



August 14, 2023

via electronic mail

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.

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

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

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

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

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

Gentlemen:

Please see enclosed SEC Form 17-Q (2nd Quarterly Report for 2023) of Aboitiz Equity Ventures Inc.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES INC.

By:

DocuSigned by:

A handwritten signature in black ink, appearing to read "Connie G. Chu", is written over a blue DocuSign signature line.

4C8D6E1F53FE545A...

CONNIE G. CHU

Corporate Secretary

COVER SHEET

C	E	O	2	5	3	6				
---	---	---	---	---	---	---	--	--	--	--

S.E.C. Registration Number

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

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

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

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

P	H	I	L	I	P	P	I	N	E	S																		
---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

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

CONNIE G. CHU

Contact Person

(02) 8 886-2800

Company Telephone Number

1	2		3	1
---	---	--	---	---

Month Day
Fiscal Year

2nd Quarterly Report 2023

1	7	-	Q	
---	---	---	---	--

FORM TYPE

4th Monday of April

0	4		2	4
---	---	--	---	---

Month Day
Annual Meeting

--

Secondary License Type, if Applicable

S	E	C
---	---	---

Dept. Requiring this Doc

--

Amended Articles Number/Section

--

Total No. of Stockholders

x

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--

File Number

--

LCU

--	--	--	--	--	--	--	--	--	--

Document I.D.

--

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2023**
2. Commission identification number **CEO2536** 3.BIR Tax Identification No. **003-828-269-V**
4. Exact name of issuer as specified in its charter
ABOITIZ EQUITY VENTURES INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines **1634**
8. Issuer's telephone number, including area code
(02) 8 886-2800
9. Former name, former address and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
<u>Common Stock ₱1 Par Value</u>	<u>5,630,225,457</u>
<u>Amount of Debt Outstanding (June 30, 2023)</u>	<u>₱373,682,368,000.00</u>
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. (AIC, or Aboitiz InfraCapital) 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-JUN 2023	JAN-JUN 2022
EQUITY IN NET EARNINGS OF INVESTEEES	₱13,201,429	₱7,368,508
EBITDA	40,526,918	32,742,624
CASH FLOW GENERATED:		
Net cash flows from operating activities	24,963,161	9,450,113
Net cash flows from (used in) investing activities	2,245,274	(58,420,295)
Net cash flows used in financing activities	(32,626,647)	(26,892,824)
Net decrease in Cash & Cash Equivalents	(5,418,212)	(75,863,006)
Cash & Cash Equivalents, Beginning	101,526,260	147,534,035
Cash & Cash Equivalents, End	95,517,320	74,019,003
	JUNE 30, 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 79% from ₱7.4 billion (bn) during the first six months of 2022 to ₱13.2 bn during the first six months of 2023. The increase was primarily due to: (i) fresh contribution from GNPowder Dinginin Ltd. Co. (GNPD), and (ii) higher earnings of Union Bank of the Philippines (UnionBank, or the "Bank"). This was partly offset by the lower earnings of Republic Cement & Building Materials, Inc. (RCBM) due to higher inflation, delays in authorization of government projects and unfavorable weather conditions in the Visayas and Mindanao regions at the beginning of 2023.

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

Net Debt-to-Equity ratio as of 30 June 2023 remained at end-2022 level of 0.7x. The Current Ratio as of 30 June 2023 was at 1.8x, a decline from the end-2022 level of 1.9x, mainly due to the decrease in current assets.

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

RESULTS OF OPERATIONS

For the six-month period ended 30 June 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 ₱10.5 bn, an 11% decrease year-on-year ("YoY"). This translated to earnings per share of ₱4.41 for the period. The Power Group accounted for the bulk of the income contributions to AEV at 72%, followed by the Banking and Financial Services, Real Estate, Food and Infrastructure Groups at 25%, 3%, 1%, and -1%, respectively.

During the first six months of 2023, the Group generated non-recurring losses of ₱656 million (mn) compared to ₱2.7 bn gains for the corresponding period in 2022) due to the revaluation of US dollar cash and liquid financial instruments. Without these one-off gains, the Group's core net income for the first six months of 2023 was ₱11.1 bn, 23% higher YoY. AEV recorded consolidated EBITDA of ₱40.5 bn during the first six months of 2023, a 24% increase from ₱32.7 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 six months ended 30 June 2023 compared to the six months ended 30 June 2022.

Revenues

Sale of Power

The Group's revenue from sale of power increased by 29%, or ₱23.6 bn, from ₱82.5 bn in the six months ended 30 June 2022 to ₱106.1 bn in the six months ended 30 June 2023. The increase was primarily attributable to higher availability across the Power Group's generation portfolio. The Group's sale of power comprised 61% and 67% as a percentage of total revenues in the six months ended 30 June 2022 and 30 June 2023, respectively.

Sale of Goods

The Group's revenue from sale of goods decreased by 3%, or ₱1.6 bn, from ₱48.7 bn in the six months ended 30 June 2022 to ₱47.1 bn in the six months ended 30 June 2023. The decrease was primarily due to lower sales volume for the Food Group. The Group's sale of goods comprised 36% and 30% as a percentage of total revenues in the six months ended 30 June 2022 and 30 June 2023, respectively.

Real Estate

The Group's revenue from real estate increased by 3%, or ₱0.1 bn, from ₱3.8 bn in the six months ended 30 June 2022 to ₱3.9 bn in the six months ended 30 June 2023. The increase was primarily attributable to Lima Land's higher commercial lot sales. As a percentage of total revenues, the Group's revenue from real estate comprised 3% and 2% in the six months ended 30 June 2022 and 30 June 2023, respectively.

Other Revenues

The Group's combined revenue from the sale of swine, service fees and other sources increased by 88% or ₱0.7bn, from ₱0.8 bn in the six months ended 30 June 2022 to ₱1.5 bn in the six months ended 30 June 2023. This was primarily due to higher swine sales volume from the Food Group. As a percentage of total revenues, the Group's other revenues comprised 1% in the six months ended 30 June 2022 and 30 June 2023.

Costs and Expenses*Cost of Generated and Purchased Power*

The Group's cost of generated and purchased power increased by 37%, or ₱19.5 bn, from ₱52.1 bn in the six months ended 30 June 2022 to ₱71.7 bn in the six months ended 30 June 2023. The increase was primarily attributable to higher volume of power generated and higher purchased power rates driven by higher Wholesale Electricity Spot Market (WESM) prices. As a percentage of total costs and expenses, the Group's cost of generated and purchased power comprised 44% and 51% in the six months ended 30 June 2022 and 30 June 2023, respectively.

Cost of Goods Sold

The Group's cost of goods sold remained flat at ₱42.9 bn in the six months ended 30 June 2023. As a percentage of total costs and expenses, the Group's cost of goods sold comprised 36% and 31% in the six months ended 30 June 2022 and 30 June 2023, respectively.

Operating Expenses

The Group's operating expenses increased by 17% or ₱3.4 bn, from ₱20.3 bn in the six months ended 30 June 2022 to ₱23.7 bn in the six months ended 30 June 2023. The increase was primarily attributable to higher (i) personnel costs, (ii) professional fees, (iii) outside services, (iv) taxes and licenses, (v) insurance of the Group's power plants, and (vi) depreciation and amortization. As a percentage of total costs and expenses, the Group's operating expenses comprised 17% in both the six months ended 30 June 2022 and 30 June 2023.

