



May 15, 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**
Officer-in-Charge, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

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

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

Gentlemen:

Please see enclosed SEC Form 17-Q (1st Quarterly Report for 2023) of Aboitiz Equity Ventures Inc.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES INC.

By:

MANUEL ALBERTO R. COLAYCO
Corporate Secretary

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 886-2338

Company Telephone Number

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Month Day

Fiscal Year

1st Quarterly Report 2023

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FORM TYPE

4th Monday of April

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Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

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Total No. of Stockholders

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Foreign

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 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

32nd 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 ₱1 Par Value

5,630,225,457

Amount of Debt Outstanding (March 31, 2023)

372,946,436,000

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

Yes [☒] No [☐]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

Common

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to the financial statements and schedule attached herewith

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

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

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

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

TOP FIVE KEY PERFORMANCE INDICATORS

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

1. EQUITY IN NET EARNINGS OF INVESTEEES

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

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

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

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

3. CASH FLOW GENERATED

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

4. CURRENT RATIO

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

5. NET DEBT-TO-EQUITY RATIO

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

KEY PERFORMANCE INDICATORS (KPI)

(Amounts in thousands except financial ratio data)

| | JAN-MAR 2023 | JAN-MAR 2022 |
|--|-----------------------|--------------------------|
| EQUITY IN NET EARNINGS OF INVESTEEs | ₱6,563,049 | ₱2,415,017 |
| EBITDA | 17,944,199 | 13,059,397 |
| CASH FLOW GENERATED: | | |
| Net cash flows from operating activities | 18,665,303 | 10,283,323 |
| Net cash flows from (used in) investing activities | 10,737,940 | (24,465,215) |
| Net cash flows used in financing activities | (27,576,914) | (26,517,739) |
| Net increase (decrease) in Cash & Cash Equivalents | 1,826,329 | (40,699,631) |
| Cash & Cash Equivalents, Beginning | 101,526,260 | 147,534,035 |
| Cash & Cash Equivalents, End | 101,965,749 | 107,520,686 |
| | MARCH 31, 2023 | DECEMBER 31, 2022 |
| CURRENT RATIO | 1.8 | 1.9 |
| NET DEBT-TO-EQUITY RATIO | 0.7 | 0.7 |

Equity earnings in investees increased by 172% from ₱2.4 billion (bn) during the first three months of 2022 to ₱6.6 bn during the first three months of 2023. The increase was mainly due to fresh contribution from GNPowr Dinginin Ltd. Co. (GNPD).

Consolidated EBITDA increased by 37% from ₱13.1 bn during the first three months of 2022 to ₱17.9 bn during the first three months of 2023. The increase was due to higher EBITDA of the Power Group driven by fresh contributions from GNPD Units 1 and 2, higher availability across the AboitizPower's generation portfolio and higher water inflows into its hydropower plants.

Net Debt-to-Equity ratio as of 31 March 2023 remained at end-2022 level of 0.7x. The Current Ratio as of 31 March 2023 was at 1.8x, a decline from the end-2022 level of 1.9x.

REVIEW OF JANUARY-MARCH 2023 OPERATIONS COMPARED TO JANUARY-MARCH 2022

RESULTS OF OPERATIONS

For the three-month period ended 31 March 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 ₱4.0 bn, a 2% increase 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 73%, followed by the Banking and Financial Services, Real Estate, Infrastructure, and Food Groups at 33%, 2%, 1%, and -10%, respectively.

During the first three months of 2023, the Group generated non-recurring losses of ₱594 million (mn) compared to ₱741 mn gains for the corresponding period in 2022 due to the revaluation of US dollar cash and liquid financial instruments. Without these one-off losses, the Group's core net income for the first three months of 2023 was ₱4.6 bn, 44% higher YoY. AEV recorded consolidated EBITDA of ₱17.9 bn during the first three months of 2023, a 38% increase from ₱13.0 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 three months ended 31 March 2023 compared to the three months ended 31 March 2022.

Revenues

Sale of Power

The Group's revenue from sale of power increased by 36%, or ₱12.9 bn, from ₱35.7 bn in the three months ended 31 March 2022 to ₱48.6 bn in the three months ended 31 March 2023. The increase was primarily attributable to higher plant availability across the Power Group's generation

portfolio. The Group's sale of power comprised 57% and 64% as a percentage of total revenues in both the three months ended 31 March 2022 and 31 March 2023, respectively.

Sale of Goods

The Group's revenue from sale of goods decreased by 1%, or ₱0.2 bn, from ₱25.1 bn in the three months ended 31 March 2022 to ₱25.0 bn in the three months ended 31 March 2023. The decrease was primarily due to lower sales volume for the Food Group. The Group's sale of goods comprised 40% and 33% as a percentage of total revenues in the three months ended 31 March 2022 and 31 March 2023, respectively.

Real Estate

The Group's revenue from real estate increased by 13%, or ₱0.2 bn, from ₱1.2 bn in the three months ended 31 March 2022 to ₱1.3 bn in the three months ended 31 March 2023. The increase was primarily attributable to Lima Land Inc.'s higher commercial lot sales. As a percentage of total revenues, the Group's revenue from real estate comprised 2% in both the three months periods ended 31 March 2022 and 31 March 2023.

Other Revenues

The Group's combined revenue from the sale of swine, service fees and other sources increased by 105% or ₱0.5bn, from ₱0.4 bn in the three months ended 31 March 2022 to ₱0.9 bn in the three months ended 31 March 2023. This was mainly due to higher swine sales volume. As a percentage of total revenues, the Group's other revenues comprised 1% in both the three months ended 31 March 2022 and 31 March 2023.

Costs and Expenses

Cost of Generated and Purchased Power

The Group's cost of generated and purchased power increased by 50%, or ₱11.3 bn, from ₱22.5 bn in the three months ended 31 March 2022 to ₱33.9 bn in the three months ended 31 March 2023. The increase was primarily attributable to higher volume of power generated and higher purchased power rates. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 41% and 49% in the three months ended 31 March 2022 and 31 March 2023, respectively.

Cost of Goods Sold

The Group's cost of goods sold increased by 6% or ₱1.4 bn, from ₱22.2 bn in the three months ended 31 March 2022 to ₱23.7 bn in the three months ended 31 March 2023. The increase was

primarily attributable to higher cost of raw materials inventory of the Food Group. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 40% and 34% in the three months ended 31 March 2022 and 31 March 2023, respectively.

Operating Expenses

The Group's operating expenses increased by 8% or ₱0.8 bn, from ₱9.6 bn in the three months ended 31 March 2022 to ₱10.4 bn in the three months ended 31 March 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 18% and 15% in the three months ended 31 March 2022 and 31 March 2023, respectively.

Cost of Real Estate Sales

For the three months ended 31 March 2023, the Group's cost of real estate increased by 33% or ₱0.2 bn, from ₱0.6 bn in the three months ended 31 March 2022 to ₱0.8 bn in the three months ended 31 March 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% in both the three months ended 31 March 2022 and 31 March 2023.

Operating Profit

As a result of the foregoing, the Group's operating profit decreased by 5% or ₱0.3 bn, from ₱7.5 bn in the three months ended 31 March 2022 to ₱7.1 bn in the three months ended 31 March 2023.

Income Before Income Tax

The Group's income before income tax increased by 69% or ₱4.1 bn, from ₱5.9 bn in the three months ended 31 March 2022 to ₱10.0 bn in the three months ended 31 March 2023. The increase was mainly due to higher equity earnings.

Net Income

As a result of the foregoing, the Group's Net Income to Equity Holders of AEV increased by 2% or ₱0.1 bn, from ₱3.9 bn in the three months ended 31 March 2022 to ₱4.0 bn in the three months ended 31 March 2023.

Net income attributable to non-controlling interests (NCI) for the three months ended 31 March 2023 increased to ₱4.4 bn from ₱1.4 bn in the three months ended 31 March 2022. This was primarily due to the increase in consolidated net income of AboitizPower during the first three months of 2023.

STRATEGIC BUSINESS UNITS

The following discussion describes the performance of the Group's SBUs for the three months ended 31 March 2023 compared to the three months ended 31 March 2022.

Power

For the three months ended 31 March 2023, the Power Group's contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, was ₱3.9 bn, a 161% increase from ₱1.5 bn in the three months ended 31 March 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 129%, from ₱1.7 bn in the three months ended 31 March 2022 to ₱3.8 bn in the three months ended 31 March 2023. The variance was primarily due to (i) fresh contributions from GNPD, (ii) higher plant availability across AboitizPower's portfolio, and (iii) higher water inflows into AboitizPower's hydropower plants.

Capacity sold increased from 3,534 megawatts (MW) for the three months ended 31 March 2022 to 4,738 MW for the three months ended 31 March 2023. Energy sold in the three months ended 31 March 2023 increased by 44% to 8,725 gigawatt-hours (GWh) from 6,055 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 103% from ₱386 mn for the three months ended 31 March 2022 to ₱784 mn for the three months ended 31 March 2023. This increase was mainly due to recoveries in demand. Energy sales increased by 8% to 1,404 GWh during the three months ended 31 March 2023 from 1,298 GWh in the three months ended 31 March 2022.

Banking & Financial Services

Union Bank of the Philippines' (UnionBank, or the "Bank") contribution to Net Income to Equity Holders of AEV increased by 33%, from ₱1.3 bn in the three months ended 31 March 2022 to ₱1.8 bn in the three months ended 31 March 2023. The increase was primarily attributable to (i) the increase in net interest income from the contribution of Citibank Philippines' (Citi) consumer business and UnionBank's strong consumer loan growth, and (ii) higher fees and other income driven by fees from the growing digital banking and card-related transactions.

Food

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food Group amounted to a loss of ₱534 mn for the three months ended

31 March 2023, compared to ₱502 mn income for the three months ended 31 March 2022. This was due to a weaker YoY operating performance from the Food & Nutrition and Agribusiness segments resulting from demand challenges and higher raw material costs. This was worsened by higher interest expense from higher interest rates and loan borrowings.

Real Estate

The contribution of AboitizLand to Net Income to Equity Holders of AEV for the three months ended 31 March 2023, before elimination of transactions within the Group, amounted to ₱127 mn, a 15% decrease from ₱150 mn for the three months ended 31 March 2022. This decrease was mainly due to construction-related delays, particularly in The Villages at Lipa.

