



November 14, 2023

**SECURITIES AND EXCHANGE COMMISSION**

SEC Headquarters, 7907 Makati Avenue,  
Salcedo Village, Bel-Air, Makati City

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

*via PSE EDGE*

**PHILIPPINE STOCK EXCHANGE, INC.**

3rd Floor, Philippine Stock Exchange Plaza  
Ayala Triangle, Ayala Avenue, Makati City

ATTENTION : **MS. ALEXANDRA D. TOM WONG**  
Head, Disclosure Department

*via electronic mail*

**PHILIPPINE DEALING & EXCHANGE CORP.**

Market Regulatory Services Group  
29<sup>th</sup> Floor BDO Equitable Tower  
8751 Paseo de Roxas, Makati City

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

Gentlemen:

Please see enclosed SEC Form 17-Q (3<sup>rd</sup> Quarterly Report for 2023) of Aboitiz Equity Ventures Inc.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

**ABOITIZ EQUITY VENTURES INC.**

By:

**SAMMY DAVE A. SANTOS**

Assistant Corporate Secretary

## COVER SHEET

C E O 2 5 3 6

S.E.C. Registration Number

A B O I T I Z E Q U I T Y V E N T U R E S I N C .

( Company's Full Name )

3 2 N D S T R E E T , B O N I F A C I O G L O B A L

C I T Y , T A G U I G C I T Y , M E T R O M A N I L

P H I L I P P I N E S

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

CONNIE G. CHU

Contact Person

(02) 8 886-2800

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

3<sup>rd</sup> Quarterly Report 2023

1 7 - Q

FORM TYPE

4<sup>th</sup> Monday of April

0 4 2 4

Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

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, 2023**
2. Commission identification number **CEO2536** 3. BIR 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. Issuer's telephone number, including area code

**(02) 8 886-2800**

8. Address of issuer's principal office Postal Code

**32<sup>nd</sup> Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines**

**1634**

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 P1 Par Value**

**5,619,785,757**

**Amount of Debt Outstanding (As of September 30, 2023)**

**Php 386,624,150,000.00**

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)**

	<b>JAN-SEP 2023</b>	<b>JAN-SEP 2022</b>
EQUITY IN NET EARNINGS OF INVESTEEs	<b>₱19,443,379</b>	₱13,690,607
EBITDA	<b>61,896,394</b>	54,012,237
CASH FLOW GENERATED:		
Net cash flows from operating activities	<b>42,149,231</b>	12,446,032
Net cash flows used in investing activities	<b>(11,438,035)</b>	(62,264,118)
Net cash flows used in financing activities	<b>(20,284,388)</b>	(41,478,227)

Net increase (decrease) in Cash & Cash Equivalents	<b>10,426,808</b>	(91,296,313)
Cash & Cash Equivalents, Beginning	<b>101,526,260</b>	147,534,035
Cash & Cash Equivalents, End	<b>113,094,386</b>	62,948,010
	<b>30 SEPTEMBER 2023</b>	<b>31 DECEMBER 2022</b>
CURRENT RATIO	<b>1.8</b>	1.9
NET DEBT-TO-EQUITY RATIO	<b>0.7</b>	0.7

Equity earnings in investees increased by 42% from ₱13.7 billion (bn) during the first nine months of 2022 to ₱19.4 bn during the first nine months of 2023. The increase was primarily due to fresh contributions from GNPowder Dinginin Ltd. Co. (GNPD). This was partly offset by (i) lower earnings of Union Bank of the Philippines (UnionBank, or the "Bank") due to one-time integration cost of the acquired Citi business, and (ii) lower earnings of Republic Cement & Building Materials, Inc. (RCBM) due to higher inflation, delays in the rollout of government projects, and unfavorable weather conditions in the Visayas and Mindanao regions at the beginning of 2023.

Consolidated EBITDA translated into substantial cash inflows coming 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 2023 remained at end-2022 level of 0.7x. The Current Ratio as of 30 September 2023 was at 1.8x, a decline from the end-2022 level of 1.9x, mainly due to the decrease in current assets.

## **REVIEW OF JANUARY-SEPTEMBER 2023 OPERATIONS COMPARED TO JANUARY-SEPTEMBER 2022**

### **RESULTS OF OPERATIONS**

For the nine-month period ended 30 September 2023, AEV and its Subsidiaries posted a net income attributable to the equity holders of Parent Company ("Net Income to Equity Holders of AEV") of ₱18.0 bn, a 16% decrease year-on-year ("YoY"). This translated to earnings per share of ₱4.41 for the period. The Power Group accounted for the bulk of the income contributions to AEV at 70%, followed by the Banking and Financial Services, Infrastructure, Real Estate, and Food Groups at 20%, 4%, 4%, and 3%, respectively.

During the first nine months of 2023, the Group generated non-recurring gains of ₱738 million (mn) compared to ₱5.3 bn gains for the corresponding period in 2022 due to foreign exchange gains arising from 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 2023 was ₱17.3 bn, 8% higher YoY. AEV recorded consolidated EBITDA of ₱61.9 bn during the first nine months of 2023, a 15% increase from ₱54.0 bn recorded in the same period in 2022.

## **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 2023 compared to the nine months ended 30 September 2022.

### **Revenues**

#### *Sale of Power*

The Group's revenue from sale of power increased by 14%, or ₱18.5 bn, from ₱135.8 bn in the nine months ended 30 September 2022 to ₱154.3 bn in the nine months ended 30 September 2023. The increase was primarily attributable to higher plant availability across the Power Group's generation portfolio. The Group's sale of power comprised 63% and 66% as a percentage of total revenues in the nine months ended 30 September 2022 and 30 September 2023, respectively.

#### *Sale of Goods*

The Group's revenue from sale of goods decreased by 6%, or ₱4.2 bn, from ₱74.3 bn in the nine months ended 30 September 2022 to ₱70.2 bn in the nine months ended 30 September 2023. The decrease was primarily due to lower sales volume for the Food Group. The Group's sale of goods comprised 34% and 30% as a percentage of total revenues in the nine months ended 30 September 2022 and 30 September 2023, respectively.

#### *Real Estate*

The Group's revenue from real estate increased by 20%, or ₱1.1 bn, from ₱5.3 bn in the nine months ended 30 September 2022 to ₱6.4 bn in the nine months ended 30 September 2023. The increase was primarily attributable to Lima Land's higher commercial lot sales. As a percentage of total revenues, the Group's revenue from real estate comprised 2% and 3% in the nine months ended 30 September 2022 and 30 September 2023, respectively.

#### *Other Revenues*

The Group's combined revenue from service fees and other sources increased by 47%, or ₱0.6bn, from ₱1.2 bn in the nine months ended 30 September 2022 to ₱1.7 bn in the nine months ended 30 September 2023. This was primarily due to higher underwriting fees from the Group's reinsurance business. As a percentage of total revenues, the Group's other revenues comprised 1% in both the nine months ended 30 September 2022 and 30 September 2023.

## **Costs and Expenses**

### *Cost of Generated and Purchased Power*

The Group's cost of generated and purchased power increased by 17%, or ₱15.2 bn, from ₱87.2 bn in the nine months ended 30 September 2022 to ₱102.4 bn in the nine months ended 30 September 2023. The increase was primarily attributable to higher volume of power generated and higher purchased power rates driven by higher Wholesale Electricity Spot Market (WESM) prices. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 47% and 50% in the nine months ended 30 September 2022 and 30 September 2023, respectively.

### *Cost of Goods Sold*

The Group's cost of goods sold decreased by 5%, or ₱3.1 bn, from ₱65.7 bn in the nine months ended 30 September 2022 to ₱62.5 bn in the nine months ended 30 September 2023. The decrease was primarily attributable to lower raw material costs of the Food Group. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 35% and 31% in the nine months ended 30 September 2022 and 30 September 2023, respectively.

### *Operating Expenses*

The Group's operating expenses increased by 19%, or ₱5.7 bn, from ₱30.2 bn in the nine months ended 30 September 2022 to ₱35.9 bn in the nine months ended 30 September 2023. The increase was primarily attributable to higher (i) personnel costs, (ii) professional fees, (iii) taxes and licenses, (iv) insurance of the Group's power plants, and (v) depreciation and amortization. As a percentage of total costs and expenses, the Group's operating expenses comprised 16% and 18% in the nine months ended 30 September 2022 and 30 September 2023, respectively.

### *Cost of Real Estate Sales*

For the nine months ended 30 September 2023, the Group's cost of real estate sales increased by 16%, or ₱0.4 bn, from ₱2.7 bn in the nine months ended 30 September 2022 to ₱3.1 bn in the nine months ended 30 September 2023. 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% and 2% in the nine months ended 30 September 2022 and 30 September 2023, respectively.

## **Operating Profit**

As a result of the foregoing, the Group's operating profit decreased by 7%, or ₱2.3 bn, from ₱30.9 bn in the nine months ended 30 September 2022 to ₱28.6 bn in the nine months ended 30 September 2023.

## **Income Before Income Tax**

The Group's income before income tax increased by 11%, or ₱3.9 bn, from ₱35.3 bn in the nine months ended 30 September 2022 to ₱39.3 bn in the nine months ended 30 September 2023. The increase was primarily due to higher equity earnings.



## **Provision for Income Tax**

The Group's provision for income tax increased by 74%, or ₱2.4 bn, from ₱3.3 bn in the nine months ended 30 September 2022 to ₱5.7 bn in the nine months ended 30 September 2023. The increase was primarily due to higher taxable income of the Power Group.

## **Net Income**

Net income attributable to non-controlling interests for the nine months ended 30 September 2023 increased to ₱15.5 bn from ₱10.7 bn in the nine months ended 30 September 2022. This was primarily due to the increase in consolidated net income of AboitizPower during the first nine months of 2023.

As a result of the foregoing, the Group's Net Income to Equity Holders of AEV decreased by 16%, or ₱3.3 bn, from ₱21.4 bn in the nine months ended 30 September 2022 to ₱18.0 bn in the nine months ended 30 September 2023.

## **STRATEGIC BUSINESS UNITS**

The following discussion describes the performance of the Group's SBUs for the nine months ended 30 September 2023 compared to the nine months ended 30 September 2022.

### **Power**

For the nine months ended 30 September 2023, the Power Group's contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, was ₱13.9 bn, a 37% increase from ₱10.1 bn in the nine months ended 30 September 2022.

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 increased by 34%, from ₱10.5 bn in the nine months ended 30 September 2022 to ₱14.1 bn in the nine months ended 30 September 2023. The variance was primarily due to fresh contributions from GNPD and higher plant availability across AboitizPower's portfolio.

Capacity sold increased by 19%, from 3,940 megawatts (MW) for the nine months ended 30 September 2022 to 4,705 MW for the nine months ended 30 September 2023. Energy sold in the nine months ended 30 September 2023 increased by 21% to 26,493 gigawatt-hours (GWh) from 21,892 GWh in the same period in 2022.

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV of AboitizPower's Power Distribution Group increased by 43%, from ₱1,265 mn for the nine months ended 30 September 2022 to ₱1.8 bn for the nine months ended 30 September 2023. This increase was primarily due to recoveries in demand in the areas affected by Typhoon Odette and the resurgence of energy sold back to pre-pandemic level. Energy sales increased by 6% to 4,569 GWh during the nine months ended 30 September 2023 from 4,294 GWh in the nine months ended 30 September 2022.

## **Banking & Financial Services**

UnionBank's contribution to Net Income to Equity Holders of AEV decreased by 22%, from ₱5.1 bn in the nine months ended 30 September 2022 to ₱4.0 bn in the nine months ended 30 September 2023. The decrease was primarily attributable to (i) higher operating expenses resulting from the full-year impact of the acquired Citi consumer business and UnionDigital, which were only included as part of the Bank in the second half of 2022, and (ii) one-time expenses arising from the integration of the Citi consumer business.

## **Infrastructure**

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from Aboitiz InfraCapital, Inc. (AIC) increased by 17% to ₱1.4 bn for the nine months ended 30 September 2023, compared to ₱1.2 bn for the nine months ended 30 September 2022. This was primarily due to the robust lot sales of AIC's Economic Estates and incremental contributions from the Water, and Airport business units.

RCBM's contribution to Net Income to Equity Holders of AEV amounted to a loss of ₱592 mn in the nine months ended 30 September 2023, compared to the ₱48 mn income in the nine months ended 30 September 2022. The decrease was primarily due to lower market demand for cement due to higher inflation, delays in the rollout of government projects, and unfavorable weather conditions in the Visayas and Mindanao regions at the beginning of the year.

## **Real Estate**

The contribution of AboitizLand to Net Income to Equity Holders of AEV for the nine months ended 30 September 2023, before elimination of transactions within the Group, amounted to ₱716 mn, a 5% increase from ₱684 mn for the nine months ended 30 September 2022. This increase was mainly due to lower operating and project costs and gains from the sale of properties.