Cost of Real Estate Sales

For the six months ended 30 June 2023, the Group's cost of real estate remained flat at ₱2.1 bn in the six months ended 30 June 2023. As a percentage of total costs and expenses, the Group's other costs and expenses comprised 2% in both the six months ended 30 June 2022 and 30 June 2023.

Operating Profit

As a result of the foregoing, the Group's operating profit decreased by 2% or ₱0.3 bn, from ₱18.6 bn in the six months ended 30 June 2022 to ₱18.3 bn in the six months ended 30 June 2023.

Income Before Income Tax

The Group's income before income tax increased by 28% or ₱5.4 bn, from ₱19.3 bn in the six months ended 30 June 2022 to ₱24.7 bn in the six months ended 30 June 2023. The increase was primarily due to higher equity earnings.

Net Income

As a result of the foregoing, the Group's Net Income to Equity Holders of AEV decreased by 11% or ₱1.3 bn, from ₱11.8 bn in the six months ended 30 June 2022 to ₱10.5 bn in the six months ended 30 June 2023.

Net income attributable to non-controlling interests for the six months ended 30 June 2023 increased to ₱10.5 bn from ₱5.5 bn in the six months ended 30 June 2022. This was primarily due to the increase in consolidated net income of AboitizPower during the first six months of 2023.

STRATEGIC BUSINESS UNITS (SBU)

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

Power

For the six months ended 30 June 2023, the Power Group's contribution to Net Income to Equity Holders of AEV, before elimination of transactions within the Group, was ₱9.3 bn, a 79% increase from ₱5.2 bn in the six months ended 30 June 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 65%, from ₱5.5 bn in the six months ended 30 June 2022 to ₱9.1 bn in the six months ended 30 June 2023. The variance was primarily due to fresh contributions from GNPD and higher plant availability across AboitizPower's portfolio.

Capacity sold increased by 25% from 3,785 megawatts (MW) for the six months ended 30 June 2022 to 4,718 MW for the six months ended 30 June 2023. Energy sold in the six months ended 30 June 2023 increased by 29% to 17,736 gigawatt-hours (GWh) from 13,762 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 107% from ₱798 mn for the six months ended 30 June 2022 to ₱1.6 bn for the six months ended 30 June 2023. This increase was primarily due to recoveries in demand in the areas affected by Typhoon Odette. Energy sales increased by 7% to 2,983 GWh during the six months ended 30 June 2023 from 2,780 GWh in the six months ended 30 June 2022.

Banking & Financial Services

UnionBank's contribution to Net Income to Equity Holders of AEV increased by 4%, from ₱3.1 bn in the six months ended 30 June 2022 to ₱3.2 bn in the six months ended 30 June 2023. The increase was primarily attributable to (i) higher net interest income from the growth in loans and higher net interest margin due to the robust expansion of

its consumer banking business, and (ii) higher fees and other income driven by card-related fee income generated by the acquired Citibank Philippines (Citi) business, digital transactions and the growing base of the Bank's key Subsidiaries.

Food

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from the Food Group decreased by 7% to ₱181 mn in the six months ended 30 June 2023, compared to ₱194 mn in the six months ended 30 June 2022. The Food Group was able to fully recover from its ₱534 mn net loss during the first quarter of 2023 primarily due to better margins from its Agribusiness and Flour segments primarily due to the decrease in raw material costs, better pricing strategy, and higher volumes.

Real Estate

The contribution of AboitizLand to Net Income to Equity Holders of AEV in the six months ended 30 June 2023, before elimination of transactions within the Group, amounted to ₱389 mn, a 19% decrease from ₱479 mn in the six months ended 30 June 2022. This decrease was mainly due to construction-related delays, particularly in *The Villages at Lipa* and *Seafront Residences* projects.

Infrastructure

Before elimination of transactions within the Group, the contribution to Net Income to Equity Holders of AEV from Aboitiz InfraCapital, Inc. decreased by 63% to ₱334 mn in the six months ended 30 June 2023, compared to ₱900 mn in the six months ended 30 June 2022. This was primarily due to an increase in expenditures to provide long-term support for AIC's expanded asset portfolio, as well as a one-time gain in the first half of 2022 from the sale of the small cells/poles business to Unity Digital Infrastructure, Inc.

RCBM's contribution to Net Income to Equity Holders of AEV amounted to a loss of ₱452 mn in the six months ended 30 June 2023, compared to the ₱177 mn income in the six months ended 30 June 2022. The decrease was primarily due to higher inflation, delays in authorization of government projects, and unfavorable weather conditions in the Visayas and Mindanao regions at the beginning of the year.

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

Assets

Consolidated assets (as of 30 June 2023 compared to 31 December 2022) increased by ₱2.8 b to ₱810.6 bn, due to the following:

- Investments in and Advances to Associates and Joint Ventures increased by ₱18.5 bn (₱214.3 bn as of 30 June 2023 compared to ₱195.9 bn as of 31 December 2022) primarily due to the recording of ₱13.2 bn share in net earnings of Associates and Joint Ventures, ₱6.0 bn additional investment in UnionBank, and ₱5.6 bn other comprehensive income (OCI) during the period. This increase was partially reduced by the ₱2.4 bn dividends from Associates and Joint Ventures.
- Other Noncurrent Assets (ONCA) increased by 31% (₱44.3 bn as of 30 June 2023 compared to ₱33.7 bn as of 31 December 2022) primarily due to the first-time consolidation of STEAG State Power Inc.'s (STEAG) service concession contract.

The above increases were partially offset by decreases in:

- Cash & Cash Equivalents decreased by 6% (₱95.5 bn as of 30 June 2023 compared to ₱101.5 bn as of 31 December 2022). The decrease was mainly due to the movement of cash to short-term cash deposits, additional investment in UnionBank, debt servicing, and dividend payments.
- Trade and other receivables (current and noncurrent) decreased by 8% (₱56.8 bn as of 30 June 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.
- Other Current Assets (OCA) decreased by 36% (₱29.6 bn as of 30 June 2023 compared to ₱46.3 bn as of 31 December 2022) mainly due to the decrease in short-term cash deposits.

Liabilities

Total Liabilities (as of 30 June 2023 compared to 31 December 2022) decreased by 1% to ₱450.8 bn due to the following:

- Long-term obligation on Power Distribution System, which includes current and non-current portions, increased by 6% (₱154 mn as of 30 June 2023 compared to ₱145 mn as of 31 December 2022) due to the accretion of interest.
- Lease liabilities, which includes current and non-current portions, decreased by 16% (₱23.5 bn as of 30 June 2023 compared to ₱27.9 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 9% (₱55.2 bn as of 30 June 2023 compared to ₱60.5 bn as of 31 December 2022) mainly due to the decrease of trade and fuel purchases in the Power Group brought about by lower fuel price indices.
- Income tax payable increased by 32%, from ₱556 mn as of 31 December 2022 to ₱733 mn as of 30 June 2023, due to the provision for current taxes for the period.
- Derivative liabilities (net of derivative assets, current and noncurrent) moved from ₱2.4 bn net derivative asset position as of 31 December 2022 to ₱0.2 bn liability as of 30 June 2023. This was due to the Power Group's hedging losses.
- Customers' deposits increased by 5%, from ₱8.3bn as of 31 December 2022 to ₱8.8bn as of 30 June 2023, due to the Power Group's receipt of bill deposits from new customers.
- Deferred income tax liabilities (net of deferred income tax assets) increased by 16% (₱3.2 bn as of 30 June 2023 compared to ₱2.8 bn as of 31 December 2022) mainly due to the first-time consolidation of STEAG's deferred tax liabilities.