Infrastructure

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from Aboitiz InfraCapital, Inc. increased by 108% to ₱375 mn for the three months ended 31 March 2023, compared to ₱180 mn for the three months ended 31 March 2022. This was mainly driven by the strong performance of Aboitiz InfraCapital's economic estates business which more than doubled its income contribution YoY due to strong commercial lot sales.

RCBM's contribution to Net Income to Equity Holders of AEV amounted to a loss of ₱296 mn in the three months ended 31 March 2023, compared to the ₱18 mn loss in the three months ended 31 March 2022. The decrease was mainly due to lower market demand for cement from elevated inflation, high interest rates and delayed government infrastructure spending and significant increases in energy costs. Cost control measures are in place to further mitigate the impact of higher input costs.

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

Assets

Consolidated assets (as of 31 March 2023 compared to 31 December 2022) decreased by 2% to ₱795.5 bn, due to the following:

- Trade and other receivables (current and noncurrent) decreased by 10% (₱55.3 bn as of 31 March 2023 compared to ₱61.6 bn as of 31 December 2022) mainly due to lower receivables of the Power and Food Groups resulting from lower revenues compared to the fourth quarter of 2022.
- Inventories decreased by 8% (₱42.6 bn as of 31 March 2023 compared to ₱46.2 bn as of 31 December 2022) mainly due to lower fuel inventory of the Power Group, and lower raw materials inventory of the Food Group.

- Other Current Assets (OCA) decreased by 35% (P30.3 bn as of 31 March 2023 compared to P46.3 bn as of 31 December 2022) primarily due to the decrease in short-term cash deposits.

The above decreases were offset by the increase in:

- Investments in and Advances to Associates and Joint Ventures which increased by P15.9 bn (P211.7 bn as of 31 March 2023 compared to P195.9 bn as of 31 December 2022) mainly due to the (i) recording of P6.6 bn share in net earnings of Associates and Joint Ventures, (ii) P6.0 bn additional investment in UnionBank, and (iii) P5.6 bn share in other comprehensive income (OCI) of Associates and Joint Ventures. This increase was partially reduced by the P2.4 bn dividends from Associates and Joint Ventures.

Liabilities

Total Liabilities (as of 31 March 2023 compared to 31 December 2022) decreased by 1% to P449.8 bn due to the following:

- Lease liabilities, which includes current and non-current portions, decreased by 9% (P25.3 bn as of 31 March 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 7% (P56.3 bn as of 31 March 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 indices.
- Income tax payable increased by 101%, from P556 mn as of 31 December 2022 to P1.1 bn as of 31 March 2023, mainly due to the income tax provision during the first quarter of 2023.
- Derivative liabilities (Net of Derivative Assets, current and noncurrent) increased from P2.4 bn asset as of 31 December 2022 to P0.1 bn liability as of 31 March 2023. This was due to the Power Group's net hedging losses.
- Deferred Income Tax Liabilities (net of Deferred income tax assets) increased by 129% (P1.7 bn as of 31 March 2023 compared to P746 mn as of 31 December 2022) mainly due to the take-up of deferred tax liabilities arising from adoption of amendments to "PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction".

Equity

Equity attributable to equity holders of the parent as of 31 March 2023 remained at the same level as of 31 December 2022 amounting to P255.4 bn. The P8.3 bn cash dividends paid by AEV during the first quarter of 2023 were offset by the P4.0 bn net income recorded during the period and P4.2 bn movement in OCI.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the three months ended 31 March 2023, the Group continued to support its liquidity mainly from cash generated from operations, and dividends received from Associates and Joint Ventures.

Compared to the cash inflow in the three months ended 31 March 2022, consolidated cash generated from operating activities in the three months ended 31 March 2023 increased by ₱8.4 bn to ₱18.7 bn. This was mainly due to higher earnings before interest, depreciation and amortization and lower working capital requirements.

As of 31 March 2023, net cash from investing activities amounted to ₱10.7 bn compared to ₱24.5 bn used during the three months ended 31 March 2022. In the current period, ₱14.2 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, ₱23.0 bn was invested in short-term cash deposits to maximize interest income.

Net cash used in financing activities was ₱27.6 bn for the three months ended 31 March 2023 compared to ₱26.5 bn in the three months ended 31 March 2022. The increase in usage was largely attributed to higher cash dividend payments to NCI compared to the same period in 2022.

For the three months ended 31 March 2023, net cash inflows offset cash outflows, resulting in a slight increase in cash and cash equivalents from ₱101.5 bn as of year-end 2022 to ₱102.0 bn as of 31 March 2023.

FINANCIAL RATIOS

AEV's Current Ratio as of 31 March 2023 decreased to 1.8x from the end-2022 level of 1.9x, as current assets decreased by 11% while current liabilities decreased by 4%. Net Debt-to-Equity ratio remained at year-end 2022's 0.7:1.

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

Based on information provided by Unionbank's Economic Research Unit, the Company expects the Philippines' GDP to grow by a respectable 5.6% despite global and domestic macroeconomic headwinds. Rising global monetary policy interest rates due to inflation however, still pose downside risks to this year's current outlook.

Amidst this economic backdrop, AEV 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 journey, AboitizPower remains focused on bringing its renewable portfolio to 4,600 MW of net attributable sellable capacity by 2030, which includes 3,700MW of additional renewable energy (RE) capacity. Out of this 3,700 MW of additional RE capacity, 901 MW is composed of the following ongoing RE projects (arranged based on target commercial operations date): the PV Sinag Power Cayanga Project ("Cayanga Solar Project"); the PV Sinag Power Laoag Project ("Laoag Solar Project"); and the SN AboitizPower Magat Battery Energy Storage System Project ("Magat BESS Project").

The Cayanga Solar Project is for the construction of a 94 megawatt peak (MWp) solar power plant located in Brgy. Cayanga, Bugallon, Pangasinan. Construction activities for the control building, transmission line, switchyard, and photovoltaic (PV) module installation are ongoing with 91% project completion with lost time incident as of May 2023. The project is expected to begin commercial operations by July 2023.

The Laoag Solar Project involves the construction of 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. The overall project status is at 65% completion with zero lost time incidents. The first phase which has a capacity of 72 MWp is expected to be tested and commissioned by the third quarter of 2023, and the second phase with a capacity of 87 MWp will be in the first quarter of 2024.

The Magat BESS Project is for the construction of a 24 MW battery energy storage unit located in Ramon, Isabela. The engineering, procurement, and construction (EPC) contract was awarded to Hitachi Energy in March 2022, with its groundbreaking ceremony held on April 25, 2022. Construction activities, which started in August 2022, is at 96% completion and commercial operation is expected to commence in the first half of 2024.

In addition, AboitizPower has the following RE projects under development which are expected to commence commercial operations within the next three years: the (i) 150 MWp Calatrava Solar Project by Aboitiz Solar Power Inc.; (ii) 44 MWp Tarlac Solar Project by AP Renewable Energy Corporation; (iii) 84 MWp San Manuel Solar Project by PV Sinag Power; (iv) 212 MWp Olongapo Solar Project by PV Sinag Power; (v) 75 MWp Floating Solar Project by SN AboitizPower-Magat ; and (vi) 54 MW Libmanan Onshore Wind Project.

In relation to AboitizPower's existing RE capacity, the steam field operator for AP Renewables Inc. (APRI) has completed the drilling of 12 new production wells, which are currently producing a minimum 50 MW of aggregated individual well capacity. Moreover, in Tiwi, there is an initiative to

convert waste heat from the geothermal brine to power a 17 MW Binary power plant. With the groundbreaking ceremony held last January 2023, construction activities and site development works are ongoing. As of April 2023, the project status was at 64% completion with zero lost time incident. It is expected to begin commercial operations by the end of 2023.

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

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

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

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

Given the current state of power needs in the Philippines and the expected build progression of new plants over the next 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 (i) the development and construction of various solar, geothermal, hydro, and wind

projects, (ii) the continuous improvement of the reliability of baseload plants, (iii) and various land acquisitions, new substations, new meters for its distribution business.

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

It has been more than a year since JERA Co., Inc. (JERA) invested in AboitizPower. Both companies, AboitizPower and JERA Asia, have worked closely together in the above mentioned areas. In a recent development on February 10, 2023, AboitizPower and JERA Asia have signed a Memorandum of Understanding to commence a joint study on ammonia co-firing for the decarbonization of its AboitizPower business. 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, uncertainties which may have a material impact on AboitizPower have been discussed extensively in sections of the Company's Information Statement (e.g. for an extensive discussion on regulatory issues, see Effects of Existing or Probable Government Regulations on the Business on page 77 of the AboitizPower's 2023 Definitive Information Statement).

Banking & Financial Services SBU

In 2015, the 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 transform the banking experience of its customers by delivering 24/7 availability, six sigma reliability, and secure and seamless processing.

The 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. UnionBank and its Subsidiaries more than doubled its total number of customers from 5 mn in 2019 to 12.1 mn as of March 31, 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 ₱6,800 in 2019 to almost ₱10,000 in 2022. 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:** On August 1, 2022, the Bank acquired Citi's consumer banking business in the Philippines, which brought in close to 1 mn new customers, ₱99.4 bn total assets, ₱69.4 bn loans, and ₱65.3 bn deposits. The transaction includes Citi's credit card, personal loans, wealth management, and retail deposit businesses, as well as Citi's real

estate interests in relation to Citibank Square in Eastwood City in Bagumbayan, Quezon City, full-service bank branches, and wealth centers. The acquisition is seen 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 quarter ended March 31, 2023, the acquired Citi business contributed ₱4.7 bn in core recurring revenues. It has also acquired new-to-bank customers at a rate of 17,000 per month, which is higher than pre-pandemic levels. As of March 31, 2023, its credit card and personal loans closed at ₱81.3 bn.

2. **UnionDigital Bank (UnionDigital) Launch:** 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. After its first five months of operations, UnionDigital registered ₱5.7 bn gross loans and ₱9.4 bn deposits in 2022. As of March 31, 2023, the digital bank's gross loans stood at ₱9.2 bn.
3. **City Savings Bank (CitySavings) Diversification:** By leveraging on its market leadership and proven business model in teachers' loan, CitySavings diversified into motorcycle loans and other personal loans beyond the Department of Education. CitySavings specifically focused on tapping the private schools, local government units and national government agencies with the aim to replicate the success of its teachers' salary loans model in other ecosystems. In the first quarter of 2023, CitySavings acquired 30,000 new borrowers across its diversified customer base, bringing its total loans to P22.3 bn.