## **Food**

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food Group increased by 92% to ₱499 mn for the nine months ended 30 September 2023, compared to ₱260 mn for the nine months ended 30 September 2022. The Food Group was able to fully recover from its ₱534 mn net loss in the first quarter of 2023 primarily due to better margins from its Agribusiness and Flour segments primarily due to the decrease in raw material costs, and better pricing strategy.

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

### **Assets**

Consolidated assets (as of 30 September 2023 compared to 31 December 2022) increased by ₱22.4 bn to ₱830.2 bn, due to the following:

- Cash & Cash Equivalents increased by 11% (₱113.1 bn as of 30 September 2023 compared to ₱101.5 bn as of 31 December 2022) mainly due to cash generated from operations, cash dividends from Associates and Joint Ventures, and proceeds from the issuance of retail bonds and maturing short-term cash deposits of AEV.
- Investments in and Advances to Associates and Joint Ventures increased by ₱24.7 bn (₱220.6 bn as of 30 September 2023 compared to ₱195.9 bn as of 31 December 2022) primarily due to the recording of ₱19.4 bn share in net earnings of Associates and Joint Ventures, ₱6.0 bn additional investment in UnionBank, and ₱5.3 bn other comprehensive income (OCI) during the period. This increase was partially reduced by the ₱2.7 bn dividends from Associates and Joint Ventures, and the ₱3.9 bn effect of the first-time consolidation of STEAG State Power Inc. (STEAG).
- Other Noncurrent Assets (ONCA) increased by 34% (₱45.3 bn as of 30 September 2023 compared to ₱33.7 bn as of 31 December 2022) primarily due to the first-time consolidation of STEAG's concession contract asset.

The above increases were partially offset by decreases in:

- Trade and other receivables (current and noncurrent) decreased by 9% (₱56.2 bn as of 30 September 2023 compared to ₱61.6 bn as of 31 December 2022) mainly due to lower receivables of the Power Group.
- Inventories decreased by 9% (₱41.9 bn as of 30 September 2023 compared to ₱46.2 bn as of 31 December 2022) mainly due to lower fuel inventory of the Power Group, and lower cost of the Food Group's raw materials inventory.
- Other Current Assets (OCA) decreased by 47% (₱24.4 bn as of 30 September 2023 compared to ₱46.3 bn as of 31 December 2022) mainly due to the decrease in short-term cash deposits.

## Liabilities

Total Liabilities (as of 30 September 2023 compared to 31 December 2022) increased by 1% to ₱461.2 bn due to the following:

- Long-term debt, which includes both current and non-current portions, increased by 6% (₱320.8 bn as of 30 September 2023 compared to ₱303.5 bn as of 31 December 2022) mainly due to the issuance of retail bonds by AEV amounting to ₱17.4 bn and loan availments of other subsidiaries. These were partly offset by principal payments made on existing loans.
- Long-term obligation on Power Distribution System, which includes current and non-current portions, increased by 9% (₱158 mn as of 30 September 2023 compared to ₱145 mn as of 31 December 2022) due to the accretion of interest.

- Lease liabilities, which include current and non-current portions, decreased by 23% (P21.6 bn as of 30 September 2023 compared to P27.9 bn as of 31 December 2022) 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, decreased by 15% (P51.1 bn as of 30 September 2023 compared to P60.5 bn as of 31 December 2022) mainly due to the decrease of trade and fuel purchases in the Power Group brought about by lower fuel price indices.
- Income tax payable increased by 76%, from P556 mn as of 31 December 2022 to P1.0 bn as of 30 September 2023, mainly due to the provision for current taxes for the period.
- Derivative liabilities (net of Derivative Assets, current and noncurrent) reversed from P2.4 bn asset as of 31 December 2022 to P68 mn liability as of 30 September 2023. This was due to the Power Group's hedging losses.
- Customers' deposits increased by 5%, from P8.3bn as of 31 December 2022 to P8.7bn as of 30 September 2023, due to the Power Group's receipt of bill deposits from new customers.
- Decommissioning liability increased by 32%, from P5.7 bn as of 31 December 2022 to P7.4 bn as of 30 September 2023, due to the recognition of additional decommissioning provisions on power plant assets.
- Deferred Income Tax Liabilities (net of Deferred income tax assets) increased by 17% (P3.2 bn as of 30 September 2023 compared to P2.8 bn as of 31 December 2022) mainly due to the first-time consolidation of STEAG's deferred tax liabilities.
- Pension Liabilities (net of Pension assets) increased by 9% to P294 mn as of 30 September 2023 compared to P269 mn as of 31 December 2022 due to the Group's retirement cost for the period.

## Equity

Equity attributable to equity holders of the parent (as of 30 September 2023 compared to 31 December 2022) increased by P11.0 bn from P255.1 bn to P266.1 bn, due to the P18.0 bn net income recorded during the period and P1.7 bn movement in other comprehensive income.

These were partly offset by the P8.3 bn cash dividends paid by AEV during the first quarter of 2023.

Non-controlling interests (NCI) increased 8%, from P95.0 bn as of 31 December 2022 to P102.9 bn as of 30 September 2023 mainly due to the NCI share of the comprehensive income of AboitizPower.

## MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the nine months ended 30 September 2023, 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 2022, consolidated cash generated from operating activities in the nine months ended 30 September 2023 increased by ₱29.7 bn, to ₱42.1 bn. This was mainly due to lower working capital requirements.

As of 30 September 2023, net cash used in investing activities amounted to ₱11.4 bn compared to ₱62.3 bn in the nine months ended 30 September 2022. In the current period, ₱16.4 bn of short-term cash deposits were liquidated, partly offset by ₱6.0 bn of additional investments in UnionBank. In the same period in 2022, ₱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 ₱20.3 bn for the nine months ended 30 September 2023 compared to ₱41.5 bn in the nine months ended 30 September 2022. The decrease was primarily due to the proceeds received from AEV's issuance of retail bonds in 2023.

For the nine months ended 30 September 2023, net cash inflows offset cash outflows, resulting in an 11% increase in cash and cash equivalents from ₱101.5 bn as of year-end 2022 to ₱113.1 bn as of 30 September 2023.

## **FINANCIAL RATIOS**

AEV's Current Ratio as of 30 September 2023 decreased to 1.8x from the end-2022 level of 1.9x, as both current assets and current liabilities decreased. Net Debt-to-Equity ratio remained at year-end 2022 level of 0.7:1.

## **OUTLOOK FOR THE UPCOMING YEAR/KNOWN TRENDS, EVENTS, AND UNCERTAINTIES WHICH MAY HAVE A MATERIAL IMPACT ON REGISTRANT**

Unionbank's Economic Research Unit forecasts the Philippines' GDP to grow by 5.7% in 2023 despite global and domestic macroeconomic headwinds. Although it expects resilient growth in household consumption, inflation pressure from rising global commodity prices due to weather disturbances and geopolitical events, which, in turn, keeps domestic monetary policy interest rates elevated, may still pose downside risks to this year's current macroeconomic outlook.

Amidst this economic backdrop, the Company expects the following outlook for its businesses.

### **Power SBU**

AboitizPower remains focused on addressing the needs of its markets, by providing reliable supply, at a reasonable cost, and with 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.

As part of its decarbonization strategy, AboitizPower targets to double its net attributable sellable capacity to 9,200 MW by 2030 and 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 renewable energy (RE) and selective baseload builds. It targets to grow its RE portfolio to 4,600 MW of net attributable sellable capacity by 2030, of which, 3,700MW will be new RE capacity. Out of this 3,700 MW, 1,085 MW are expected to be energized within the next three years.

Some of AboitizPower’s ongoing projects include:

- **the PV Sinag Power Cayanga Project** - a 94 MWp solar power plant located in Brgy. Cayanga, Bugallon, Pangasinan. The project was synchronized last October 23, 2023 and is already providing power to the grid;
- **the Tiwi Binary Geothermal Project** - an initiative to convert waste heat from the geothermal brine to power a 17 MW binary power plant. Construction activities and site development works are ongoing. As of October 2023, 87% of the project has been completed, with zero lost time incidents, and is on track to be energized by the first quarter of 2024;
- **the PV Sinag Power Laoag Project** - a 159 MWp solar power plant located in Brgy. Laoag, Aguilar, Pangasinan. The construction activities for the PV farms, control buildings, substations, and transmission lines are ongoing, as well as the testing and commissioning for the PV farm of Phase 1 (72 MWp). As of September 2023, 82% of the project has been completed, with zero lost time incidents. Phase 1 is expected to be energized by the first quarter of 2024, while Phase 2 (87 MWp) is planned to be energized by the second quarter of 2024; and
- **the SN AboitizPower Magat Battery Energy Storage System Project** - a 24 MW battery energy storage unit located in Ramon, Isabela. The project, which broke ground in April 2022 and was completed in July 2023, is to be used primarily for ancillary services. The project completed its ancillary services testing with the NGCP in October 2023 and is set to begin commercial operations by the end of the year, pending completion of all regulatory requirements.

In addition, AboitizPower has the following renewable energy (RE) projects under development, which are likewise expected to be energized within the next three years: the 173 MWp Aboitiz Solar Power Inc Calatrava Solar Project; the 44 MWp RE Resources, Inc. Tarlac Solar Project; the 85 MWp RE Resources, Inc. San Manuel Solar Project; the 72 MWp San Isidro Wind Project; the 51 MWp Rizal-Laguna Wind Project; the 212 MWp AP Renewables Energy Corporation Olongapo Solar Project; the 20 MW Hedcor Sablan Hydro Project; the 75 MWp SN AboitizPower-Magat Floating Solar Project; the 40 MW Hedcor Bukidnon Kibungan Hydro Project; and the 31 MWp Libmanan Onshore Wind Project.

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 RE 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 eligible RE facilities. On top of this, AboitizPower intends to continue to pursue international opportunities, with a continued focus on wind, hydro, and solar projects 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. 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.

AboitizPower fully supports the DOE's moratorium on coal and its 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 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 10 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.

AboitizPower, together with its partners, has allotted ₱32 bn for capital expenditures in 2023, primarily for the development and construction of various solar, geothermal, hydro, and wind projects, the continuous improvement of the reliability of baseload plants, and various acquisitions of land, new substations and new meters for its distribution business.

AboitizPower and JERA Co., Inc. (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). Early this year, AboitizPower and JERA also signed, in the presence of his Excellency Ferdinand R. Marcos Jr., President of the Republic of the Philippines, a Memorandum of Understanding to commence a joint study on ammonia co-firing for decarbonization. Both companies will assess the feasibility of ammonia co-fired power generation and study potential development in the ammonia and hydrogen value chains in the Philippines for the decarbonization of AboitizPower.

Other known trends, events, and uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of AboitizPower's Information Statement (*e.g. for an extensive discussion on regulatory issues, see Effect of Existing or Probable Government Regulations on the Business on page 77 of the AboitizPower's 2022 Definitive Information Statement*).

## **Banking & Financial Services SBU**

In 2015, UnionBank embarked on a Digital Transformation Strategy to capitalize on the eventual shift of consumer and corporate behavior towards digital banking transactions. Since then, the Bank built the operational and organizational foundations of a digitized bank and transformed the banking experience of its customers by delivering 24/7 availability, six sigma reliability, and secure and seamless processing.

The COVID-19 pandemic has accelerated the shift in consumer behavior towards digital and remote 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 in recent years. UnionBank, and its Subsidiaries, more than doubled its total number of customers from 5 million in 2019, to over 13 million, as of September 30, 2023. The Bank also observed an increase in the average daily balances of its Current Account and Savings Account (CASA) deposits from its Digital Account Opening clients, from ₱6,800 in 2019, to over ₱11,000 in September 2023. The Bank expects the digital trend to continue, especially as more Filipinos discover and experience the advantages of digital payments and digital banking.

In 2022, UnionBank established three pillars that solidified its thrust towards becoming a “Great Retail Bank”.

1. **Acquisition of Citibank Philippines (Citi):** On August 1, 2022, the Bank acquired Citi’s consumer banking business in the Philippines, which brought in close to 1 million new customers, ₱99.4 bn in total assets, ₱69.4 bn in loans, and ₱65.3 bn in deposits. The transaction included Citi’s credit card, personal loans, wealth management, and retail deposit businesses, as well as Citi’s real estate interests in Citibank Square in Eastwood City, Bagumbayan, Quezon City, full-service bank branches, and wealth centers. The acquisition is expected to 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. For the nine months ended September 30, 2023, Citi contributed ₱15.7 bn in core recurring revenues to the Bank and has also generated new-to-bank customers at a rate of over 20,000 per month, which is higher than the Bank’s pre-pandemic levels. As of September 30, 2023, the current balance of Citi’s credit card and personal loans reached ₱84.7 bn.
2. **Launch of UnionDigital Bank (UnionDigital):** On July 18, 2022, UnionDigital began commercial operations after securing its authority to operate from the Bangko Sentral ng Pilipinas (BSP). UnionDigital is envisioned to capture the underbanked segments of the population by offering superior customer experience with a cost-efficient infrastructure and organization. As of September 30, 2023, the gross loans and deposits of UnionDigital stood at ₱13.9 bn and ₱20.0 bn, respectively.
3. **Diversification of City Savings Bank (CitySavings):** By leveraging on its market leadership and proven business model in teachers’ loans, CitySavings diversified into motorcycle loans and other personal loans beyond the Department of Education and offered salary loans to private schools, local government units, and national government agencies. As of September 30, 2023, the gross loans of CitySavings grew by 32% year-on-year (YoY) to ₱102.0 bn.

