892 gigawatt-hours (GWh) from 18,442 GWh in the same period in 2021.

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from AboitizPower's Power Distribution Group decreased by 50%, from ₱2.6 bn for the nine months ended 30 September 2021 to ₱1.3 bn for the nine months ended 30 September 2022. This decrease was mainly due to delayed pass through of higher generation charges. Energy sales increased by 2% to 4,294 GWh during the nine months ended 30 September 2022 from 4,197 GWh in the nine months ended 30 September 2021.

Banking & Financial Services

UnionBank's contribution to Net Income to Equity Holders of AEV decreased by 5%, from ₱5.4 bn in the nine months ended 30 September 2021 to ₱5.1 bn in the nine months ended 30 September 2022. The decrease was primarily attributable to extraordinary trading gains recorded in the same period in 2021, which offset higher fees-based income mainly driven by customer fund transfers and card transactions, and higher net interest income.

Food

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food Group decreased by 83% to ₱260 mn for the nine months ended 30 September 2022, compared to ₱1.5 bn for the nine months ended 30 September 2021.

For the nine months ended 30 September 2022, the Agribusiness segment, which consists of the regional animal nutrition businesses (feed, petfood, and specialty nutrition) reported a net loss of ₱78 mn, 108% lower compared to ₱938 mn for the nine months ended 30 September 2021. The decrease was due to the recognition of unrealized foreign exchange losses from the devaluation of the Sri Lankan Rupee and goodwill impairment of its Sri Lanka and Thailand operations.

The Food and Nutrition segment, which consists of the flour, farms, meats, and trading divisions, recorded net income of ₱103 mn for the nine months ended 30 September 2022, 85% lower than ₱673 mn recorded in the nine months ended 30 September 2021. The decrease was due to (i) lower taxes recognized for its farm division in the same period in 2021 from tax adjustments pertaining to its 2020 Income Tax Holiday incentives, (ii) weaker margins from its flour division, and (iii) higher foreign exchange losses due to the depreciation of the Philippine Peso against the US Dollar impacting its USD denominated payables from raw material purchases.

Real Estate

The contribution of AboitizLand and Lima Land, Inc. to Net Income to Equity Holders of AEV for the nine months ended 30 September 2022, before elimination of transactions within the Group, amounted to ₱1.7 bn, a 167% increase from ₱646 mn for the nine months ended 30 September 2021. This increase was mainly due to higher revenue recognition from increased construction and site development activities, as well as strong sales with spot cash payments for AboitizLand's residential business.

Infrastructure

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Infrastructure Group decreased by 86% to ₱179 mn for the nine months ended 30 September 2022, compared to ₱1.3 bn for the nine months ended 30 September 2021. The decrease was mainly due to lower contribution of RCBM which decreased by 97% to ₱48 mn in the nine months ended 30 September 2022, compared to ₱1.4 bn in the nine months ended 30 September 2021. The decrease was attributable to lower market demand for cement due to pre-election construction ban and post-election transition, global commodity price increase of steel and other construction materials, and higher input costs of fuel and electricity. RCBM also benefited in 2021 from a one-time gain brought about by the CREATE Act which reduced its deferred tax liabilities.

CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY

Assets

Consolidated assets (as of 30 September 2022 compared to 31 December 2021) increased by 4% to ₱762.5 bn, due to the following:

- Trade and Other Receivables (current and noncurrent) increased by 21% (₱58.8 bn as of 30 September 2022 compared to ₱48.4 bn as of 31 December 2021) mainly due to increased receivables of the Power and Food Groups resulting from higher revenues.
- Inventories increased by 48% (₱47.3 bn as of 30 September 2022 compared to ₱32.0 bn as of 31 December 2021) mainly due to higher spare parts, supplies and fuel inventory of the Power Group, and higher raw materials inventory of the Food Group.

- Investment Property increased by 6% (₱13.0 bn as of 30 September 2022 compared to ₱12.2 bn as of 31 December 2021) mainly due to improvements in land and ongoing construction in the properties for leasing operations.
- Investments in and Advances to Associates and Joint Ventures increased by ₱27.6 bn (₱182.4 bn as of 30 September 2022 compared to ₱154.8 bn as of 31 December 2021) mainly due to the recording of ₱13.7 bn share in net earnings of associates and joint ventures and ₱20.2 bn additional investment in UnionBank. The increase was partially reduced by the ₱2.6bn dividends from associates and joint ventures and ₱4.3 bn other comprehensive losses during the period.
- Intangible Assets increased by 10% (₱81.7 bn as of 30 September 2022 compared to ₱74.3 bn as of 31 December 2021) mainly due to the forex revaluation of GMEC goodwill partly offset by amortization of existing assets.
- Other Current Assets (OCA) increased by 149% (₱63.2 bn as of 30 September 2022 compared to ₱25.4 bn as of 31 December 2021) primarily due to the increase in short-term cash deposits.
- Derivative Assets (net of Derivative liabilities, current and noncurrent) increased to ₱8.4 bn as of 30 September 2022 compared to ₱0.1 bn as of 31 December 2021 mainly due to hedging gains.

The above increases were offset by the 57% decrease in cash & cash equivalents (₱62.9 bn as of 30 September 2022 compared to ₱147.5 bn as of 31 December 2021). The decrease was mainly due to the movement of cash to short-term cash deposits, additional investment in UnionBank, debt servicing and dividend payments.

Liabilities

Total Liabilities (as of 30 September 2022 compared to 31 December 2021) increased by 1% to ₱411.6 bn due to the following:

- Bank loans increased by 28% (₱45.5 bn as of 30 September 2022 compared to ₱35.4 bn as of 31 December 2021) mainly due to short-term debt availments by the Food Group and Power Group.
- Long-term debt, which includes both current and non-current portions, decreased by 3% (₱263.4 bn as of 30 September 2022 compared to ₱271.7 bn as of 31 December 2021) mainly due to the prepayment of US Dollar loan of AEV International and AboitizPower, and principal payments made on existing loans. These were partly offset by the issuance of retail bonds by AboitizPower amounting to ₱10.0 bn and loan availments of other subsidiaries.
- Long-term obligation on Power Distribution System, which includes current and non-current portions, increased by 9% (₱180 mn as of 30 September 2022 compared to ₱166 mn as of 31 December 2021) due to the accretion of interest.
- Lease liabilities, which includes current and non-current portions, decreased by 11% (₱30.5 bn as of 30 September 2022 compared to ₱34.3 bn as of 31 December 2021) due to Therma Luzon Inc.'s (TLI) payment on its obligation to Power Sector Assets and Liabilities Management Corporation (PSALM).
- Trade and other payables, inclusive of noncurrent portion, increased by 9% (₱50.9 bn as of 30 September 2022 compared to ₱46.8 bn as of 31 December 2021) mainly due to the increase of trade and fuel purchases in the Power Group.
- Income tax payable increased by 7%, from ₱382 mn as of 31 December 2021 to ₱408 mn as of 30 September 2022, mainly due to higher taxable.
- Customers' deposits increased by 11%, from ₱7.4bn as of 31 December 2021 to ₱8.2bn as of 30 September 2022, due to the Power Group's receipt of bill deposits from new customers.
- Decommissioning liability decreased by 13%, from ₱5.7 bn as of 31 December 2021 to ₱4.9 bn as of 30 September 2022, due to adjustments in the decommissioning provisions on power plant assets.
- Deferred Income Tax Liabilities (net of Deferred income tax assets) increased by 563% (₱2.0 bn as of 30 September 2022 compared to ₱294 mn as of 31 December 2021) mainly due to TLI's hedging gain.

Equity

Equity attributable to equity holders of the parent (as of 30 September 2022 compared to 31 December 2021) increased by ₱11.2 bn from ₱244.7 bn to ₱255.8 bn, due to the ₱21.4 bn net income recorded during the period.

These were partly offset by the ₱9.1 bn cash dividends paid by AEV and ₱1.1 bn movement in other comprehensive losses.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the nine months ended 30 September 2022, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from Associates and Joint Ventures.

Compared to the cash inflow in the nine months ended 30 September 2021, consolidated cash generated from operating activities in the nine months ended 30 September 2022 decreased by ₱16.3 bn to ₱12.4 bn. This was mainly due to higher working capital requirements.

As of 30 September 2022, ₱62.3 bn net cash was used investing activities compared to ₱7.8 bn during the nine months ended 30 September 2021. Out of the cash usage for the current period, ₱36.2 bn was invested in short-term cash deposits to maximize interest income, while ₱20.2 bn was invested in UnionBank.

Net cash used in financing activities was ₱41.5 bn for the nine months ended 30 September 2022 compared to ₱36.4 bn in the nine months ended 30 September 2021. The increase was largely attributed to higher cash dividends paid compared to the same period in 2021.

For the nine months ended 30 September 2022, net cash outflows surpassed cash inflows, resulting in a 57% decrease in cash and cash equivalents from ₱147.5 bn as of year-end 2021 to ₱62.9 bn as of 30 September 2022.

FINANCIAL RATIOS

AEV's Current Ratio as of 30 September 2022 decreased to 2.0x from the end-2021 level of 2.3x, as current assets decreased while current liabilities grew. Net Debt-to-Equity ratio increased to 0.7:1 from year-end 2021's 0.6:1, as the growth in net debt was higher than the increase in total equity during the first nine months of 2022.

Outlook for the Upcoming Year/Known Trends, Events, and Uncertainties Which May Have a Material Impact on Registrant

Based on information provided by Union Bank of the Philippines, Inc. (UnionBank or the "Bank") Economic Research Unit, Aboitiz Equity Ventures Inc. (the "Company" or "AEV") expects the Philippines' GDP to grow by and is now updated to 7.4% in 2022 and 6% in 2023. Internal research of the Bank indicates that the better-than-expected 3Q22 GDP growth points to strong domestic consumption due to the continued economic reopening and the swelling of pent-up demand. The better-than-expected economic growth also signaled the return of most economic counters and indicators to pre-pandemic levels. Nevertheless, economic outlook risks will continue to persist. The trilemma of rising global monetary policy interests, higher global and local inflation, resulting in a volatile domestic currency, and the Asian region's economic recovery disruptions still pose downside risks to the current outlook.

Power SBU

Aboitiz Power Corporation (AboitizPower) remains focused on addressing the needs of its markets, namely: (1) providing reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. AboitizPower believes that there is no single technology that completely addresses the country's energy requirements and that to address the deficiency, a mix of power generation technologies is necessary. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies where and when it makes sense.

Despite increased competition in the power generation market, AboitizPower believes that it has built the foundation to sustain its long term growth, as seen in its pipeline of new power generation projects.

GNPower Dinginin (GNPD) Unit 1 started commercial operations on January 25, 2022 while GNPD Unit 2 started delivering 668MW to the grid on April 23, 2022. While both units will not be fully operational until January 2023, they have been delivering much-needed energy to the grid during their commissioning periods. Now that AboitizPower has assumed custody and control of these assets, AboitizPower looks forward to reinforcing its efforts to meet the country's increasing power requirements.

The Therma Mobile, Inc. (TMI) Maco Hybrid Battery Energy Storage System (BESS) Project located in Maco, Compostela Valley with a storage capacity of 49 MW is intended for ancillary services. It will serve as a model for future battery investments as well as hybrid renewable energy projects. The project has acquired the necessary certifications and permits which certify it to run up to 30 MW and start commercial operations.

As part of its decarbonization journey, AboitizPower remains focused on bringing its renewable portfolio to 4,600 MW of net attributable sellable capacity by 2030, which includes 3,700MW of additional renewable energy (RE) capacity. Out of the 3,700 MW of RE capacity, 959 MW of which are disclosed renewable projects. Three of its ongoing renewable projects are (arranged based on target commercial operations date): the PV Sinag Power Cayanga Project ("Cayanga Solar Project"); the PV Sinag Power Laoag Project ("Laoag Solar Project") and the SN AboitizPower Magat Battery Energy Storage System Project ("Magat BESS Project").

The Cayanga Solar Project is for the construction of a 94 megawatts peak (MWp) solar power plant located in barangay Cayanga, municipality of Bugallon, Pangasinan. Construction activities for the control building, transmission line, switchyard and PV module installation are ongoing. As of October 2022, overall project status was at 81% completion with zero lost time incident. The project is expected to begin commercial operations by the first quarter of 2023.

The Laoag Solar Project is for the construction of a 159 MWp solar power plant located in barangay Laoag, municipality of Aguilar, Pangasinan. Clearing of roads going to substation was done, while the site grading of the substation and course layering of roads are ongoing. The project is expected to commence commercial operations by the third quarter of 2023.

The Magat BESS Project is for the construction of a 24 MW battery energy storage unit located in Ramon, Isabela. The EPC contract was awarded to Hitachi Energy in March 2022, with a groundbreaking ceremony held on April 25, 2022. Construction started in August 2022 and the project is expected to commence commercial operations in the first quarter of 2024.

AboitizPower also recently signed a joint venture agreement with a global renewable energy company, Mainstream Renewable Power, to build a 90 MW onshore wind project in Libmanan, Camarines Sur. This joint venture marks AboitizPower's first foray into wind energy. The joint venture, which is subject to regulatory approvals, is being delivered through a 60% stake in the Libmanan onshore wind project, which Mainstream has been developing since 2017. The project is expected to commence commercial operations in the fourth quarter of 2025.

In addition, AboitizPower has the following RE projects under development which are expected to commercially operate within the next three years: the 150 MWp Aboitiz Solar Power Inc Calatrava Solar Project; the 44 MWp AP Renewable Energy Corporation Tarlac Solar Project; the 84 MWp PV Sinag Power San Manuel Solar Project; the 212 MWp PV Sinag Power Olongapo Solar Project; the 20 MW Hedcor Sablan Hydro Project; the 75 MWp SN AboitizPower-Magat Floating Solar Project; and the 40 MW Hedcor Bukidnon Kibungan Hydro Project.

In relation to AboitizPower's existing capacity, the steam field operator for AP Renewables Inc. (APRI) has commenced the drilling of 12 new wells, which are expected to result in a minimum 50 MW of aggregated individual well capacity by 2023. As of October 2022, 9 out of the 12 wells have been completed. In Tiwi, there is an initiative to convert waste heat from the geothermal brine to power a 15 MW Binary power plant. On April 29, 2022 APRI signed an agreement with the Philippine Geothermal Production Company for the supply of the brine fuel. The project is expected to begin commercial operations by the end of 2023.

AboitizPower targets doubling its net attributable sellable capacity to 9,200 MW by 2030. It also intends to achieve a 50:50 balance between its renewable (“Cleanenergy”) and thermal capacities, without new coal builds. This is expected to come from a portfolio of renewables and selective baseload builds.