In addition, UnionBank has successfully shifted its business model as the its revenues now mainly come from core recurring income. For the quarter ended March 31, 2023, recurring income amounted to ₱15.7 bn, 51% higher than the same quarter last year, while net interest income increased by 43% year-on-year to ₱11.5 bn on account of higher margins and volume. Net interest margins expanded by 54 basis points to 5.2% driven by the higher proportion of 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, jumped by 82% year-on-year to ₱4.2 bn largely due to the consolidation of the acquired Citi consumer business, as well as growing customers and digital transactions.

Moreover, the Bank's consumer gross loans comprise 57% of its total loan portfolio as of March 31, 2023, which is more than triple the banking industry average of 19%, based on the latest available data from the BSP. The Bank's total assets closed at ₱1.1 trillion and its deposits amounted to ₱692.9 bn outstanding balance, attributed to the increased usage of the Bank's cash management solutions and digital channels. With its fast-tracked growth during 2022, the Bank recalibrated its strategies for a bigger and bolder ambition, which is to become one of the largest and most profitable consumer banks by 2025. With the three pillars put in place, the Bank believes that it is well-positioned to leverage on the digital trends as it carries on with the commercialization program of its digital transformation.

On the road to becoming a Great Retail Bank, UnionBank's key focus areas include: (i) growing the retail customer base through digital acquisition and deeper penetration of communities; (ii) expansion of consumer lending products across all customer income segments, in particular, the upper middle income to high net worth for the parent bank and the mid to low income segments for its subsidiaries; (iii) sustained growth in CASA in retail banking through digital accounts and in corporate banking through cash management solutions; and (iv) 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 two key business segments, namely; (i) Agribusiness and (ii) Food and Nutrition business. The Agribusiness segment consists of its regional animal nutrition businesses (feed, pet food, and specialty nutrition divisions) in China, Vietnam, Thailand, Malaysia & Brunei, Indonesia, and the Philippines. Meanwhile, the Food and Nutrition business segment comprises 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 will allow the company 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 company's vision of becoming *"an integrated regional business and food company,"* the Food Group will (i) maintain a balanced portfolio by diversifying revenues and EBITDA across geographies, businesses, and products to increase its resilience, (ii) focus on operational excellence, cost control, and leverage on technology, and (iii) pursue building new growth platforms by investing in fast-growing and higher-margin segments of the industry. This approach will be the compass in steering the Food Group to achieve its growth targets in the coming years.

The Food Group is currently positioned as 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 cost.

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

Meanwhile, the Farms division's third Breeder Farm was completed in October 2022. The new farm is expected to yield an additional capacity of 2,500 sow level and will help in the recovery of pork supply in the Philippine market. The expansion is 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.

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. Two new physical stores is expected to be added this year on top of the existing five physical stores, with an expected capacity of 2 metric tons per day per store. 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, Puregold, Shopwise, and Merrymart.

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) will pursue opportunities in (i) fast-growing segments like aquafeeds and (ii) attractive geographies where it has a captive market and the ability to compete. In 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 for years to come. The Yunnan Mill and Long An Mill will have an additional capacity of 30 tons per hour (TPH) for each mill. The new mills is expected to be fully operational by April 2024 and December 2023. During the first half of 2023, the Gold Coin Group will focus mainly on the final design and construction, while the second half will be focused on equipment installation.

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

Food Group has allotted 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. (Aboitiz InfraCapital)

Aboitiz Infracapital is off to a promising start to 2023 as it outperformed financial metrics for the same period last year.

The recovering economic activity brought about by the lifting of all restrictions brought about by the pandemic bodes well for the performance of our businesses. As a result project timelines are on track, passenger traffic is increasing and business activity for current and potential locators in our industrial estates is likewise increasing.

Airports

The Mactan Cebu International Airport (MCIA) showed a promising start in the first quarter of 2023 as passenger traffic surpassed the 2 mn mark which more than tripled the figure in the same period in 2022. The positive trend can be attributed to easing domestic restrictions and opening up of key international markets. With the global economy expected to stabilize despite some headwinds from inflation and other macroeconomic factors, Aboitiz Infracapital sees air travel demand to remain robust in 2023 fueled by both leisure and business demand. Aboitiz Infracapital also welcomes the initiatives, spearheaded by the Department of Tourism and other government agencies, to make traveling easier via the use of an eVisa system which will enhance connectivity and boost foreign tourism.

The increasing traffic volume figures affirms Aboitiz Infracapital's optimism on air travel and the airport business which links to the national economy and regional development. With MCIA as its "anchor asset", Aboitiz Infracapital aims to further expand its footprint in the transportation industry by building the first Philippine airport platform. Currently, Aboitiz Infracapital's proposals to undertake the rehabilitation and operations of other Philippine airports such as Laguindingan, Bohol, Bicol, Iloilo, and NAIA airports, are under evaluation by the public sector. Aboitiz Infracapital is optimistic on the prospects as the government is very receptive to private sector participation.

Digital Infra

Unity Digital Infrastructure Inc. (Unity) continued its build out in the first quarter of 2023 ending with around 200 operating macro towers and over 500 small cell poles.

Aboitiz Infracapita expects this expansion to accelerate in the coming months as towers from the PLDT sale and leaseback agreement, which was signed in 2022, are turned over to Unity. This will add 650 telecommunication towers and related passive telecommunications infrastructure for the price of ₱9.2 bn. This portfolio of towers are located in the Vis-Min regions, and is expected to drive increased digitalization in underserved areas.

Unity also recently signed an asset sale and purchase agreement and a master lease agreement with one of the country's major telecommunications companies, Globe Telecom, Inc. As part of this transaction, Unity will be acquiring 447 telecommunications towers and associated passive telecommunications infrastructure in Luzon through a sale and leaseback agreement for a consideration of ₱ 5.4 bn.

Unity plans to continue to scale up via similar transactions, if available, or by building additional towers across the country.

Water

Apo Agua Infraestructura, Inc.'s (Apo Agua) bulk water supply facility in Davao recently achieved a major milestone with the delivery of the 1st drop of water to Davao City Water District (DCWD).

With this successful milestone, Apo Agua is now gearing up for the start of full operations. Apo Agua is targeted to begin supplying up to 300 mn liters of potable water to DCWD daily by June 2023.

Aboitiz Infracapital's Estate Water recently completed the solar power integration project in its sewage treatment plant which will reduce its power consumption from the grid. This year, Estate Water aims to construct another deepwell, increasing its capacity by an additional 15% to support the requirement of LIMA Technology Center's expansion areas.

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

Economic Estates

Aboitiz Infracapital's Economic Estates business has been a significant contributor to the country's economic growth. To date, it has developed 1,400 hectares of land and is home to 200 locator companies that employ 100,000 Filipinos directly.

With global economic activity picking up, Economic Estates has intensified efforts to attract global investors to set up and establish their business in the Philippines by working closely and collaboratively with national government agencies. It has also launched localized global campaigns, events, and promotions to increase brand visibility in target locations and destinations like Japan, Taiwan, and Korea.

LIMA Estate Phase 3 expansion is well underway. The Blk 9-1 expansion area, which covers 47 hectares, is now 100% complete. Meanwhile, the Blk 9-2 expansion area, which covers 57 hectares, is more than 70% complete and is set to be finished by December 2023. Recently, Aboitiz Infracapital broke ground for Phase 4 of the LIMA Estate industrial expansion.

AIC's Economic Estates have also been a catalyst and have played a pivotal role in transforming its facilities into mixed-use developments, creating vibrant communities where people can live, work, and play. Recently, it broke ground for "The Pods", a 600-bed dormitory facility that will provide a new housing option for locator employees. Moreover, LIMA Tower One is now more than 50% complete and targeted for completion by February 2024. LIMA also launched The LIMA shuttle system, electric minibuses that will help to further decarbonize LIMA Estate.

In the future, the goal is to bring the Economic Estates' multi-awarded brand to more parts of the Philippines and to continue developing new projects as well as acquiring existing ones to expand the Economic Estates portfolio.

Republic Cement and Building Materials, Inc. (RCBM)

Cement demand is estimated to have declined by 8% to 10% in the first quarter of 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 VisMin area at the beginning of the year.

Demand is expected to improve in the summer months and as the government carries out its infrastructure projects. In line with its plans to keep infrastructure spending level at above 5%, the government has recently unveiled its ₱9 trillion flagship infrastructure program consisting of 194 projects. Elevated inflation and pandemic continue to present risk to economic recovery which in turn might also impact the demand in residential and non-residential segments.

RCBM remains committed to serving its key markets throughout the country with high-quality products, while improving efficiencies and reducing costs. In order to mitigate the impact of external headwinds such as elevated inflation exacerbated by the Russia-Ukraine war, Republic Cement 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 republic.

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

Land SBU

Aboitiz Land, Inc. (AboitizLand)

2023 marks the start of the next phase of AboitizLand's transformation journey which it has described as its *Great Trajectory*. This comes on the heels of its initial *Great Turnaround* during the period 2021 to 2022. AboitizLand will continue to be focused on further improving all aspects of operations.

Innovation will continue to be at the core of AboitizLand's culture. In 2023, AboitizLand expects to continue to harvest the results of its early and bold investments in its digitization strategy. Some key innovation initiatives that are in full swing include the full automation of the construction management process, the introduction of precast construction technology, the full roll out of the *Vecino* app, and the optimization of all digital and social media assets in harnessing leads and strengthening the brand.

AboitizLand expects that its proprietary *Vecino* app will remain as its competitive advantage as it launches international deployments in 2023. The app provides OFWs a reliable tool for checking their real estate investment. In March 2023, AboitizLand successfully kicked off its international sales deployment for the year in Dubai. Aboitiz Land aims to move its mid-market inventory through international clients who are able to take advantage of the weak peso.

As part of its data-centric transformation, AboitizLand is slated to launch two digitized services in its operations next quarter: *Inventi*, a cloud-based system that will offer different digitized services for property management operations, and *Gaviti*, an automated workflow solution that will streamline

the collections process and accelerate cash flow generation. AboitizLand is confident that embedding these to its organization will further enhance its level of productivity for better customer satisfaction.

AboitizLand remains bullish about the property sector as residential property trends point towards a stronger preference for its residential offerings. There is a newfound appreciation for house and lots and residential lot projects, as preferences have shifted towards horizontal developments. Supported by the boom of infrastructure developments, living outside central business districts is now more possible without compromising comfort, convenience, and accessibility. The expected reduction in the need to live near central business districts bodes well for Aboitiz Land's residential developments located in emerging centers outside the capital. In 2023, AboitizLand will launch fresh inventories as a testament of the strong market reception for its developments. Priveya Hills, an exclusive residential development in Cebu City, will see a new phase launched while in Lipa City, Batangas, a cluster of mid-rise buildings will be launched within LIMA Estate.