In addition, UnionBank has successfully shifted its business model as its revenues now mainly come from core recurring income. For the nine months ended September 30, 2023, recurring income amounted to ₱50.8 bn, 47% higher than the same period last year, while net interest income increased by 34% YoY to ₱37.3 bn on account of higher margins and volume. Net interest margins expanded by 57 basis points to 5.3% driven by the higher proportion of high-yielding consumer loans to total loans and the robust growth of low-cost CASA deposits. Moreover, the Bank’s fee and other income, excluding trading income,



increased by 79% YoY to ₱14.8 bn, largely due to the consolidation of Citi, as well as an increase in the number of customers and digital transactions.

As of September 30, 2023, the Bank's consumer gross loans comprise 56% of its current loan portfolio, which is almost triple the banking industry average of 19%. The Bank's total assets reached ₱1.1 tn, while its gross loans and deposits amounted to ₱531.0 bn and ₱724.7 bn, respectively. With the three pillars in place, the Bank believes that it is well-positioned to leverage on digital trends as it carries on with the commercialization program of its digital transformation and become one of the largest and most profitable retail banks in the Philippines by 2025.

On the road to becoming a Great Retail Bank, UnionBank's key focus areas include: 1) growing the retail customer base through digital acquisition and deeper penetration of communities; 2) expanding its consumer lending products across all customer income segments, but focused on the upper middle income to high net worth for the parent bank and the mid to low-income segments for its subsidiaries, in particular; (3) sustaining growth in CASA in retail banking through digital accounts and in corporate banking through cash management solutions; and (4) the completion of the integration of the Citi consumer banking business. To support these initiatives, the Bank has allotted ₱5.3 bn for capital expenditures in 2023.

## Food SBU

In 2022, the Food Group reorganized its businesses into:

1. the **Agribusiness segment**, which consists of its regional animal nutrition businesses (feed, pet food, and specialty nutrition divisions) in China, Vietnam, Thailand, Malaysia & Brunei, Indonesia, and the Philippines; and
2. the **Food and Nutrition business segment**, which comprises its businesses catering 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.

The Food Group's reorganization aims to allow it to effectively carry out 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 synergies in the business as they present themselves.

To achieve the Food Group's vision of becoming "*an integrated regional business and food company*," it intends to 1) maintain a balanced portfolio by diversifying revenues and EBITDA across geographies, businesses, and products to increase its resilience; 2) focus on operational excellence, cost control, and leverage on technology; and 3) pursue building new growth platforms by investing in fast-growing and higher-margin segments of the industry. This planned approach will be the compass in steering the Food Group to achieve its growth targets in the coming years.

Based on internal market data, the Food Group is currently the fourth largest animal feeds producer in Southeast Asia. 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 costs.

For its Food and Nutrition business segment:

- The flour division plans to continue to maximize growth potential in the Visayas and Mindanao while building and developing new channels in Luzon for future exploration of new geographical territory. The flour division likewise intends to move forward in the value chain and will continue selling value-added flour products, protecting its market share and expanding into a more diversified product portfolio;
- The farms division's third breeder farm, which was completed in October 2022, yields an additional capacity of 2,500 sow level and will help in the recovery of pork supply in the Philippine market. The expansion was anchored on the confidence brought about by the improved biosecurity protocols and methodology despite the presence of African swine fever (ASF) in the country. The increase in volume comes with opportunities to unlock more distribution channels and to push forward integration in the value chain; and
- In August 2020, the Food Group ventured into meat fabrication and opened a processing plant in Tarlac, which provided more stable profitability through selling higher-margin pork meats directly to consumers compared to live hog selling as well as augment local meat volume through importation. The meat products are sold under the house brand "*The Good Meat*" through different digital platforms such as Lazada, Shopee, and the Food Group's online meat store. Including two new physical stores that were completed within the year, *The Good Meat* has a total of seven physical stores to date. Furthermore, the Group has strengthened its position in B2C channels for the meats business, with 60 concessionaire stores and a presence in over 200 supermarkets such as Robinson's supermarkets, Shopwise, Puregold, and Merrymart.

For the Agribusiness segment:

- The Agribusiness segment in the Philippines seeks to solidify its market position by expanding production in Visayas and Mindanao in the next five years, as well as diversifying through continuous product developments through precise nutrition and feeding management, the introduction of pet food, and the building-up of specialty nutrition;
- The Agribusiness segment overseas (Gold Coin Group) plans to pursue opportunities in fast-growing segments like aquafeeds and attractive geographies, where it has a captive market and the ability to compete. In 2022, the Gold Coin Group broke ground on a new feed mill in Yunnan Province in China and installed a fish feed line in the Zhuhai China plant to capture the growing demand for aqua feed in the region. In the same year, a new feed mill in Long An Province in Vietnam was also constructed, allowing it to meet the growing demand for livestock feeds in South Vietnam. The Yunnan Mill and Long An Mill will have an additional capacity of 30 tons per hour for each mill. The new mills are expected to be fully operational by April 2024 and March 2024. As of September 30, 2023, the Gold Coin Group focused mainly on the final design and construction, while the rest of the year will be focused on equipment installation.

These 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 almost ₱5 bn for capital expenditures in 2023; almost half of which is for feed mill expansions in China and Vietnam and the remaining for maintenance and network infrastructure and system upgrades.

## **Infrastructure SBU**

Aboitiz Infracapital Inc. (AIC) looks optimistically at the remainder of 2023 with the Philippine economy's continued post-pandemic recovery. AIC's asset portfolio in Airports, Digital Infrastructure, Economic Estates, and Water Infrastructure were on a strong growth trajectory for the third quarter of 2023. AIC's strategic focus on investing in new and existing assets significantly contributes to sustaining AIC's growth trajectory.

### **Airports**

With the complete lifting of the travel restrictions, Mactan Cebu International Airport (MCIA) has witnessed a remarkable surge in passenger traffic. For the nine months ending September 30 2023, passenger volume grew 104% YoY to 7.5 million but is still 21% below 2019 levels.

Furthermore, MCIA has achieved a significant milestone by earning the Airport Customer Experience Accreditation from ACI World, recognized at the ACI Customer Experience Global Summit in South Korea. This acknowledgment underlines our commitment to providing an exceptional passenger experience.

MCIA has established links to 30+ destinations, served by 15+ operating airlines. In October 2023, MCIA launched new direct flights to Hong Kong and Singapore, through partnerships with Royal Air and Singapore Airlines. While MCIA's domestic traffic has returned to pre-pandemic levels, the recovery in international traffic is expected to be slower.

AIC is enthusiastic about the airport's future prospects and the positive strides it has taken. The introduction of the Philippine eVisa system, coupled with the increase in international routes and strong partnerships, positions MCIA for continued growth and success.

Furthermore, the Philippine government has already approved plans for the development of the Laguindingan (CGY) and Bohol (TAG) airports. These planned expansions in the regional aviation network provide opportunities for AIC to participate in enhancing air connectivity across the Philippines. As the world continues to recover from the challenges posed by the COVID-19 pandemic, the outlook for air travel remains bright.

### **Digital Infra**

In the nine months ending September 30, 2023, Unity Digital Infrastructure, Inc. (Unity) has continued its strategic expansion. In May 2023, Unity entered into a sale and leaseback agreement with Globe Telecom, which covered 447 telecommunication towers and associated passive telecommunications infrastructure and equipment in Luzon, and a commitment to erect over 200 additional towers in Visayas and/or Mindanao.

This transaction has bolstered Unity's tower portfolio to a total of 1,100 towers, serving both Globe Telecom and Smart-PLDT. The initial tranche of 250 towers has already been successfully turned over to both mobile network operators (MNOs).

Looking ahead to the last quarter of the year, Unity remains committed to the smooth transition of additional tower batches to the MNOs and continues to collaborate with them to meet the growing demand for expanded coverage and enhanced connectivity. Maximizing colocation across Unity's tower assets is a key focus.

### **Water**

After successfully delivering the first drop of water to Davao City Water District (DCWD) in the first half of 2023, Apo Agua Infraestructura, Inc. (Apo Agua) is now fully focused on the start of full operations and

eventually providing 300 million liters per day (MLD) of water to Davaoenos. In preparation for this, Apo Agua has taken steps to ensure that the water it will deliver is safe, reliable, and sustainable. Recently, its laboratory received Department of Health (“DOH”) accreditation and obtained the highest classification for Drinking Water Analysis. Apo Agua’s laboratory is also capable of testing beyond the ten mandatory parameters of the Philippine National Standards for Drinking Water (PNSDW).

Meanwhile, LIMA Water Corporation (LIMA Water) is in the process of completing its hydrogeology and aquifer studies for the expansion areas of AIC’s Economic Estates. To help expand its laboratory services, LIMA Water also completed its expanded scope of recognition from the Department of Environment and Natural Resources (DENR) during its renewal period. The aforementioned scope now includes nutrient parameters from the latest effluent standards.

### **Economic Estates**

With a track record of over 30 years, Aboitiz InfraCapital Economic Estates’ (AIC Economic Estates) portfolio now spans more than 1,600 hectares, housing over 200 world-class companies that directly employ over 100,000 Filipinos. More recently, it bagged eight awards at the PropertyGuru Philippines Property Awards. Notably, AIC Economic Estates was distinguished as the 'Best Industrial Developer', while West Cebu Estate earned the title of 'Best Industrial Development’.

AIC Economic Estates plans to further expand its footprint with the acquisition of 200 hectares from Central Azucarera de Tarlac in Tarlac City. This area is projected to emerge as the second-largest manufacturing hub in the Philippines and is expected to drive economic activity in the region.

### **Cement**

Domestic cement demand is estimated to have declined by 7-8% in the nine months ending September 30, 2023 compared to the same period in 2022. Demand has been affected by elevated inflation, delays in authorization of government projects, slowdown in property developments, and unfavorable weather conditions in the Visayas and Mindanao area at the beginning of the year.

Despite the weaker demand the market experienced in the first nine months of 2023, the fundamentals of Republic Cement and Building Materials, Inc (RCBM) remain promising, particularly in the infrastructure space after the Philippine government unveiled its ₱9 tn flagship infrastructure program, consisting of 194 projects.

RCBM remains committed to serving its key markets throughout the country with high-quality products while improving efficiencies and reducing costs. RCBM’s 9.7 million tons of cement production capacity positions it to capture any potential growth in local demand. In order to mitigate the impact of external headwinds, such as weak demand, tight competition, and high energy prices, RCBM continues to focus on operational excellence initiatives and cost control measures.

RCBM also continues 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 country.

RCBM has allotted almost ₱1 bn for capital expenditures in 2023 mainly for major maintenance works and purchase of critical spares.

### **Land SBU**

This year marks the start of the next phase of the transformation journey of Aboitiz Land Inc (Aboitiz Land), which it has described as its *Great Trajectory*. This comes on the heels of its initial *Great*

*Turnaround* during the period 2021-22. Aboitiz Land plans to continue to focus on further improving all aspects of its operations.

Innovation will continue to be at the core of Aboitiz Land's culture. In 2023, Aboitiz Land expects to continue to harvest the results of its early and bold investments in its digitization strategy. Some key innovation initiatives that are being implemented include 1) the full automation of its construction management process; 2) the introduction of precast construction technology; 3) the full rollout of the *Vecino* app; and 4) the optimization of all its digital and social media assets in harnessing leads and strengthening the brand. Aboitiz Land launched *OneVecino*, its digital ecosystem consisting of digital services that guide the Vecinos from pre-purchase to property experience. It integrates the *Vecino App*, *Vecino Pay*, *Vecino Support*, and *Vecino Properties*. *OneVecino* was recently recognized at the International Finance Awards 2023 as the Best Online Real Estate Portal, highlighting Aboitiz Land's efforts to innovate ways to lead families home.

Aboitiz Land expects that its proprietary *Vecino* app will remain as its competitive advantage as it plans to make international deployments part of the strategy moving forward. The app provides OFWs with a reliable tool for checking their real estate investment. To date, the recent international deployments in Dubai and Italy have successfully resulted in over ₱417 mn in reservation sales. Year-to-date, international sales account for 20% of the total sales generated for 2023, more than triple 2022's 6%. This remarkable growth underscores the success of Aboitiz Land's international sales initiatives and their substantial impact on its overall sales performance.