Equity

Equity attributable to equity holders of the parent (as of 30 June 2023 compared to 31 December 2022) increased by ₱6.2 bn from ₱255.1 bn to ₱261.3 bn, due to the ₱10.5 bn net income recorded during the period and ₱4.0 bn movement in other comprehensive income.

These were partly offset by the ₱8.3 bn cash dividends paid by AEV during the first quarter of 2023.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the six months ended 30 June 2023, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from Associates and Joint Ventures.

Compared to the cash inflow in the six months ended 30 June 2022, consolidated cash generated from operating activities in the six months ended 30 June 2023 increased by ₱15.5 bn to ₱25.0 bn. This was mainly due to lower working capital requirements.

As of 30 June 2023, net cash from investing activities amounted to ₱2.2 bn compared to ₱58.4 bn used during the six months ended 30 June 2022. In the current period, ₱14.6 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, ₱32.0 bn was invested in short-term cash deposits to maximize interest income, while ₱20.2 bn was invested in UnionBank.

Net cash used in financing activities was ₱32.6 bn in the six months ended 30 June 2023 compared to ₱26.9 bn in the six months ended 30 June 2022. The increase was largely attributed to higher cash dividend payments to non-controlling interests compared to the same period in 2022.

For the six months ended 30 June 2023, net cash outflows offset cash inflows, resulting in a 6% decrease in cash and cash equivalents from ₱101.5 bn as of year-end 2022 to ₱95.5 bn as of 30 June 2023.

FINANCIAL RATIOS

AEV's Current Ratio as of 30 June 2023 decreased to 1.8x from the end-2022 level of 1.9x, both current assets and current liabilities decreased. 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 decent 5% despite global and domestic macroeconomic headwinds. Recent external environment weakness from subdued external demand, rising uncertainty in global commodity prices due to potential weather disturbances, and persistently elevated monetary policy interest rates due to inflation, however, may still pose downside risks to this year's current macroeconomic 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, 1,013 MW are ongoing or under development and are expected to be energized within the next three years. Some of the Company's ongoing projects include (arranged based on target energization and commercial operations date): the PV Sinag Power Cayanga Project ("Cayanga Solar Project"); the Tiwi Binary Geothermal Project ("Tiwi Binary 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 PV area, switchyard, and testing and commissioning are ongoing. The project status was at 94% completion with zero lost time incident. The project is expected to be energized by August 2023.

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 August, project status was at 75% completion with zero lost time incident. It is expected to be energized by the end of this year.

The Laoag Solar Project involves the construction of a 159 MWp solar power plant located in Brgy. Laoag, Aguilar, Pangasinan. Construction activities for the PV farms, control buildings, substations, and transmission lines are ongoing. Overall, project status is at 72% completion, with zero lost time incidents. The first phase of the project which has a capacity of 72 MWp is expected to be energized by November 2023, and the second phase with a capacity of 87 MWp is expected to be energized by 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. Construction has been completed while testing for ancillary services is expected to begin this August. The project is expected to begin commercial operations by the first quarter of 2024.

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

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

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

AboitizPower is also optimizing its existing baseload facilities to meet critical market needs as baseload demand in the Philippines is still expected to increase in the coming years. 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 framework. AboitizPower has taken steps to proactively quantify the potential impacts of various climate regulations on its assets. AboitizPower is monitoring this risk as part of its risk management framework and is developing strategies to manage risks that are above certain risk thresholds.

Given the current state of power needs in the Philippines and the expected build progression of new plants over the next 10 years, AboitizPower believes its existing coal assets will continue to play a significant role for at least another 15 to 20 years. AboitizPower is always looking at improvements to make sure it continues to operate its assets responsibly and in compliance with all regulations.

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

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

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

Since the time JERA invested in AboitizPower, both companies have worked closely together in the above-mentioned areas. Early this year, AboitizPower and JERA signed, in the presence of his Excellency Ferdinand R. Marcos Jr., President of the Republic of the Philippines, a Memorandum of Understanding to commence a joint study on ammonia co-firing for decarbonization. Both companies will assess the feasibility of ammonia co-fired power generation and study potential development in the ammonia and hydrogen value chains in the Philippines for the decarbonization of AboitizPower.

Other known trends, events, 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 Effect of Existing or Probable Government Regulations on the Business on page 77 of the AboitizPower's 2022 Definitive Information Statement).

Banking & Financial Services SBU

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

The COVID-19 pandemic has accelerated the shift in consumer behavior towards digital and remote banking. The banking industry in general, and UnionBank in particular, experienced immense growth in electronic transactions (e.g. fund transfers, in-app bills payment, etc.), as well as increased users of digital channels and applications. UnionBank and its Subsidiaries more than doubled its total number of customers from 5 mn in 2019 to over 12 mn

as of 30 June 2023. The Bank also observed an increase in the average daily balances of its Current Account and Savings Account (CASA) deposits from its Digital Account Opening clients, from ₱6,800 in 2019 to around ₱11,500 in June 2023. The Bank expects the digital trend to continue, especially as more Filipinos discover and experience the advantages of digital payments and digital banking.

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

1. **Acquisition of Citibank Philippines (Citi):** On 1 August 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 included 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 six months ended 30 June 2023, the Citi business contributed ₱10.3 bn in core recurring revenues. It has also acquired new-to-bank customers at a rate of 21,600 per month, which is higher than pre-pandemic levels. As of 30 June 2023, its credit card and personal loans closed at ₱87.3 bn current balance.
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. As of 30 June 2023, the digital bank’s gross loans stood at ₱12.9 bn and the deposits amounted to ₱20.1 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 half of 2023, CitySavings expanded and diversified its customer base, bringing its total loans to ₱92.8 bn, up 25% compared to the same period in 2022.

In addition, UnionBank has successfully shifted its business model as its revenues now mainly come from core recurring income. For the six months ended 30 June 2023, recurring income amounted to ₱33.7 bn, 54% higher than the same period last year, while net interest income increased by 41% year-on-year to ₱24.0 bn on account of higher margins and volume. Net interest margins expanded by 60 basis points to 5.2% driven by the higher proportion of high-yielding consumer loans to total loans and the robust growth of low-cost CASA deposits. Moreover, the Bank’s fee and other income, excluding trading income, jumped by 82% year-on-year to ₱9.7 bn largely due to the consolidation of the Citi consumer business, as well as growing customers and digital transactions.

Moreover, the Bank’s consumer gross loans comprise 55% of its current loan portfolio as of 30 June 2023, which is almost triple the banking industry average of 19%. The Bank’s total assets closed at ₱1.1 trillion and its deposits amounted to ₱693.3 bn outstanding balance. With its fast-tracked growth in 2022, the Bank recalibrated its strategies for a bigger and bolder ambition, which is to become one of the largest and most profitable retail banks by 2025. With the three pillars put in place, the Bank believes that it is well-positioned to leverage on digital trends as it carries on with the commercialization program of its digital transformation.

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 Food Group's vision of becoming *"an integrated regional business and food company,"* it 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.

Based on internal market data, 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 are expected to be added in 2023 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 are expected to be fully operational by December 2023 and April 2024. During the first half of 2023, the Gold Coin Group focused 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 or AIC)

AIC looks optimistically at the remainder of 2023 with the Philippine economy's continued post-pandemic recovery. AIC's asset portfolio in Airports, Digital Infrastructure, Economic Estates, and Water Infrastructure were on a strong growth trajectory in the first half of 2023. AIC expects that this will accelerate further in the second half of the year.