AboitizLand foresees that 2023 will continue to be challenging due to high inflation rates, higher interest rates, and elevated cost of materials and labor. But amidst these continuing headwinds, we remain confident in meeting our 2023 targets. With innovation and agility at the core of the organization's culture, Aboitiz Land will navigate 2023 with a combination of caution and entrepreneurial spirit.

AboitizLand 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

ABOITIZ EQUITY VENTURES INC.



Principal Accounting Officer

Marlita M. Villacampa

Signature and Title

**First Vice President – Controller for Accounting
and Operating Services**

Date

May 15, 2023



Authorized Officer of the Issuer

Manuel Alberto R. Colayco

Signature and Title

**Senior Vice President and Chief Legal
Officer/Corporate Secretary/Chief Compliance
Officer**

Date

May 15, 2023

Aboitiz Equity Ventures, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

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

For the Three-Month Periods Ended March 31, 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)**

| | March 31, 2023 (Unaudited) | December 31, 2022 (As Restated - Note 3) | January 1, 2022 (As Restated - Note 3) |
|---|---|---|---|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents (Note 5) | ₱101,965,749 | ₱101,526,260 | ₱147,534,035 |
| Trade and other receivables (Note 6) | 54,960,027 | 61,319,148 | 48,020,420 |
| Inventories | 42,617,966 | 46,161,542 | 31,992,459 |
| Derivative assets (Note 24) | 389,945 | 2,669,218 | 1,383,903 |
| Other current assets (Note 7) | 30,302,326 | 46,282,770 | 25,418,264 |
| Total Current Assets | 230,236,013 | 257,958,938 | 254,349,081 |
| Noncurrent Assets | | | |
| Property, plant and equipment | 223,674,640 | 224,711,720 | 220,018,207 |
| Investments and advances (Note 8) | 211,707,125 | 195,855,745 | 154,815,613 |
| Intangible assets (Note 9) | 78,496,549 | 78,375,252 | 74,338,411 |
| Investment properties | 14,522,547 | 14,423,957 | 12,227,553 |
| Deferred income tax assets | 1,654,041 | 1,519,532 | 1,742,644 |
| Trade and other receivables - net of current portion (Note 6) | 328,233 | 329,538 | 366,651 |
| Derivative assets - net of current portion (Note 24) | 252,576 | 395,644 | 75,718 |
| Net pension assets | 467,448 | 487,129 | 293,168 |
| Other noncurrent assets (Note 10) | 34,132,377 | 33,720,624 | 15,145,672 |
| Total Noncurrent Assets | 565,235,536 | 549,819,141 | 479,023,637 |
| TOTAL ASSETS | ₱795,471,549 | ₱807,778,079 | ₱733,372,718 |
| LIABILITIES AND EQUITY | | | |
| Current Liabilities | | | |
| Trade and other payables (Note 11) | ₱55,146,991 | ₱59,347,137 | ₱45,779,404 |
| Bank loans (Note 12) | 44,180,368 | 45,367,586 | 35,415,424 |
| Current portions of: | | | |
| Long-term debts (Notes 13 and 14) | 17,526,564 | 17,926,663 | 18,608,778 |
| Long-term obligation on Power Distribution System (PDS) | 40,000 | 40,000 | 40,000 |
| Lease liabilities (Note 15) | 9,451,807 | 9,420,133 | 8,291,721 |
| Derivative liabilities (Note 24) | 259,452 | 330,809 | 1,180,048 |
| Income tax payable | 1,117,767 | 555,580 | 382,223 |
| Total Current Liabilities | 127,722,949 | 132,987,908 | 109,697,598 |

(Forward)

| | March 31, 2023 (Unaudited) | December 31, 2022 (As Restated - Note 3) | January 1, 2022 (As Restated - Note 3) |
|--|----------------------------------|---|---|
| Noncurrent Liabilities | | | |
| Noncurrent portions of: | | | |
| Long-term debts (Notes 13 and 14) | ₱285,929,788 | ₱285,612,355 | ₱253,069,865 |
| Lease liabilities (Note 15) | 15,857,909 | 18,440,790 | 25,964,507 |
| Trade and other payables (Note 11) | 1,127,771 | 1,107,359 | 982,617 |
| Long-term obligation on PDS | 109,725 | 105,390 | 125,532 |
| Customers' deposits | 8,682,499 | 8,314,885 | 7,374,767 |
| Decommissioning liability | 5,739,775 | 5,654,234 | 5,686,224 |
| Deferred income tax liabilities | 3,914,996 | 4,286,073 | 2,533,306 |
| Net pension liability | 764,244 | 756,404 | 493,293 |
| Derivative liabilities - net of current portion (Note 24) | 504,657 | 330,592 | 174,664 |
| Total Noncurrent Liabilities | 322,631,364 | 324,608,082 | 296,404,775 |
| Total Liabilities | 450,354,313 | 457,595,990 | 406,102,373 |
| Equity Attributable to Equity Holders of the Parent | | | |
| 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 17) | (182,313) | (4,424,925) | (235,375) |
| Retained earnings (Notes 16 and 25) | | | |
| Appropriated | 88,800,000 | 79,800,000 | 9,200,000 |
| Unappropriated | 118,945,924 | 132,217,744 | 187,906,484 |
| Treasury stock at cost | (647,672) | (647,672) | (647,672) |
| | 255,114,936 | 255,144,144 | 244,422,434 |
| Non-controlling Interests (Note 25) | 90,002,300 | 95,037,945 | 82,847,911 |
| Total Equity | 345,117,236 | 350,182,089 | 327,270,345 |
| TOTAL LIABILITIES AND EQUITY | ₱795,471,549 | ₱807,778,079 | ₱733,372,718 |

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 three-month periods ended March 31 | |
|--|---|--------------------|
| | 2023 | 2022 |
| | (As Restated - Note 3) | |
| REVENUES (Note 18) | ₱75,878,634 | ₱62,480,514 |
| COSTS AND EXPENSES (Note 19) | 68,730,813 | 54,985,950 |
| FINANCIAL INCOME (EXPENSE) | | |
| Interest income (Notes 5, 6 and 7) | 1,033,239 | 207,936 |
| Interest expense and other financing costs (Notes 15 and 23) | (5,157,000) | (4,407,825) |
| | (4,123,761) | (4,199,889) |
| OTHER INCOME - NET | | |
| Share in net earnings of associates and joint ventures (Note 8) | 6,563,049 | 2,415,017 |
| Other income (expense) - net (Note 20) | 433,040 | 212,544 |
| | 6,996,089 | 2,627,561 |
| INCOME BEFORE INCOME TAX | 10,020,149 | 5,922,236 |
| PROVISION FOR INCOME TAX | 1,627,435 | 564,174 |
| NET INCOME | ₱8,392,714 | ₱5,358,062 |
| NET INCOME ATTRIBUTABLE TO: | | |
| Equity holders of the parent | ₱4,004,611 | ₱3,937,721 |
| Non-controlling interests | 4,388,103 | 1,420,341 |
| | ₱8,392,714 | ₱5,358,062 |
| EARNINGS PER SHARE (Note 21) | | |
| Basic and diluted, for net income for the period attributable to ordinary equity holders of the parent | ₱0.71 | ₱0.70 |

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 three-month periods ended March 31 | |
|--|---|-----------------------------------|
| | 2023 | 2022 (As Restated - Note 3) |
| NET INCOME ATTRIBUTABLE TO: | | |
| Equity holders of the parent | ₱4,004,611 | ₱3,937,721 |
| Non-controlling interests | 4,388,103 | 1,420,341 |
| | 8,392,714 | 5,358,062 |
| OTHER COMPREHENSIVE INCOME (LOSS) (Note 17) | | |
| <i>Items that will be reclassified to the consolidated statements of income:</i> | | |
| Net movement in cumulative translation adjustments | (592,353) | 389,100 |
| Movement in cash flow hedge, net of tax | (2,496,113) | 5,290,624 |
| Share in movement in cumulative translation adjustments of associates and joint ventures | (2,177) | 112,068 |
| Share in movement in net unrealized mark-to-market gains (losses) on FVOCI investments of associates | 5,620,682 | (2,526,155) |
| Net movement in net unrealized mark-to-market gains (losses) on FVOCI investments | 46,549 | (11,015) |
| | 2,576,588 | 3,254,622 |
| <i>Items that will not be reclassified to the consolidated statements of income:</i> | | |
| Share in movement in net actuarial gains (losses) on defined benefit plans of associates and joint ventures, net of tax | (2,239) | 37,561 |
| Movement in net actuarial gains (losses) on defined benefit plans, net of tax | 9,185 | (495) |
| | 6,946 | 37,066 |
| TOTAL COMPREHENSIVE INCOME | ₱10,976,248 | ₱8,649,750 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | |
| Equity holders of the parent | ₱8,247,223 | ₱4,315,141 |
| Non-controlling interests | 2,729,025 | 4,334,609 |
| | ₱10,976,248 | ₱8,649,750 |