AboitizPower aims to maximize opportunities from the implementation of the Renewable Portfolio Standards (“RPS”) by the Department of Energy (DOE). In line with DOE’s aspirational goal of a 35% share in renewable energy utilization by 2030, RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supplies from renewable energy facilities. AboitizPower will continue to pursue international opportunities, with a continued focus on renewable energy projects in wind, hydro, and solar in high growth geographic markets with acceptable regulatory environments.

AboitizPower is also optimizing its existing baseload facilities to meet critical market needs as baseload demand in the Philippines is still expected to increase in the coming years. Luzon will need an average of 600 MW year on year and AboitizPower is studying to fill some of these gaps with LNG-to-Power projects, unless a cleaner technology proves to be the more economical option. In addition, AboitizPower is currently exploring a LNG-to-Power project as an alternative to a third unit of Therma Visayas, Inc.

AboitizPower fully supports the DOE’s coal moratorium efforts to make the Philippine energy system more flexible, resilient, and sustainable. AboitizPower is also closely and proactively monitoring the risks associated with climate-related regulations and initiatives, including recent discussions on the early retirement of coal assets in the Philippines and Indonesia. AboitizPower, through its parent company, AEV, is the first Philippine company to sign up and commit to the Task Force on Climate-Related Financial Disclosure (TCFD) framework. AboitizPower has taken steps to proactively quantify the potential impacts of various climate regulations on its assets. AboitizPower is monitoring this risk as part of its risk management framework and is developing strategies to manage risks that are above certain risk thresholds.

Given the current state of power needs in the Philippines and the expected build progression of new plants over the next ten years, AboitizPower believes its existing coal assets will continue to play a significant role for at least another 15 to 20 years. AboitizPower is always looking at improvements to make sure it continues to operate its assets responsibly and in compliance with all regulations.

AboitizPower believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. It expects its financial condition to give it the agility to create or acquire additional generating capacity over the next few years.

As previously disclosed, AboitizPower, together with its partners, has allotted ₱28 bn for capital expenditures in 2022, for the development and construction of various solar power, hydro power, and battery energy-storage systems, and the continuous improvement of the reliability of baseload plants.

AboitizPower and JERA have agreed to explore immediate collaboration in the following areas: 1) development of power projects, including LNG-to-Power projects; 2) management and sourcing of LNG fuel supply; and 3) potential participation in aspects of plant operation and maintenance (O&M).

Other known trends, events, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the Company’s Information Statement (e.g. for an extensive discussion on regulatory issues, see Effects of Existing or Probable Government Regulations on the Business on page 76 of the AboitizPower’s 2021 Definitive Information Statement).

Banking & Financial Services SBU

UnionBank continues to pursue its business transformation roadmap towards becoming one of the top three universal banks in the Philippines in terms of return on equity, return on assets, and cost-efficiency. Rather than using traditional metrics such as asset size or branch network, this transformation roadmap shifts the Bank’s focus to providing financial value to stakeholders, operational excellence, customer franchise or share of wallet, unique customer experience, and superior and innovative products and services.

The Bank's primary goal is to become one of the country's great retail banks by increasing its core earning asset base, attaining balanced sources of revenues, and shifting towards a recurring income business model as it fortifies its balance sheet.

The Bank has made progress in achieving this goal. As of December 31, 2021, the majority of the Bank's revenues were recurring in nature as the growth of its loan portfolio over the past 10 years outpaced the industry average. In addition, the Bank's consumer loans comprise 52% of its total loan portfolio as of September 30, 2022, which is, based on the latest available data of the Bangko Sentral ng Pilipinas (BSP), more than double the banking industry average of 19%.

Moreover, the Bank's fee-based income increased by 64% to P5.1 billion driven by customer fund transfers and card transactions, bancassurance fees, and forex income. The Bank's total deposits grew 32% year-on-year, with CASA leading the growth at 31% attributed to the increased usage of the Bank's cash management solutions and digital channels. This sustained the Bank's CASA ratio at 61% despite the increase in earning assets.

In 2015, the Bank embarked on a Digital Transformation Strategy to gain a competitive advantage and capitalize on the eventual shift of the Philippine banking industry towards digitalization. The Bank's Digital Transformation Strategy had two objectives:

- 1) To strengthen its business model by repositioning itself into an agile and digitally-transformed universal bank. The Bank's strategy was (i) to apply higher technologies into its core banking systems and processes to deliver superior customer experiences; and (ii) to employ its digitized processes to transform City Savings Bank, Inc. (CitySavings) and its subsidiaries into digital mass market focused-banks. The goal was to reach the underbanked and unbanked segments and employ the Bank's digitized processes to improve operational efficiencies in order to ramp up scale and accelerate achieving inclusive prosperity.
- 2) To search for new business models where banking may become embedded or disintermediated in people's day-to-day lives. The objective was to immerse the Bank in emerging technologies and new business models which may disrupt the business of banking. The Bank sought to develop, enable, and invest in financial technology ("fintech") companies, as their business models may evolve into the future of the financial landscape. Moreover, the Bank planned to make technology its core and to deliver digital platforms and solutions to meet its clients' banking needs. All these served to integrate the Bank in any supply and demand chain, making the Bank indispensable in a future where banking will no longer be a transaction choice but part of an integrated experience. These have, since 2019, been led by UBX PH, the Bank's technology and innovation Subsidiary. The Bank's digital banking arm, UnionDigital Bank (UnionDigital), further supports this strategy with a purely digital banking proposition that leverages technology to lower the cost of serving the underserved segment of the population.

Having completed Phase 1 (i.e., building the foundational infrastructure to be "Digital to the Core" and transforming people and culture to be an "Agile Organization") and Phase 2 (i.e. launch of critical customer channels), UnionBank is already in Phase 3 of its Digital Transformation – the monetization and commercialization of the Bank's digital transformation. With the key channels and platforms now in place, the Bank is focused on accelerating its customer acquisition and deepening engagement across all digital channels to achieve sustained growth of its lending and deposit businesses and, at the same time, reap operational efficiencies from its digital investments.

The COVID-19 pandemic has accelerated the shift in consumer behavior towards digital banking. The banking industry in general, and Unionbank in particular, experienced immense growth in electronic transactions (e.g. fund transfers, in-app bills payment, etc.), as well as increased users of digital channels and applications since 2020. The Bank expects the digital trend to continue, especially as more Filipinos discover and experience the advantages of digital payments and digital banking.

UBX PH also ramped up in the operations with its flagship platforms, namely: (i) *i2i* (a banking-as-a-service platform for financial institutions); (ii) *BUX* (a payment gateway and logistics fulfillment platform for online merchants); (iii) *Sentro* (a free online shop builder embedded with a payment gateway); and (iv) *SeekCap* (a lending marketplace for MSMEs offering various financing options and faster approvals). With the growth of E-Commerce during the pandemic, UBX PH sign-ups and transactions grew exponentially, which translated to increased recurring revenues.

On July 18, 2022, UnionDigital started its commercial operations after securing its authority to operate from the Bangko Sentral ng Pilipinas. UnionDigital is envisioned to capture the underbanked segments of the population by offering superior customer experience with a cost-efficient infrastructure and organization.

On August 1, 2022 the Bank completed its acquisition of Citigroup's consumer banking business in the Philippines. The transaction includes Citi's credit card, personal loans, wealth management, and retail deposit businesses. The acquisition also includes Citi's real estate interests in relation to Citibank Square in Eastwood City in Bagumbayan, Quezon City, full-service bank branches, and wealth centers. The acquisition will accelerate the Bank's objective of becoming a 'Great Retail Bank' given Citi's current market leadership in the credit cards, personal loans, and wealth management businesses.

With its digital thrust, the Bank believes that it is well-positioned to leverage on the digital trends as it carries on with the commercialization program of its digital transformation. For 2022, the Bank's key focus areas include: (i) improving the Bank's operations and delivery of products and services via Cloud Migration, DevSecOps, and continuous enhancement of our digital channels as we further scale up in terms of customers and transactions; (ii) continuing growth and maximize profitability in the mass market segments we are in; (iii) further ramping up the growth of UBX PH's platforms to sustain growth in recurring revenues; (iv) successfully launching UnionDigital; and (v) most importantly, ensuring the smooth transition of Citi's employees and customers to the Bank. UnionBank also intends to ride on the wave of the economy's recovery and improving consumer demand to push for further growth of its core lending business. To support these initiatives, the Bank has allotted more than ₱3 bn for capital expenditures in 2022.

The Bank believes that its strong capitalization and, based on the latest available BSP data, its above-industry average profitability and efficiency ratios will continue to provide a cushion against potential economic headwinds.

Food SBU

The Food Group, composed of AEV's non-listed multinational food subsidiaries, is an integrated regional agribusiness and food company based in the Philippines and Singapore. Its businesses in the Philippines include flour milling, feed milling, livestock farming, and commodity trading. It remains one of the Philippines' top flour, feeds, and farm market players and has a nationwide presence. The Food Group also operates in the ASEAN and across the Asia-Pacific regions through Pilmico International Pte. Ltd. and its Subsidiaries - which includes Gold Coin Management Holdings Private Limited (Gold Coin) based in Singapore - and is well-positioned as a regional manufacturer and producer of high-quality animal and aqua feeds.

In January 2022, the Food Group internally reorganized its businesses into two key business segments, namely; (i) Agribusiness and (ii) Food and Nutrition business. Agribusiness segment consists of its regional (i.e. local and international) animal nutrition businesses (feed, petfood, and specialty nutrition divisions). Meanwhile, the Food and Nutrition business segment consists of businesses that cater to the consumer segment of the value chain (flour, farms, meats, and trading divisions) in the Philippines. It also includes retail and other business-to-customer (B2C)-oriented businesses. This reorganization will allow the Food Group to better deliver its identified strategic pillars (i.e. balance, optimize and develop) through improvement in internal collaboration, increasing the speed and efficiency in execution, and capitalizing on the synergize that exists in the business as they present themselves.

In order to achieve the Food Group's Vision *"to become an integrated regional business and food company"*, the Food Group will (i) maintain a balanced portfolio by diversifying revenues and Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) across geographies, businesses, and products to increase its resilience, (ii) focus on operational excellence, cost control, and leverage on technology, and (iii) pursue building new growth platforms by investing in fast-growing and higher-margin segments of the industry. Overall, this approach will serve as the compass in steering the Food Group to achieve its growth targets in the coming years.

The Food Group today enjoys its position as the fourth largest animal feed producer in Southeast Asia based on internal market data on the capacities of major players within the market. The Food Group, through its geographical reach in Asia Pacific has and continues to harness synergies in distribution, localized operations, cross-selling, research and development, raw materials, and logistics cost.

The Flour division will continue employing the improved two-pronged market strategy of: (i) maximizing growth potential in the Visayas region and Mindanao island, while (ii) building and developing new channels in Luzon for future exploration of new geographical territory. The flour business likewise intends to move forward in the value chain as it continues selling value-added flour products, protecting its market share, and potentially expanding into a more diversified product portfolio.

Meanwhile, the Farms division's third Breeder Farm was completed in October 2022. This will yield an additional capacity of 2,500 sow level and will help in the recovery of the supply of pork in the Philippine Market. The expansion is anchored on the confidence brought about by the improved biosecurity protocols and methodology that will thrive despite the presence of African Swine Fever (ASF) in the country. With the planned expansion, Farms' sow level capacity is expected to reach 60,000 heads by 2027. The increase in volume comes with opportunities to unlock more distribution channels and to push forward integration in the value chain.

In August 2020, the Food Group operationalized its meat fabrication and processing plant in Tarlac, which has provided more stable profitability through selling high-margin pork meats compared to live hog selling. With ASF hitting the Philippine swine farming industry in 2019, the latter (i.e live hog selling) has not fully recovered yet the lost capacity and unserved demand for pork meat is eased up through meat importation. This presents an opportunity for the Food Group to further augment the volume of its Meats business through external sources and improve its meat processing facility utilization.

The branded pork meat products of the Food Group, under the house brand "*The Good Meat*" are now made available in the Philippines through different digital platforms such as Lazada and the Food Group's online meat store. On top of one existing store, six new physical stores are expected to be fully operational by December 2022, with a capacity of 2 metric ton (MT) per day per store. Furthermore, *The Good Meat* plans to expand its supermarket presence to 290 stores by the end of 2022 (a combination of retail concessionaires stores and stores carrying The Good Meat products). These initiatives are expected to allow the Food Group to further develop its business-to-customer (B2C) channels and to provide an expansion to the supply chain which will ensure better distribution to all customers in the relevant areas.

The Agribusiness segment in the Philippines seeks to solidify its market position by expanding production in strategic locations in the Visayas and Mindanao regions in the next five years. To support the wider market, the Food Group will employ platform improvements in logistics to enhance operational agility and improve customer experience. The Food Group believes that continuous product developments through precise nutrition and feeding management, the introduction of pet food, and the building-up of specialty nutrition are key to a strengthened and diversified Agribusiness portfolio.

The Gold Coin Group (under the Agribusiness segment) will pursue opportunities in (i) fast-growing segments like aquafeeds and (ii) attractive geographies where it has a captive market and the ability to compete. In 2021, several plant expansions took place within the region and expansions are set to continue in 2022 with China and Vietnam expanding their livestock feedmill facility with an additional capacity of 30 TPH each mill. Construction will be completed in December 2023 and September 2023, respectively.

These carefully selected and calibrated investments are expected to capture greater returns while steadily building a strong and diversified regional food business integrated across the business system.

Food Group has allotted ₱6 bn for capital expenditures in 2022.

Infrastructure SBU

Aboitiz InfraCapital, Inc. (Aboitiz InfraCapital)

Aboitiz InfraCapital aims to thrive in the Philippine infrastructure space and contribute to its economic recovery amid the COVID-19 pandemic.

Aboitiz InfraCapital is optimistic in achieving plans of larger scale operations – (i) Apo Agua Infraestructura, Inc. (Apo Agua) is expected to start operations by the first quarter of 2023, (ii) Unity Digital Infrastructure Inc. (Unity) continues to accelerate its tower rollout, while (iii) Economic Estates continues its expansion.

Economic Estates

The Economic Estates business has further strengthened its position among the leaders in Industrial-anchored estates by continuing to expand its footprints in both Batangas and Cebu. It seeks to more than double the footprint of its developments, as well as introduce sustainability and smart city features.

Last June 15, 2022, LIMA Estate recently became the first industrial park to achieve the pilot BERDE (Building for Ecologically Responsive Design Excellence) District Certification with a 5-star rating, the highest rating Philippine Green Building Council (PhilGBC) awards to developments. PhilGBC certifies Districts based on their commitment to sustainable development, including the contribution of projects to health and well-being, community engagement, and economic opportunities.

Aboitiz InfraCapital is also applying for the BERDE Building Certification of the LIMA Tower One, the first of seven multi-storey office buildings to be built at LIMA's Central Business District, slated for completion in 2024.

In addition, Aboitiz InfraCapital has engaged a global urban infrastructure and managed services consulting firm, Surbana Jurong, to transform the LIMA Estate into a smart, next-generation, and future-ready economic center to draw more business and green development into the Lipa-Malvar industrial corridor.