As Aboitiz Land looks ahead, it plans to progressively integrate the innovative use of generative artificial intelligence (AI) tools into its operations, streamlining its content creation efforts. By automating these processes, Aboitiz Land can focus on what truly matters – delivering exceptional experiences for its valued customers and stakeholders. This approach not only elevates the quality of its content but also keeps Aboitiz Land agile and responsive in an ever-evolving market landscape. Aboitiz Land believes this integration will enhance its productivity, leading to even greater customer satisfaction.

Aboitiz Land remains positive in the property sector as it believes it is well positioned to benefit from the shift in preference towards horizontal developments. Supported by the availability of hybrid work and education arrangements, the growth in telecommunications infrastructure, and the strong government push for transportation infrastructure investments, living outside central business districts is now more possible without compromising comfort, convenience, and accessibility.

Aboitiz Land has recently launched its latest project in Batangas, *The Strides at LIMA*, the first condominium within the expansive LIMA Estate that represents Aboitiz Land's competitive foray into vertical development. This ₱2.5 bn project comprises three mid-rise buildings: Slate, Amber, and Cider. Slate, the first to be released, is a seven-storey building offering a total of 217 units, including studios and 1-bedroom units ranging from 18-47 sqm. The Strides at LIMA will be completed by building phases, with Slate scheduled for completion in 2027, Amber in 2028, and Cider in 2030.

Despite the high-interest rate environment, Aboitiz Land remains optimistic on the Philippine residential demand for the remainder of 2023. Aboitiz Land expects robust and growing demand for its mid-market offering, which it supports by offering affordable payment schemes to credit-worthy buyers. With its new project launches and a dedicated focus to serve overseas Filipino worker markets, Aboitiz Land is positioned for sustained growth.

Aboitiz Land has allotted almost ₱3 bn for capital expenditures in 2023, mostly for the construction and completion of its existing projects.

### **Long-Term Aspiration**


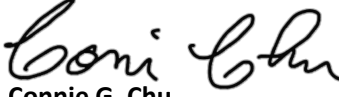
AEV is now well underway with its *Great Transformation*, a bold corporate move to put innovation at the forefront of its growth strategy and will usher the Group's transition to becoming a *techglomerate*, or a conglomerate that heavily integrates technology and design thinking in all its production, services, and processes.

### **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	<u>ABOITIZ EQUITY VENTURES INC.</u>
	
Principal Accounting Officer	<u>Marlita M. Villacampa</u>
Signature and Title	<u>First Vice President – Controller for Accounting and Operating Services</u>
Date	<u>November 14, 2023</u>
	
Authorized Officer of the Issuer	<u>Connie G. Chu</u>
Signature and Title	<u>Senior Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer</u>
Date	<u>November 14, 2023</u>

## Aboitiz Equity Ventures, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

As of September 30, 2023 (with Comparative Figures as of December 31, 2022) and

For the Nine-Month Periods Ended September 30, 2023 and 2022



**ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS****(With Comparative Figures as of December 31, 2022 and January 1, 2022)****(Amounts in Thousands)**

	<b>September 30, 2023 (Unaudited)</b>	<b>December 31, 2022 (As Restated - Note 3)</b>	<b>January 1, 2022 (As Restated - Note 3)</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 5)	<b>₱113,094,386</b>	₱101,526,260	₱147,534,035
Trade and other receivables (Note 6)	<b>55,853,883</b>	61,319,148	48,020,420
Inventories (Note 7)	<b>41,937,521</b>	46,161,542	31,992,459
Derivative assets (Note 26)	<b>433,969</b>	2,669,218	1,383,903
Other current assets (Note 8)	<b>24,404,274</b>	46,282,770	25,418,264
<b>Total Current Assets</b>	<b>235,724,033</b>	257,958,938	254,349,081
<b>Noncurrent Assets</b>			
Property, plant and equipment	<b>229,940,221</b>	224,711,720	220,018,207
Investments and advances (Note 9)	<b>220,601,127</b>	195,855,745	154,815,613
Intangible assets (Note 10)	<b>81,617,637</b>	78,375,252	74,338,411
Investment properties	<b>14,636,194</b>	14,423,957	12,227,553
Deferred income tax assets - net (Note 3)	<b>1,634,918</b>	1,519,532	1,742,644
Trade and other receivables - net of current portion (Note 6)	<b>328,331</b>	329,538	366,651
Derivative assets - net of current portion (Note 26)	<b>—</b>	395,644	75,718
Net pension assets	<b>446,566</b>	487,129	293,168
Other noncurrent assets (Note 11)	<b>45,258,384</b>	33,720,624	15,145,672
<b>Total Noncurrent Assets</b>	<b>594,463,378</b>	549,819,141	479,023,637
<b>TOTAL ASSETS</b>	<b>₱830,187,411</b>	₱807,778,079	₱733,372,718
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade and other payables (Note 12)	<b>₱49,951,183</b>	₱59,347,137	₱45,779,404
Bank loans (Note 13)	<b>44,278,009</b>	45,367,586	35,415,424
Current portions of:			
Long-term debts (Notes 14 and 15)	<b>21,496,062</b>	17,926,663	18,608,778
Long-term obligation on Power Distribution System (PDS)	<b>40,000</b>	40,000	40,000
Lease liabilities (Note 16)	<b>10,230,486</b>	9,420,133	8,291,721
Derivative liabilities (Note 26)	<b>502,413</b>	330,809	1,180,048
Income tax payable	<b>975,508</b>	555,580	382,223
<b>Total Current Liabilities</b>	<b>127,473,661</b>	132,987,908	109,697,598

(Forward)

	September 30, 2023 (Unaudited)	December 31, 2022 (As Restated - Note 3)	January 1, 2022 (As Restated - Note 3)
<b>Noncurrent Liabilities</b>			
Noncurrent portions of:			
Long-term debts (Notes 14 and 15)	₱299,269,175	₱285,612,355	₱253,069,865
Lease liabilities (Note 16)	11,350,418	18,440,790	25,964,507
Trade and other payables (Note 12)	1,158,309	1,107,359	982,617
Long-term obligation on PDS	118,395	105,390	125,532
Customers' deposits	8,712,645	8,314,885	7,374,767
Decommissioning liability	7,448,137	5,654,234	5,686,224
Deferred income tax liabilities - net (Note 3)	4,882,942	4,286,073	2,533,306
Net pension liability	740,336	756,404	493,293
Derivative liabilities - net of current portion (Note 26)	—	330,592	174,664
<b>Total Noncurrent Liabilities</b>	<b>333,680,357</b>	<b>324,608,082</b>	<b>296,404,775</b>
<b>Total Liabilities</b>	<b>461,154,018</b>	<b>457,595,990</b>	<b>406,102,373</b>
<b>Equity Attributable to Equity Holders of the Parent</b>			
Capital stock	5,694,600	5,694,600	5,694,600
Additional paid-in capital	13,013,197	13,013,197	13,013,197
Equity reserves	29,491,200	29,491,200	29,491,200
Accumulated other comprehensive income (loss) (Note 18)	(2,723,737)	(4,424,925)	(235,375)
Retained earnings (Notes 17 and 27)			
Appropriated	88,800,000	79,800,000	9,200,000
Unappropriated	132,974,969	132,217,744	187,906,484
Treasury stock at cost	(1,145,431)	(647,672)	(647,672)
	<b>266,104,798</b>	<b>255,144,144</b>	<b>244,422,434</b>
<b>Non-controlling Interests (Note 27)</b>	<b>102,928,595</b>	<b>95,037,945</b>	<b>82,847,911</b>
<b>Total Equity</b>	<b>369,033,393</b>	<b>350,182,089</b>	<b>327,270,345</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱830,187,411</b>	<b>₱807,778,079</b>	<b>₱733,372,718</b>

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	
	2023	2022 (As Restated - Note 3)	2023	2022 (As Restated - Note 3)
<b>REVENUES</b> (Note 19)	<b>₱232,551,677</b>	<b>₱216,656,941</b>	<b>₱73,937,346</b>	<b>₱80,858,186</b>
<b>COSTS AND EXPENSES</b> (Note 20)	<b>203,920,122</b>	<b>185,720,780</b>	<b>63,603,273</b>	<b>68,503,800</b>
<b>FINANCIAL INCOME (EXPENSE)</b>				
Interest income (Notes 5, 6, 8 and 11)	2,994,024	992,660	1,002,184	339,725
Interest expense and other financing costs (Notes 16 and 25)	(14,937,956)	(12,661,343)	(4,579,130)	(3,765,208)
	<b>(11,943,932)</b>	<b>(11,668,683)</b>	<b>(3,576,946)</b>	<b>(3,425,483)</b>
<b>OTHER INCOME - NET</b>				
Share in net earnings of associates and joint ventures (Note 9)	19,443,379	13,690,607	6,241,950	6,322,099
Other income - net (Note 21)	3,140,702	2,372,621	1,608,491	880,558
	<b>22,584,081</b>	<b>16,063,228</b>	<b>7,850,441</b>	<b>7,202,657</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>39,271,704</b>	<b>35,330,706</b>	<b>14,607,568</b>	<b>16,131,560</b>
<b>PROVISION FOR INCOME TAX</b> (Notes 3 and 22)	<b>5,698,776</b>	<b>3,278,369</b>	<b>1,976,736</b>	<b>1,350,246</b>
<b>NET INCOME</b>	<b>₱33,572,928</b>	<b>₱32,052,337</b>	<b>₱12,630,832</b>	<b>₱14,781,314</b>
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Equity holders of the parent	₱18,033,656	₱21,364,905	₱7,564,938	₱9,616,222
Non-controlling interests	15,539,272	10,687,432	5,065,894	5,165,092
	<b>₱33,572,928</b>	<b>₱32,052,337</b>	<b>₱12,630,832</b>	<b>₱14,781,314</b>
<b>EARNINGS PER SHARE</b> (Note 23)				
Basic and diluted, for net income for the period attributable to ordinary equity holders of the parent	<b>₱3.20</b>	<b>₱3.79</b>	<b>₱1.34</b>	<b>₱1.69</b>

*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 periods ended September 30		For the quarter ended September 30	
		2022		2022
	2023	(As Restated - Note 3)	2023	(As Restated - Note 3)
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Equity holders of the parent	<b>P18,033,656</b>	P21,364,905	<b>P7,564,938</b>	P9,616,222
Non-controlling interests	<b>15,539,272</b>	10,687,432	<b>5,065,894</b>	5,165,092
	<b>33,572,928</b>	32,052,337	<b>12,630,832</b>	14,781,314
<b>OTHER COMPREHENSIVE INCOME (LOSS) (Note 18)</b>				
<i>Items that will be reclassified to consolidated statements of income:</i>				
Net movement in cumulative translation adjustments	<b>890,805</b>	2,895,546	<b>1,050,274</b>	234,331
Movement in cash flow hedge, net of tax	<b>(2,880,839)</b>	7,681,389	<b>(126,430)</b>	(567,835)
Share in movement in cumulative translation adjustments of associates and joint ventures	<b>60,923</b>	1,818,867	<b>4,235</b>	920,661
Share in movement in net unrealized mark-to-market gains (losses) on FVOCI investments of associates	<b>5,210,509</b>	(6,113,122)	<b>(318,223)</b>	(1,236,217)
Movement in net unrealized mark-to-market gains (losses) on FVOCI investments	<b>65,849</b>	(34,257)	<b>8,032</b>	(1,186)
	<b>3,347,247</b>	6,248,423	<b>617,888</b>	(650,246)
<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	<b>35,562</b>	24,504	<b>38,134</b>	20,345
Movement in actuarial gains (losses) on defined benefit plans, net of tax	<b>9,305</b>	(495)	<b>—</b>	—
	<b>44,867</b>	24,009	<b>38,134</b>	20,345
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P36,965,042</b>	P38,324,769	<b>P13,286,854</b>	P14,151,413
<b>ATTRIBUTABLE TO:</b>				
Equity holders of the parent	<b>P19,734,844</b>	P20,282,704	<b>P5,253,712</b>	P7,900,154
Non-controlling interests	<b>17,230,198</b>	18,042,065	<b>8,033,142</b>	6,197,875
	<b>P36,965,042</b>	P38,324,769	<b>P13,286,854</b>	P14,098,029