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 THREE-MONTH PERIODS ENDED MARCH 31, 2023 AND 2022
(Amounts in Thousands, Except Dividends Per Share Amounts)

| | Attributable to equity holders of the parent | | | | | | | Total | Non-controlling Interest | Total |
|--|--|----------------------------|----------------|--|------------------------|--------------------------|----------------|--------------|--------------------------|--------------|
| | Capital Stock: Common | Additional Paid-in Capital | Equity Reserve | Accumulated Other Comprehensive Income (Note 17) | Retained Earnings | | Treasury Stock | | | |
| | | | | | Appropriated (Note 16) | Unappropriated (Note 16) | | | | |
| 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 | — | — | — | — | — | 4,004,611 | — | 4,004,611 | 4,388,103 | 8,392,714 |
| Other comprehensive income (loss) | — | — | — | 4,242,612 | — | — | — | 4,242,612 | (1,659,078) | 2,583,534 |
| Total comprehensive income for the period (Note 17) | — | — | — | 4,242,612 | — | 4,004,611 | — | 8,247,223 | 2,729,025 | 10,976,248 |
| Cash dividends - P1.47 per share (Note 16) | — | — | — | — | — | (8,276,431) | — | (8,276,431) | — | (8,276,431) |
| Appropriation during the period (Note 16) | — | — | — | — | 9,000,000 | (9,000,000) | — | — | — | — |
| Cash dividends paid to non-controlling interests (Note 25) | — | — | — | — | — | — | — | — | (7,586,356) | (7,586,356) |
| Changes in non-controlling interests | — | — | — | — | — | — | — | — | (178,314) | (178,314) |
| Balances at March 31, 2023 | P5,694,600 | P13,013,197 | P29,491,200 | (P182,313) | P88,800,000 | P118,945,924 | (P647,672) | P255,114,936 | P90,002,300 | P345,117,236 |
| 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 | — | — | — | — | — | 3,937,721 | — | 3,937,721 | 1,420,341 | 5,358,062 |
| Other comprehensive income | — | — | — | 377,420 | — | — | — | 377,420 | 2,914,268 | 3,291,688 |
| Total comprehensive income for the period (Note 17) | — | — | — | 377,420 | — | 3,937,721 | — | 4,315,141 | 4,334,609 | 8,649,750 |
| 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 25) | — | — | — | — | — | — | — | — | (5,120,683) | (5,120,683) |
| Changes in non-controlling interests | — | — | — | — | — | — | — | — | 246,879 | 246,879 |
| Balances at March 31, 2022 | P5,694,600 | P13,013,197 | P29,491,200 | P142,045 | P79,800,000 | P112,123,240 | (P647,672) | P239,616,610 | P82,308,716 | P321,925,326 |

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

| | For the three-month periods ended March 31 | |
|---|--|--------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | P10,020,149 | P5,922,236 |
| Adjustments for: | | |
| Interest expense and other financing costs (Notes 15 and 23) | 5,157,000 | 4,407,825 |
| Depreciation and amortization | 3,443,805 | 3,311,959 |
| Net unrealized foreign exchange gains (losses) | 998,497 | (438,087) |
| Gain on sale/disposal of: | | |
| Property, plant and equipment (Note 20) | (17,795) | (1,568) |
| Fair value through profit or loss (FVTPL) and Fair value through other comprehensive income (FVOCI) investments (Note 20) | (8,457) | (1,302) |
| Unrealized mark-to-market gains on derivatives (Note 20) | (93,871) | (47,575) |
| Unrealized mark-to-market losses (gains) on FVTPL investments (Note 20) | (26,130) | 40,495 |
| Dividend income (Note 20) | (1,658) | (603) |
| Interest income (Notes 5, 6 and 7) | (1,033,239) | (207,936) |
| Share in net earnings of associates and joint ventures (Note 8) | (6,563,049) | (2,415,017) |
| Operating income before working capital changes | 11,875,252 | 10,570,427 |
| Decrease (increase) in: | | |
| Trade and other receivables | 6,300,447 | (2,376,239) |
| Inventories | 3,543,576 | (2,124,274) |
| Other current assets | 485,862 | 1,722,410 |
| Increase (decrease) in: | | |
| Trade and other payables | (3,717,270) | 2,268,959 |
| Customers' deposits | 367,614 | 228,378 |
| Net cash generated from operations | 18,855,481 | 10,289,661 |
| Income and final taxes paid | (190,178) | (6,338) |
| Net cash flows from operating activities | 18,665,303 | 10,283,323 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Cash dividends received (Note 8) | 2,374,581 | 2,461,908 |
| Interest received | 1,093,218 | 200,555 |
| Sale of FVTPL and FVOCI investments | 137,640 | 43,310 |
| Additions to: | | |
| FVTPL and FVOCI investments | (38,266) | (436,279) |
| Property, plant and equipment and investment properties | (3,300,862) | (4,190,206) |
| Investments in and advances to associates (Note 8) | (6,044,987) | — |
| Decrease (increase) in short-term cash deposits | 14,172,856 | (22,985,184) |
| Increase in intangibles (Note 9) | (801,274) | (968,922) |
| Decrease in other noncurrent assets | 3,145,034 | 1,409,603 |
| Net cash flows from (used in) investing activities | 10,737,940 | (24,465,215) |

| | For the three-month periods ended March 31 | |
|---|--|---------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net proceeds from long-term debts - net of transaction costs (Note 13 and 14) | (P2,780,898) | (P4,958,850) |
| Payments of bank loans (Note 12) | (1,187,219) | (215,698) |
| Cash dividends paid to non-controlling interest (Note 25) | (7,586,356) | (5,120,683) |
| Cash dividends paid to equity holders of the parent (Note 16) | (8,276,431) | (9,120,965) |
| Interest paid | (4,957,438) | (4,088,912) |
| Payments of: | | |
| Lease liabilities net of accreted interest (Note 15) | (2,166,636) | (2,134,405) |
| Interest on lease liabilities (Note 15) | (621,936) | (878,226) |
| Net cash flows used in financing activities | (27,576,914) | (26,517,739) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,826,329 | (40,699,631) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (1,386,840) | 686,282 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 101,526,260 | 147,534,035 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5) | P101,965,749 | P107,520,686 |

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

1. Corporate Information

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

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

2. Group Information

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

The following are the subsidiaries as of March 31, 2023 and December 31, 2022:

| | Nature of Business | Place of Incorporation | Percentage of Ownership | | | |
|---|--------------------|------------------------|-------------------------|----------|-------------------|----------|
| | | | March 31, 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 |
| Cebu Private Power Corporation (CPPC) | Power | Philippines | – | 60.00 | – | 60.00 |
| Prism Energy, Inc. (PEI) | Power | Philippines | – | 60.00 | – | 60.00 |
| Visayan Electric Co., Inc. (VECO) | Power | Philippines | – | 55.26 | – | 55.26 |

| | Nature of Business | Place of Incorporation | Percentage of Ownership | | | |
|---|--------------------|------------------------|-------------------------|----------|-------------------|----------|
| | | | March 31, 2023 | | December 31, 2022 | |
| | | | Direct | Indirect | Direct | Indirect |
| 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 |
| 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 |

| | Nature of Business | Place of Incorporation | Percentage of Ownership | | | |
|--|--------------------|------------------------|-------------------------|----------|-------------------|----------|
| | | | March 31, 2023 | | December 31, 2022 | |
| | | | Direct | Indirect | Direct | Indirect |
| Therma South, Inc. (TSI) | Power | Philippines | – | 100.00 | – | 100.00 |
| Therma Power-Visayas, Inc. (TPVI) | Power | Philippines | – | 100.00 | – | 100.00 |
| Therma Central Visayas, Inc.* | Power | Philippines | – | 100.00 | – | 100.00 |
| Therma Subic, Inc.* | Power | Philippines | – | 100.00 | – | 100.00 |
| Therma Mariveles Holdings, Inc. | Holding | Philippines | – | 100.00 | – | 100.00 |
| GNPower Mariveles Energy Center Ltd. Co. (GMEC) | Power | Philippines | – | 78.33 | – | 78.33 |
| Therma Dinginin Holdings, Inc. | Holding | Philippines | – | 100.00 | – | 100.00 |
| Therma Visayas, Inc. (TVI) | Power | Philippines | – | 80.00 | – | 80.00 |
| Abovant Holdings, Inc. | Holding | Philippines | – | 60.00 | – | 60.00 |
| 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 | – | 50.00 | – | 50.00 |
| 78 Point Blue, Inc. | Real estate | Philippines | – | 100.00 | – | 100.00 |
| Triplecrown Properties, Inc. (TCP) | Real estate | Philippines | – | 100.00 | – | 100.00 |
| Firmwall Systems, Inc. | Real estate | Philippines | – | 100.00 | – | 100.00 |
| AEV International Pte. Ltd. (AEV International) 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 |
| 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 |

| | Nature of Business | Place of Incorporation | Percentage of Ownership | | | |
|---|----------------------|------------------------|-------------------------|----------|-------------------|----------|
| | | | March 31, 2023 | | December 31, 2022 | |
| | | | Direct | Indirect | Direct | Indirect |
| 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) | Service | Philippines | 73.31 | 26.69 | 73.31 | 26.69 |
| Advanced Data Innovation Inc.* | Real estate | Philippines | 100.00 | – | 100.00 | – |
| Cebu Praedia Development Corporation (CPDC) | Real estate | 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 March 31, 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.

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 April 27, 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 amounted to ₱256.3 million as of January 1, 2022.

The adoption did not have any significant impact on the three-month period ended March 31, 2022 unaudited interim condensed consolidated statement of cash flows.

4. Summary of Significant Accounting Judgments, Estimates and Assumptions

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

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

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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

5. Cash and Cash Equivalents

| | March 31, 2023 | December 31, 2022 |
|---------------------------|---------------------------|----------------------|
| | (Unaudited) | (Audited) |
| Cash on hand and in banks | ₱40,664,103 | ₱41,041,123 |
| Short-term deposits | 61,301,646 | 60,485,137 |
| | ₱101,965,749 | ₱101,526,260 |

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 ₱881.2 million in March 31, 2023 and ₱154.0 million in March 31, 2022, respectively.

6. Trade and Other Receivables

| | March 31, 2023 | December 31, 2022 |
|---|---------------------------|----------------------|
| | (Unaudited) | (Audited) |
| Trade receivables | | |
| Power | ₱26,951,997 | ₱30,196,685 |
| Real estate | 11,666,970 | 11,299,169 |
| Food manufacturing | 9,166,368 | 10,296,324 |
| Holding and others | 4,682,293 | 4,742,730 |
| | 52,467,628 | 56,534,908 |
| Nontrade receivables | 6,343,825 | 8,125,105 |
| Dividends receivable | 404,703 | 792,000 |
| Advances to contractors | 258,052 | 285,715 |
| Others | 677,729 | 702,915 |
| | 60,151,937 | 66,440,643 |
| Less allowance for expected credit losses | 4,863,677 | 4,791,957 |
| | 55,288,260 | 61,648,686 |
| Less noncurrent portion | 328,233 | 329,538 |
| | ₱54,960,027 | ₱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 ₱11.4 billion and ₱315.0 million, respectively, as of March 31, 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 ₱4.9 billion and ₱5.3 billion as of March 31, 2023 and December 31, 2022, respectively.