This underscores Aboitiz InfraCapital's commitment that clients who would choose Aboitiz Economic Estates will find a home that checks all the boxes in their environmental, social, and governance (ESG) scorecards now and in the years to come.

Expansion of Economic Estates is continuous and ongoing, with additional developments in LIMA Estate in Lipa-Malvar, Batangas, and West Cebu Estate in Balamban, Cebu. Aboitiz InfraCapital targets to add 240 hectares of new inventory in total and spur economic activity in its areas by generating 92,000 jobs combined. Other expansion and development projects are continually being explored and evaluated to sustain growth.

Looking ahead, as the Economic Estates continue to welcome new locators and businesses, there will be continuous transformation of the Estates, through introduction of new product lines, smart city features, and sustainability initiatives.

Water

Lima Water Corporation (Lima Water)

Lima Water is the exclusive water and wastewater services provider of LIMA Technology Center ("LTC"), one of the Philippines' largest industrial parks. Lima Water is currently building its capability to fully support the expansion plans of LTC and other affiliated economic estates, which are expected to experience healthy growth in the coming years.

With the rollout of the Non-Revenue Water (NRW) Roadmap to its Cebu water operations starting January 2022, the NRW level in both Mactan Economic Zone 2 and West Cebu Estate significantly improved by 5 percentage points. This was achieved through continuous leak detection activities, along with regular water meter validation and supply and pressure management.

By the end of 2022, the target is to manage and maintain the average NRW level across three water operations at 5% or better, within the next three years and beyond. This target is significantly lower than the regulator's acceptable level at 20% and more efficient than other industrial estates ranging from 10 to 20%.

Aside from resource conservation and water sustainability, it is imperative that we mitigate the financial challenges posed by NRW as exacerbated by the rising cost of electricity, chemicals, fuels, machineries and other costs that impact the production of potable water during these uncertain times.

Apo Agua Infraestructura, Inc.

Apo Agua is the project company owned by Aboitiz Infracapital and J.V. Angeles Construction Corporation (JVACC), organized to design, construct and operate a hydroelectric powered-bulk water treatment facility and a conveyance system that will deliver at least 300 mn liters per day of treated water to the Davao City Water District (DCWD) over 30 years.

Construction is in full-swing for the three main work areas: i) River diversion and intake weir completion in Raw Water Facilities, ii) full civil, mechanical and electrical works have ramped up in the Water Treatment Plant; and iii) Hydro-testing valve installation and road restoration on-going in Treated Water Pipeline.

Aboitiz InfraCapital intends to use its current water portfolio, including a 16% stake in Balibago Waterworks System, Inc., as a strategic platform to build its water business. It will look into underserved highly-urbanized cities for opportunities to expand its footprint in the water space across the country.

Digital Infrastructure

A year since the launch of Unity Digital Infrastructure, Inc., a joint venture telecommunications infrastructure platform between Aboitiz InfraCapital and Partners Group, progress is underway in building greenfield macro towers, enabling tower co-locations and providing complementary offerings via deployment of small cell sites.

Unity currently has 500 combined active sites (~100 macro towers and ~400 small cell poles) across the country. It is focused on expanding its tower rollout with ~200 macro tower sites in various stages of development, predominantly in Visayas and Mindanao. It has fully integrated the small cells poles business with small cell sites in key cities nationwide, and is geared to reach a total of 500 deployed small cell sites by year end to further improve network quality and services.

To further support digitalization of the country, Aboitiz InfraCapital has entered into an agreement to partner with EdgeConnex (ECX), a pioneer in global hyperlocal to hyperscale data center solutions based in the United States, to develop a data center platform in the country. The joint venture aims to cater to large cloud service providers who will service the local demand for data usage. The initial data center is planned to be located in proximity to the National Capital Region and a secondary hyperscale campus is planned to be located in the Greater Manila Area.

Regional Airports

The Department of Transportation (DOTr) granted Aboitiz InfraCapital Original Proponent Status to its unsolicited proposals to operate, maintain, and expand the new Bohol-Panglao International Airport on September 3, 2018, and to operate and maintain the Bicol International Airport on September 7, 2021. The same status was received from the Civil Aviation Authority of the Philippines (CAAP) for Laguindingan Airport on February 26, 2019. On November 29, 2019, Aboitiz InfraCapital obtained the approval of the National Economic Development Authority Board for the Bohol unsolicited proposal, while the Investment Coordination Committee-Cabinet Committee (ICC-CabCom) approved the proposal for Laguindingan Airport on December 20, 2019.

In the face of the unprecedented impact of COVID-19 on the air travel and airport business, Aboitiz InfraCapital remains keen on pursuing its unsolicited proposals for the Bohol Panglao and Bicol International Airports and Laguindingan Airport. Aboitiz InfraCapital believes that these projects are vital to reviving the economy and are aligned with its objective to support regional growth centers outside of the National Capital Region. Aboitiz InfraCapital continues to discuss the best and most prudent way to move forward with the projects with the government.

Aboitiz InfraCapital has entered into a landmark deal with Megawide Construction Corporation (Megawide) and GMR Airports International, B.V. (GAIBV) for Aboitiz InfraCapital to acquire shares to jointly operate the GMR-Megawide Cebu Airport Corporation (GMCAC). Through Aboitiz InfraCapital, the Aboitiz group is entering into GMCAC as a strong and reputable investor with deep roots in Cebu. The goal is to propel the Mactan City International Airport to the next level and establish its status as the Philippines' premier international airport. Part of these roots in Cebu include the Mactan Economic Zone 2 Estate in Lapu-Lapu City and West Cebu Estate in Balamban, Cebu, which Aboitiz InfraCapital operates as well as Visayan Electric Corporation which is operated by

AboitizPower. Upon the expected closing of the transaction, Aboitiz InfraCapital's investment in GMCAC is a vote of confidence for the travel sector, which has been steadily improving in the past few months.

Republic Cement and Building Materials, Inc. (RCBM)

Cement demand declined slightly during the first nine months of 2022 versus the same period last year, impacted by the increases in the prices of steel and other construction materials, pre-election construction ban and post-election transition. In the fourth quarter of 2022, infrastructure demand might start to improve as the new administration settles in. The new administration is targeting to spend 5% to 6% of GDP on infrastructure. However, the pandemic and high commodity prices continue to present a risk to economic recovery, which in turn might also impact the demand.

RCBM remains committed to serving its key markets throughout the country with high-quality products, while improving efficiencies and reducing costs. RCBM has a total cement production capacity of 9.7 mn tons per annum (MTPA), which includes two newly-commissioned mills with capacity of 2.3 MTPA to serve the market needs.

RCBM is currently experiencing inflationary pressures in energy prices, exacerbated by the Russia-Ukraine war, which impacts its cement production costs. In an effort to mitigate the impact of its external headwinds, RCBM continues to focus on operational excellence initiatives and cost control measures.

RCBM will also continue to staunchly support the Philippine government's *Go Lokal* and *Buy Lokal* programs, as an industry leader and proud manufacturer of the country's best quality cement used in building a safer, greener, and stronger republic.

The infrastructure group has allotted ₱29 bn for capital expenditures in 2022 across all its businesses.

Land SBU

Aboitiz Land, Inc.

AboitizLand is committed to innovating ways to lead more families home in 2022 and the years to come. It will continue to be focused on further improving all aspects of operations.

Innovation will continue to be at the core of AboitizLand's culture. In 2022, AboitizLand expects to continue to harvest the results of its digitization strategy. Some key innovation initiatives that are in full swing include the complete automation of the construction management process, the introduction of a new building system/technology, the full roll out of the Vecino app, and the optimization of all digital and social media assets in harnessing leads and strengthening the brand.

AboitizLand remains bullish about the property sector as residential property trends point towards a stronger preference for its residential offerings. There is a newfound appreciation for house and lots and residential lot projects, as preferences for the living set-up shift towards horizontal developments. Supported by the boom of infrastructure developments, living outside central business districts is now more possible without compromising comfort, convenience, and accessibility. The expected reduction in the need to live near central business districts bodes well for AboitizLand's residential developments located in emerging centers outside the capital. It is for these reasons that AboitizLand continues to launch new phases in its existing projects within 2022. Meadow Village, which is the third and most premium enclave of The Villages at Lipa, recently launched in October 2022. It is a 12-hectare premium residential lot development in Lipa, Batangas shaping up to be the next big thing in the South for its outstanding brand value, community characteristics that encourage multi-faceted living, and its desirable location as a part of the LIMA Estate.

In construction, AboitizLand's investments in pre-cast construction technology are starting to show positive results in transforming its ability to build and deliver homes faster and better. To date, there are over a hundred units being constructed by AboitizLand's partners, Sumitomo, Smart Masonry and Connovate in The Villages at Lipa and Seafont. This is a major milestone for AboitizLand in innovating the way it builds distinctive and high-quality homes that are built for the future. In collections, the continued rise in interest rates charged by banks for loans has been a big challenge for customers in securing take-out home loan financing. To address this, AboitizLand continues to

expand its network of accredited banks, and expand its tie-ups with online mortgage brokers like Nook, Matchmo and Uwi to provide its customers a wider range of options in obtaining more affordable financing.

AboitizLand believes that the overall business environment in the Philippines moving forward will continue to remain challenging. However, AboitizLand is maintaining an optimistic outlook towards the future of the Philippine property market as it develops its new direction and strategy based on the improving consumer confidence, its organizational capabilities, and the attractiveness of its product offerings.

AboitizLand has allotted ₱2 bn for capital expenditures in 2022.

Long-Term Aspiration

AEV is now well underway with its '*Great Transformation*', a bold corporate move to put innovation at the forefront of its growth strategy and will usher the Group's transition to becoming a '*techglomerate*', or a conglomerate that heavily integrates technology and design thinking in all its production, services, and processes. AEV explained that the '*Great Transformation*', which will reinvent the group as a start-up-style conglomerate, will be primarily driven by its people through a cultural revolution that aims to combine the vast potential of Data Science and Artificial Intelligence with a deeply curious appetite for knowledge and self-improvement. The result being a much more agile and advanced organization made up of team members who are both highly skilled and personally fulfilled. To do this, the Company is investing in exponential growth initiatives, a fresh entrepreneurial mindset, and the hypergrowth of its team members via an enabling, exciting, and inclusive work environment. The group is carefully selecting practices and philosophies from Big Tech that would translate well in the context of their own business goals as the country's first Philippine *techglomerate*.

AEV's Great Transformation into the country's first Philippine *techglomerate* has ramped up in scale and speed, as evidenced by the recent Singapore launch of Aboitiz Data Innovation, where AEV showcased how data science and artificial intelligence can help accelerate change in the region's financial services, power, and smart cities toward a data-driven future. In particular two memorandum of understandings were signed: i) with Synfindo, a fintech startup company formalizing the partnership to accelerate data innovation in financial services and ii) with National University of Singapore to encourage more research and development in Data Science and Artificial Intelligence.



To be able to fund its continuing growth, AEV recently increased its planned retail bond issue from P12 billion to P20 billion. The increase in the oversubscription option allows for greater flexibility amidst robust liquidity in the capital markets. AEV plans to use the proceeds to i) partially fund AEV's equity contribution to its wholly owned subsidiary, Aboitiz InfraCapital, which will use such amount to acquire an interest in GMCAC; and ii) for the repayment of certain outstanding bonds of AEV.

PART II--OTHER INFORMATION

There are no significant information on the company which requires disclosure herein and/or were not included in SEC Form 17-C.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	ABOITIZ EQUITY VENTURES INC. <hr/>
	
Principal Accounting Officer	Marlita M. Villacampa <hr/>
Signature and Title	First Vice President – Controller for Accounting and Operating Services <hr/>
Date	November 14, 2022 <hr/>
	
Authorized Officer of the Issuer	Manuel Alberto R. Colayco <hr/>
Signature and Title	Senior Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer <hr/>
Date	November 14, 2022 <hr/>

Aboitiz Equity Ventures, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

As of September 30, 2022 (with Comparative Figures as of December 31, 2021) and

For the Nine-Month Periods Ended September 30, 2022 and 2021

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET**

(With Comparative Figures as of December 31, 2021)

(Amounts in Thousands)

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱62,948,010	₱147,534,035
Trade and other receivables (Note 6)	58,447,522	48,020,420
Inventories	47,272,239	31,992,459
Derivative assets (Note 24)	11,404,534	1,383,903
Other current assets (Note 7)	63,215,599	25,418,264
Total Current Assets	243,287,904	254,349,081
Noncurrent Assets		
Property, plant and equipment	223,737,727	220,018,207
Investments and advances (Note 8)	182,376,061	154,815,613
Intangible assets (Note 9)	81,663,493	74,338,411
Investment properties	12,978,172	12,227,553
Deferred income tax assets	1,792,777	1,976,548
Trade and other receivables - net of current portion (Note 6)	326,701	366,651
Derivative assets - net of current portion (Note 24)	245,255	75,718
Net pension assets	290,528	293,168
Other noncurrent assets (Note 10)	15,660,542	15,145,672
Total Noncurrent Assets	519,071,256	479,257,541
TOTAL ASSETS	₱762,359,160	₱733,606,622
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 11)	₱47,409,872	₱45,779,404
Bank loans (Note 12)	45,452,267	35,415,424
Current portions of:		
Long-term debts (Notes 13 and 14)	18,565,877	18,608,778
Long-term obligation on Power Distribution System (PDS)	40,000	40,000
Lease liabilities (Note 15)	9,504,267	8,291,721
Derivative liabilities (Note 24)	3,229,571	1,180,048
Income tax payable	408,176	382,223
Total Current Liabilities	124,610,030	109,697,598

(Forward)

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Notes 13 and 14)	₱244,867,694	₱253,069,865
Lease liabilities (Note 15)	21,008,044	25,964,507
Trade and other payables (Note 11)	3,491,147	982,617
Long-term obligation on PDS	140,425	125,532
Customers' deposits	8,213,284	7,374,767
Decommissioning liability	4,918,912	5,686,224
Deferred income tax liabilities	3,743,897	2,270,797
Net pension liability	496,217	493,293
Derivative liabilities - net of current portion (Note 24)	—	174,664
Total Noncurrent Liabilities	286,879,620	296,142,266
Total Liabilities	411,489,650	405,839,864
Equity Attributable to Equity Holders of the Parent		
Capital stock	5,694,600	5,694,600
Additional paid-in capital	13,013,197	13,013,197
Equity reserves	29,491,200	29,491,200
Accumulated other comprehensive income (loss) (Note 17)	(1,317,576)	(235,375)
Retained earnings (Notes 16 and 25)		
Appropriated	79,800,000	9,200,000
Unappropriated	129,804,133	188,162,793
Treasury stock at cost	(647,672)	(647,672)
	255,837,882	244,678,743
Non-controlling Interests (Note 25)	95,031,628	83,088,015
Total Equity	350,869,510	327,766,758
TOTAL LIABILITIES AND EQUITY	₱762,359,160	₱733,606,622