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, 2023 AND 2022**  
**(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 18)	Retained Earnings		Treasury Stock	Total	Non-controlling Interest	Total
					Appropriated (Note 17)	Unappropriated (Note 17)				
Balances at January 1, 2023, as previously reported	P5,694,600	P13,013,197	P29,491,200	(P4,424,925)	P79,800,000	P133,269,226	(P647,672)	P256,195,626	P96,007,011	P352,202,637
Effects of adoption of amendment to PAS 12 (Note 3)	—	—	—	—	—	(1,051,482)	—	(1,051,482)	(969,066)	(2,020,548)
Balances at January 1, 2023, as restated	5,694,600	13,013,197	29,491,200	(4,424,925)	79,800,000	132,217,744	(647,672)	255,144,144	95,037,945	350,182,089
Net income for the period	—	—	—	—	—	18,033,656	—	18,033,656	15,539,272	33,572,928
Other comprehensive income	—	—	—	1,701,188	—	—	—	1,701,188	1,690,926	3,392,114
Total comprehensive income for the period (Note 17)	—	—	—	1,701,188	—	18,033,656	—	19,734,844	17,230,198	36,965,042
Cash dividends - P1.47 per share (Note 17)	—	—	—	—	—	(8,276,431)	—	(8,276,431)	—	(8,276,431)
Acquisition of treasury shares (Note 27)	—	—	—	—	—	—	(497,759)	(497,759)	—	(497,759)
Appropriation during the period (Note 17)	—	—	—	—	9,000,000	(9,000,000)	—	—	—	—
Cash dividends paid to non-controlling interests (Note 27)	—	—	—	—	—	—	—	—	(8,003,156)	(8,003,156)
Changes in non-controlling interests (Note 27)	—	—	—	—	—	—	—	—	(1,336,392)	(1,336,392)
Balances at September 30, 2023	P5,694,600	P13,013,197	P29,491,200	(P2,723,737)	P88,800,000	P132,974,969	(P1,145,431)	P266,104,798	P102,928,595	P369,033,393
Balances at January 1, 2022, as previously reported	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
Effects of adoption of amendment to PAS 12 (Note 3)	—	—	—	—	—	(256,309)	—	(256,309)	(240,104)	(496,413)
Balances at January 1, 2022, as restated	5,694,600	13,013,197	29,491,200	(235,375)	9,200,000	187,906,484	(647,672)	244,422,434	82,847,911	327,270,345
Net income for the period	—	—	—	—	—	21,364,905	—	21,364,905	10,687,432	32,052,337
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)	—	21,364,905	—	20,282,704	18,042,065	38,324,769
Cash dividends - P1.62 per share	—	—	—	—	—	(9,120,965)	—	(9,120,965)	—	(9,120,965)
Appropriation during the year	—	—	—	—	70,600,000	(70,600,000)	—	—	—	—
Cash dividends paid to non-controlling interests (Note 27)	—	—	—	—	—	—	—	—	(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	P129,550,424	(P647,672)	P255,584,173	P94,794,180	P350,378,353

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

	For the nine-month periods ended September 30		For the quarter ended September 30	
	2023	2022	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	<b>₱39,271,704</b>	₱35,330,706	<b>₱14,607,568</b>	₱16,131,560
Adjustments for:				
Interest expense and other financing cost (Notes 16 and 25)	<b>14,937,956</b>	12,661,343	<b>4,579,130</b>	3,765,208
Depreciation and amortization	<b>11,061,300</b>	10,303,714	<b>3,926,125</b>	3,597,364
Net unrealized foreign exchange gains	<b>(368,502)</b>	(4,020,959)	<b>(830,569)</b>	(2,816,035)
Write-off of project cost and other assets (Note 21)	<b>136,129</b>	729,459	<b>127,304</b>	147,042
Loss (gain) on sale/disposal of:				
Property, plant and equipment (Note 21)	<b>(121,156)</b>	109,273	<b>(89,482)</b>	3,073
Fair value through profit or loss (FVTPL) and Fair value through other comprehensive income (FVOCI) investments (Note 21)	<b>(16,503)</b>	(2,589)	<b>1,284</b>	(1,537)
Investment in a subsidiary	<b>—</b>	(11,615)	<b>—</b>	(11,615)
Unrealized mark-to-market losses (gains) on derivatives (Note 21)	<b>(271,149)</b>	117,518	<b>(182,150)</b>	(287,054)
Unrealized mark-to-market losses (gains) on FVTPL investments (Note 21)	<b>(14,432)</b>	194,058	<b>19,111</b>	61,083
Dividend income (Note 21)	<b>(6,819)</b>	(1,739)	<b>(2,090)</b>	(1,096)
Interest income (Notes 5, 6, 8 and 11)	<b>(2,994,024)</b>	(992,660)	<b>(1,002,184)</b>	(339,725)
Share in net earnings of associates and joint ventures (Note 9)	<b>(19,443,379)</b>	(13,690,607)	<b>(6,241,950)</b>	(6,322,099)
Operating income before working capital changes	<b>42,171,125</b>	40,725,902	<b>14,912,097</b>	13,926,169
Decrease (increase) in:				
Trade and other receivables	<b>5,466,472</b>	(11,538,322)	<b>640,196</b>	(1,888,802)
Inventories	<b>4,224,021</b>	(15,279,780)	<b>4,211,977</b>	(5,539,731)
Other current assets	<b>3,727,383</b>	(1,818,569)	<b>3,551,517</b>	(2,129,788)
Increase (decrease) in:				
Trade and other payables	<b>(9,911,641)</b>	2,379,058	<b>(4,443,699)</b>	(1,035,297)
Customers' deposits	<b>397,760</b>	838,517	<b>(58,184)</b>	570,448
Net cash generated from operations	<b>46,075,120</b>	15,306,806	<b>18,813,904</b>	3,902,999
Income and final taxes paid	<b>(3,925,889)</b>	(2,860,774)	<b>(1,627,834)</b>	(853,696)
Net cash flows from operating activities	<b>42,149,231</b>	12,446,032	<b>17,186,070</b>	3,049,303
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash dividends received (Note 9)	<b>2,753,121</b>	3,794,338	<b>333,876</b>	1,288,940
Interest received	<b>3,193,066</b>	855,326	<b>1,205,557</b>	458,857
Proceeds from sale of FVTPL and FVOCI investments	<b>187,325</b>	43,310	<b>48,612</b>	—
Acquisition through business combination, net of cash acquired (Note 27)	<b>(570,098)</b>	—	<b>—</b>	—
Additions to:				
FVTPL and FVOCI investments	<b>(7,540)</b>	(1,098,988)	<b>160,739</b>	(471,046)
Property, plant and equipment and investment properties	<b>(15,028,576)</b>	(7,914,282)	<b>(5,390,569)</b>	(1,212,687)
Investments in and advances to associates (Note 9)	<b>(6,677,767)</b>	(20,698,191)	<b>(632,780)</b>	(461,521)
Increase (decrease) in short-term cash deposits	<b>16,421,896</b>	(36,243,570)	<b>1,790,661</b>	(4,263,937)
Increase in intangible assets - service concession rights	<b>(2,441,985)</b>	(2,749,058)	<b>(937,508)</b>	(854,438)
Decrease (increase) in other noncurrent assets	<b>(9,267,477)</b>	1,746,997	<b>(10,261,897)</b>	1,672,009
Net cash flows used in investing activities	<b>(11,438,035)</b>	(62,264,118)	<b>(13,683,309)</b>	(3,843,823)

forward

	For the nine-month periods ended September 30		For the quarter ended September 30	
	2023	2022	2023	2022
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Net proceeds from (payments of) long-term debts - net of transaction costs (Note 14 and 15)	<b>₱18,934,135</b>	(₱16,732,732)	<b>₱19,385,810</b>	(₱10,289,002)
Net proceeds from (payments of) bank loans (Notes 13)	<b>(1,089,578)</b>	10,036,843	<b>394,457</b>	2,128,841
Acquisition of treasury shares	<b>(497,759)</b>	—	<b>(497,759)</b>	—
Cash dividends paid and other changes to non-controlling interest (Note 27)	<b>(8,003,156)</b>	(6,091,019)	—	304,724
Cash dividends paid to equity holders of the parent (Note 17)	<b>(8,276,431)</b>	(9,120,965)	—	—
Interest paid	<b>(12,882,099)</b>	(11,197,688)	<b>(4,072,549)</b>	(4,297,426)
Payments of:				
Lease liabilities net of accreted interest (Note 16)	<b>(7,439,568)</b>	(6,665,256)	<b>(3,029,374)</b>	(2,442,823)
Interest on lease liabilities (Note 16)	<b>(1,029,932)</b>	(1,707,410)	<b>161,674</b>	10,283
Net cash flows from (used in) financing activities	<b>(20,284,388)</b>	(41,478,227)	<b>12,342,259</b>	(14,585,403)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,426,808</b>	(91,296,313)	<b>15,845,020</b>	(15,379,923)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>1,141,318</b>	6,710,288	<b>1,732,046</b>	4,362,314
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>101,526,260</b>	147,534,035	<b>101,965,749</b>	107,520,686
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)</b>	<b>₱113,094,386</b>	₱62,948,010	<b>₱119,542,815</b>	₱96,503,077

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 32<sup>nd</sup> Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines.

#### 2. Group Information

The unaudited interim condensed 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, 2023 and December 31, 2022:

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			September 30, 2023		December 31, 2022	
			Direct	Indirect	Direct	Indirect
Aboitiz Power Corporation (AP) and Subsidiaries	Power	Philippines	51.99	–	51.99	–
AboitizPower International Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Cleanergy Asia Power Holdings Pte. Ltd	Holding	Singapore	–	100.00	–	100.00
AP Lariang 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
STEAG State Power, Inc. (STEAG, see Note 27)	Power	Philippines	–	69.40	–	34.00
Cebu Private Power Corporation (CPPC)	Power	Philippines	–	60.00	–	60.00
Prism Energy, Inc. (PEI)	Power	Philippines	–	60.00	–	60.00



	Nature of Business	Place of Incorporation	Percentage of Ownership			
			September 30, 2023		December 31, 2022	
			Direct	Indirect	Direct	Indirect
Visayan Electric Co., Inc. (VECO)	Power	Philippines	–	55.26	–	55.26
Cell Power Energy Corporation (formerly Olongapo Energy Corporation)*	Power	Philippines	–	100.00	–	100.00
Aboitiz Renewables Inc. (ARI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
AP Renewables, Inc. (APRI)	Power	Philippines	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power	Philippines	–	100.00	–	100.00
Amihan Frontier Energy, 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.*	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.*	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
Luzon Alternative Energy Sources, Inc.*	Power	Philippines	–	100.00	–	100.00
Luzon Cleanergy Generation, Inc.*	Power	Philippines	–	100.00	–	100.00
Luzon Cleanergy, Inc.*	Power	Philippines	–	100.00	–	100.00
Maaraw Holdings Bais, Inc.*	Power	Philippines	–	100.00	–	100.00
Mindanao Cleanergy, Inc.*	Power	Philippines	–	100.00	–	100.00
North Luzon Green and Sustainable Energy, Inc.*	Power	Philippines	–	100.00	–	100.00
North Luzon Green Power, Inc.*	Power	Philippines	–	100.00	–	100.00
North Luzon Natural Energy, Inc.*	Power	Philippines	–	100.00	–	100.00
Northern Sun Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Northern Sun Radiance, Inc.*	Power	Philippines	–	100.00	–	100.00
South Cleanergy, Inc.*	Power	Philippines	–	100.00	–	100.00
South Luzon Energy Solutions, Inc.*	Power	Philippines	–	100.00	–	100.00
South Luzon Power Development, Inc.*	Power	Philippines	–	100.00	–	100.00
South Luzon Sustainable Energy, Inc.*	Power	Philippines	–	100.00	–	100.00
Sinag Naraw Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Cleanergy 2, Inc.*	Power	Philippines	–	100.00	–	–

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			September 30, 2023		December 31, 2022	
			Direct	Indirect	Direct	Indirect
Cornerstone Energy Development, Inc.*	Power	Philippines	–	60.00	–	–
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 Cebu Energy Inc.*	Power	Philippines	–	100.00	–	–
Therma NatGas Power Inc.*	Power	Philippines	–	100.00	–	–
Therma Pagbilao Power Inc.*	Power	Philippines	–	100.00	–	–
Therma Quezon Energy Inc.*	Power	Philippines	–	100.00	–	–
Therma Visayas, Inc. (TVI)	Power	Philippines	–	80.00	–	80.00
Abovant Holdings, Inc.	Holding	Philippines	–	60.00	–	60.00
Aboitiz FeedAll Holdings, Inc. and Subsidiaries (FeedAll)	Holding	Philippines	100.00	–	100.00	–
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
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	–	100.00	–	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) and Subsidiaries	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

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			September 30, 2023		December 31, 2022	
			Direct	Indirect	Direct	Indirect
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 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
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. (GCSSB)	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 Pakistan (Private Limited)	Holding	Pakistan	–	100.00	–	100.00
Gold Coin Malaysia Group Sdn. Bhd.	Holding	Malaysia	–	100.00	–	100.00
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	–	100.00
Archipelago Insurance Pte Ltd (AIPL)	Insurance	Singapore	100.00	–	100.00	–
AEV Aviation, Inc. (AEV Aviation)	Services	Philippines	73.31	26.69	73.31	26.69
Advanced Data Innovation Inc.	Data Analytics	Philippines	100.00	–	100.00	–
Cebu Praedia Development Corporation (CPDC)	Real estate	Philippines	100.00	–	100.00	–
Weather Solutions, Inc.	Services	Philippines	100.00	–	100.00	–
Aboitiz Infracapital, Inc. (AIC) and Subsidiaries	Holding	Philippines	100.00	–	100.00	–
Lima Land, Inc. (LLI)	Real estate	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

\* No commercial operations as of September 30, 2023.