7. Other Current Assets

| | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--|---|--|
| Short term cash deposits | ₱6,742,813 | ₱20,915,669 |
| Restricted cash | 5,729,920 | 6,023,425 |
| Prepaid expenses | 5,634,993 | 5,563,710 |
| Insurance assets | 3,520,448 | 4,911,073 |
| Input value added tax (VAT) - net | 3,017,413 | 3,407,192 |
| Advances to suppliers | 1,797,634 | 1,536,681 |
| Biological assets | 924,121 | 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 | 2,374,302 | 2,302,298 |
| | ₱30,302,326 | ₱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 ₱108.2 million in March 31, 2023 and ₱16.7 million in March 31, 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.

8. Investments and Advances

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

| | Nature of Business | Percentage of ownership | |
|--|-----------------------------|-------------------------|-------------------|
| | | March 31, 2023 | December 31, 2022 |
| MORE ¹ | Holding | 83.33 | 83.33 |
| GNPD ¹ | Power generation | 70.00 | 70.00 |
| AEV CRH | Holding | 60.00 | 60.00 |
| AA Thermal ^{1 & 2} | Holding | 60.00 | 60.00 |
| Cebu District Property Enterprise, Inc. (CDPEI) ^{1 *} | Real estate | 50.00 | 50.00 |
| Unity Digital Infrastructure Inc. ¹ | Services | 50.00 | 50.00 |
| Union Bank of the Philippines (UBP) ⁴ | Banking | 49.94 | 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 State Power Inc. (STEAG) | Power generation | 34.00 | 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) ³ | Water infrastructure | 15.94 | 15.94 |
| Singlife Philippines Inc. ³ | Insurance | 15.00 | 15.00 |

¹Joint ventures.

²Economic interest.

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

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

*No commercial operations as of March 31, 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:

| | March 31, 2023 | December 31, 2022 |
|---------------|---------------------------|------------------------------|
| | (Unaudited) | (Audited) |
| UBP | ₱88,767,798 | ₱77,700,780 |
| GNPD/ATI | 64,544,463 | 60,096,334 |
| AEV CRH | 24,601,644 | 24,601,644 |
| MORE | 9,561,932 | 9,292,756 |
| GMCAC | 9,486,113 | 9,494,813 |
| STEAG | 3,723,271 | 3,592,972 |
| CEDC | 3,351,618 | 3,075,932 |
| UDII | 1,845,252 | 1,865,697 |
| CDPEI | 1,701,796 | 1,708,053 |
| CRH ABOITIZ | 1,401,376 | 1,697,195 |
| SFELAPCO/PEVI | 1,083,809 | 1,110,270 |
| BWSI | 664,205 | 651,155 |
| WMPC | 182,356 | 174,927 |
| RP Energy | 93,144 | 93,418 |
| SPPC | 40,235 | 42,341 |
| Others | 649,302 | 648,466 |
| | ₱211,698,314 | ₱195,846,753 |

| | March 31, 2023 | December 31, 2022 |
|---|---------------------------|------------------------------|
| | (Unaudited) | (Audited) |
| Acquisition cost: | | |
| Balance at beginning of period | ₱135,195,009 | ₱104,462,005 |
| Additions during the period | 6,045,168 | 30,733,004 |
| Balance at end of period | 141,240,177 | 135,195,009 |
| Accumulated share in net earnings: | | |
| Balances at beginning of period | 67,104,216 | 51,656,634 |
| Share in net earnings for the period | 6,563,049 | 20,781,865 |
| Cash dividends received and receivable | (2,372,923) | (5,334,283) |
| Balance at end of period | 71,294,342 | 67,104,216 |
| Gain on dilution | 1,014,136 | 1,014,136 |
| Share in net unrealized mark-to-market gains on FVOCI investments of associates | (1,287,998) | (6,908,680) |
| Share in cumulative translation adjustments of associates and joint ventures | 1,018,624 | 1,020,800 |
| Share in actuarial losses on retirement benefit plan of associates and joint ventures | (900,236) | (897,997) |
| | 212,379,045 | 196,527,484 |
| Less allowance for impairment losses | 680,731 | 680,731 |
| | 211,698,314 | 195,846,753 |
| Advances to associates | 8,811 | 8,992 |
| | ₱211,707,125 | ₱195,855,745 |

9. Intangibles

Set out below is the carrying amount of the Group's intangible assets as of March 31, 2023 and the movements for the three-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 | — | 801,274 | — | 314,433 | — | 25,108 | 1,140,815 |
| Exchange differences | (918,948) | (24,468) | — | — | — | (6,801) | (950,217) |
| Balances at end of period | 59,071,481 | 19,058,061 | 3,078,431 | 1,846,877 | 99,746 | 1,193,829 | 84,348,425 |
| Accumulated amortization: | | | | | | | |
| Balances at beginning of period | — | 4,135,101 | 737,541 | — | 96,771 | 813,162 | 5,782,575 |
| Amortization | — | 24,074 | 19,241 | — | 992 | 24,994 | 69,301 |
| Balances at end of period | — | 4,159,175 | 756,782 | — | 97,763 | 838,156 | 5,851,876 |
| Net book values | P59,071,481 | P14,898,886 | P2,321,649 | P1,846,877 | P1,983 | P355,673 | P78,496,549 |

10. Other Noncurrent Assets

| | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) |
|---|----------------------------------|-----------------------------------|
| Exchangeable notes | P15,526,400 | P15,526,400 |
| Financial assets at FVOCI | 4,591,130 | 4,626,724 |
| Input VAT and tax credit receivable | 4,411,486 | 3,850,974 |
| Prepaid taxes | 3,584,870 | 3,643,246 |
| Advances to contractors and projects | 2,006,615 | 2,100,394 |
| Prepaid rent and other deposits | 1,131,837 | 963,963 |
| Financial assets at FVTPL | 917,284 | 899,186 |
| Biological assets | 161,887 | 158,792 |
| Debt investments at amortized cost | 42,119 | 42,861 |
| Receivable from NGCP - net of current portion | 560,894 | 560,894 |
| Others | 1,197,855 | 1,347,190 |
| | P34,132,377 | 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 will issue unsecured and non-interest bearing notes from MCC and GAIBV amounting to P7.8 billion each for the funds advanced by AIC to the two entities.

11. Trade and Other Payables

| | March 31, 2023 | December 31, 2022 |
|--|---------------------------|------------------------------|
| | (Unaudited) | (Audited) |
| Trade payables | ₱36,579,151 | ₱41,525,655 |
| Nontrade and other payables | 5,599,566 | 5,229,867 |
| Accrued expenses | | |
| Interest | 2,942,911 | 3,229,914 |
| Taxes and fees | 1,712,381 | 1,577,843 |
| Others | 2,731,598 | 2,443,410 |
| Output VAT | 4,669,524 | 4,175,422 |
| Amounts due to contractors and other third parties | 2,036,900 | 2,136,570 |
| PSALM deferred adjustment | — | 54,503 |
| Unearned revenue | 2,731 | 81,312 |
| | 56,274,762 | 60,454,496 |
| Less noncurrent portion | 1,127,771 | 1,107,359 |
| | ₱55,146,991 | ₱59,347,137 |

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

Trade payables include contract liabilities amounting to ₱3.2 billion and ₱3.5 billion as of March 31, 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, insurance liabilities, customer deposits and other accrual of expenses arising in the ordinary course of business and are generally payable within 12 months from the balance sheet date.

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

12. Bank Loans

| | March 31, 2023 | December 31, 2022 |
|--|---------------------------|------------------------------|
| | (Unaudited) | (Audited) |
| Philippine peso loans | ₱26,216,500 | ₱26,544,000 |
| US dollar loans | 12,323,009 | 12,429,370 |
| Chinese yuan loans | 2,175,059 | 1,950,874 |
| Malaysian Ringgit loans | 1,881,169 | 2,240,194 |
| Vietnamese dong loans | 796,362 | 1,303,316 |
| Indonesia rupia loans | 637,257 | 747,169 |
| Other foreign currency-denominated loans | 151,012 | 152,663 |
| | ₱44,180,368 | ₱45,367,586 |

The bank loans are unsecured short-term notes payable obtained from local and foreign banks with annual interest rates ranging from 3.00% to 8.10% and 3.13% to 8.20% in 2023 and 2022, respectively. These loans will mature on various dates within 12 months.

13. Long-term Debts

| | March 31, 2023 (Unaudited) | | December 31, 2022 (Audited) | |
|---|----------------------------|-------------|-----------------------------|-------------|
| | Annual Interest Rate | Amount | Annual Interest Rate | Amount |
| Company: | | | | |
| Financial and nonfinancial institutions - unsecured | 2.84% - 7.53% | P57,571,350 | 2.84% - 7.53% | P57,571,350 |
| Subsidiaries: | | | | |
| GMEC | | | | |
| Financial institutions - unsecured | LIBOR + 1.7% - 4.85% | 30,449,393 | LIBOR + 1.7% - 4.85% | 32,630,155 |
| Therma Marine | | | | |
| Financial institutions - secured | 4.54% - 7.68% | 2,600,000 | 4.54% - 7.68% | 2,600,000 |
| Hedcor Sabangan | | | | |
| Financial institutions - secured | 4.92% | 1,103,234 | 4.92% | 1,103,234 |
| TVI | | | | |
| Financial institutions - secured | 5.56% - 9.00% | 23,459,092 | 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% | 17,516,387 | 4.27% | 18,117,893 |
| APRI | | | | |
| Financial institutions - secured | 4.91% - 6.67% | 11,152,000 | 4.91% - 6.67% | 11,152,000 |
| Hedcor Bukidnon | | | | |
| Financial institutions - secured | 4.29% - 5.59% | 7,814,293 | 4.29% - 5.59% | 8,114,434 |
| HSI | | | | |
| Fixed rate corporate notes - unsecured | 5.03% - 5.42% | 3,004,400 | 5.03% - 5.42% | 3,004,398 |
| PFC | | | | |
| Financial institutions - unsecured | 4.50% - 5.16% | 2,855,500 | 4.50% - 5.16% | 2,855,500 |
| PANC | | | | |
| Financial institutions - unsecured | 4.50% - 6.432% | 3,430,000 | 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 | 4.73% - 4.92% | 143,250 | 4.73% - 4.92% | 143,250 |
| HI | | | | |
| Financial institution - secured | 7.41% - 7.87% | 1,333,000 | 7.41% - 7.87% | 1,370,000 |
| Hedcor Tudaya | | | | |
| Financial institution - secured | 4.92% | 693,512 | 4.92% | 693,511 |
| CLP | | | | |
| Financial institution - unsecured | 4.92% | 28,650 | 4.92% | 28,650 |
| TPVI | | | | |
| Financial institution - secured | 3.32% - 5.06% | 1,500,000 | 3.32% - 5.06% | 1,500,000 |
| AESI | | | | |
| Financial institution - secured | 4.87% | 588,000 | 4.87% | 588,000 |
| PVSINAG | | | | |
| Financial institution - secured | 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 |
| Apo Agua | | | | |
| Financial institutions - secured | 5.75% - 8.26% | 9,000,000 | 5.75% - 8.26% | 9,000,000 |
| LWC | | | | |
| Financial institution - secured | 5.47% | 250,000 | 5.47% | 250,000 |
| LLI | | | | |
| Financial institution - unsecured | 5.76% - 6.59% | 5,100,000 | 5.47% - 6.59% | 5,100,000 |