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Amounts in Thousands, Except Earnings Per Share Amounts)**

	For the nine-month period ended September 30		For the quarter ended September 30	
	2022	2021	2022	2021
REVENUES (Note 18)	₱216,656,941	₱158,091,732	₱80,804,802	₱55,757,543
COSTS AND EXPENSES (Note 19)	185,720,780	133,852,586	68,503,800	46,479,250
FINANCIAL INCOME (EXPENSE)				
Interest income (Notes 5, 6 and 7)	992,660	385,595	330,268	103,726
Interest expense and other financing costs (Note 23)	(12,661,343)	(12,883,239)	(3,755,751)	(4,051,303)
	(11,668,683)	(12,497,644)	(3,425,483)	(3,947,577)
OTHER INCOME - NET				
Share in net earnings of associates and joint ventures (Note 8)	13,690,607	13,846,961	6,322,099	3,162,511
Other income (expense) - net (Note 20)	2,372,621	940,316	880,558	296,792
	16,063,228	14,787,277	7,202,657	3,459,303
INCOME BEFORE INCOME TAX	35,330,706	26,528,779	16,078,175	8,790,019
PROVISION FOR INCOME TAX	3,283,625	1,946,794	1,343,016	899,953
NET INCOME	₱32,047,081	₱24,581,985	₱14,735,159	₱7,890,066
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	₱21,362,305	₱19,543,882	₱9,566,617	₱6,081,503
Non-controlling interests	10,684,776	5,038,103	5,168,542	1,808,563
	₱32,047,081	₱24,581,985	₱14,735,159	₱7,890,066
EARNINGS PER SHARE (Note 21)				
Basic and diluted, for net income for the period attributable to ordinary equity holders of the parent	₱3.79	₱3.47	₱1.69	₱1.08

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	For the nine-month period ended September 30		For the quarter ended September 30	
	2022	2021	2022	2021
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	₱21,362,305	₱19,543,882	₱9,566,617	₱6,081,503
Non-controlling interests	10,684,776	5,038,103	5,168,542	1,808,563
	32,047,081	24,581,985	14,735,159	7,890,066
OTHER COMPREHENSIVE INCOME (LOSS) (Note 17)				
<i>Items that will be reclassified to consolidated statements of income:</i>				
Net movement in cumulative translation adjustments	2,895,546	2,346,741	234,331	1,830,339
Movement in cash flow hedge, net of tax	7,681,389	6,409,544	(567,835)	4,230,179
Share in movement in cumulative translation adjustments of associates and joint ventures	1,818,867	743,739	920,661	408,764
Share in movement in net unrealized mark-to-market losses on FVOCI investments of associates	(6,113,122)	(570,621)	(1,236,217)	(420,907)
Movement in net unrealized mark-to-market gains (losses) on FVOCI investments	(34,257)	(853)	(1,186)	196
	6,248,423	8,928,550	(650,246)	6,048,571
<i>Items that will not be reclassified to consolidated statements of income:</i>				
Share in movement in actuarial gains on defined benefit plans of associates and joint ventures, net of tax	24,504	147	20,345	1,219
Movement in actuarial losses on defined benefit plans, net of tax	(495)	(6,954)	—	—
	24,009	(6,807)	20,345	1,219
TOTAL COMPREHENSIVE INCOME	₱38,319,513	₱33,503,728	₱14,105,258	₱13,939,856
ATTRIBUTABLE TO:				
Equity holders of the parent	₱20,280,104	₱26,160,122	₱7,903,933	₱10,571,622
Non-controlling interests	18,039,409	7,343,606	6,201,325	3,368,234
	₱38,319,513	₱33,503,728	₱14,105,258	₱13,939,856

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2022 AND 2021
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent									
	Capital Stock: Common	Additional Paid-in Capital	Equity Reserve	Accumulated Other Comprehensive Income (Note 17)	Retained Earnings		Treasury Stock	Total	Non-controlling Interest	Total
					Appropriated (Note 16)	Unappropriated (Note 16)				
Balances at January 1, 2022	P5,694,600	P13,013,197	P29,491,200	(P235,375)	P9,200,000	P188,162,793	(P647,672)	P244,678,743	P83,088,015	P327,766,758
Net income for the period	—	—	—	—	—	21,362,305	—	21,362,305	10,684,776	32,047,081
Other comprehensive income (loss)	—	—	—	(1,082,201)	—	—	—	(1,082,201)	7,354,633	6,272,432
Total comprehensive income (loss) for the period (Note 17)	—	—	—	(1,082,201)	—	21,362,305	—	20,280,104	18,039,409	38,319,513
Cash dividends - P1.62 per share (Note 16)	—	—	—	—	—	(9,120,965)	—	(9,120,965)	—	(9,120,965)
Appropriation during the period (Note 16)	—	—	—	—	70,600,000	(70,600,000)	—	—	—	—
Cash dividends paid to non-controlling interests (Note 25)	—	—	—	—	—	—	—	—	(6,091,019)	(6,091,019)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	(4,777)	(4,777)
Balances at September 30, 2022	P5,694,600	P13,013,197	P29,491,200	(P1,317,576)	P79,800,000	P129,804,133	(P647,672)	P255,837,882	P95,031,628	P350,869,510
Balances at January 1, 2021	P5,694,600	P13,013,197	(P6,215,026)	(P3,959,403)	P9,200,000	P165,976,675	(P647,672)	P183,062,371	P40,537,628	P223,599,999
Net income for the period	—	—	—	—	—	19,543,882	—	19,543,882	5,038,103	24,581,985
Other comprehensive income	—	—	—	6,616,240	—	—	—	6,616,240	2,305,503	8,921,743
Total comprehensive income for the period (Note 17)	—	—	—	6,616,240	—	19,543,882	—	26,160,122	7,343,606	33,503,728
Cash dividends - P0.91 per share	—	—	—	—	—	(5,123,505)	—	(5,123,505)	—	(5,123,505)
Cash dividends paid to non-controlling interests (Note 25)	—	—	—	—	—	—	—	—	(1,937,046)	(1,937,046)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	6,313	6,313
Balances at September 30, 2021	P5,694,600	P13,013,197	(P6,215,026)	P2,656,837	P9,200,000	P180,397,052	(P647,672)	P204,098,988	P45,950,501	P250,049,489

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the nine-month period ended September 30		For the quarter ended September 30	
	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱35,330,706	₱26,528,779	₱16,078,175	₱8,790,019
Adjustments for:				
Interest expense (Notes 15 and 23)	12,661,343	12,883,239	3,755,751	4,051,303
Depreciation and amortization	10,303,714	9,682,279	3,597,364	3,385,167
Net unrealized foreign exchange losses (gains)	(4,020,959)	1,720,112	(2,816,035)	1,208,556
Impairment losses on goodwill and other assets (Note 20)	729,459	—	147,042	—
Loss (gain) on sale/disposal of:				
Property, plant and equipment (Note 20)	109,273	(5,945)	3,073	1,198
Fair value through profit or loss (FVTPL) and Fair value through other comprehensive income (FVOCI) investments (Note 20)	(2,589)	(114,871)	(1,537)	(87,162)
Investment in a subsidiary	(11,615)	44,258	(11,615)	44,258
Unrealized mark-to-market losses (gains) on derivatives (Note 20)	117,518	(71,248)	(287,054)	(34,306)
Unrealized mark-to-market losses on FVTPL investments (Note 20)	194,058	30,455	61,083	90,960
Dividend income (Note 20)	(1,739)	(2,767)	(1,096)	(512)
Interest income	(992,660)	(385,595)	(330,268)	(103,726)
Share in net earnings of associates and joint ventures (Note 8)	(13,690,607)	(13,846,961)	(6,322,099)	(3,162,511)
Operating income before working capital changes	40,725,902	36,461,735	13,872,784	14,183,244
Increase in:				
Trade and other receivables	(11,538,322)	(7,521,356)	(2,930,583)	(2,474,427)
Inventories	(15,279,780)	(5,563,515)	(5,539,731)	(2,489,925)
Other current assets	(1,818,569)	(809,369)	(1,088,007)	787,778
Increase (decrease) in:				
Trade and other payables	2,379,058	8,348,694	(1,035,297)	3,308,406
Customers' deposits	838,517	322,599	570,448	97,075
Net cash generated from operations	15,306,806	31,238,788	3,849,614	13,412,151
Income and final taxes paid	(2,860,774)	(2,488,805)	(853,696)	(1,536,406)
Net cash flows from operating activities	12,446,032	28,749,983	2,995,918	11,875,745
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash dividends received (Note 8)	3,794,338	9,583,190	1,288,940	1,779,529
Interest received	855,326	411,236	458,857	175,775
Additions to:				
FVTPL and FVOCI investments	(1,055,678)	(903,695)	(471,046)	107,572
Property, plant and equipment and investment properties	(7,914,282)	(6,772,387)	(1,212,687)	(3,510,020)
Investments in and advances to associates (Note 8)	(20,698,191)	(2,321,457)	(461,521)	(23,001)
Short-term cash deposits	(36,243,570)	(5,887,769)	(4,263,937)	676,731
Intangible assets - service concession rights	(2,749,058)	(3,264,770)	(854,438)	(860,608)
Decrease (increase) in other noncurrent assets	1,746,997	713,838	1,672,009	(813,627)
Proceeds from sale of shares of associates and joint ventures	—	609,000	—	—
Net cash flows used in investing activities	(62,264,118)	(7,832,814)	(3,843,823)	(2,467,649)

	For the nine-month period ended September 30		For the quarter ended September 30	
	2022	2021	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from long-term debts - net of transaction costs (Note 13 and 14)	13,390,500	28,413,709	2,580,500	28,413,709
Net proceeds from (payments of) bank loans (Notes 12)	10,036,843	(1,073,143)	2,128,841	(818,979)
Cash dividends paid and other changes to non-controlling interest (Note 25)	(6,091,019)	(1,937,046)	304,724	252,134
Cash dividends paid to equity holders of the parent (Note 16)	(9,120,965)	(5,123,505)	—	—
Interest paid	(11,197,688)	(11,528,299)	(4,297,426)	(4,554,009)
Payments of:				
Long-term debts (Notes 13 and 14)	(30,123,232)	(37,013,495)	(12,869,502)	(36,614,452)
Lease liabilities net of accreted interest (Note 15)	(6,665,256)	(6,077,629)	(2,442,823)	(2,836,524)
Interest on lease liabilities (Note 15)	(1,707,410)	(2,024,702)	10,283	(92,631)
Net cash flows used in financing activities	(41,478,227)	(36,364,110)	(14,585,403)	(16,250,752)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(91,296,313)	(15,446,941)	(15,433,308)	(6,842,656)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	6,710,288	468,359	4,362,314	210,657
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	147,534,035	65,966,411	74,019,004	57,619,828
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱62,948,010	₱50,987,829	₱62,948,010	₱50,987,829

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except Earnings per Share and Exchange Rate Data and When Otherwise Indicated)

1. Corporate Information

The Company and its subsidiaries (collectively referred to as the “Group”) are engaged in various business activities in the Philippines and in several countries across Asia, including power generation, retail electricity supply and power distribution, food manufacturing, banking and financial services, real estate development, and infrastructure. The Company is the publicly-listed holding and management company of the Group. The parent and the ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

The registered office address of the Company is 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines.

2. Group Information

The unaudited interim consolidated financial statements comprise the financial statements of the Company, subsidiaries controlled by the Company and a joint operation that is subject to joint control (collectively referred to as the Group).

The following are the subsidiaries as of September 30, 2022 and December 31, 2021:

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			September 30, 2022		December 31, 2021	
			Direct	Indirect	Direct	Indirect
Aboitiz Power Corporation (AP) and Subsidiaries	Power	Philippines	52.00	–	52.00	–
AboitizPower International Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Aboitiz Energy Solutions, Inc. (AESI)	Power	Philippines	–	100.00	–	100.00
Adventenergy, Inc. (AI)	Power	Philippines	–	100.00	–	100.00
Balamban Enerzone Corporation (BEZ)	Power	Philippines	–	100.00	–	100.00
Mactan Enerzone Corporation (MEZ)	Power	Philippines	–	100.00	–	100.00
Malvar Enerzone Corporation (MVEZ)	Power	Philippines	–	100.00	–	100.00
East Asia Utilities Corporation (EAUC)	Power	Philippines	–	100.00	–	100.00
Lima Enerzone Corporation (LEZ)	Power	Philippines	–	100.00	–	100.00
Subic Enerzone Corporation (SEZ)	Power	Philippines	–	100.00	–	100.00
Cotabato Light & Power Co., Inc. (CLP)	Power	Philippines	–	99.94	–	99.94
Cotabato Ice Plant, Inc.	Manufacturing	Philippines	–	100.00	–	100.00
Davao Light & Power Co., Inc. (DLP)	Power	Philippines	–	99.93	–	99.93
Maaraw Holdings San Carlos, Inc. (MHSCI)	Holding	Philippines	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasun)	Power	Philippines	–	100.00	–	100.00
AboitizPower International B.V.	Holding	Netherlands	–	100.00	–	100.00
Cebu Private Power Corporation (CPPC)	Power	Philippines	–	60.00	–	60.00
Prism Energy, Inc. (PEI)	Power	Philippines	–	60.00	–	60.00
Visayan Electric Co., Inc. (VECO)	Power	Philippines	–	55.26	–	55.26
Aboitiz Renewables Inc. (ARI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
AP Renewables, Inc. (APRI)	Power	Philippines	–	100.00	–	100.00