#### 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.

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### **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, 2022, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On October 25, 2023, 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, 2023. Except for the impact of the amendment to PAS 12, *Deferred Taxes related to Assets and Liabilities arising from a Single Transaction*, there were no other significant changes affecting the unaudited interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments to the Practice Statement provide non-mandatory guidance.

- Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023.

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

The Group applied the requirements of this amendment and recognized deferred income tax assets and liabilities amounting to ₱7.8 billion and ₱8.3 billion, respectively, as of January 1, 2022. Impact to retained earnings and non-controlling interest was a decrease amounting to ₱256.3 million and ₱240.1 million, respectively, as of January 1, 2022.

The adoption did not have any significant impact on the nine-month period ended September 30, 2022 unaudited interim condensed consolidated statement of cash flows.

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#### 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 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.

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#### 5. Cash and Cash Equivalents

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Cash on hand and in banks	<b>₱31,729,803</b>	₱41,041,123
Short-term deposits	<b>81,364,583</b>	60,485,137
	<b>₱113,094,386</b>	<b>₱101,526,260</b>

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. Interest income earned from cash and cash equivalents amounted to ₱2.7 billion and ₱0.6 billion for the nine-month periods ending September 30, 2023 and 2022, respectively.

## 6. Trade and Other Receivables

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables		
Power	₱26,995,663	₱30,196,685
Real estate	12,217,349	11,299,169
Food manufacturing	10,795,797	10,296,324
Holding and others	2,509,892	4,742,730
	52,518,701	56,534,908
Nontrade receivables	7,692,393	8,125,105
Dividends receivable	—	792,000
Advances to contractors	657,978	285,715
Others	507,250	702,915
	61,376,322	66,440,643
Less allowance for expected credit losses	5,194,108	4,791,957
	56,182,214	61,648,686
Less noncurrent portion	328,331	329,538
	₱55,853,883	₱61,319,148

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

Advances to contractors refer to noninterest-bearing advance payments made for acquisition of inventories and services which are offset against progress billings to be made by the suppliers.

Non-trade receivables relates mostly to claims from insurance against the property damage, TLI's accrual of income from coal commodity hedge and advances to partner in GMEC.

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 ₱11.9 billion and ₱315.6 million, respectively, as of September 30, 2023, and ₱11.0 billion and ₱329.1 million, respectively, as of December 31, 2022.

Trade receivables of real estate group include contract assets amounting to ₱5.1 billion and ₱5.3 billion as of September 30, 2023 and December 31, 2022, respectively.

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## 7. Inventories

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At cost:		
Real estate inventories	₱10,601,240	₱8,726,858
Materials, parts and supplies	9,674,485	8,601,104
Raw materials	1,356,114	2,146,021
Fuel and lubricants	4,595,175	8,092,930
Land and improvements	3,817,119	4,662,718
Finished goods	3,257,747	2,928,323
Work in Progress	68,594	36,198
At NRV:		
Wheat grains and other raw materials	8,567,047	9,569,405
Materials, parts and supplies	—	1,397,985
	₱41,937,521	₱46,161,542

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## 8. Other Current Assets

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Prepaid expenses	₱5,138,358	₱5,563,710
Short term cash deposits	4,493,774	20,915,669
Restricted cash	4,178,333	6,023,425
Insurance assets	2,754,312	4,911,073
Input value added tax (VAT) - net	2,380,677	3,407,192
Advances to suppliers	1,854,671	1,536,681
Biological assets	1,049,648	1,062,040
Advances to National Grid Corporation of the Philippines (NGCP)	551,506	551,506
Deposits for land acquisition	9,176	9,176
Others	1,993,819	2,302,298
	₱24,404,274	₱46,282,770

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. Interest income earned from short-term cash deposits amounted to ₱153.8 million and ₱259.0 million for the nine-month periods ending September 30, 2023 and 2022, respectively.

Restricted cash represents proceeds from sale of power under the control of trustees of TVI and TSI's 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.



Prepaid expenses mainly include prepaid taxes and prepayments for insurance.

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.

## 9. Investments and Advances

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

	Nature of Business	Percentage of ownership	
		September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Manila-Oslo Renewable Enterprise, Inc. (MORE) <sup>1</sup>	Holding	83.33	83.33
GN Power Dinginin Ltd. Co. (GNPD) <sup>1</sup>	Power generation	70.00	70.00
AEV CRH Holdings, Inc. (AEV CRH)	Holding	60.00	60.00
AA Thermal <sup>1 &amp; 2</sup>	Holding	60.00	60.00
Cebu District Property Enterprise, Inc. (CDPEI) <sup>1 *</sup>	Real estate	50.00	50.00
Unity Digital Infrastructure Inc. <sup>1</sup>	Services	50.00	50.00
Union Bank of the Philippines (UBP) <sup>4</sup>	Banking	49.94	49.92
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 (see Note 25)	Power generation	—	34.00
GMR Megawide Cebu Airport Corporation (GMCAC)	Airport operations	33.33	33.33
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	20.00
Balibago Water Systems, Inc. (BWSI) <sup>3</sup>	Water infrastructure	15.94	15.94
Singlife Philippines Inc. <sup>3</sup>	Insurance	15.00	15.00

<sup>1</sup>Joint ventures.

<sup>2</sup>Economic interest.

<sup>3</sup>Significant influence by virtue of the board seat held by the Group

<sup>4</sup>In 2023, the Company exercised its option to avail from UBPs stock rights offering amounting to ₱6.0 billion

\*No commercial operations as of September 30, 2023.

\*\*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, 2023 (Unaudited)	December 31, 2022 (Audited)
UBP	₱90,660,076	₱77,700,780
GNPD/ATI	73,523,861	60,096,334
AEV CRH	24,601,644	24,601,644
MORE	10,265,087	9,292,756
GMCAC	9,823,586	9,494,813
CEDC	3,752,611	3,075,932
UDII	2,328,409	1,865,697
CDPEI	1,686,364	1,708,053
SFELAPCO/PEVI	1,222,433	1,110,270
CRH ABOITIZ	1,104,870	1,697,195
BWSI	676,031	651,155
WMPC	151,464	174,927
RP Energy	90,531	93,418
SPPC	35,826	42,341
STEAG (Note 27)	—	3,592,972
Others	669,523	648,466
	<b>₱220,592,316</b>	<b>₱195,846,753</b>

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Acquisition cost:		
Balance at beginning of period	₱135,195,009	₱104,462,005
Additions during the period	6,677,949	30,733,004
Newly consolidated subsidiary (see Note 27)	(4,400,611)	—
Balance at end of period	<b>137,472,347</b>	<b>135,195,009</b>
Accumulated share in net earnings:		
Balances at beginning of period	67,104,216	51,656,634
Share in net earnings for the period	19,443,379	20,781,865
Newly consolidated subsidiary (see Note 27)	464,154	—
Cash dividends received and receivable	(2,746,302)	(5,334,283)
Balance at end of period	<b>84,265,447</b>	<b>67,104,216</b>
Gain on dilution	<b>1,014,136</b>	<b>1,014,136</b>
Share in net unrealized mark-to-market losses on FVOCI investments of associates	<b>(1,698,171)</b>	<b>(6,908,680)</b>
Share in cumulative translation adjustments of associates and joint ventures	<b>1,081,723</b>	<b>1,020,800</b>
Share in actuarial losses on retirement benefit plan of associates and joint ventures	<b>(862,435)</b>	<b>(897,997)</b>
	<b>221,273,047</b>	<b>196,527,484</b>
Less allowance for impairment losses	<b>680,731</b>	<b>680,731</b>
	<b>220,592,316</b>	<b>195,846,753</b>
Advances to associates	<b>8,811</b>	<b>8,992</b>
	<b>₱220,601,127</b>	<b>₱195,855,745</b>

## 10. Intangibles

Set out below is the carrying amount of the Group's intangible assets as of September 30, 2023 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	P59,990,429	P18,281,255	P3,078,431	P1,532,444	P99,746	P1,175,522	P84,157,827
Additions during the period	—	2,441,985	—	868,198	—	360,234	3,670,417
Impairment	—	—	—	(174,501)	—	—	(174,501)
Exchange differences	218,438	11,598	—	10	—	(8,809)	221,237
Balances at end of period	60,208,867	20,734,838	3,078,431	2,226,151	99,746	1,526,947	87,874,980
Accumulated amortization:							
Balances at beginning of period	—	4,135,101	737,541	—	96,771	813,162	5,782,575
Amortization	—	289,827	57,721	—	2,975	124,245	474,768
Balances at end of period	—	4,424,928	795,262	—	99,746	937,407	6,257,343
Net book values	P60,208,867	P16,309,910	P2,283,169	P2,226,151	P—	P589,540	P81,617,637

## 11. Other Noncurrent Assets

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Exchangeable notes	P15,526,400	P15,526,400
Input VAT and tax credit receivable	6,204,689	3,850,974
Prepaid taxes	4,600,107	3,643,246
Financial assets at FVOCI	4,493,496	4,626,724
Advances to contractors and projects	1,816,490	2,100,394
Prepaid rent and other deposits	1,046,592	963,963
Financial assets at FVTPL	958,770	899,186
Receivable from NGCP - net of current portion	565,619	560,894
Biological assets	189,518	158,792
Debt investments at amortized cost	33,504	42,861
Others	9,823,199	1,347,190
	P45,258,384	P33,720,624

Prepaid taxes are composed of creditable withholding taxes.

Exchangeable notes represents AIC's Exchangeable Note Agreement with MCC and GAIBV where MCC and GAIBV have issued unsecured and non-interest bearing notes amounting to P7.8 billion each for the funds advanced by AIC to the two entities.

Interest income earned from investments on financial assets amounted to P152.5 million and P105.6 million for the nine-month periods ending September 30, 2023 and 2022, respectively.

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**12. Trade and Other Payables**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables	<b>₱29,282,616</b>	₱41,525,655
Nontrade and other payables	<b>4,790,200</b>	5,229,867
Accrued expenses		
Interest	<b>3,685,858</b>	3,229,914
Taxes and fees	<b>1,370,357</b>	1,577,843
Others	<b>3,139,198</b>	2,443,410
Output VAT	<b>5,893,965</b>	4,175,422
Amounts due to contractors and other third parties	<b>2,941,921</b>	2,136,570
PSALM deferred adjustment	—	54,503
Unearned revenue	<b>5,377</b>	81,312
	<b>51,109,492</b>	60,454,496
Less noncurrent portion	<b>1,158,309</b>	1,107,359
	<b>₱49,951,183</b>	<b>₱59,347,137</b>

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

Trade payables include contract liabilities amounting to ₱2.7 billion and ₱3.5 billion as of September 30, 2023 and December 31, 2022, 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, 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.

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**13. Bank Loans**

	<b>September 30, 2023</b>	<b>December 31, 2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Philippine peso loans	<b>₱30,258,001</b>	₱26,544,000
US dollar loans	<b>8,626,847</b>	12,429,370
Chinese yuan loans	<b>1,891,278</b>	1,950,874
Malaysian Ringgit loans	<b>2,036,202</b>	2,240,194
Indonesia rupia loans	<b>870,133</b>	747,169
Vietnamese dong loans	<b>533,846</b>	1,303,316
Other foreign currency-denominated loans	<b>61,702</b>	152,663
	<b>₱44,278,009</b>	<b>₱45,367,586</b>

The bank loans are unsecured short-term notes payable obtained from local and foreign banks with annual interest rates ranging from 1.80% to 8.10% and 3.13% to 8.20% in 2023 and 2022, respectively. These loans will mature on various dates within 12 months.