| | March 31, 2023 (Unaudited) | | December 31, 2022 (Audited) | |
|-----------------------------------|----------------------------|---------------------|-----------------------------|---------------------|
| | Annual Interest Rate | Amount | Annual Interest Rate | Amount |
| AEV International | | | | |
| US Dollar bonds | | | | |
| Foreign currency - unsecured | 4.20% | 21,744,000 | 4.20% | 22,302,000 |
| GCMH | | | | |
| Financial institution - unsecured | LIBOR + 1.44% | 2,174,400 | LIBOR + 1.44% | 2,230,200 |
| PTAYAM | | | | |
| Financial institution - unsecured | JIBOR + 3.48% | 126,729 | JIBOR + 3.48% | 124,626 |
| GCFHN | | | | |
| Financial institution - unsecured | 2.50% | 18,053 | 2.50% | 27,624 |
| ABOITIZLAND | | | | |
| Financial institution - secured | 3.97% - 4.41% | 1,900,000 | 3.97% - 4.41% | 1,900,000 |
| FSI | | | | |
| Financial institution - unsecured | 6.22% - 6.23% | 143,531 | 6.22% - 6.23% | 143,531 |
| TCP | | | | |
| Financial institution - unsecured | 5.50% - 7.50% | 168,850 | 5.50% - 7.50% | 176,350 |
| Joint Operation - PEC | | | | |
| Financial institution - secured | 5.77% - 6.27% | 9,432,901 | 5.77% - 6.27% | 9,951,718 |
| Total | | 305,491,525 | | 305,528,358 |
| Deferred financing costs | | (2,035,173) | | (1,989,340) |
| | | 303,456,352 | | 303,539,018 |
| Less current portion | | 17,526,564 | | 17,926,663 |
| Noncurrent portion | | P285,929,788 | | P285,612,355 |

In March 2023, PV Sinag availed a new loan for a total of ₱5.25 billion.

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 March 31, 2023 and December 31, 2022.

14. Debt Securities

As of March 31, 2023, AEV and AP registered and issued peso-denominated fixed-rate retail bonds totaling ₱90.9 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 |
| 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 |
| | | | ₱90,921,350 |

15. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities as of March 31, 2023 and the movements for the three-month period then ended:

| | Right-of-use assets | | | | | Lease Liabilities |
|----------------------------|---------------------|----------|-------------|---|-------------|-------------------|
| | Land | Building | Power Plant | Manufacturing Plant, Equipment and Others | Total | |
| At beginning of the period | ₱4,151,107 | ₱203,910 | ₱30,296,186 | ₱205,524 | ₱34,856,727 | ₱27,860,923 |
| Additions | — | — | — | 3,346 | 3,346 | 3,346 |
| Amortization expense | (41,250) | (48,669) | (277,218) | (13,278) | (380,415) | — |
| Capitalized amortization | (1,162) | — | — | — | (1,162) | — |
| Interest expense | — | — | — | — | — | 621,936 |
| Payments | — | — | — | — | — | (2,788,572) |
| Others | (4,664) | (1,203) | (2) | 17,425 | 11,556 | (387,917) |
| At end of the period | ₱4,104,031 | ₱154,038 | ₱30,018,966 | ₱213,017 | ₱34,490,052 | ₱25,309,716 |

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

| | Jan - Mar 2023 | Jan - Mar 2022 |
|---|-------------------|-------------------|
| Amortization expense of right-of-use assets | ₱380,415 | ₱363,718 |
| Interest expense on lease liabilities | 621,936 | 878,226 |
| Rent expense - short-term leases | 65,641 | 56,922 |
| Rent expense - low-value assets | 2,175 | 2,118 |
| | ₱1,070,167 | ₱1,300,984 |

16. 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 ₱133.9 billion and ₱138.9 billion as of March 31, 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.

17. Other Comprehensive Income

| | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--|----------------------------------|-----------------------------------|
| Cumulative Translation Adjustments | | |
| Balance at beginning of period | ₱1,809,142 | ₱2,862,189 |
| Movements | (126,523) | (1,053,047) |
| Balance at end of period | 1,682,619 | 1,809,142 |
| Cash Flow Hedge Reserve | | |
| Balance at beginning of period | 1,376,129 | 399,055 |
| Movements | (1,297,748) | 977,074 |
| Balance at end of period | 78,381 | 1,376,129 |
| Actuarial Losses on Defined Benefit Plans | | |
| Balances at beginning of period | (601,318) | (867,916) |
| Movements | 9,185 | 266,598 |
| Balance at end of period | (592,133) | (601,318) |

| | March 31, 2023 (Unaudited) | December 31, 2022 (Audited) |
|--|----------------------------------|-----------------------------------|
| Net Unrealized Gains on Financial Assets at FVOCI | | |
| At beginning of period | (31,381) | (118) |
| Movements | 46,549 | (31,263) |
| Balance at end of period | 15,168 | (31,381) |
| Share in Cumulative Translation Adjustments of Associates and Joint Ventures | | |
| Balance at beginning of period | 237,512 | (849,471) |
| Movements | — | 1,086,983 |
| Balance at end of period | 237,512 | 237,512 |
| Share in Actuarial Losses on Defined Benefit Plans of Associates and Joint Ventures | | |
| Balance at beginning of period | (901,547) | (1,122,519) |
| Movements | (9,533) | 220,972 |
| Balance at end of period | (911,080) | (901,547) |
| Share in Fair Value Changes on Financial Assets at FVOCI of Associates and Joint Ventures | | |
| At beginning of period | (6,956,134) | (656,595) |
| Movements | 5,620,682 | (6,299,539) |
| Balance at end of period | (1,335,452) | (6,956,134) |
| Revaluation Surplus | 642,672 | 642,672 |
| | (P182,313) | (P4,424,925) |

18. Revenues

| | Jan - Mar 2023 | Jan - Mar 2022 |
|-----------------------------|--------------------|--------------------|
| Sale of: | | |
| Power | P48,649,360 | P35,717,031 |
| Goods | 24,986,015 | 25,138,294 |
| Real estate | 1,329,886 | 1,179,504 |
| Service fees | 265,790 | 367,305 |
| Sale of swine at fair value | 430,992 | 7,661 |
| Others | 216,591 | 70,719 |
| | P75,878,634 | P62,480,514 |

19. Costs and Expenses

| | Jan - Mar 2023 | Jan - Mar 2022 |
|---------------------------|--------------------|-------------------|
| Cost of goods sold | ₱23,692,096 | ₱22,247,746 |
| Cost of generated power | 16,993,433 | 10,328,864 |
| Cost of purchased power | 16,889,660 | 12,212,618 |
| Cost of real estate sales | 753,243 | 567,157 |
| Operating expenses | 10,402,381 | 9,629,565 |
| | ₱68,730,813 | ₱54,985,950 |

20. Other Income (Expense)

| | Jan - Mar 2023 | Jan - Mar 2022 |
|---|-------------------|-------------------|
| Net foreign exchange gain (loss) | (₱542,545) | ₱379,263 |
| Surcharges | 175,143 | 63,895 |
| Rental income | 194,479 | 50,180 |
| Non-utility operating income | 34,636 | 30,227 |
| Unrealized valuation gains on financial instruments | 120,000 | 7,080 |
| Gain (loss) on disposal of: | | |
| Property, plant and equipment | 17,795 | 1,568 |
| Financial assets at FVTPL & FVOCI | 8,457 | 1,302 |
| Dividend income | 1,658 | 603 |
| Others - net | 423,417 | (321,574) |
| | ₱433,040 | ₱212,544 |

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

21. Earnings per Common Share

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

| | Jan - Mar 2023 | Jan - Mar 2022 |
|--|-------------------|-------------------|
| a. Net income attributable to equity holders of the parent | ₱4,004,611 | ₱3,937,721 |
| b. Weighted average number of common shares issued and outstanding | 5,630,225 | 5,630,225 |
| Basic and diluted earnings per common share (a/b) | ₱0.71 | ₱0.70 |

There are no dilutive potential common shares for the three-month periods ended March 31, 2023 and 2022.

22. Operating Segment Information

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

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

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

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

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

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

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

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

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

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

| | Revenue | | Property, Plant and Equipment | | Intangible Assets | |
|--------------|--------------------|-------------|-------------------------------|---------------|--------------------|---------------|
| | March 2023 | March 2022 | March 2023 | December 2022 | March 2023 | December 2022 |
| Philippines | ₱59,818,332 | ₱47,536,235 | ₱183,965,150 | ₱184,529,621 | ₱19,381,273 | ₱18,337,986 |
| Rest of Asia | 18,168,957 | 19,957,951 | 5,219,438 | 5,325,372 | 43,795 | 46,837 |
| | ₱77,987,289 | ₱67,494,186 | ₱189,184,588 | ₱189,854,993 | ₱19,425,068 | ₱18,384,823 |

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

23. Financial Risk Management Objectives and Policies

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

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

Risk Management Structure

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

Financial risk committee

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

Treasury service group

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

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

Market Risk

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

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2023, 7.71% of the Group's long-term debt had annual floating interest rates ranging from 4.54% to 8.26%, and 92.29% 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:

March 31, 2023

| | Less than 1 year | 1-5 years | More than 5 years | Total |
|------------------------|---------------------|-------------------|----------------------|--------------------|
| Long-term debts | | | | |
| Floating rate | ₱1,192,427 | ₱6,888,441 | ₱15,316,930 | ₱23,397,798 |

December 31, 2022

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

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

The interest expense recognized during the periods follows:

| | Jan - Mar 2023 | Jan - Mar 2022 |
|---|-------------------|-------------------|
| Long-term debts | ₱3,981,260 | ₱3,129,701 |
| Lease liabilities | 621,936 | 878,226 |
| Bank loans | 493,647 | 207,317 |
| Other long-term obligations | 58,246 | 131,137 |
| Customers' deposits | 1,911 | — |
| Loss on loan extinguishment (see Note 13) | — | 61,444 |
| | ₱5,157,000 | ₱4,407,825 |

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 March 31, 2023 and 2022:

| | Increase (decrease) in basis points | Effect on income before tax |
|-----------------------|---|--------------------------------|
| March 31, 2023 | 200 | (P115,386) |
| | (100) | 57,693 |
| March 31, 2022 | 200 | (P127,364) |
| | (100) | 63,682 |

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant during the first three 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 March 31, 2023 and December 31, 2022, foreign currency denominated borrowings account for 22.67% and 24.00%, respectively, of total consolidated borrowings.