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			September 30, 2022		December 31, 2021	
			Direct	Indirect	Direct	Indirect
Hedcor, Inc. (HI)	Power	Philippines	–	100.00	–	100.00
Amihan Frontier Energy, Inc. (formerly Hedcor Mt. Province, Inc.)*	Power	Philippines	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power	Philippines	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power	Philippines	–	100.00	–	100.00
PV Sinag Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Amihan Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Aboitiz Solar Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power	Philippines	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power	Philippines	–	100.00	–	100.00
Hedcor Tamugan, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power	Philippines	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power	Philippines	–	100.00	–	100.00
RE Resources, Inc. (Formerly Mount Apo Geopower, Inc.)*	Power	Philippines	–	100.00	–	100.00
Cleanergy, Inc. (CI)*	Power	Philippines	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power	Philippines	–	99.97	–	99.97
Luzon Hydro Corporation (LHC)	Power	Philippines	–	100.00	–	100.00
Bakun Power Line Corporation*	Power	Philippines	–	100.00	–	100.00
Sinag Solar Power Corporation*	Power	Philippines	–	100.00	–	100.00
Retensol, Inc.*	Power	Philippines	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power	Philippines	–	100.00	–	100.00
Cordillera Hydro Corporation (CHC)*	Power	Philippines	–	100.00	–	100.00
Visayas Cleanergy, Inc. (formerly, Negron Cuadrado Geopower, Inc.)*	Power	Philippines	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power	Philippines	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power	Philippines	–	100.00	–	100.00
Electricidad, Inc.*	Power	Philippines	–	100.00	–	100.00
Maaraw Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Wind Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Therma Power, Inc. (TPI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
Mindanao Sustainable Solutions, Inc.*	Services	Philippines	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power	Philippines	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power	Philippines	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power	Philippines	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power	Philippines	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)	Power	Philippines	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power	Philippines	–	100.00	–	100.00
Therma Subic, Inc.*	Power	Philippines	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
GNPower Mariveles Energy Center Ltd. Co. (GMEC)	Power	Philippines	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power	Philippines	–	80.00	–	80.00
Abovant Holdings, Inc.	Holding	Philippines	–	60.00	–	60.00
Pilmico Foods Corporation (PFC) and Subsidiaries	Food manufacturing	Philippines	100.00	–	100.00	–
Filagri Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Pilmico Animal Nutrition Corporation (PANC)	Food manufacturing	Philippines	–	100.00	–	100.00
Filagri, Inc.	Food manufacturing	Philippines	–	100.00	–	100.00

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			September 30, 2022		December 31, 2021	
			Direct	Indirect	Direct	Indirect
AboitizLand, Inc. (AboitizLand) and Subsidiaries	Real estate	Philippines	100.00	—	100.00	—
Propriedad del Norte, Inc. (PDNI)	Real estate	Philippines	—	100.00	—	100.00
Cebu Industrial Park Developers, Inc. (CIPDI)	Real estate	Philippines	—	60.00	—	60.00
Cebu Industrial Park Services, Inc.	Services	Philippines	—	100.00	—	100.00
Misamis Oriental Land Development Corporation	Real estate	Philippines	—	60.00	—	60.00
ALLRise Development Corp. and Subsidiaries	Real estate	Philippines	—	50.00	—	50.00
78 Point Blue, Inc.	Real estate	Philippines	—	100.00	—	100.00
Triplecrown Properties, Inc. (TCP)	Real estate	Philippines	—	100.00	—	100.00
Firmwall Systems, Inc.	Real estate	Philippines	—	100.00	—	100.00
AEV International Pte. Ltd. (AEV International)	Holding	Singapore	—	100.00	—	100.00
Pilmico International Pte. Ltd. (PIPL) and Subsidiaries	Holding	Singapore	—	100.00	—	100.00
Pilmico Vietnam Company Limited (PVCL)	Food manufacturing	Vietnam	—	100.00	—	100.00
Abaqa International Pte Ltd.	Trading	Singapore	—	100.00	—	100.00
Gold Coin Management Holdings Pte. Ltd. (GCMH) and Subsidiaries	Holding	Singapore	—	100.00	—	100.00
GC Investment Holdings Limited	Holding	Hong Kong	—	100.00	—	100.00
Gold Coin (ZhangJiang) Company Ltd.	Feedmills	China	—	100.00	—	100.00
Gold Coin (Zhangzhou) Company Ltd.	Feedmills	China	—	100.00	—	100.00
Gold Coin Animal Husbandry (Zhangzhou) Co. Ltd*	Feedmills	China	—	100.00	—	100.00
Gold Coin (Zhuhai) Company Ltd.	Feedmills	China	—	100.00	—	100.00
Gold Coin Feedmill (Kunming) Co. Ltd.	Feedmills	China	—	100.00	—	100.00
Gold Coin Feedmill (Dongguan) Co. Ltd.	Feedmills	China	—	100.00	—	100.00
Gold Coin (Yunnan) Co. Limited*	Feedmills	China	—	100.00	—	100.00
Gold Coin Agriculture (Guangxi) Co. Ltd.	Feedmills	China	—	100.00	—	100.00
Gold Coin Management (Shenzhen) Co. Ltd.	Holding	China	—	100.00	—	100.00
Gold Coin Sabah Sdn. Bhd.	Holding	Malaysia	—	100.00	—	100.00
Gold Coin Feedmill (Dong Nai) Co. Ltd.	Feedmills	Vietnam	—	100.00	—	100.00
American Feeds Company Limited	Feedmills	Vietnam	—	100.00	—	100.00
Gold Coin Feedmill Ha Nam Co. Ltd. (GCFHN)	Feedmills	Vietnam	—	100.00	—	100.00
Glen Arbor Holdings (Singapore) Pte. Ltd. (GAHS)	Holding	Singapore	—	100.00	—	100.00
Gold Coin Feed Mills (Lanka) Ltd. (GCFL)	Feedmills	Sri Lanka	—	100.00	—	100.00
Gold Coin Group Limited	Holding	Hong Kong	—	100.00	—	100.00
Gold Coin Holdings Sdn Bhd	Holding	Malaysia	—	100.00	—	100.00
Gold Coin Feedmill Binh Duong Company (GCFBDC)	Feedmills	Vietnam	—	100.00	—	100.00
Myanmar Gold Coin International Co. Ltd. ²	Feedmills	Myanmar	—	—	—	100.00
KLEAN Greentech Co. Ltd.	Feedmills	Thailand	—	100.00	—	100.00
Gold Coin Vietnam Holdings Pte. Ltd.	Holding	Singapore	—	100.00	—	100.00
Gold Coin Aqua Feed Incorporated	Holding	British Virgin Island	—	100.00	—	100.00
Gold Coin Aqua Feed (Singapore) Pte. Ltd.	Holding	Singapore	—	100.00	—	100.00
Gold Coin Specialities Sdn. Bhd.	Feedmills	Malaysia	—	100.00	—	100.00
Gold Coin Specialities (Thailand) Co. Ltd.	Feedmills	Thailand	—	100.00	—	100.00
P.T. Gold Coin Trading Indonesia	Feedmills	Indonesia	—	100.00	—	100.00
P.T. Gold Coin Indonesia	Feedmills	Indonesia	—	100.00	—	100.00
P.T. Gold Coin Specialities	Feedmills	Indonesia	—	99.90	—	99.90
PT Ayam Unggul (PTAYAM)	Feedmills	Indonesia	—	60.00	—	60.00
FEZ Animal Nutrition Pte Ltd	Holding	Singapore	—	100.00	—	100.00
FEZ Animal Nutrition Philippines, Inc. ²	Holding	Philippines	—	—	—	40.00
FEZ Animal Nutrition Pakistan (Private Limited)	Holding	Pakistan	—	100.00	—	100.00
Gold Coin Malaysia Group Sdn. Bhd.	Holding	Malaysia	—	100.00	—	100.00

			Percentage of Ownership			
			September 30, 2022		December 31, 2021	
	Nature of Business	Place of Incorporation	Direct	Indirect	Direct	Indirect
Gold Coin Feedmills (Malaysia) Sdn. Bhd.	Feedmills	Malaysia	–	100.00	–	100.00
Gold Coin Feedmill (Sabah) Sdn. Bhd.	Feedmills	Malaysia	–	100.00	–	100.00
Gold Coin Sarawak Sdn. Bhd.	Feedmills	Malaysia	–	72.80	–	72.80
Bintawa Fishmeal Factory Sdn. Bhd.	Feedmills	Malaysia	–	72.80	–	72.80
Golden Livestock Sdn Bhd.	Holding	Malaysia	–	100.00	–	100.00
Pilmico Aqua Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Aboitiz Data Innovation Pte. Ltd.*	Data Analytics	Singapore	–	100.00	–	–
Archipelago Insurance Pte Ltd (AIPL)	Insurance	Singapore	100.00	–	100.00	–
AEV Aviation, Inc. (AEV Aviation)	Service	Philippines	73.31	26.69	73.31	26.69
AEV Properties, Inc.*	Real estate	Philippines	100.00	–	100.00	–
Cebu Praedia Development Corporation (CPDC)	Real estate	Philippines	100.00	–	100.00	–
Lima Land, Inc. (LLI) ¹	Real estate	Philippines	–	100.00	–	100.00
Aboitiz Infracapital, Inc. (AIC) and Subsidiaries	Holding	Philippines	100.00	–	100.00	–
Lima Water Corporation (LWC)	Water Infrastructure	Philippines	–	100.00	–	100.00
Apo Agua Infraestructura, Inc. (Apo Agua)*	Water Infrastructure	Philippines	–	70.00	–	70.00

¹In February 2022, AIC acquired 100% of LLI from Aboitizland.

²Dissolved in 2022

* No commercial operations as of September 30, 2022.

Interest in a Joint Operation

On May 15, 2014, the Group entered into a shareholders' agreement with TPEC Holdings Corporation (TPEC) for the development, construction and operation of the 400 MW Pagbilao Unit III in Pagbilao, Quezon through Pagbilao Energy Corporation (PEC). TPI and TPEC both agreed to provide their respective capital contributions and subscribe to common shares such that each stockholder owns 50% of the issued and outstanding shares of stock of PEC.

The financial and operating activities of the operation are jointly controlled by the participating shareholders and are primarily designed for the provision of output to the shareholders.

The Group's share of assets, liabilities, revenue, expenses and cash flows of a joint operation are included in the unaudited interim condensed consolidated financial statements on a line-by-line basis.

3. Basis of Preparation and Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments, investments in certain debt and equity securities, and investment properties which are measured at fair value, and agricultural produce and biological assets which are measured at fair value less estimated costs to sell. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, which is the Company's functional currency, and all values are rounded to the nearest thousands, except for earnings per share and exchange rates and as otherwise indicated.

Statement of Compliance

The unaudited interim condensed consolidated financial statements are 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 consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2021, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On October 26, 2022, the Audit Committee of the Board of Directors (BOD) of the Company approved and authorized the release of the unaudited interim condensed consolidated financial statements of the Group.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to existing standards which were applied starting January 1, 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately. At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are applied prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

This amendment did not have an impact to the Group as there were no items of PPE that are made available for use subsequent to January 1, 2021.

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

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include

both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The adoption of these amendments has no significant impact on the unaudited interim condensed consolidated financial statements.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

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

The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

- Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

The adoption of these amendments has no significant impact on the unaudited interim condensed consolidated financial statements.

- Amendments to PAS 41, *Agriculture - Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41. An entity applies the amendment to fair value measurements on or after January 1, 2022.

The adoption of these amendments has no significant impact on the unaudited interim condensed consolidated financial statements.

4. Summary of Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group also included, as one of its main consideration, the continuing impact of COVID-19 pandemic in making significant judgements and assumptions.

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. 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.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual consolidated financial statements.

5. Cash and Cash Equivalents

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Cash on hand and in banks	₱33,455,346	₱69,873,600
Short-term deposits	29,492,664	77,660,435
	₱62,948,010	₱147,534,035

Cash in banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

6. Trade and Other Receivables

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Trade receivables		
Power	₱31,538,864	₱22,637,873
Food manufacturing	10,678,716	9,606,123
Real estate	8,706,426	9,672,636
Holding and others	2,367,157	1,418,008
	53,291,163	43,334,640
Nontrade receivables	9,748,490	7,790,692
Dividends receivable	—	1,192,000
Advances to contractors	228,899	202,394
Others	467,908	297,928
	63,736,460	52,817,654
Less allowance for expected credit losses	4,962,237	4,430,583
	58,774,223	48,387,071
Less noncurrent portion	326,701	366,651
	₱58,447,522	₱48,020,420

Trade receivables, except real estate receivables, are generally non-interest bearing and on 10 - 30 days' terms.

Non-trade receivables relates mostly to claims from insurance against the property damage of TSI, PSALM deferred adjustment and TLI's accrual of income from coal commodity hedge.

Other receivables include accrued interest income.

Trade Receivables of Real Estate Group

Contractual maturities of trade receivables from sale of real estate inventories range from 1 to 180 months. Current and noncurrent portion of these receivables amount to ₱8.4 billion and ₱314.8 million, respectively, as of September 30, 2022, and ₱9.4 billion and ₱312.1 million, respectively, as of December 31, 2021.

Trade receivables of real estate group include contract assets amounting to ₱4.4 billion and ₱2.6 billion as of September 30, 2022 and December 31, 2021, respectively.

7. Other Current Assets

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Short term cash deposits	₱43,230,075	₱6,986,505
Prepaid expenses	4,749,645	3,965,498
Restricted cash	4,093,820	4,073,381
Input value added tax (VAT) - net	3,181,692	2,073,926
Insurance assets	2,022,778	2,440,819
Advances to suppliers	1,441,280	864,879
Biological assets	1,356,011	1,110,023
Advances to National Grid Corporation of the Philippines (NGCP)	551,506	615,785
Deposits for land acquisition	9,176	1,058,123
Others	2,579,616	2,229,325
	₱63,215,599	₱25,418,264

Short-term cash deposits are fixed-term deposits generally having maturities of more than 3 months but less than one year. These earn interest at the respective bank deposit rates.

Prepaid expenses mainly include prepaid taxes and prepayments for insurance.

Restricted cash represents proceeds from sale of power under the control of trustees of the lenders as per loan agreement. The asset will be used to pay the current portion of loans payable, interest payments and operating costs in the following period.

Advances to NGCP pertain to TVI's cost of construction and installation of substation and transmission facilities which is subject for reimbursement.

"Others" include asset held for sale and income tax refundable.

8. Investments and Advances

The Group's investees and the corresponding equity ownership are as follows:

	Nature of Business	Percentage of ownership	
		September 30, 2022	December 31, 2021
MORE ¹	Holding	83.33	83.33
GNPD ¹	Power generation	70.00	70.00
AEV CRH	Holding	60.00	60.00
AA Thermal ^{1 & 2}	Holding	60.00	60.00
Cebu District Property Enterprise, Inc. (CDPEI) ^{1 *}	Real estate	50.00	50.00
Unity Digital Infrastructure Inc. ¹	Services	50.00	50.00
Union Bank of the Philippines (UBP) ⁴	Banking	49.92	49.66
Hijos de F. Escaño, Inc.	Holding	46.73	46.73
CRH ABOITIZ Holdings, Inc. (CRH ABOITIZ)	Holding	45.00	45.00
Mazzaraty Energy Corporation	Retail electricity supplier	44.87	44.87
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding	42.84	42.84
STEAG State Power Inc. (STEAG)	Power generation	34.00	34.00
Cebu Energy Development Corp. (CEDC)	Power generation	26.40	26.40
Redondo Peninsula Energy, Inc. (RP Energy) *	Power generation	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power distribution	20.00	20.00
Gold Coin Feed Mills (Brunei) Sdn. Bhd. **	Feedmills	20.00	20.00
Jin Fu Boar Stud Farm (Mengzi) Co., Ltd ***	Food manufacturing	20.00	—
Balibago Water Systems, Inc. (BWSI) ³	Water infrastructure	15.94	15.94
Singlife Philippines Inc. ³	Insurance	15.00	15.00

¹Joint ventures.