Airports

With travel restrictions being completely lifted, Mactan Cebu International Airport (MCIA) saw a significant increase in passenger traffic. Nearly 5 mn passengers passed through the airport in the first half of 2023, which was more than double from the same period in 2022 and is rapidly approaching pre-pandemic levels.

AIC is also seeing increased optimism from its airline partners, as local airlines have successfully established new routes to foreign destinations in recent months – AirAsia now flies direct to Japan from MCIA, while Cebu Pacific flies to Taipei. Direct flights to and from Shanghai, China also resumed this July and AIC expects more international routes to and from Mactan to be restored in the coming months.

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.

As the world continues to recover from the challenges posed by the COVID-19 pandemic, the outlook for air travel remains optimistic, with an anticipated acceleration of traffic growth for the remainder of the year.

Digital Infra

Unity Digital Infrastructure, Inc. (Unity) further expanded its capacity, footprint, and portfolio of strategic locations across the country during the first half of 2023 with the signing of a sale and leaseback agreement with Globe Telecom in May 2023 for 447 telecommunication towers and related passive telecommunications infrastructure and equipment in Luzon. The deal included a commitment to build over 200 towers across Visayas and/or Mindanao. This transaction brought Unity's total acquired portfolio of towers to 1,100 for both Globe Telecom and Smart-PLDT. Unity has completed its closing and turnover of the first tranche of towers with both mobile network operators (MNO) for 250 towers combined.

Unity is focused on continuing the turnover of the succeeding batches of towers from both MNOs in the second half of the year and ensuring smooth transition in the operations and maintenance of these towers. It is working with all MNOs to address the growing demand for expanded coverage and improved connectivity by maximizing colocation across Unity's tower assets. In addition, Unity is committed to fulfilling its existing order book of build-to-suit towers. Unity expects to end the year with a portfolio of more than 1,700 towers and small cells, which will allow Unity to significantly scale up its earnings.

Water

Apo Agua Infraestructura Inc. ("Apo Agua") successfully delivered the first drop of water to Davao City Water District (DCWD) during the first half of 2023. Having achieved this milestone, Apo Agua is fully focused on the start of full operations and providing 300 million liters per day (MLD) of water to *Davaoenos* by the fourth quarter of 2023. On the other hand, Lima Water plans to complete the hydrogeology or aquifer study covering the expansion areas of AIC's Economic Estates.

In preparation for full operations, Apo Agua has been taking steps to ensure that water it delivers is safe, reliable and sustainable. Its laboratory has recently been accredited with the Department of Health (DOH) and obtained the highest classification for Drinking Water Analysis. It is also capable of testing beyond the 10 mandatory parameters of the Philippine National Standards for Drinking Water (PNSDW).

Meanwhile, Lima Water also completed its expanded scope of recognition from DENR during its renewal period. This included nutrient parameters from the latest effluent standards. The additional accredited parameters will help Lima Water expand its laboratory services.

Economic Estates

Aboitiz InfraCapital Economic Estates has a 30-year track record of excellence, and is a leading developer and operator of sustainable industrial-anchored mixed-use developments in Asia. AIC's Economic Estates span more than 1,400 hectares of development, and house over 200 world-class companies and industry leaders that directly employ over 100,000 Filipinos.

AIC Economic Estates recently achieved significant milestones in its transformation to smart, sustainable estates. Through its partnership with the Philippine Green Building Council, AIC established the BERDE District Certification, a local standard for assessing and certifying industrial estates' environmental compliance. LIMA Estate received the certification with a maximum 5-star rating, making it the first and only industrial estate in the Philippines to do so. Property Guru Asia also recognized Aboitiz InfraCapital with a Special Recognition for Sustainable Design and Construction, as well as LIMA Estate as the Best Green Development in Asia.

AIC Economic Estates expects to further expand its footprint in the latter part of 2023. Currently, LIMA is developing

150 hectares of industrial lots, which will bring new inventory to market. In addition, further investment is being made in West Cebu Estate's expansion that will add 39 hectares to its footprint.

AIC Economic Estates is also investing in developments that will allow its industrial estates to transform into a center for commerce both in Batangas and in Cebu. LIMA Tower One, an 11-storey office building with 34,000 square meters of leasable space, which is also a PEZA-certified, WELL and BERDE-registered green building, is on track to be completed by the first quarter of 2024. This will be part of a seven-tower office park built in a campus-like format that is meant to cater to BPO and IT companies looking to expand outside Metro Manila.

The next phase of development for West Cebu Estate will follow a similar format to LIMA, with the introduction of a central business district which will initially include a commercial complex with a supermarket, transportation hub, and shops providing other basic necessities for the community.

Republic Cement and Building Materials, Inc. (RCBM)

Cement demand is estimated to have declined by 6% to 8% in the first half 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 Visayas and Mindanao area at the beginning of the year.

Demand is expected to improve 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. RCBM is also poised to capture the potential demand growth with its 9.7 million tons of cement production capacity. In order to mitigate the impact of external headwinds such as elevated inflation exacerbated by the Russia-Ukraine war, RCBM continues to focus on operational excellence initiatives and cost control measures. This includes the use of alternative fuels, which currently RCBM has the capacity to use up to 500,000 tons annually.

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. (Aboitiz Land)

2023 marks the start of the next phase of Aboitiz Land'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. Aboitiz Land will continue to focus on further improving all aspects of operations.

Innovation will continue to be at the core of Aboitiz Land's culture. In 2023, Aboitiz Land expects to continue to harvest the results of its early and bold investments in its digitization strategy. Some key innovation initiatives that are 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. Just recently, Aboitiz Land launched *OneVecino*, its digital ecosystem consisting of digital services that guide the Vecinos from pre-purchase to property experience. It integrates the *Vecino App*, *Vecino Pay*, *Vecino Support*, and *Vecino Properties*.

Aboitiz Land 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. To date, the post-pandemic international deployments in Dubai and Singapore have successfully resulted in over ₱421 mn in reservation sales. These deployments have enabled Aboitiz Land to move its mid-market inventory amidst high local inflation by effectively catering to international clientele who were optimizing the weak peso.

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

Aboitiz Land 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 the second half of the year, Aboitiz Land is set to launch a new phase in Priveya Hills in Cebu and a new product in Batangas - The Strides at LIMA, a cluster of mid-rise buildings thoughtfully designed to cater to the housing needs in LIMA Economic Estate. With growing investor-driven demand in the area, this marks its first mid-rise development in Luzon, representing a significant milestone for Aboitiz Land. Elevating the lives of Aboitiz Land's future homebuyers, The Strides at LIMA will redefine smart living in an accessible and connected vicinity, offering sustainable living at its finest.

While acknowledging the challenges posed by the interest rate environment and surging inflation, Aboitiz Land remains optimistic about the Philippine residential demand in the second half of 2023. Aboitiz Land is seeing a robust, steady demand for its mid-market inventory, and the interest rate environment becoming less of an issue to Aboitiz Land's buyers. Aboitiz Land's strategic initiatives, including new project launches and a focused approach on overseas Filipino markets, position us for continuous growth and improved financial performance. Aboitiz Land is diligent in its efforts to navigate this volatile landscape, reinforcing buyer prequalification and equity checks to strengthen the health of its receivables.