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

| | March 31, 2023 | | December 31, 2022 | |
|---|----------------|---|-------------------|---|
| | US dollar | Philippine peso Equivalent ¹ | US dollar | Philippine peso Equivalent ² |
| Financial assets | | | | |
| Cash and cash equivalents | \$2,474,395 | ₱134,508,112 | \$544,778 | ₱30,374,097 |
| Short-term deposits | 126,540 | 6,878,714 | 380,161 | 21,195,877 |
| Trade and other receivables | 215,785 | 11,730,073 | 175,017 | 9,758,073 |
| Investments in FVTPL and FVOCI | 100,452 | 5,460,571 | 98,256 | 5,478,263 |
| Total financial assets | 2,917,172 | 158,577,470 | 1,198,212 | 66,806,310 |
| Financial liabilities | | | | |
| Bank loans | 128,217 | 6,969,876 | 137,452 | 7,663,636 |
| Trade and other payables | 347,445 | 18,887,110 | 257,192 | 14,339,740 |
| Long-term debts | 440,000 | 23,918,400 | 440,000 | 24,532,200 |
| Lease liabilities | 219,873 | 11,952,296 | 241,244 | 13,450,559 |
| Total financial liabilities | 1,135,535 | 61,727,682 | 1,075,888 | 59,986,135 |
| Net foreign currency denominated assets | \$1,781,637 | ₱96,849,788 | \$122,324 | ₱6,820,175 |

¹\$1= ₱54.36

²\$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 |
|-------------------|---|------------------------------------|
| March 31, 2023 | US dollar strengthens by 5% | ₱4,842,489 |
| | US dollar weakens by 5% | (4,842,489) |
| December 31, 2022 | US dollar strengthens by 5% | ₱341,009 |
| | US dollar weakens by 5% | (341,009) |

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

| | March 31, 2023 | December 31, 2022 |
|------------------------|---------------------------|------------------------------|
| Power distribution: | | |
| Industrial | ₱8,390,243 | ₱10,089,301 |
| Residential | 2,726,643 | 3,394,574 |
| Commercial | 900,622 | 1,059,520 |
| City street lighting | — | 27,372 |
| Power generation: | | |
| Power supply contracts | 15,791,825 | 13,033,267 |
| Spot market | 3,729,531 | 2,745,316 |
| | ₱31,538,864 | ₱30,349,350 |

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 March 31, 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 7.99% 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 P102.0 billion, P6.7 billion and P55.0 billion as of March 31, 2023, respectively and P101.5 billion, P20.9 billion and P61.3 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.

March 31, 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* | P52,442,648 | P52,442,648 | P8,221,194 | P43,093,683 | P1,127,771 | P— |
| Customers' deposits | 8,682,499 | 8,682,499 | — | — | 702,921 | 7,979,578 |
| <i>Financing</i> | | | | | | |
| Bank loans | 44,180,368 | 44,180,368 | — | 44,180,368 | — | — |
| Long-term debts | 303,456,352 | 305,491,525 | — | 17,632,710 | 142,076,553 | 145,782,262 |
| Lease liabilities | 25,309,716 | 25,342,815 | — | 11,286,369 | 12,013,497 | 2,042,949 |
| Long-term obligation on PDS | 149,725 | 200,000 | — | 40,000 | 160,000 | — |
| <i>Others</i> | | | | | | |
| Derivative liabilities | 764,109 | 764,109 | — | 259,452 | 504,657 | — |
| | P434,985,417 | P437,103,964 | P8,221,194 | P116,492,582 | P156,585,399 | P155,804,789 |

*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 March 31, 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 March 31, 2023 and December 31, 2022 are as follows:

| | March 31, 2023 | December 31, 2022 |
|-------------------------|---------------------------|------------------------------|
| Bank loans | ₱44,180,368 | ₱45,367,586 |
| Long-term obligations | 328,766,068 | 331,399,941 |
| Cash funds | (114,438,482) | (128,465,354) |
| Net debt (a) | 258,507,954 | 248,302,173 |
| Equity | 345,117,236 | 350,182,089 |
| Equity and net debt (b) | ₱603,625,190 | ₱598,484,262 |
| Gearing ratio (a/b) | 42.83% | 41.49% |

24. Financial Instruments

Fair Value of Financial Instruments

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

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

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

| | March 31, 2023 | | December 31, 2022 | |
|-----------------------------|----------------------------|-----------------------|----------------------------|-----------------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial asset: | | | | |
| PSALM deferred adjustment | ₱— | ₱— | ₱54,503 | ₱54,224 |
| Financial liabilities: | | | | |
| Lease liabilities | ₱25,309,716 | ₱23,713,166 | ₱27,860,923 | ₱25,939,517 |
| Long-term debt - fixed rate | 280,058,554 | 264,378,257 | 275,843,740 | 237,738,956 |
| PSALM deferred adjustment | — | — | 54,503 | 54,224 |
| Long-term obligation on PDS | 149,725 | 143,225 | 145,390 | 143,225 |
| | ₱305,517,995 | ₱288,234,648 | ₱303,904,556 | ₱263,875,922 |

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:

| | March 31, 2023 | December 31, 2022 |
|--|---------------------------|----------------------|
| At beginning of period | ₱2,403,461 | ₱104,909 |
| Net changes in fair value of derivatives designated as cash flow hedges | (2,520,106) | 1,729,380 |
| Net changes in fair value of derivatives not designated as accounting hedges | 332,483 | (52,377) |
| Fair value of settled instruments | (337,426) | 621,549 |
| At end of period | (₱121,588) | ₱2,403,461 |

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 March 31, 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 | ₱917,284 | ₱917,284 | ₱— | ₱— |
| At FVOCI | 4,591,130 | 4,591,130 | — | — |
| Exchangeable notes | 15,526,400 | 15,526,400 | — | — |
| Derivative asset | 642,521 | — | 642,521 | — |
| Derivative liability | 764,109 | — | 764,109 | — |
| Disclosed at fair value: | | | | |
| Lease liabilities | 23,713,166 | — | — | 23,713,166 |
| Long-term debt - fixed rate | 264,378,257 | — | — | 264,378,257 |
| Long-term obligation on PDS | 143,225 | — | — | 143,225 |

During the three-month period ended March 31, 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.

25. Other Disclosure

a. Seasonality of Interim Operations

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

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

b. COVID-19

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

The Group continues to see the positive impact in the overall economic conditions as mobility continues to normalize as of March 31, 2023.

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

c. Dividends to Non-Controlling Interests

The Company's material partly-owned subsidiary, AP and its subsidiaries, paid cash dividends amounting to ₱7.6 billion and ₱5.1 billion to non-controlling interests during the three-month periods ended March 31, 2023 and 2022, respectively.

d. 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. Subject to fulfillment of applicable conditions for closing, AP will own 69.4% of STEAG State Power Inc.

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.

e. Material Adjustments

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

f. Contingencies

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

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

SCHEDULE A – RELEVANT FINANCIAL RATIOS

| | Formula | March 31, 2023 | December 31, 2022 |
|---------------------------------------|---|-----------------------|--------------------------|
| LIQUIDITY RATIOS | | | |
| Current ratio | $\frac{\text{Current assets}}{\text{Current liabilities}}$ | 1.8 | 1.9 |
| Acid test ratio | $\frac{\text{Cash and cash equivalents} + \text{Trade and other receivable} + \text{Other liquid funds}}{\text{Current liabilities}}$ | 1.3 | 1.4 |
| SOLVENCY RATIOS | | | |
| Debt to equity ratio | $\frac{\text{Total liabilities}}{\text{Total equity}}$ | 1.3 | 1.3 |
| Asset to equity ratio | $\frac{\text{Total assets}}{\text{Total equity}}$ | 2.3 | 2.3 |
| Net debt to equity ratio ^A | $\frac{\text{Debt - Cash funds}}{\text{Total equity}}$ | 0.7 | 0.7 |
| Gearing ratio ^A | $\frac{\text{Debt - Cash funds}}{\text{Total equity} + (\text{Debt - Cash funds})}$ | 42.8% | 41.5% |
| Interest coverage ratio | $\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$ | 3.5 | 3.6 |
| PROFITABILITY RATIOS | | | |
| Operating margin | $\frac{\text{Operating profit}}{\text{Total revenues}}$ | 9.4% | 11.4% |
| Return on equity * | $\frac{\text{Net income after tax}}{\text{Total equity}}$ | Not Applicable | 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).

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

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

2.) ₱7.6 billion bonds issued in 2020

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

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

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

4.) ₱24.0 billion bonds issued in 2015

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

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

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

1. AGING OF RECEIVABLES

AS OF : MARCH 31, 2023

(amounts in thousand pesos)

| | 30 Days | 60 Days | 90 Days | Over 90 Days | Total |
|--|-------------------|------------------|------------------|-------------------|-------------------|
| Trade Receivables | | | | | |
| Power | 17,478,288 | 2,697,308 | 840,466 | 5,935,935 | 26,951,997 |
| Food Manufacturing | 5,871,922 | 995,476 | 514,407 | 1,784,563 | 9,166,368 |
| Real Estate | 5,973,517 | 196,976 | 114,913 | 5,381,564 | 11,666,970 |
| Holding and Others | 85,736 | 5,316 | 4,409,811 | 181,430 | 4,682,293 |
| | 29,409,463 | 3,895,076 | 5,879,597 | 13,283,492 | 52,467,628 |
| Others | 6,797,815 | 31,437 | 179,896 | 675,161 | 7,684,309 |
| | 36,207,278 | 3,926,513 | 6,059,493 | 13,958,653 | 60,151,937 |
| Less Allowance for Expected Credit Losses | | | | | 4,863,677 |
| | | | | | 55,288,260 |

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