²Economic interest.

³Significant influence by virtue of the board seat held by the Group

⁴In 2022, the Company exercised its option to avail from UBPs stock rights offering amounting to ₱20.2 billion

*No commercial operations as of September 30, 2022.

**Registered in Malaysia and is part of GCMH Group

***Registered in China and is part of GCMH Group

Unless otherwise indicated, the principal place of business and country of incorporation of the Group's associates and joint ventures are in the Philippines. All investees above are associates except as otherwise indicated.

The detailed carrying values of investees, which are accounted for under the equity method, follow:

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
UBP	₱76,573,046	₱59,428,617
GNPD/ATI	56,110,882	48,681,280
AEV CRH	25,245,843	25,245,843
MORE	9,942,897	8,151,748
CEDC	3,573,512	2,928,493
STEAG	3,485,626	3,211,116
CDPEI	1,711,055	1,721,667
CRH ABOITIZ	1,363,521	1,694,840
UDII	1,344,048	960,008
SFELAPCO/PEVI	1,153,825	1,023,892
BWSI	640,793	620,870
RP Energy	359,037	361,663
WMPC	160,513	179,639
SPPC	43,940	48,368
Others	656,601	546,647
	₱182,365,139	₱154,804,691

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Acquisition cost:		
Balance at beginning of period	₱104,462,005	₱102,434,357
Additions during the period	20,698,191	2,687,648
Disposals during the period	—	(660,000)
Balance at end of period	125,160,196	104,462,005
Accumulated share in net earnings:		
Balances at beginning of period	51,656,634	44,585,338
Share in net earnings for the period	13,690,607	17,245,643
Newly consolidated subsidiary	—	1,007
Disposals during the period	—	6,742
Cash dividends received and receivable	(2,558,599)	(10,182,096)
Balance at end of period	62,788,642	51,656,634
Gain on dilution	1,014,136	1,014,136
Share in net unrealized mark-to-market gains on FVOCI investments of associates	(6,722,263)	(609,141)
Share in cumulative translation adjustments of associates and joint ventures	1,928,765	109,898
Share in actuarial losses on retirement benefit plan of associates and joint ventures	(1,123,606)	(1,148,110)
	183,045,870	155,485,422
Less allowance for impairment losses	680,731	680,731
	182,365,139	154,804,691
Advances to associates	10,922	10,922
	₱182,376,061	₱154,815,613

9. Intangibles

Set out below is the carrying amount of the Group's intangible assets as of September 30, 2022 and the movements for the nine-month period then ended:

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of period	₱57,575,420	₱16,864,073	₱3,078,431	₱806,016	₱99,746	₱1,075,280	₱79,498,966
Additions during the period	—	2,749,058	2	365,930	—	65,040	3,180,030
Impairment	(431,622)	—	—	—	—	—	(431,622)
Exchange differences	4,871,125	160,908	—	—	—	9,023	5,041,056
Balances at end of period	62,014,923	19,774,039	3,078,433	1,171,946	99,746	1,149,343	87,288,430
Accumulated amortization:							
Balances at beginning of period	—	3,739,190	660,581	—	92,803	667,981	5,160,555
Amortization	—	298,120	57,722	—	2,976	105,564	464,382
Balances at end of period	—	4,037,310	718,303	—	95,779	773,545	5,624,937
Net book values	₱62,014,923	₱15,736,729	₱2,360,130	₱1,171,946	₱3,967	₱375,798	₱81,663,493

The Group recognized an impairment loss on a portion of its goodwill on the Gold Coin acquisition amounting to ₱431.6 million. This impairment loss is brought about by the decreased operations in certain foreign operations.

10. Other Noncurrent Assets

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Financial assets at FVOCI	₱4,250,800	₱3,333,403
Input VAT and tax credit receivable	3,227,520	3,478,446
Prepaid taxes	3,209,620	3,356,509
Advances to contractors and projects	1,784,815	1,218,141
Prepaid rent and other deposits	1,064,590	488,645
Financial assets at FVTPL	920,460	1,009,537
Receivable from NGCP - net of current portion	558,290	1,044,846
Biological assets	194,763	166,271
Debt investments at amortized cost	33,323	31,690
Others	416,361	1,018,184
	₱15,660,542	₱15,145,672

Prepaid taxes are composed of creditable withholding taxes.

11. Trade and Other Payables

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Trade payables	₱34,885,635	₱29,034,977
Output VAT	4,151,122	4,325,133
Nontrade and other payables	3,719,229	3,631,468
Accrued expenses		
Interest	2,197,586	2,904,588
Taxes and fees	1,086,853	1,019,860
Others	2,516,642	2,269,618
Amounts due to contractors and other third parties	1,980,639	2,442,550
PSALM deferred adjustment	315,219	1,097,366
Unearned revenue	48,094	36,461
	50,901,019	46,762,021
Less noncurrent portion	3,491,147	982,617
	₱47,409,872	₱45,779,404

Trade payables are non-interest bearing and are usually on 30-90 days' terms.

Trade payables include contract liabilities amounting to ₱3.1 billion and ₱2.9 billion as of September 30, 2022 and December 31, 2021, respectively.

Accrued taxes and fees represent accrual of real property tax, transfer tax and other fees. Accrued others mainly include personnel-related accruals, commissions, customer discounts, freight costs and professional fees.

Other payables represent withholding taxes, insurance liabilities, customer deposits and other accrual of expenses arising in the ordinary course of business and are generally payable within 12 months from the balance sheet date.

Amounts due to contractors and other third parties include liabilities arising from construction projects.

12. Bank Loans

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
Philippine peso loans	₱27,539,025	₱26,830,000
US dollar loans	11,499,301	4,785,233
Chinese yuan loans	2,448,279	1,509,529
Vietnamese dong loans	1,052,442	1,332,458
Indonesia rupia loans	443,061	387,682
Malaysian Ringgit loans	2,234,127	426,100
Other foreign currency-denominated loans	236,032	144,422
	₱45,452,267	₱35,415,424

The bank loans are unsecured short-term notes payable obtained from local and foreign banks with annual interest rates ranging from 2.55% - 7.25% and 1.10% to 7.00% in 2022 and 2021, respectively. These loans will mature on various dates within 12 months.

13. Long-term Debts

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Company:				
Financial and nonfinancial institutions - unsecured	2.84% - 6.32%	P37,621,350	2.84% - 6.32%	P37,621,350
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.70% - 4.85%	34,284,061	LIBOR + 1.70% - 4.85%	32,260,286
Therma Marine				
Financial institutions - secured	4.54% - 6.26%	2,600,000	4.54 %	1,790,000
Hedcor Sabangan				
Financial institutions - secured	4.92%	1,124,117	4.92 %	1,145,000
TVI				
Financial institutions – secured	5.56% - 9.00%	24,479,053	5.56% - 9.00%	26,947,493
AP				
Financial and nonfinancial institutions - Philippine peso - unsecured	3.82% - 8.51%	61,900,000	3.13% - 8.51%	60,900,000
Financial and nonfinancial institutions - Foreign currency -unsecured	—	—	LIBOR + 1.20%	2,804,945
TSI				
Financial institutions - secured	4.27%	17,827,893	4.27%	18,314,624
APRI				
Financial institutions - secured	4.91% - 6.67%	11,576,000	4.48% - 5.20%	10,600,000
Hedcor Bukidnon				
Financial institutions - secured	4.29% - 5.59%	8,114,434	4.00% - 5.34%	8,714,717
HSI				
Fixed rate corporate notes - unsecured	4.63% - 5.42%	3,403,401	4.63% - 5.42%	3,403,401
PFC				
Financial institutions - unsecured	4.50% - 5.16%	2,862,500	4.50% - 5.16%	2,870,000
PANC				
Financial institutions - unsecured	4.50% - 6.35%	3,460,000	4.50%	2,500,000
VECO				
Financial institution - unsecured	4.73% - 4.92%	384,000	4.73% - 4.92%	384,000
LHC				
Financial institutions - secured	—	—	LIBOR + 2.00%	7,650
DLP				
Financial institution - unsecured	4.73% - 4.92%	288,000	4.73% - 4.92%	288,000
HI				
Financial institution - secured	7.41% - 7.87%	1,370,000	7.41% - 7.87%	1,500,000
Hedcor Tudaya				
Financial institution - unsecured	4.92%	722,756	4.92%	752,000
CLP				
Financial institution - unsecured	4.73% - 4.92%	57,600	4.73% - 4.92%	57,600
TPVI				
Financial institution - unsecured	3.32% - 5.06%	1,500,000	3.32% - 5.06%	1,500,000
AESI				
Financial institution - secured	4.87%	588,000	4.87%	594,000
Apo Agua				
Financial institutions - secured	5.75% - 8.26%	9,000,000	5.75% - 8.26%	9,000,000
LWC				
Financial institution - unsecured	5.47%	250,000	5.47%	250,000
LLI				
Financial institution - unsecured	5.76% - 6.58%	3,600,000	5.76% - 5.97%	2,000,000

	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
AEV International				
Financial institutions: Foreign currency - secured	—	—	3.26% - 3.72%	11,372,777
US Dollar bonds Foreign currency - unsecured	4.20%	23,450,000	4.20%	20,399,600
GCMH				
Financial institution - unsecured	LIBOR + 1.44%	2,345,000	LIBOR + 1.44%	2,039,960
PTAYAM				
Financial institution - unsecured	JIBOR + 3.48%	136,058	JIBOR + 3.48%	125,937
GCFHN				
Financial institution - unsecured	Cost of fund + max 0.7%	38,543	Cost of fund + max 0.7%	60,992
ABOITIZLAND				
Financial institution - secured	3.96% - 4.41%	1,900,000	3.96% - 4.41%	2,000,000
FSI				
Financial institution - unsecured	6.22% - 6.23%	143,530	2.78%	124,000
TCP				
Financial institution - unsecured	5.50% - 7.50%	183,850	6.50%	206,350
Joint Operation - PEC				
Financial institution - secured	5.77% - 6.27%	9,951,719	5.77% to 6.27%	11,146,343
Total		265,161,865		273,681,025
Deferred financing costs		(1,728,294)		(2,002,382)
		263,433,571		271,678,643
Less current portion		18,565,877		18,608,778
Noncurrent portion		P244,867,694		P253,069,865

In March 2022, AP issued the Series “D” and “E” of its debt securities program, equivalent to ₱10.0 billion. The ₱3.0 billion “Series D” bonds with an annual fixed interest rate of 5.31% maturing in 2027, and the ₱7.0 billion “Series E” bonds with an annual fixed interest rate of 5.74% maturing in 2029. The bonds have been rated “PRS Aaa” by PhilRatings.

In July 2022, APC fully paid the 2-year bond availed in 2020 amounting to ₱9.0 billion .

In April 2022, APC fully paid the remaining balance amounting to \$55.0 million out of the \$300.0 million syndicated bridge loan facility availed in 2019 to finance the AA Thermal, Inc. acquisition.

In July 2022, APRI availed a new loan for a total of ₱1.4 billion.

In July 2022, TMI availed a new loan for a total of ₱600.0 million.

In March 2022, TMI availed a new loan for a total of ₱210.0 million.

In August 2022, LLI availed a new loan for a total of ₱1.6 billion.

On January 31, 2022, AEV International settled its US\$223.0 million (₱11.4 billion) syndicated loan with original maturity date of July 20, 2023.

Loan covenants

The loan agreements on long-term debts of the Group provide for certain restrictions with respect to, among others, mergers or consolidations or other material changes in their ownership, corporate set-up or management, investment and guaranties, incurrence of additional debt, disposition of mortgage of assets, payment of dividends, and maintenance of financial ratios at certain levels.

These restrictions and requirements were complied with by the Group as of September 30, 2022 and December 31, 2021.

14. Debt Securities

As of September 30, 2022, AEV and AP registered and issued peso-denominated fixed-rate retail bonds totaling ₱78.6 billion under the following terms:

Maturity	Issuer	Annual Interest Rate	Amount
12-year bonds to mature on August 6, 2027	AEV	6.02%	₱5,071,350
5-year bonds to mature on June 18, 2024	AEV	6.02%	3,350,000
10-year bonds to mature on June 18, 2029	AEV	6.32%	1,650,000
5-year bonds to mature on November 16, 2025	AEV	3.31%	696,700
5-year bonds to mature on November 16, 2023	AEV	2.84%	6,853,300
7-year bonds to mature on September 8, 2028	AEV	4.10%	5,000,000
4-year bonds to mature on September 8, 2025	AEV	3.30%	5,000,000
10-year bonds to mature on July 3, 2027	AP	5.34%	3,000,000
5.25-year bonds to mature on January 25, 2024	AP	7.51%	7,700,000
7-year bonds to mature on October 25, 2028	AP	8.51%	2,500,000
7-year bonds to mature on October 14, 2026	AP	5.28%	7,250,000
5-year bonds to mature on July 6, 2025	AP	3.94%	550,000
5-year bonds to mature on March 16, 2026	AP	3.82%	8,000,000
7-year bonds to mature on December 2, 2028	AP	5.03%	7,200,000
4-year bonds to mature on December 2, 2025	AP	4.00%	4,800,000
7-year bonds to mature on March 17, 2029	AP	5.74%	7,000,000
5-year bonds to mature on March 17, 2027	AP	5.31%	3,000,000
			₱78,621,350

15. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities as of September 30, 2022 and the movements for the nine-month period then ended:

	Right-of-use assets					
	Land	Building	Power Plant	Manufacturing Plant, Equipment and Others	Total	Lease Liabilities
At beginning of the period	₱3,506,339	₱319,773	₱31,405,054	₱227,827	₱35,458,993	₱34,256,228
Additions	190,503	102,883	—	2,636	296,022	291,565
Amortization expense	(154,069)	(136,897)	(804,317)	(21,416)	(1,116,699)	—
Capitalized amortization	(3,309)	—	—	—	(3,309)	—
Interest expense	—	—	—	—	—	1,707,410
Capitalized interest	—	—	—	—	—	1,275
Payments	—	—	—	—	—	(8,372,666)
Others	24,396	(20,790)	—	122,062	125,668	2,628,499
At end of the period	₱3,563,860	₱264,969	₱30,600,737	₱331,109	₱34,760,675	₱30,512,311

Set out below are the amounts recognized in the unaudited interim condensed consolidated statement of income:

	Jan - Sep 2022	Jan - Sep 2021
Amortization expense of right-of-use assets	₱1,116,699	₱1,068,407
Interest expense on lease liabilities	1,707,410	2,024,702
Rent expense - short-term leases	179,911	131,020
Rent expense - low-value assets	7,459	7,260
	₱3,011,479	₱3,231,389

16. Retained Earnings

On March 4, 2022, the BOD approved the following:

- a. Declaration of a regular cash dividend of ₱1.62 per share (₱9.1 billion) to all stockholders of record as of March 18, 2022. These dividends were taken out of the unrestricted retained earnings as of December 31, 2021, and were paid on March 30, 2022.
- b. Appropriation of ₱70.6 billion of the Company's retained earnings as of December 31, 2021 for the additional capital infusion into UBP and AIC to finance their on-going projects, and for debt payment of AEV.