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

Long-Term Aspiration


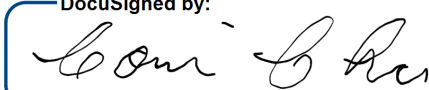
AEV is now well underway with its '*Great Transformation*', a bold corporate move to put innovation at the forefront of its growth strategy and will usher the Group's transition to becoming a '*techglomerate*', or a conglomerate that heavily integrates technology and design thinking in all its production,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

PART II--OTHER INFORMATION

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

SIGNATURES

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

Issuer	<u>ABOITIZ EQUITY VENTURES INC.</u>
	DocuSigned by: 
Principal Accounting Officer	<u>E57D7AB7ADD6473... Marlita M. Villacampa</u>
Signature and Title	<u>First Vice President – Controller for Accounting and Operating Services</u>
Date	<u>August 14, 2023</u>
	DocuSigned by: 
Authorized Officer of the Issuer	<u>4C6D6E1E53FE45A... Connie G. Chu</u>
Signature and Title	<u>Senior Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer</u>
Date	<u>August 14, 2023</u>

Aboitiz Equity Ventures, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

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

For the Six-Month Periods Ended June 30, 2023 and 2022

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

	June 30, 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)	₱95,517,320	₱101,526,260	₱147,534,035
Trade and other receivables (Note 6)	56,494,776	61,319,148	48,020,420
Inventories	46,149,498	46,161,542	31,992,459
Derivative assets (Note 24)	364,654	2,669,218	1,383,903
Other current assets (Note 7)	29,560,596	46,282,770	25,418,264
Total Current Assets	228,086,844	257,958,938	254,349,081
Noncurrent Assets			
Property, plant and equipment	227,178,876	224,711,720	220,018,207
Investments and advances (Note 8)	214,334,036	195,855,745	154,815,613
Intangible assets (Note 9)	79,505,140	78,375,252	74,338,411
Investment properties	14,500,793	14,423,957	12,227,553
Deferred income tax assets - net (Note 3)	1,659,432	1,519,532	1,742,644
Trade and other receivables - net of current portion (Note 6)	327,634	329,538	366,651
Derivative assets - net of current portion (Note 24)	206,054	395,644	75,718
Net pension assets	470,448	487,129	293,168
Other noncurrent assets (Note 10)	44,328,940	33,720,624	15,145,672
Total Noncurrent Assets	582,511,353	549,819,141	479,023,637
TOTAL ASSETS	₱810,598,197	₱807,778,079	₱733,372,718
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables (Note 11)	₱54,034,462	₱59,347,137	₱45,779,404
Bank loans (Note 12)	43,883,551	45,367,586	35,415,424
Current portions of:			
Long-term debts (Notes 13 and 14)	18,354,073	17,926,663	18,608,778
Long-term obligation on Power Distribution System (PDS)	40,000	40,000	40,000
Lease liabilities (Note 15)	9,761,162	9,420,133	8,291,721
Derivative liabilities (Note 24)	759,070	330,809	1,180,048
Income tax payable	732,507	555,580	382,223
Total Current Liabilities	127,564,825	132,987,908	109,697,598

(Forward)

	June 30, 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)	₱287,951,208	₱285,612,355	₱253,069,865
Lease liabilities (Note 15)	13,732,374	18,440,790	25,964,507
Trade and other payables (Note 11)	1,158,349	1,107,359	982,617
Long-term obligation on PDS	114,060	105,390	125,532
Customers' deposits	8,770,829	8,314,885	7,374,767
Decommissioning liability	5,852,574	5,654,234	5,686,224
Deferred income tax liabilities - net (Note 3)	4,873,136	4,286,073	2,533,306
Net pension liability	773,958	756,404	493,293
Derivative liabilities - net of current portion (Note 24)	—	330,592	174,664
Total Noncurrent Liabilities	323,226,488	324,608,082	296,404,775
Total Liabilities	450,791,313	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)	(412,511)	(4,424,925)	(235,375)
Retained earnings (Notes 16 and 25)			
Appropriated	88,800,000	79,800,000	9,200,000
Unappropriated	125,410,031	132,217,744	187,906,484
Treasury stock at cost	(647,672)	(647,672)	(647,672)
	261,348,845	255,144,144	244,422,434
Non-controlling Interests (Note 25)	98,458,039	95,037,945	82,847,911
Total Equity	359,806,884	350,182,089	327,270,345
TOTAL LIABILITIES AND EQUITY	₱810,598,197	₱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 six-month period ended June 30		For the quarter ended June 30	
	2023	2022 (As Restated - Note 3)	2023	2022 (As Restated - Note 3)
REVENUES (Note 18)	₱158,614,331	₱135,852,139	₱82,735,697	₱73,371,625
COSTS AND EXPENSES (Note 19)	140,316,849	117,216,980	71,586,036	62,231,030
FINANCIAL INCOME (EXPENSE)				
Interest income (Notes 5, 6 and 7)	1,991,840	652,935	958,601	444,999
Interest expense and other financing costs (Notes 15 and 23)	(10,358,826)	(8,896,135)	(5,201,826)	(4,488,310)
	(8,366,986)	(8,243,200)	(4,243,225)	(4,043,311)
OTHER INCOME - NET				
Share in net earnings of associates and joint ventures (Note 8)	13,201,429	7,368,508	6,638,380	4,953,491
Other income - net (Note 20)	1,532,211	1,492,063	1,099,171	1,279,519
	14,733,640	8,860,571	7,737,551	6,233,010
INCOME BEFORE INCOME TAX	24,664,136	19,252,530	14,643,987	13,330,294
PROVISION FOR INCOME TAX (Note 3)	3,722,040	1,928,123	2,094,605	1,363,949
NET INCOME	₱20,942,096	₱17,324,407	₱12,549,382	₱11,966,345
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	₱10,468,718	₱11,802,067	₱6,464,107	₱7,864,346
Non-controlling interests	10,473,378	5,522,340	6,085,275	4,101,999
	₱20,942,096	₱17,324,407	₱12,549,382	₱11,966,345
EARNINGS PER SHARE (Note 21)				
Basic and diluted, for net income for the period attributable to ordinary equity holders of the parent	₱1.86	₱2.10	₱1.15	₱1.40

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 six-month periods ended June 30		For the quarter ended June 30	
		2022		2022
	2023	(As Restated - Note 3)	2023	(As Restated - Note 3)
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	P10,468,718	P11,802,067	P6,464,107	P7,864,346
Non-controlling interests	10,473,378	5,522,340	6,085,275	4,101,999
	20,942,096	17,324,407	12,549,382	11,966,345
OTHER COMPREHENSIVE INCOME (LOSS) (Note 17)				
<i>Items that will be reclassified to consolidated statements of income:</i>				
Net movement in cumulative translation adjustments	(159,469)	2,661,215	432,884	2,272,115
Movement in cash flow hedge, net of tax	(2,754,409)	8,249,224	(258,296)	2,958,600
Share in movement in cumulative translation adjustments of associates and joint ventures	56,688	898,206	58,865	786,138
Share in movement in net unrealized mark-to-market gains (losses) on FVOCI investments of associates	5,528,732	(4,876,905)	(91,950)	(2,350,750)
Movement in net unrealized mark-to-market gains (losses) on FVOCI investments	57,817	(33,071)	11,268	(22,056)
	2,729,359	6,898,669	152,771	3,644,047
<i>Items that will not be reclassified to consolidated statements of income:</i>				
Share in movement in actuarial gains (losses) on defined benefit plans of associates and joint ventures, net of tax	(2,572)	4,159	(333)	(33,402)
Movement in actuarial gains (losses) on defined benefit plans, net of tax	9,305	(495)	120	—
	6,733	3,664	(213)	(33,402)
TOTAL COMPREHENSIVE INCOME	P23,678,188	P24,226,740	P12,701,940	P15,576,990
ATTRIBUTABLE TO:				
Equity holders of the parent	P14,481,132	P12,382,550	P6,233,909	P8,067,409
Non-controlling interests	9,197,056	11,844,190	6,468,031	7,509,581
	P23,678,188	P24,226,740	P12,701,940	P15,576,990