## 14. Long-term Debts

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Company:				
Financial and nonfinancial institutions - unsecured	2.84% - 7.53%	P74,971,350	2.84% - 7.53%	P57,571,350
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.7% - 4.85%	30,377,459	LIBOR + 1.7% - 4.85%	32,630,155
Therma Marine				
Financial institutions - secured	4.54% - 7.68%	2,437,500	4.54% - 7.68%	2,600,000
Hedcor Sabangan				
Financial institutions - secured	4.92%	1,049,204	4.92%	1,103,234
TVI				
Financial institutions - secured	5.56% - 9.00%	22,439,132	5.56% - 9.00%	24,479,053
AP				
Financial and nonfinancial institutions - Philippine peso - unsecured	3.82% - 8.51%	54,150,000	3.82% - 8.51%	54,150,000
TSI				
Financial institutions - secured	4.27%	16,884,883	4.27%	18,117,893
APRI				
Financial institutions - secured	4.91% - 6.67%	10,728,000	4.91% - 6.67%	11,152,000
Hedcor Bukidnon				
Financial institutions - secured	4.29% - 5.59%	7,498,401	4.29% - 5.59%	8,114,434
HSI				
Fixed rate corporate notes - unsecured	5.14% - 5.42%	3,004,398	5.03% - 5.42%	3,004,398
PFC				
Financial institutions - unsecured	4.50% - 5.16%	2,848,000	4.50% - 5.16%	2,855,500
PANC				
Financial institutions - unsecured	4.50% - 6.432%	3,390,000	4.50% - 6.432%	3,430,000
VECO				
Financial institution - unsecured	4.92%	191,000	4.73% - 4.92%	190,881
DLP				
Financial institution - unsecured	4.92%	143,250	4.73% - 4.92%	143,250
HI				
Financial institution - secured	7.41% - 7.87%	1,240,000	7.41% - 7.87%	1,370,000
Hedcor Tudaya				
Financial institution - secured	4.92%	664,267	4.92%	693,511
CLP				
Financial institution - unsecured	4.92%	28,650	4.92%	28,650
TPVI				
Financial institution - secured	3.32% - 5.06%	1,499,250	3.32% - 5.06%	1,500,000
AESI				
Financial institution - secured	4.87%	582,000	4.87%	588,000
PVSINAG				
Financial institution - secured	7.06% - 8.02%	8,850,000	8.02%	3,600,000
ARI				
Financial institution - unsecured	6.91%	12,000,000	6.91%	12,000,000
TLI				
Financial institution - unsecured	7.39%	15,000,000	7.39%	15,000,000
STEAG				
Financial institution - unsecured	LIBOR + 1.50% - 5.00%	2,456,486	—	—

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Apo Agua				
Financial institutions - secured	5.75% - 8.26%	8,939,595	5.75% - 8.26%	9,000,000
LWC				
Financial institution - secured	5.47%	239,063	5.47%	250,000
LLI				
Financial institution - unsecured	5.76% - 6.59%	5,100,000	5.47% - 6.59%	5,100,000
AEV International				
US Dollar bonds				
Foreign currency - unsecured	4.20%	22,630,000	4.20%	22,302,000
GCMH				
Financial institution - unsecured	LIBOR + 1.44% - 4.73%	2,495,128	LIBOR + 1.44%	2,230,200
PTAYAM				
Financial institution - unsecured	JIBOR + 3.48%	127,950	JIBOR + 3.48%	124,626
GCFHN				
Financial institution - unsecured	—	—	2.50%	27,624
Gold Coin Feedmill (Dong Nai) Co. Ltd.				
Financial institution - unsecured	5.4% - 6.2%	153,191	—	—
ABOITIZLAND				
Financial institution - secured	3.97% - 4.41%	1,800,000	3.97% - 4.41%	1,900,000
FSI				
Financial institution - unsecured	6.22% - 6.23%	143,674	6.22% - 6.23%	143,531
TCP				
Financial institution - unsecured	5.50% - 7.50%	153,850	5.50% - 7.50%	176,350
Joint Operation - PEC				
Financial institution - secured	5.77% - 6.27%	8,698,781	5.77% - 6.27%	9,951,718
Total		322,914,462		305,528,358
Deferred financing costs		(2,149,225)		(1,989,340)
		320,765,237		303,539,018
Less current portion		21,496,062		17,926,663
Noncurrent portion		P299,269,175		P285,612,355

In March 2023, PV Sinag availed a new loan for a total of ₱5.2 billion.

In September 2023, the company issued a total of ₱17.4 billion bonds, broken down into ₱5.8 billion 2-year bonds due 2025 at a fixed rate equivalent to 6.34%, ₱5.8 billion 5-year bonds due 2028 at a fixed rate equivalent to 6.48% and ₱5.8 billion 10-year bonds due 2033 at a fixed rate equivalent to 6.80%.

#### 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, 2023 and December 31, 2022.

## 15. Debt Securities

As of September 30, 2023, AEV and AP registered and issued peso-denominated fixed-rate retail bonds totaling ₱108.4 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
3.5-year bonds to mature on June 7, 2026	AEV	6.87%	9,100,000
7-year bonds to mature on December 7, 2029	AEV	7.53%	10,900,000
2-year bonds to mature on September 21, 2025	AEV	6.34%	5,816,470
5-year bonds to mature on September 21, 2028	AEV	6.48%	5,825,620
10-year bonds to mature on September 21, 2033	AEV	6.80%	5,807,910
10-year bonds to mature on July 3, 2027	AP	5.34%	3,000,000
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
			<b>₱108,371,350</b>

## 16. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities as of September 30, 2023 and the movements for the nine-month period then ended:

	Right-of-use assets				Total	Lease Liabilities
	Land	Building	Power Plant	Manufacturing Plant, Equipment and Others		
At beginning of the period	₱4,151,107	₱203,910	₱30,296,186	₱205,524	₱34,856,727	₱27,860,923
Additions	—	412,007	—	3,247	415,254	385,454
Amortization expense	(123,643)	(154,449)	(831,654)	(34,558)	(1,144,304)	—
Capitalized amortization	(3,425)	—	—	—	(3,425)	—
Interest expense	—	—	—	—	—	1,029,932
Payments	—	—	—	—	—	(8,469,500)
Others	3,825	5,222	(2)	78,928	87,973	772,815
At end of the period	₱4,027,864	₱466,690	₱29,464,530	₱253,141	₱34,212,225	₱21,580,904

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

	Jan - Sep 2023	Jan - Sep 2022
Amortization expense of right-of-use assets	₱1,144,304	₱1,116,699
Interest expense on lease liabilities	1,029,932	1,707,410
Rent expense - short-term leases	184,428	179,911
Rent expense - low-value assets	5,878	7,459
	<b>₱2,364,542</b>	<b>₱3,011,479</b>

## 17. Retained Earnings

On March 3, 2023, the BOD approved the following:

- Declaration of a regular cash dividend of ₱1.47 per share (₱8.3 billion) to all stockholders of record as of March 17, 2023. These dividends were taken out of the unrestricted retained earnings as of December 31, 2022, and were paid on March 30, 2023.
- Appropriation of ₱20.0 billion of the Company's retained earnings as of December 31, 2022 for debt payment of AEV and the reversal of appropriation of ₱11.0 billion for the prepayment of US dollar loans.

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱147.9 billion and ₱138.9 billion as of September 30, 2023 and December 31, 2022, 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.

## 18. Other Comprehensive Income

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Cumulative Translation Adjustments</b>		
Balance at beginning of period	₱1,809,142	₱2,862,189
Movements	58,998	(1,053,047)
Balance at end of period	<b>1,868,140</b>	1,809,142
<b>Cash Flow Hedge Reserve</b>		
Balance at beginning of period	1,376,129	399,055
Movements	(1,497,771)	977,074
Balance at end of period	<b>(121,642)</b>	1,376,129
<b>Actuarial Losses on Defined Benefit Plans</b>		
Balances at beginning of period	(601,318)	(867,916)
Movements	9,305	266,598
Balance at end of period	<b>(592,013)</b>	(601,318)



	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
<b>Net Unrealized Gains on Financial Assets at FVOCI</b>		
At beginning of period	(31,381)	(118)
Movements	65,849	(31,263)
Balance at end of period	34,468	(31,381)
<b>Share in Cumulative Translation Adjustments of Associates and Joint Ventures</b>		
Balance at beginning of period	237,512	(849,471)
Movements	(2,173,970)	1,086,983
Balance at end of period	(1,936,458)	237,512
<b>Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures</b>		
Balance at beginning of period	(901,547)	(1,122,519)
Movements	28,268	220,972
Balance at end of period	(873,279)	(901,547)
<b>Share in Fair Value Changes on Financial Assets at FVOCI of Associates and Joint Ventures</b>		
At beginning of period	(6,956,134)	(656,595)
Movements	5,210,509	(6,299,539)
Balance at end of period	(1,745,625)	(6,956,134)
<b>Revaluation Surplus</b>	<b>642,672</b>	<b>642,672</b>
	<b>(P2,723,737)</b>	<b>(P4,424,925)</b>

## 19. Revenues

	Jan - Sep 2023	Jan - Sep 2022
Sale of:		
Power	P154,267,633	P135,803,107
Goods	70,157,862	74,348,777
Real estate	6,378,295	5,317,510
Service fees	1,184,949	1,011,875
Others	562,938	175,672
	<b>P232,551,677</b>	<b>P216,656,941</b>

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## 20. Costs and Expenses

	Jan - Sep 2023	Jan - Sep 2022
Cost of goods sold	<b>₱62,531,898</b>	₱65,655,127
Cost of purchased power	<b>51,845,052</b>	45,110,182
Cost of generated power	<b>50,507,812</b>	42,061,270
Cost of real estate sales	<b>3,099,265</b>	2,675,198
Operating expenses	<b>35,936,095</b>	30,219,003
	<b>₱203,920,122</b>	₱185,720,780

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## 21. Other Income (Expense)

	Jan - Sep 2023	Jan - Sep 2022
Net foreign exchange gain (loss)	<b>(₱64,706)</b>	₱4,426,750
Surcharges	<b>487,258</b>	449,763
Unrealized valuation gains (losses) on financial instruments	<b>285,581</b>	(311,576)
Rental income	<b>225,960</b>	242,941
Non-utility operating income	<b>77,758</b>	111,182
Gain (loss) on disposal of:		
Property, plant and equipment	<b>121,156</b>	(109,273)
Financial assets at FVTPL & FVOCI	<b>16,503</b>	2,589
Stock investments	<b>—</b>	11,615
Dividend income	<b>6,819</b>	1,739
Write off of project costs and other assets	<b>(136,129)</b>	(729,459)
Others - net	<b>2,120,502</b>	(1,723,650)
	<b>₱3,140,702</b>	₱2,372,621

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

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## 22. Income Taxes

	Jan - Sep 2023	Jan - Sep 2022 (As Restated - Note3)
Current		
Corporate income tax	<b>₱5,326,895</b>	₱3,064,762
Final tax	<b>346,789</b>	128,265
	<b>5,673,684</b>	3,193,027
Deferred	<b>25,092</b>	85,342
	<b>₱5,698,776</b>	₱3,278,369

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## 23. Earnings per Common Share

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

	Jan - Sep 2023	Jan - Sep 2022
a. Net income attributable to equity holders of the parent	<b>₱18,033,656</b>	₱21,364,905
b. Weighted average number of common shares issued and outstanding	<b>5,626,746</b>	5,630,225
Basic and diluted earnings per common share (a/b)	<b>₱3.20</b>	₱3.79

There are no dilutive potential common shares for the nine-month periods ended September 30, 2023 and 2022.

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## 24. 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.

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.

[illegible]

January - September 2022 (as restated - see Note 3)

	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated
<b>REVENUES</b>								
Third parties	P135,857,121	P—	P74,348,777	P4,800,164	P879,052	P771,827	P—	P216,656,941
Inter-segment	35,433	—	5,597,687	49,169	21,737	726,649	(6,430,675)	—
<b>Total revenue</b>	<b>P135,892,554</b>	<b>P—</b>	<b>P79,946,464</b>	<b>P4,849,333</b>	<b>P900,789</b>	<b>P1,498,476</b>	<b>(P6,430,675)</b>	<b>P216,656,941</b>
<b>RESULTS</b>								
Segment results	P26,071,036	P—	P3,215,245	P1,488,539	P150,853	(P235,289)	P245,777	P30,936,161
Other income (expenses) - net	(2,243,770)	—	(1,283,938)	82,871	385,829	5,431,629	—	2,372,621
<b>INCOME FROM OPERATIONS</b>								<b>33,308,782</b>
Interest expense	(9,821,790)	—	(604,641)	(61,401)	(81,280)	(2,110,328)	18,097	(12,661,343)
Interest income	348,740	—	45,727	7,883	53,237	555,170	(18,097)	992,660
Share in net earnings (losses) of associates and joint ventures	8,932,099	5,124,078	9,075	(10,612)	(363,221)	11,400,321	(11,401,133)	13,690,607
Benefit from (provision for) income tax	(2,729,585)	—	(396,946)	(75,963)	(24,064)	(51,811)	—	(3,278,369)
<b>NET INCOME (LOSS)</b>	<b>P20,556,730</b>	<b>P5,124,078</b>	<b>P984,522</b>	<b>P1,431,317</b>	<b>P121,354</b>	<b>P14,989,692</b>	<b>(P11,155,356)</b>	<b>P32,052,337</b>
Depreciation and amortization	P8,832,987	P—	P1,206,480	P40,694	P94,715	P128,838	P—	P10,303,714
<b>OTHER INFORMATION (as of December 31, 2022)</b>								
Segment assets	P132,976,387	P—	P41,908,310	P31,838,909	P4,035,552	P53,213,873	(P6,014,093)	P257,958,938
Investments and advances	77,928,459	77,700,780	92,402	1,708,053	38,310,505	160,508,904	(160,393,358)	195,855,745
Unallocated corporate assets	266,484,892	—	33,402,056	11,981,344	31,017,785	11,793,641	(716,322)	353,963,396
<b>Consolidated total assets</b>								<b>P807,778,079</b>
Segment liabilities	P295,735,859	P—	P45,205,929	P16,862,576	P10,302,664	P90,204,998	(P6,314,093)	P451,997,933
Unallocated corporate liabilities	3,496,822	—	343,872	990,027	110,460	656,876		5,598,057
<b>Consolidated total liabilities</b>								<b>P457,595,990</b>

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

	Revenue		Property, Plant and Equipment		Intangible Assets	
	September 2023	September 2022	September 2023	December 2022	September 2023	December 2022
<b>Philippines</b>	<b>P191,030,323</b>	P172,236,658	<b>P190,060,710</b>	P184,529,621	<b>P21,367,487</b>	P18,337,986
<b>Rest of Asia</b>	<b>58,140,111</b>	68,045,204	<b>5,667,286</b>	5,325,372	<b>41,283</b>	46,837
	<b>P249,170,434</b>	P240,281,862	<b>P195,727,996</b>	P189,854,993	<b>P21,408,770</b>	P18,384,823

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

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## 25. 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, 2023, 7.70% of the Group's long-term debt had annual floating interest rates ranging from 3.32% to 8.26%, and 92.30% are with fixed rates ranging from 2.84% to 8.51%. As of December 31, 2022, 9.12% of the Group's long-term debt had annual floating interest rates ranging from 3.32% to 8.26%, and 90.88% are with fixed rates ranging from 2.50% to 8.51%.