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱133.2 billion and ₱129.0 billion as of September 30, 2022 and December 31, 2021, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements.

17. Other Comprehensive Income

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cumulative Translation Adjustments		
Balance at beginning of period	₱2,862,189	₱785,141
Sale of non-controlling interest	—	(480,413)
Movements	(625,371)	2,557,461
Balance at end of period	2,236,818	2,862,189
Cash Flow Hedge Reserve		
Balance at beginning of period	399,055	(1,259,874)
Sale of non-controlling interest	—	(229,338)
Movements	4,031,045	1,888,267
Balance at end of period	4,430,100	399,055
Actuarial Losses on Defined Benefit Plans		
Balances at beginning of period	(867,916)	(1,468,919)
Sale of non-controlling interest	—	267,907
Movements	(495)	333,096
Balance at end of period	(868,411)	(867,916)
Net Unrealized Gains on Financial Assets at FVOCI		
At beginning of period	(118)	3,009
Movements	(34,257)	(3,127)
Balance at end of period	(34,375)	(118)
Share in Cumulative Translation Adjustments of Associates and Joint Ventures		
Balance at beginning of period	(849,471)	(765,424)
Sale of non-controlling interest	—	(17,480)
Movements	1,638,897	(66,567)
Balance at end of period	789,426	(849,471)
Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures		
Balance at beginning of period	(1,122,519)	(1,356,084)
Sale of non-controlling interest	—	(4,166)
Movements	21,102	237,731
Balance at end of period	(1,101,417)	(1,122,519)
Share in Fair Value Changes on Financial Assets at FVOCI of Associates and Joint Ventures		
At beginning of period	(656,595)	102,748
Sale of non-controlling interest	—	(24,591)
Movements	(6,113,122)	(734,752)
Balance at end of period	(6,769,717)	(656,595)
	(₱1,317,576)	(₱235,375)

Tax Effects Relating to Each Component of Other Comprehensive Income

	January - September 2022		
	Before Tax Amount	Tax Expense	Net of Tax Amount
Net unrealized mark-to-market losses on FVOCI investments	(P34,257)	P—	(P34,257)
Share in net unrealized mark-to-market losses on FVOCI investments of associates and joint ventures	(6,113,122)	—	(6,113,122)
Movement in cumulative translation adjustments	2,895,546	—	2,895,546
Movement in cash flow hedge reserve	7,681,389	—	7,681,389
Share in movement in cumulative translation adjustment of associates and joint ventures	1,818,867	—	1,818,867
Movement in actuarial losses on defined benefit plans	(708)	213	(495)
Share in actuarial gains on defined benefit plans of associates and joint ventures	35,006	(10,502)	24,504
Other comprehensive income (loss) for the period - net of tax	P6,282,721	(P10,289)	P6,272,432

	January - September 2021		
	Before Tax Amount	Tax Expense	Net of Tax Amount
Net unrealized mark-to-market losses on FVOCI investments	(P853)	P—	(P853)
Share in net unrealized mark-to-market losses on FVOCI investments of associates and joint ventures	(570,621)	—	(570,621)
Movement in cumulative translation adjustments	2,346,741	—	2,346,741
Movement in cash flow hedge reserve	6,409,544	—	6,409,544
Share in movement in cumulative translation adjustment of associates and joint ventures	743,739	—	743,739
Actuarial losses on defined benefit plans	(9,934)	2,980	(6,954)
Share in actuarial gains on defined benefit plans of associates and joint ventures	210	(63)	147
Other comprehensive income for the period - net of tax	P8,918,826	P2,917	P8,921,743

18. Revenues

	Jan - Sep 2022	Jan - Sep 2021
Sale of:		
Power	P135,803,107	P93,378,435
Goods	74,322,503	61,320,149
Real estate	5,317,510	2,552,909
Service fees	1,011,875	597,819
Sale of swine at fair value	26,274	51,838
Others	175,672	190,582
	P216,656,941	P158,091,732

19. Costs and Expenses

	Jan - Sep 2022	Jan - Sep 2021
Cost of goods sold	₱65,655,127	₱54,047,446
Cost of purchased power	45,110,182	29,094,492
Cost of generated power	42,061,270	20,734,530
Cost of real estate sales	2,675,198	1,302,370
Operating expenses	30,219,003	28,673,748
	₱185,720,780	₱133,852,586

20. Other Income (Expense)

	Jan - Sep 2022	Jan - Sep 2021
Net foreign exchange gain (loss)	₱4,426,750	(₱855,919)
Surcharges	449,763	468,519
Rental income	242,941	126,970
Non-utility operating income	111,182	104,635
Unrealized valuation losses on financial instruments	(311,576)	(30,455)
Gain (loss) on disposal of:		
Property, plant and equipment	(109,273)	5,945
Financial assets at FVTPL & FVOCI	2,589	114,871
Stock investments	11,615	(44,258)
Dividend income	1,739	2,767
Impairment losses on goodwill and other assets	(729,459)	—
Others - net	(1,723,650)	1,047,241
	₱2,372,621	₱940,316

“Others - net” comprise non-recurring items like contract for difference charges, and sale of poles, scrap and sludge oil.

21. Earnings per Common Share

Basic and diluted earnings per common share amounts were computed as follows:

	Jan - Sep 2022	Jan - Sep 2021
a. Net income attributable to equity holders of the parent	₱21,362,305	₱19,543,882
b. Weighted average number of common shares issued and outstanding	5,630,225	5,630,225
Basic and diluted earnings per common share (a/b)	₱3.79	₱3.47

There are no dilutive potential common shares for the nine-month periods ended September 30, 2022 and 2021.

22. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the BOD, the Group's CODM, are as follows:

- power segment, which is engaged in power generation and sale of electricity;
- financial services segment, which is engaged in banking and money remittance operations;
- food manufacturing segment, which is engaged in the production of flour and feeds and swine breeding;
- real estate segment, which is engaged in real property development for sale and lease;
- infrastructure segment, which is engaged in the production of cement and other building materials and in the supply of treated bulk water; and
- the parent company and others, which include the operations of the Company and the service provider subsidiaries that cater mainly to the Group.

In addition, the Group presents geographical segments based on two categories, as follows:

- Philippines, which represents the Group's local operations; and
- Rest of Asia, which represents the foreign operations of the Group across several countries in Asia.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statement of income. Interest expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.

The Group has inter-segment revenues in the form of management fees as well as inter-segment sales of electricity and other services which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arm's-length basis.

Segment assets do not include deferred income tax assets, pension asset and other noncurrent assets. Segment liabilities do not include deferred income tax liabilities, income tax payable and pension liability. Adjustments as shown below include items not presented as part of segment assets and liabilities.

Financial information on the operations of the various business segments are summarized as follows:

[illegible]

Revenues and noncurrent operating assets by geographical locations are summarized below:

	Revenue		Property, Plant and Equipment		Intangible Assets	
	September 2022	September 2021	September 2022	December 2021	September 2022	December 2021
Philippines	₱172,236,658	₱120,038,437	₱183,285,610	₱179,353,934	₱19,588,417	₱16,669,351
Rest of Asia	68,045,204	51,406,671	5,691,442	5,205,280	60,153	93,640
	₱240,281,862	₱171,445,108	₱188,977,052	₱184,559,214	₱19,648,570	₱16,762,991

The revenue information above is based on the locations of customers. Noncurrent operating assets consist of property, plant and equipment and intangible assets.

23. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise of cash and cash equivalents, investments in FVTPL or FVOCI, bank loans and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations and its investments in existing subsidiaries and associates and in new projects. The Group has other financial assets and liabilities such as trade and other receivables, trade and other payables, customer deposits and lease liabilities which arise directly from operations.

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases.

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial risk committee

The Financial Risk Committee has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Treasury service group

The Treasury Service Group is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits.

The main risks arising from the Group's financial instruments are interest rate risk resulting from movements in interest rates that may have an impact on outstanding long-term debts; credit risk involving possible exposure to counter-party default on its cash and cash equivalents, investments in FVTPL and FVOCI and trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments; and foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings.

Market Risk

The risk of loss, immediate or over time, due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Group's overall portfolio (whether on or off-balance sheet) is market risk. These are influenced by foreign and domestic interest rates, foreign exchange rates and gross domestic product growth.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of September 30, 2022, 11.26% of the Group's long-term debt had annual floating interest rates ranging from 3.32% to 8.26%, and 88.74% are with fixed rates ranging from 2.84% to 8.51%. As of December 31, 2021, 15.30% of the Group's long-term debt had annual floating interest rates ranging from 2.00% to 8.26%, and 84.70% are with fixed rates ranging from 2.84% to 9.00%.

The following tables set out the carrying amount, by maturity, of the Group's financial instruments that are exposed to cash flow interest rate risk:

September 30, 2022

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	₱1,379,840	₱8,936,999	₱19,350,484	₱29,667,323

December 31, 2021

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	₱1,178,812	₱23,911,673	₱16,530,611	₱41,621,096

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on the other financial instruments of the Group that are not included in the above tables are either fixed-rate or non-interest bearing, and are therefore not subject to interest rate risk. Its derivative assets and liabilities are subject to fair value interest rate risk.

The interest expense recognized during the periods follows:

	Jan - Sep 2022	Jan - Sep 2021
Long-term debts	₱9,702,645	₱9,936,290
Lease liabilities	1,707,410	2,024,702
Bank loans	895,300	712,752
Other long-term obligations	294,544	207,309
Loss on loan extinguishment (see Note 13)	61,444	—
Customers' deposits	—	2,186
	₱12,661,343	₱12,883,239

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) as of September 30, 2022 and 2021:

	Increase (decrease) in basis points	Effect on income before tax
September 30, 2022	200	(P443,791)
	(100)	221,895
September 30, 2021	200	(P587,180)
	(100)	293,590

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant during the first nine months of 2022 and 2021, due to their short-term maturities and immateriality relative to the total assets and liabilities of the Group.

There is no other impact on the Group's equity other than those already affecting the unaudited interim consolidated statements of income.

Commodity Price Risk

Commodity price risk of the Group arises from transactions on the world commodity markets to secure the supply of fuel, particularly coal, which is necessary for the generation of electricity.

The Group's objective is to minimize the impact of commodity price fluctuations and this exposure is hedged in accordance with the Group's commodity price risk management strategy.

Based on a 36-month forecast of the required coal supply, the Group hedges the purchase price of coal using commodity swap contracts. The commodity swap contracts do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal.

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated borrowings, including lease liabilities. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. As of September 30, 2022 and December 31, 2021, foreign currency denominated borrowings account for 28.12% and 27.61%, respectively, of total consolidated borrowings.

The following table presents the Group's foreign currency denominated assets and liabilities:

	September 30, 2022		December 31, 2021	
	US dollar	Philippine peso Equivalent ¹	US dollar	Philippine peso Equivalent ²
Financial assets				
Cash and cash equivalents	\$333,882	₱19,573,825	\$1,595,772	₱81,382,790
Short-term deposits	743,400	43,581,825	134,370	6,852,745
Trade and other receivables	73,442	4,305,546	54,164	2,762,312
Investments in FVTPL and FVOCI	87,470	5,127,927	38,887	1,983,198
Total financial assets	1,238,194	72,589,123	1,823,193	92,981,045
Financial liabilities				
Bank loans	99,823	5,852,123	4,000	203,996
Trade and other payables	162,909	9,550,545	164,553	8,392,048
Long-term debts	440,000	25,795,000	714,902	36,459,287
Lease liabilities	263,157	15,427,579	323,620	16,504,296
Total financial liabilities	965,889	56,625,247	1,207,075	61,559,627
Net foreign currency denominated assets	\$272,305	₱15,963,876	\$616,118	₱31,421,418

¹\$1= ₱58.63

²\$1= ₱51.00

The following table demonstrates the sensitivity to a reasonable possible change in the US dollar exchange rates, with all other variables held constant, of the Group's profit before tax as of:

	Increase (decrease) in US dollar rate against the Philippine peso	Effect on income before income tax
September 30, 2022	US dollar strengthens by 5%	₱798,194
	US dollar weakens by 5%	(798,194)
December 31, 2021	US dollar strengthens by 5%	₱1,571,070
	US dollar weakens by 5%	(1,571,070)

The increase in US dollar rate represents depreciation of Philippine peso while the decrease in US dollar rate represents appreciation of Philippine peso.

Equity price risk

Equity price risk is the risk that the fair value of traded equity instruments decreases as the result of the changes in the levels of equity indices and the value of the individual stock.

As of September 30, 2022 and December 31, 2021, the Group's exposure to equity price risk is minimal.

Credit Risk

For its cash investments (including restricted portion and short-term cash deposits), financial assets at FVTPL or FVOCI, debt investment at amortized cost, derivative assets, and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these financial assets. With respect to cash and financial assets at FVTPL or FVOCI, the risk is mitigated by the short-term and or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures.

Concentration risk

Credit risk concentration of the Group's receivables according to the customer category as of September 30, 2022 and December 31, 2021 is summarized in the following table:

	September 30, 2022	December 31, 2021
Power distribution:		
Industrial	₱8,390,243	₱4,934,502
Residential	2,726,643	2,566,449
Commercial	900,622	778,568
City street lighting	—	109,700
Power generation:		
Power supply contracts	15,791,825	11,930,242
Spot market	3,729,531	2,318,412
	₱31,538,864	₱22,637,873

Liquidity Risk

Liquidity risk is the risk that an entity in the Group will be unable to meet its obligations as they become due. The Group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a centralized treasury function to manage pooled business unit cash investments and borrowing requirements.

Currently, the Group is maintaining a positive cash position, conserving its cash resources through renewed focus on working capital improvement and capital reprioritization. The Group meets its financing requirements through a mixture of cash generated from its operations and short-term and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained.

The Group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The Group has sufficient undrawn borrowing facilities, which could be utilized to settle obligations.

In managing its long-term financial requirements, the policy of the Group is that not more than 25% of long-term borrowings should mature in any twelve-month period. As of September 30, 2022 and December 31, 2021, the portion of the total long-term debt, inclusive

of customers' deposits, that will mature in less than one year is 9.29% and 8.59%, respectively. For its short-term funding, the policy of the Group is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Cash and cash equivalents, short term cash deposits and trade and other receivables, which are all short-term in nature, have balances of ₱62.9 billion, ₱43.2 billion and ₱58.4 billion as of September 30, 2022, respectively and ₱147.5 billion, ₱7.0 billion and ₱48.0 billion as of December 31, 2021, respectively. These financial assets will be used to fund short-term and operational liquidity needs of the Group.