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 SIX-MONTH PERIODS ENDED JUNE 30, 2023 AND 2022
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent									
	Capital Stock: Common	Additional Paid-in Capital	Equity Reserve	Accumulated Other Comprehensive Income (Note 17)	Retained Earnings		Treasury Stock	Total	Non-controlling Interest	Total
					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	—	—	—	—	—	10,468,718	—	10,468,718	10,473,378	20,942,096
Other comprehensive income (loss)	—	—	—	4,012,414	—	—	—	4,012,414	(1,276,322)	2,736,092
Total comprehensive income for the period (Note 17)	—	—	—	4,012,414	—	10,468,718	—	14,481,132	9,197,056	23,678,188
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)	—	—	—	—	—	—	—	—	(8,003,156)	(8,003,156)
Changes in non-controlling interests (Note 25)	—	—	—	—	—	—	—	—	2,226,194	2,226,194
Balances at June 30, 2023	P5,694,600	P13,013,197	P29,491,200	(P412,511)	P88,800,000	P125,410,031	(P647,672)	P261,348,845	P98,458,039	P359,806,884
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	—	—	—	—	—	11,802,067	—	11,802,067	5,522,340	17,324,407
Other comprehensive income	—	—	—	580,483	—	—	—	580,483	6,321,850	6,902,333
Total comprehensive income for the period (Note 17)	—	—	—	580,483	—	11,802,067	—	12,382,550	11,844,190	24,226,740
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)	—	—	—	—	—	—	—	—	(6,395,743)	(6,395,743)
Changes in non-controlling interests	—	—	—	—	—	—	—	—	284,406	284,406
Balances at June 30, 2022	P5,694,600	P13,013,197	P29,491,200	P345,108	P79,800,000	P119,987,586	(P647,672)	P247,684,019	P88,580,764	P336,264,783

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

	For the six-month periods ended June 30		For the quarter ended June 30	
	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	₱24,664,136	₱19,252,530	₱14,643,987	₱13,330,294
Adjustments for:				
Interest expense (Notes 15 and 23)	10,358,826	8,896,135	5,201,826	4,488,310
Depreciation and amortization	7,135,175	6,706,350	3,691,370	3,394,391
Net unrealized foreign exchange losses (gains)	462,067	(1,204,924)	(536,430)	(766,837)
Write-off of project cost and other assets (Note 20)	8,825	582,417	8,825	582,417
Loss (gain) on sale/disposal of:				
Property, plant and equipment (Note 20)	(31,674)	106,200	(13,879)	107,768
Fair value through profit or loss (FVTPL) and Fair value through other comprehensive income (FVOCI) investments (Note 20)	(17,787)	(1,052)	(9,330)	250
Unrealized mark-to-market losses (gains) on derivatives (Note 20)	(88,999)	404,572	4,872	452,147
Unrealized mark-to-market losses (gains) on FVTPL investments (Note 20)	(33,543)	132,975	(7,413)	92,480
Dividend income (Note 20)	(4,729)	(643)	(3,071)	(40)
Interest income	(1,991,840)	(652,935)	(958,601)	(444,999)
Share in net earnings of associates and joint ventures (Note 8)	(13,201,429)	(7,368,508)	(6,638,380)	(4,953,491)
Operating income before working capital changes	27,259,028	26,853,117	15,383,776	16,282,690
Decrease (increase) in:				
Trade and other receivables	4,826,276	(9,649,520)	(1,474,171)	(7,273,281)
Inventories	12,044	(9,740,049)	(3,531,532)	(7,615,775)
Other current assets	175,866	311,219	(309,996)	(1,411,191)
Increase (decrease) in:				
Trade and other payables	(5,467,942)	3,414,355	(1,750,672)	1,145,396
Customers' deposits	455,944	268,069	88,330	39,691
Net cash generated from operations	27,261,216	11,457,191	8,405,735	1,167,530
Income and final taxes paid	(2,298,055)	(2,007,078)	(2,107,877)	(2,000,740)
Net cash flows from (used in) operating activities	24,963,161	9,450,113	6,297,858	(833,210)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash dividends received (Note 8)	2,419,245	2,505,398	44,664	43,490
Interest received	1,987,509	396,469	894,291	195,914
Proceeds from sale of FVTPL and FVOCI investments	138,713	43,310	1,073	—
Acquisition through business combination, net of cash acquired (Note 25)	(570,098)	—	(570,098)	—
Additions to:				
FVTPL and FVOCI investments	(168,279)	(627,942)	(130,013)	(191,663)
Property, plant and equipment and investment properties	(9,638,007)	(6,701,595)	(6,337,145)	(2,511,389)
Investments in and advances to associates (Note 8)	(6,044,987)	(20,236,670)	—	(20,236,670)
Increase (decrease) in short-term cash deposits	14,631,235	(31,979,633)	458,379	(8,994,449)
Increase in intangible assets - service concession rights	(1,504,477)	(1,894,620)	(703,203)	(925,698)
Decrease (increase) in other noncurrent assets	994,420	74,988	(2,150,614)	(1,334,615)
Net cash flows from (used in) investing activities	2,245,274	(58,420,295)	(8,492,666)	(33,955,080)

	For the six-month periods ended June 30		For the quarter ended June 30	
	2023	2022	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES				
Net proceeds from (payments of) long-term debts - net of transaction costs (Note 13 and 14)	(451,675)	(6,443,730)	2,329,223	(1,484,880)
Net proceeds from (payments of) bank loans (Notes 12)	(1,484,035)	7,908,002	(296,816)	8,123,700
Cash dividends paid and other changes to non-controlling interest (Note 25)	(8,003,156)	(6,395,743)	(416,800)	(1,275,060)
Cash dividends paid to equity holders of the parent (Note 16)	(8,276,431)	(9,120,965)	—	—
Interest paid	(8,809,550)	(6,900,262)	(3,852,112)	(2,811,350)
Payments of:				
Lease liabilities net of accreted interest (Note 15)	(4,410,194)	(4,222,433)	(2,243,558)	(2,088,028)
Interest on lease liabilities (Note 15)	(1,191,606)	(1,717,693)	(569,670)	(839,467)
Net cash flows used in financing activities	(32,626,647)	(26,892,824)	(5,049,733)	(375,085)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,418,212)	(75,863,006)	(7,244,541)	(35,163,375)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(590,728)	2,347,974	796,112	1,661,692
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	101,526,260	147,534,035	101,965,749	107,520,686
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱95,517,320	₱74,019,003	₱95,517,320	₱74,019,003

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 June 30, 2023 and December 31, 2022:

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			June 30, 2023		December 31, 2022	
			Direct	Indirect	Direct	Indirect
Aboitiz Power Corporation (AP) and Subsidiaries	Power	Philippines	51.99	–	51.99	–
AboitizPower International Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Cleanergy Asia Power Holdings Pte. Ltd	Holding	Singapore	–	100.00	–	100.00
AP Lariang Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Aboitiz Energy Solutions, Inc. (AESI)	Power	Philippines	–	100.00	–	100.00
Adventenergy, Inc. (AI)	Power	Philippines	–	100.00	–	100.00
Balamban Enerzone Corporation (BEZ)	Power	Philippines	–	100.00	–	100.00
Mactan Enerzone Corporation (MEZ)	Power	Philippines	–	100.00	–	100.00
Malvar Enerzone Corporation (MVEZ)	Power	Philippines	–	100.00	–	100.00
East Asia Utilities Corporation (EAUC)	Power	Philippines	–	100.00	–	100.00
Lima Enerzone Corporation (LEZ)	Power	Philippines	–	100.00	–	100.00
Subic Enerzone Corporation (SEZ)	Power	Philippines	–	100.00	–	100.00
Cotabato Light & Power Co., Inc. (CLP)	Power	Philippines	–	99.94	–	99.94
Cotabato Ice Plant, Inc.	Manufacturing	Philippines	–	100.00	–	100.00
Davao Light & Power Co., Inc. (DLP)	Power	Philippines	–	99.93	–	99.93
Maaraw Holdings San Carlos, Inc. (MHSCI)	Holding	Philippines	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasun)	Power	Philippines	–	100.00	–	100.00
STEAG State Power, Inc. (STEAG, see Note 25)	Power	Philippines	–	69.40	–	34.00
Cebu Private Power Corporation (CPPC)	Power	Philippines	–	60.00	–	60.00
Prism Energy, Inc. (PEI)	Power	Philippines	–	60.00	–	60.00

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			June 30, 2023		December 31, 2022	
			Direct	Indirect	Direct	Indirect
Visayan Electric Co., Inc. (VECO)	Power	Philippines	–	55.26	–	55.26
Cell Power Energy Corporation (formerly Olongapo Energy Corporation)*	Power	Philippines	–	100.00	–	100.00
Aboitiz Renewables Inc. (ARI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
AP Renewables, Inc. (APRI)	Power	Philippines	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power	Philippines	–	100.00	–	100.00
Amihan Frontier Energy, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power	Philippines	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power	Philippines	–	100.00	–	100.00
PV Sinag Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Amihan Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Aboitiz Solar Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power	Philippines	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power	Philippines	–	100.00	–	100.00
Hedcor Tamugan, Inc.*	Power	Philippines	–	100.00	–	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power	Philippines	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power	Philippines	–	100.00	–	100.00
RE Resources, Inc.*	Power	Philippines	–	100.00	–	100.00
Cleanergy, Inc. (CI)*	Power	Philippines	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power	Philippines	–	99.97	–	99.97
Luzon Hydro Corporation (LHC)	Power	Philippines	–	100.00	–	100.00
Bakun Power Line Corporation*	Power	Philippines	–	100.00	–	100.00
Sinag Solar Power Corporation*	Power	Philippines	–	100.00	–	100.00
Retensol, Inc.*	Power	Philippines	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power	Philippines	–	100.00	–	100.00
Cordillera Hydro Corporation (CHC)*	Power	Philippines	–	100.00	–	100.00
Visayas Cleanergy, Inc.*	Power	Philippines	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power	Philippines	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power	Philippines	–	100.00	–	100.00
Electricidad, Inc.*	Power	Philippines	–	100.00	–	100.00
Maaraw Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Wind Renewable Energy Corporation*	Power	Philippines	–	100.00	–	100.00
Luzon Alternative Energy Sources, Inc.*	Power	Philippines	–	100.00	–	100.00
Luzon Cleanergy Generation, Inc.*	Power	Philippines	–	100.00	–	100.00
Luzon Cleanergy, Inc.*	Power	Philippines	–	100.00	–	100.00
Maaraw Holdings Bais, Inc.*	Power	Philippines	–	100.00	–	100.00
Mindanao Cleanergy, Inc.*	Power	Philippines	–	100.00	–	100.00
North Luzon Green and Sustainable Energy, Inc.*	Power	Philippines	–	100.00	–	100.00
North Luzon Green Power, Inc.*	Power	Philippines	–	100.00	–	100.00
North Luzon Natural Energy, Inc.*	Power	Philippines	–	100.00	–	100.00
Northern Sun Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Northern Sun Radiance, Inc.*	Power	Philippines	–	100.00	–	100.00
South Cleanergy, Inc.*	Power	Philippines	–	100.00	–	100.00
South Luzon Energy Solutions, Inc.*	Power	Philippines	–	100.00	–	100.00
South Luzon Power Development, Inc.*	Power	Philippines	–	100.00	–	100.00
South Luzon Sustainable Energy, Inc.*	Power	Philippines	–	100.00	–	100.00
Sinag Naraw Power, Inc.*	Power	Philippines	–	100.00	–	100.00
Cleanergy 1, Inc.*	Power	Philippines	–	100.00	–	–
Cleanergy 2, Inc.*	Power	Philippines	–	100.00	–	–

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			June 30, 2023		December 31, 2022	
			Direct	Indirect	Direct	Indirect
Therma Power, Inc. (TPI) and Subsidiaries	Power	Philippines	–	100.00	–	100.00
Mindanao Sustainable Solutions, Inc.*	Services	Philippines	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power	Philippines	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power	Philippines	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power	Philippines	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power	Philippines	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)	Power	Philippines	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power	Philippines	–	100.00	–	100.00
Therma Subic, Inc.*	Power	Philippines	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
GNPower Mariveles Energy Center Ltd. Co. (GMEC)	Power	Philippines	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Therma Cebu Energy Inc.*	Power	Philippines	–	100.00	–	–
Therma NatGas Power Inc.*	Power	Philippines	–	100.00	–	–
Therma Pagbilao Power Inc.*	Power	Philippines	–	100.00	–	–
Therma Quezon Energy Inc.*	Power	Philippines	–	100.00	–	–
Therma Visayas, Inc. (TVI)	Power	Philippines	–	80.00	–	80.00
Abovant Holdings, Inc.	Holding	Philippines	–	60.00	–	60.00
Aboitiz FeedAll Holdings, Inc. and Subsidiaries (FeedAll)	Holding	Philippines	100.00	–	100.00	–
Pilmico Foods Corporation (PFC) and Subsidiaries	Food manufacturing	Philippines	–	100.00	–	100.00
Filagri Holdings, Inc.	Holding	Philippines	–	100.00	–	100.00
Pilmico Animal Nutrition Corporation (PANC)	Food manufacturing	Philippines	–	100.00	–	100.00
Filagri, Inc.	Food manufacturing	Philippines	–	100.00	–	100.00
AboitizLand, Inc. (AboitizLand) and Subsidiaries	Real estate	Philippines	100.00	–	100.00	–
Propiedad 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