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, 2023**

	Less than 1 year	1-5 years	More than 5 years	Total
<b>Long-term debts</b>				
<b>Floating rate</b>	<b>₱1,426,541</b>	<b>₱8,571,061</b>	<b>₱14,706,292</b>	<b>₱24,703,894</b>

**December 31, 2022**

	Less than 1 year	1-5 years	More than 5 years	Total
<b>Long-term debts</b>				
<b>Floating rate</b>	<b>₱1,442,973</b>	<b>₱8,036,055</b>	<b>₱18,216,250</b>	<b>₱27,695,278</b>

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:

	<b>Jan - Sep 2023</b>	<b>Jan - Sep 2022</b>
Long-term debts	<b>₱11,850,824</b>	₱9,702,645
Lease liabilities (see Note 16)	<b>1,029,932</b>	1,707,410
Bank loans	<b>1,643,483</b>	895,300
Other long-term obligations	<b>412,584</b>	294,544
Customers' deposits	<b>1,133</b>	—
Loss on loan extinguishment (see Note 14)	—	61,444
	<b>₱14,937,956</b>	<b>₱12,661,343</b>

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, 2023 and 2022:

	Increase (decrease) in basis points	Effect on income before tax
<b>September 30, 2023</b>	<b>200</b>	<b>(₱369,543)</b>
	<b>(100)</b>	<b>184,772</b>
<b>September 30, 2022</b>	<b>200</b>	<b>(₱443,791)</b>
	<b>(100)</b>	<b>₱221,895</b>

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 2023 and 2022, 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, 2023 and December 31, 2022, foreign currency denominated borrowings account for 20.64% and 24.00%, respectively, of total consolidated borrowings.

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

	September 30, 2023		December 31, 2022	
	US dollar	Philippine peso Equivalent <sup>1</sup>	US dollar	Philippine peso Equivalent <sup>2</sup>
Financial assets				
Cash and cash equivalents	\$742,014	₱41,979,431	\$544,778	₱30,374,097
Short-term deposits	76,966	4,354,352	380,161	21,195,877
Trade and other receivables	128,980	7,297,071	175,017	9,758,073
Investments in FVTPL and FVOCI	95,530	5,404,583	98,256	5,478,263
Total financial assets	1,043,490	59,035,437	1,198,212	66,806,310
Financial liabilities				
Bank loans	53,682	3,037,059	137,452	7,663,636
Trade and other payables	184,517	10,439,062	257,192	14,339,740
Long-term debts	440,000	24,893,000	440,000	24,532,200
Lease liabilities	175,502	9,929,026	241,244	13,450,559
Total financial liabilities	853,701	48,298,147	1,075,888	59,986,135
Net foreign currency denominated assets	\$189,789	₱10,737,290	\$122,324	₱6,820,175

<sup>1</sup>\$1= ₱56.58

<sup>2</sup>\$1= ₱55.76



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
<b>September 30, 2023</b>	<b>US dollar strengthens by 5%</b>	<b>₱536,864</b>
	<b>US dollar weakens by 5%</b>	<b>(536,864)</b>
<b>December 31, 2022</b>	<b>US dollar strengthens by 5%</b>	<b>₱341,009</b>
	<b>US dollar weakens by 5%</b>	<b>(341,009)</b>

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, 2023 and December 31, 2022, 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, 2023 and December 31, 2022 is summarized in the following table:

	September 30, 2023	December 31, 2022
Power distribution:		
Industrial	<b>₱8,772,975</b>	₱10,089,301
Residential	<b>2,436,297</b>	3,394,574
Commercial	<b>1,329,191</b>	1,059,520
City street lighting	—	27,372
Power generation:		
Power supply contracts	<b>11,761,764</b>	13,033,267
Spot market	<b>2,695,436</b>	2,745,316
	<b>₱26,995,663</b>	<b>₱30,349,350</b>

#### 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, 2023 and December 31, 2022, the portion of the total long-term debt, inclusive of customers' deposits, that will mature in less than one year is 9.04% and 8.05%, 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 ₱113.1 billion, ₱4.5 billion and ₱55.9 billion as of September 30, 2023, respectively and ₱101.5 billion, ₱20.9 billion and ₱61.3 billion as of December 31, 2022, 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, 2023

	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*	₱44,767,197	₱44,767,197	₱250,760	₱43,358,128	₱1,158,309	₱—
Customers' deposits	8,712,645	8,712,645	—	—	712,983	7,999,662
<i>Financing</i>						
Bank loans	44,278,009	44,278,009	—	44,278,009	—	—
Long-term debts	320,765,237	322,914,462	—	21,595,417	154,886,485	146,432,560
Lease liabilities	21,580,904	29,293,592	—	11,489,523	12,349,809	5,454,260
Long-term obligation on PDS	158,395	200,000	—	40,000	160,000	—
<i>Others</i>						
Derivative liabilities	502,413	502,413	—	502,413	—	—
	₱440,764,800	₱450,668,318	₱250,760	₱121,263,490	₱169,267,586	₱159,886,482

\*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, 2023 and December 31, 2022.

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, 2023 and December 31, 2022 are as follows:

	September 30, 2023	December 31, 2022
Bank loans	<b>₱44,278,009</b>	₱45,367,586
Long-term obligations	<b>342,346,141</b>	331,399,941
Cash funds	<b>(121,766,493)</b>	(128,465,354)
Net debt (a)	<b>264,857,657</b>	248,302,173
Equity	<b>369,033,393</b>	350,182,089
Equity and net debt (b)	<b>₱633,891,050</b>	₱598,484,262
Gearing ratio (a/b)	<b>41.78%</b>	41.49%

## 26. 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, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial asset:				
PSALM deferred adjustment	P—	P—	P54,503	P54,224
Financial liabilities:				
Lease liabilities	P21,580,904	P20,475,304	P27,860,923	P25,939,517
Long-term debt - fixed rate	296,061,343	278,760,977	275,843,740	237,738,956
PSALM deferred adjustment	—	—	54,503	54,224
Long-term obligation on PDS	158,395	143,225	145,390	143,225
	P317,800,642	P299,379,506	P303,904,556	P263,875,922

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.

#### *Exchangeable Note*

The fair value of Exchangeable Note, including the embedded derivative, was determined using a binomial model, using the current stock price of GMCAC, the expected volatility of GMCAC's stock price, the risk-free interest rate, and the credit spread.

#### *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, 2023	December 31, 2022
At beginning of period	<b>₱2,403,461</b>	₱104,909
Net changes in fair value of derivatives designated as cash flow hedges	<b>(2,880,839)</b>	1,729,380
Net changes in fair value of derivatives not designated as accounting hedges	<b>408,524</b>	(52,377)
Fair value of settled instruments	<b>410</b>	621,549
At end of period	<b>(₱68,444)</b>	<b>₱2,403,461</b>

#### 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, 2023, 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	₱958,770	₱958,770	₱—	₱—
At FVOCI	4,493,496	4,493,496	—	—
Exchangeable notes	15,526,400	15,526,400	—	—
Derivative asset	433,969	—	433,969	—
Derivative liability	502,413	—	502,413	—
Disclosed at fair value:				
Lease liabilities	20,475,304	—	—	20,475,304
Long-term debt - fixed rate	278,760,977	—	—	278,760,977
Long-term obligation on PDS	143,225	—	—	143,225

During the nine-month period ended September 30, 2023, there were no transfers between Level 1 and Level 2 fair value measurements and transfers into and out of Level 3 fair value measurement.

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## 27. 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. Dividends to Non-Controlling Interests

The Company's material partly-owned subsidiary, AP and its subsidiaries, paid cash dividends amounting to ₱8.0 billion and ₱6.1 billion to non-controlling interests during the nine-month periods ended September 30, 2023 and 2022, respectively.

### c. Material Events and Changes

#### 1. 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. On June 6, 2023, AP was able to meet all conditions relevant to the sale, accordingly, as of that date, AP owns 69.4% of STEAG State Power Inc. As of October 25, 2023, the Group is still in the process of compiling all of the necessary information needed in finalizing its initial purchase price allocation, as such, certain disclosures are not yet available.

Other than 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.

### d. 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.

e. 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, 2023	December 31, 2022
<b>LIQUIDITY RATIOS</b>			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>1.8</b>	1.9
Acid test ratio	$\frac{\text{Cash and cash equivalents} + \text{Trade and other receivable} + \text{Other liquid funds}}{\text{Current liabilities}}$	<b>1.4</b>	1.4
<b>SOLVENCY RATIOS</b>			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	<b>1.2</b>	1.3
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>2.2</b>	2.3
Net debt to equity ratio <sup>A</sup>	$\frac{\text{Debt - Cash funds}}{\text{Total equity}}$	<b>0.7</b>	0.7
Gearing ratio <sup>A</sup>	$\frac{\text{Debt - Cash funds}}{\text{Total equity} + (\text{Debt - Cash funds})}$	<b>41.8%</b>	41.5%
Interest coverage ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	<b>4.3</b>	3.6
<b>PROFITABILITY RATIOS</b>			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	<b>12.3%</b>	11.4%
Return on equity *	$\frac{\text{Net income after tax}}{\text{Total equity}}$	<b>Not Applicable</b>	10.4%

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).

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**SCHEDULE B - USE OF PROCEEDS****(Amounts in Thousands)****1.) ₱10.0 billion bonds issued in 2022**

	Projected Usage (Per Prospectus)	Actual Usage
Partially finance Aboitiz InfraCapital's acquisition of GMCAC	₱18,756,283	₱19,759,321
Refinancing of the maturing AEV Series C 2.8403% Bonds due 2023	1,000,000	—
Bond issuance costs	243,717	240,679
<b>TOTAL</b>	<b>₱20,000,000</b>	<b>₱20,000,000</b>

**2.) ₱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	647,997
Bond issuance costs	139,341	134,973
<b>TOTAL</b>	<b>₱10,000,000</b>	<b>₱10,000,000</b>

**3.) ₱7.6 billion bonds issued in 2020**

	Projected Usage (Per Prospectus)	Actual Usage <sup>1</sup>
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
<b>TOTAL</b>	<b>₱10,000,000</b>	<b>₱7,550,000</b>

<sup>1</sup>The full allotment for the oversubscription was not availed.**4.) ₱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
<b>TOTAL</b>	<b>₱5,000,000</b>	<b>₱5,000,000</b>

## ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

### 1. AGING OF RECEIVABLES

AS OF : SEPTEMBER 30, 2023

(amounts in thousand pesos)

	30 Days	60 Days	90 Days	Over 90 Days	Total
<b>Trade Receivables</b>					
Power	14,282,683	4,172,539	1,316,492	7,223,949	26,995,663
Food Manufacturing	7,766,361	649,902	333,842	2,045,692	10,795,797
Real Estate	6,566,794	214,913	136,010	5,299,632	12,217,349
Holding and Others	2,011,601	178,620	199,762	119,909	2,509,892
	<b>30,627,439</b>	<b>5,215,974</b>	<b>1,986,106</b>	<b>14,689,182</b>	<b>52,518,701</b>
<b>Others</b>	<b>7,467,627</b>	<b>14,427</b>	<b>295,844</b>	<b>1,079,723</b>	<b>8,857,621</b>
	<b>38,095,066</b>	<b>5,230,401</b>	<b>2,281,950</b>	<b>15,768,905</b>	<b>61,376,322</b>
<b>Less Allowance for Expected Credit Losses</b>					<b>5,194,108</b>
					<b>56,182,214</b>

### 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