The table below analyzes the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows.

September 30, 2022

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	Less than 1 year	1-5 years	> 5 years
Financial liabilities:						
<i>Operating</i>						
Trade and other payables*	₱49,239,613	₱49,239,613	₱3,488,313	₱42,259,720	₱3,491,580	₱—
Customers' deposits	8,697,394	8,697,394	—	484,110	653,159	7,560,125
<i>Financing</i>						
Bank loans	45,452,267	45,452,267	—	45,452,267	—	—
Long-term debts	263,433,571	265,161,865	—	18,727,611	119,464,889	126,969,365
Lease liabilities	30,512,311	38,301,691	—	11,835,387	21,354,631	5,111,673
Long-term obligation on PDS	180,425	200,000	—	40,000	160,000	—
<i>Others</i>						
Derivative liabilities	3,229,571	3,229,571	—	3,229,571	—	—
	₱400,745,152	₱410,282,401	₱3,488,313	₱122,028,666	₱145,124,259	₱139,641,163

*Excludes statutory liabilities

Capital Management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the periods ended September 30, 2022 and December 31, 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group's policy is to keep the gearing ratio at 70% or below at the consolidated level. The Group determines net debt as the sum of interest-bearing short-term and long-term obligations (comprised of long-term debts and lease liabilities) less cash funds (comprised of cash and cash equivalents, short-term cash deposits and restricted cash).

Gearing ratios of the Group as of September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
Bank loans	₱45,452,267	₱35,415,424
Long-term obligations	293,945,882	305,934,871
Cash funds	(110,271,905)	(158,593,921)
Net debt (a)	229,126,244	182,756,374
Equity	350,869,510	327,766,758
Equity and net debt (b)	₱579,995,754	₱510,523,132
Gearing ratio (a/b)	39.50%	35.80%

24. Financial Instruments

Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be sold in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available and the only observed transactions are forced transactions or distressed sales, then the market is considered inactive. For a financial instrument with no active market, its fair value is determined using a valuation technique (e.g. discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments whose fair values are different from their carrying amounts.

	September 30, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial asset:				
PSALM deferred adjustment	₱315,219	₱306,891	₱1,097,366	₱1,032,511
Financial liabilities:				
Lease liabilities	₱30,512,311	₱28,414,329	₱34,256,228	₱32,394,835
Long-term debt - fixed rate	233,766,248	241,273,261	230,057,547	239,426,108
PSALM deferred adjustment	315,219	306,891	1,097,366	1,032,511
Long-term obligation on PDS	180,425	151,878	165,532	151,878
	₱264,774,203	₱270,146,359	₱265,576,673	₱273,005,332

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

Cash and cash equivalents, short-term cash deposits, trade and other receivables, short-term loans and trade and other payables

The carrying amounts of cash and cash equivalents, short-term cash deposits, trade and other receivables, short-term loans and trade and other payables approximate their fair values due to the relatively short-term maturity of these financial instruments.

Lease liabilities

The fair value of the lease liabilities was calculated by discounting future cash flows using applicable interest rates. The disclosed fair value is determined using Level 3 inputs.

Fixed-rate borrowings

The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans. The disclosed fair value is determined using Level 3 inputs.

Variable-rate borrowings

Where the repricing of the variable-rate interest-bearing instruments is frequent (i.e., three-month repricing), the carrying value approximates the fair value. Otherwise, the fair value is determined by discounting the principal plus the known interest payment using current market rates.

Long-term obligation on PDS and PSALM deferred adjustment

The fair value of the long-term obligation is calculated by discounting expected future cash flows at prevailing market rates.

Customers' deposits

The fair value of bill deposits approximate their carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformers and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

Financial assets at FVTPL and FVOCI

These equity securities are carried at fair value.

Derivative asset and liabilities

The fair value is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The fair value of the embedded prepayment options is determined using Binomial Option Pricing Model which allows for the specification of points in time until option expiry date. This valuation incorporates inputs such as interest rates and volatility. The fair value of the IRS and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

The Group also entered into an interest rate swap agreement to fully hedge its floating rate exposure on its foreign currency-denominated loan and par forward contracts to hedge the floating rate exposure on foreign currency-denominated payments.

The Group also entered into deliverable and non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities, purchases and highly probable forecasted purchases.

The Group also entered into commodity swap contracts to hedge the price volatility of its forecasted coal purchases.

The movements in fair value changes of all derivative instruments are as follows:

	September 30, 2022	December 31, 2021
At beginning of period	₱104,909	(₱1,983,877)
Net changes in fair value of derivatives designated as cash flow hedges	7,519,908	2,526,217
Net changes in fair value of derivatives not designated as accounting hedges	(117,518)	(851,375)
Fair value of settled instruments	912,919	413,944
At end of period	₱8,420,218	₱104,909

Fair Value Hierarchy

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: other techniques for which all inputs, which have a significant effect on the recorded fair value, are observable either directly or indirectly
- Level 3: techniques that use inputs, which have a significant effect on the recorded fair value, that are not based on observable market data

As of September 30, 2022, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Investments in financial assets:				
At FVTPL	₱920,460	₱920,460	₱—	₱—
At FVOCI	4,250,800	4,250,800	—	—
Derivative asset	11,649,789	—	11,649,789	—
Derivative liability	3,229,571	—	3,229,571	—
Disclosed at fair value:				
Lease liabilities	28,414,329	—	—	28,414,329
Long-term debt - fixed rate	241,273,261	—	—	241,273,261
Long-term obligation on PDS	151,878	—	—	151,878

During the nine-month period ended September 30, 2022, there were no transfers between Level 1 and Level 2 fair value measurements and transfers into and out of Level 3 fair value measurement.

25. Other Disclosure

a. Seasonality of Interim Operations

Operations of hydropower plants are generally affected by climatic seasonality. Seasonality and location have a direct effect on the level of precipitation. In Luzon where rainy and summer seasons are more pronounced, higher rainfall is normally experienced in the months of June to September. As such, the hydropower plants located in Luzon operate at their maximum capacity during this period. In contrast, the hydropower plants in Mindanao experience a well distributed rainfall throughout the year, with a slightly better precipitation during the months of December to April. This precipitation seasonality greatly affects subsidiary companies HI, HSI, Hedcor Bukidnon, Hedcor Tudaya, Hedcor Sabangan and LHC, which operate 'run-of-river' hydropower plants since these plants do not have any means to impound water.

Any unexpected change in the seasonal aspects will have no material effect on the Group's financial condition or results of operations.

b. COVID-19

The Philippines has been placed in a stringent community quarantine, varying in terms of degree and location since the COVID-19 outbreak in 2020. The community quarantine negatively affects business, especially those that are not considered essentials.

The Group continues to see the positive impact in the overall economic conditions as mobility continues to normalize as of September 30, 2022.

The Group has an in-placed and extensive business continuity plan on similar risk, including the lay out of the necessary steps that will help address or minimize the Group's business exposures. The Group will continue to monitor the situation and adjust the steps it is currently implementing as the need arise.

c. Dividends to Non-Controlling Interests

The Company's material partly-owned subsidiary, AP and its subsidiaries, paid cash dividends amounting to ₱6.1 billion and ₱1.9 billion to non-controlling interests during the nine-month periods ended September 30, 2022 and 2021, respectively.

d. Material Events and Changes

1. Share Subscription and Transfer Agreement entered into by AIC with Megawide Construction Corporation (Megawide) and GAIBV Airports International, B.V. (GAIBV)

On September 2, 2022, AIC entered into a Share Subscription and Transfer Agreement with Megawide and GAIBV for AIC to acquire shares in in GMR Megawide Cebu Airport Corporation, the developer and operator of the Mactan Cebu International Airport.

2. Share Purchase Agreement entered into by STEAG GmbH and AP

On September 15, 2022, STEAG GmbH entered into a Share Purchase Agreement with AP for the purchase by AP of an additional 35.4% stake in SPI. Subject to fulfillment of applicable conditions for closing, AP will own 69.4% of STEAG State Power Inc.

3. Issuance of Bonds

On September 23, 2022, the Company filed an application with the Philippine SEC to issue fixed-rate retail bonds with an aggregate principal amount of up to ₱12 billion, inclusive of oversubscription (the "2022 Bonds"). The application consists of (i) the issuance of the fourth and final tranche of fixed-rate bonds (the "Fourth Tranche

Bonds”) amounting to up to ₱7.45 billion from its ₱30 billion shelf registration program, which was registered with the SEC on June 3, 2019, and (ii) the first tranche of fixed-rate bonds amounting to up ₱4.55 billion, assuming the oversubscription option is exercised, from its new shelf registration program amounting to ₱30 billion (the “2022 Shelf Registration Program”)

In October 2022, the Company's BOD have authorized the increase in the amount of its fixed-rate peso-denominated retail bonds issuance from ₱12 billion to ₱20 billion. The 2022 Bonds will be composed of a base issue size of ₱8 billion with an oversubscription option of up to ₱12 billion.

4. Sale of Equity Interest in GCFL

GCMH and GAHS entered into Sale and Purchase Agreement with New Anthoney's Farms for the sale and disposition of its 100% equity interest in GCFL. Following the signing of the agreement and subject to completion of condition precedent, the transaction is expected to be completed in 2022.

Other than those disclosed above, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons were created during the interim period. There were also no events that would trigger substantial direct or contingent financial obligations or cause any default or acceleration of an existing obligation.

Likewise, there were no other material changes made in such items as: accounting principles and practices, estimates inherent in the preparation of financial statements, status of long-term contracts, changes in the composition of the issuer, and reporting entity resulting from business combinations or dispositions.

Lastly, there were no changes in estimates of amounts reported in prior interim period and financial year that would have a material effect in the current interim period.

e. Material Adjustments

There were no material, non-recurring adjustments made during the period that would require appropriate disclosures. All other adjustments are of a normal recurring nature.

f. Contingencies

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the likely outcome of these proceedings and legal cases will not have a material adverse effect on the Group's financial position and operating results. It is possible, however, that the future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these proceedings and legal cases.

The Company obtained Standby Letters of Credit and is acting as surety for the benefit of certain associates and a subsidiary in connection with loans and credit accommodations.

SCHEDULE A – RELEVANT FINANCIAL RATIOS

	Formula	September 30, 2022	December 31, 2021
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.0	2.3
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Trade and other receivable} + \text{Other liquid funds}}{\text{Current liabilities}}$	1.4	1.9
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.2	1.2
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.2	2.2
Net debt to equity ratio ^A	$\frac{\text{Debt - Cash funds}}{\text{Total equity}}$	0.7	0.6
Gearing ratio ^A	$\frac{\text{Debt - Cash funds}}{\text{Total equity} + (\text{Debt - Cash funds})}$	39.5%	35.8%
Interest coverage ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	3.7	3.3
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	14.3%	14.8%
Return on equity *	$\frac{\text{Net income after tax}}{\text{Total equity}}$	Not Applicable	15.2%

Ratio marked * is deemed Not Applicable for the interim reporting period since this will not be comparable to the ratio reported in the previous period.

Note A: The Group determines net debt as the sum of interest-bearing short-term and long-term obligations (comprised of long-term debts and lease liabilities) less cash funds (comprised of cash and cash equivalents, short-term cash deposits and restricted cash).

SCHEDULE B - USE OF PROCEEDS**(Amounts in Thousands)****1.) ₱10.0 billion bonds issued in 2021**

	Projected Usage (Per Prospectus)	Actual Usage
Refinance facilities drawn to fund the early redemption of the 2015 Series B Bonds	₱8,467,030	₱8,467,030
Partially finance Aboitiz InfraCapital's 2021 equity contributions to Apo Agua to fund its requirements for the construction of a hydroelectric-powered bulk water treatment facility in Davao	750,000	750,000
Finance future funding requirements of Aboitiz InfraCapital in 2022 for its towers project	643,629	—
Bond issuance costs	139,341	134,973
TOTAL	₱10,000,000	₱9,352,003

2.) ₱7.6 billion bonds issued in 2020

	Projected Usage (Per Prospectus)	Actual Usage ¹
Payment of the maturing 2013 Series A Bonds	₱6,200,000	₱6,200,000
Payment of the maturing 2015 Series A Bonds	2,664,112	1,245,578
Partially finance the 2021 equity contributions to Apo Agua for the construction of a hydroelectric-powered bulk water treatment facility in Davao	1,000,000	—
Bond issuance costs	135,888	104,422
TOTAL	₱10,000,000	₱7,550,000

¹The full allotment for the oversubscription was not availed.**3.) ₱5.0 billion bonds issued in 2019**

	Projected Usage (Per Prospectus)	Actual Usage
Repayment of Medium-term Loan of AEV International Pte. Ltd.	₱4,936,384	₱4,937,310
Bond issuance costs	63,616	62,690
TOTAL	₱5,000,000	₱5,000,000

4.) ₱24.0 billion bonds issued in 2015

	Projected Usage (Per Prospectus)	Actual Usage
Capital Infusion into Aboitiz Land, Inc.	₱9,892,000	₱10,000
Capital Infusion into Apo Agua Infraestructura, Inc.	2,055,000	14
Capital Infusion into Aseagas Corporation	311,000	222,500
Capital Infusion into PETNET, Inc.	765,000	125,000
Full repayment of existing long-term debt to fund purchase of UBP shares in 2010 & 2011	1,188,000	1,188,000
Bond Issuance Costs	214,077	219,926
Acquisition of a stake in the Philippine business of Lafarge S.A.	9,574,923	22,234,560
TOTAL	₱24,000,000	₱24,000,000

**The actual amount spent for the above projects in 2015 reached ₱25.5bn. The funding came from the ₱24bn retail bond proceeds and the ₱1.5bn balance from internally-generated funds.*

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

1. AGING OF RECEIVABLES

AS OF : SEPTEMBER 30, 2022

(amounts in thousand pesos)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	23,261,909	1,762,321	536,461	5,978,173	31,538,864
Food Manufacturing	6,158,251	1,389,700	331,923	2,798,842	10,678,716
Real Estate	4,192,186	124,179	101,119	4,288,942	8,706,426
Holding and Others	1,085,912	114,328	23,732	1,143,185	2,367,157
	34,698,258	3,390,528	993,235	14,209,142	53,291,163
Others	9,949,162	19,700	1,881	474,554	10,445,297
	44,647,420	3,410,228	995,116	14,683,696	63,736,460
Less Allowance for Expected Credit Losses					4,962,237
					58,774,223

2. AGING OF RECEIVABLES

Type of Receivable	Nature / Description	Collection Period
Trade	uncollected billings to customers for sale of power, goods and services	30 - 60 days
Non-Trade	claims, operating cash advances and advances to suppliers & employees	30 - 120 days

3. NORMAL OPERATING CYCLE

Power Subsidiaries

Distribution - 60 days

Generation - 65 days

Food Subsidiaries - 90 days

Real Estate Subsidiaries - 30 days