	Nature of Business	Place of Incorporation	Percentage of Ownership			
			June 30, 2023		December 31, 2022	
			Direct	Indirect	Direct	Indirect
American Feeds Company Limited	Feedmills	Vietnam	–	100.00	–	100.00
Gold Coin Feedmill Ha Nam Co. Ltd. (GCFHN)	Feedmills	Vietnam	–	100.00	–	100.00
Glen Arbor Holdings (Singapore) Pte. Ltd. (GAHS)	Holding	Singapore	–	100.00	–	100.00
Gold Coin Group Limited	Holding	Hong Kong	–	100.00	–	100.00
Gold Coin Holdings Sdn Bhd	Holding	Malaysia	–	100.00	–	100.00
Gold Coin Feedmill Binh Duong Company (GCFBDC)	Feedmills	Vietnam	–	100.00	–	100.00
KLEAN Greentech Co. Ltd.	Feedmills	Thailand	–	100.00	–	100.00
Gold Coin Vietnam Holdings Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Gold Coin Aqua Feed Incorporated	Holding	British Virgin Island	–	100.00	–	100.00
Gold Coin Aqua Feed (Singapore) Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Gold Coin Specialities Sdn. Bhd. (GCSSB)	Feedmills	Malaysia	–	100.00	–	100.00
Gold Coin Specialities (Thailand) Co. Ltd.	Feedmills	Thailand	–	100.00	–	100.00
P.T. Gold Coin Trading Indonesia	Feedmills	Indonesia	–	100.00	–	100.00
P.T. Gold Coin Indonesia	Feedmills	Indonesia	–	100.00	–	100.00
P.T. Gold Coin Specialities	Feedmills	Indonesia	–	99.90	–	99.90
PT Ayam Unggul (PTAYAM)	Feedmills	Indonesia	–	60.00	–	60.00
FEZ Animal Nutrition Pte Ltd	Holding	Singapore	–	100.00	–	100.00
FEZ Animal Nutrition Pakistan (Private Limited)	Holding	Pakistan	–	100.00	–	100.00
Gold Coin Malaysia Group Sdn. Bhd.	Holding	Malaysia	–	100.00	–	100.00
Gold Coin Feedmills (Malaysia) Sdn. Bhd.	Feedmills	Malaysia	–	100.00	–	100.00
Gold Coin Feedmill (Sabah) Sdn. Bhd.	Feedmills	Malaysia	–	100.00	–	100.00
Gold Coin Sarawak Sdn. Bhd.	Feedmills	Malaysia	–	72.80	–	72.80
Bintawa Fishmeal Factory Sdn. Bhd.	Feedmills	Malaysia	–	72.80	–	72.80
Golden Livestock Sdn Bhd.	Holding	Malaysia	–	100.00	–	100.00
Pilmico Aqua Pte. Ltd.	Holding	Singapore	–	100.00	–	100.00
Aboitiz Data Innovation Pte. Ltd.	Data Analytics	Singapore	–	100.00	–	100.00
Archipelago Insurance Pte Ltd (AIPL)	Insurance	Singapore	100.00	–	100.00	–
AEV Aviation, Inc. (AEV Aviation)	Services	Philippines	73.31	26.69	73.31	26.69
Advanced Data Innovation Inc.	Data Analytics	Philippines	100.00	–	100.00	–
Cebu Praedia Development Corporation (CPDC)	Real estate	Philippines	100.00	–	100.00	–
Weather Solutions, Inc.	Services	Philippines	100.00	–	100.00	–
Aboitiz Infracapital, Inc. (AIC) and Subsidiaries	Holding	Philippines	100.00	–	100.00	–
Lima Land, Inc. (LLI)	Real estate	Philippines	–	100.00	–	100.00
Lima Water Corporation (LWC)	Water Infrastructure	Philippines	–	100.00	–	100.00
Apo Agua Infraestructura, Inc. (Apo Agua)*	Water Infrastructure	Philippines	–	70.00	–	70.00

* No commercial operations as of June 30, 2023.

Interest in a Joint Operation

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

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

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

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 July 26, 2023, the Audit Committee of the Board of Directors (BOD) of the Company approved and authorized the release of the unaudited interim condensed consolidated financial statements of the Group.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the amendments to existing standards which were applied starting January 1, 2023. Except for the impact of the amendment to PAS 12, *Deferred Taxes related to Assets and Liabilities arising from a Single Transaction*, there were no other significant changes affecting the unaudited interim condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

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

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

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

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

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

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

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

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

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

The adoption did not have any significant impact on the six-month period ended June 30, 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 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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand and in banks	₱37,651,020	₱41,041,123
Short-term deposits	57,866,300	60,485,137
	₱95,517,320	₱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 ₱1.8 billion in June 30, 2023 and ₱0.4 billion in June 30, 2022, respectively.

6. Trade and Other Receivables

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables		
Power	₱28,043,152	₱30,196,685
Real estate	11,465,171	11,299,169
Food manufacturing	10,589,611	10,296,324
Holding and others	3,395,435	4,742,730
	53,493,369	56,534,908
Nontrade receivables	7,297,247	8,125,105
Dividends receivable	—	792,000
Advances to contractors	514,046	285,715
Others	690,251	702,915
	61,994,913	66,440,643
Less allowance for expected credit losses	5,172,503	4,791,957
	56,822,410	61,648,686
Less noncurrent portion	327,634	329,538
	₱56,494,776	₱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.

Interest income earned from receivables amounted to ₱112.4 million in June 30, 2023 and ₱76.0 million in June 30, 2022, respectively.

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 ₱11.1 billion and ₱327.6 million, respectively, as of June 30, 2023, and ₱11.0 billion and ₱329.1 million, respectively, as of December 31, 2022.

Trade receivables of real estate group include contract assets amounting to ₱4.7 billion and ₱5.3 billion as of June 30, 2023 and December 31, 2022, respectively.

7. Other Current Assets

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Restricted cash	₱6,295,900	₱6,023,425
Short term cash deposits	6,284,434	20,915,669
Prepaid expenses	4,452,581	5,563,710
Input value added tax (VAT) - net	3,340,026	3,407,192
Insurance assets	3,286,717	4,911,073
Advances to suppliers	1,772,335	1,536,681
Biological assets	1,071,221	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	2,496,700	2,302,298
	₱29,560,596	₱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 ₱97.9 million in June 30, 2023 and ₱158.8 million in June 30, 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	
		June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Manila-Oslo Renewable Enterprise, Inc. (MORE) ¹	Holding	83.33	83.33
GN Power Dinginin Ltd. Co. (GNPD) ¹	Power generation	70.00	70.00
AEV CRH Holdings, Inc. (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 (see Note 25)	Power generation	—	34.00
GMR Megawide Cebu Airport Corporation (GMCAC)	Airport operations	33.33	33.33
Cebu Energy Development Corp. (CEDC)	Power generation	26.40	26.40
Redondo Peninsula Energy, Inc. (RP Energy) *	Power generation	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power distribution	20.00	20.00
Gold Coin Feed Mills (Brunei) Sdn. Bhd. **	Feedmills	20.00	20.00
Jin Fu Boar Stud Farm (Mengzi) Co., Ltd ***	Food manufacturing	20.00	20.00
Balibago Water Systems, Inc. (BWSI) 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 June 30, 2023.

**Registered in Malaysia and is part of GCMH Group

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

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

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

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
UBP	₱90,144,210	₱77,700,780
GNPD/ATI	69,444,529	60,096,334
AEV CRH	24,601,644	24,601,644
GMCAC	9,452,094	9,494,813
MORE	9,374,308	9,292,756
CEDC	3,763,090	3,075,932
UDII	1,769,682	1,865,697
CDPEI	1,694,119	1,708,053
CRH ABOITIZ	1,245,523	1,697,195
SFELAPCO/PEVI	1,168,030	1,110,270
BWSI	674,280	651,155
WMPC	198,203	174,927
RP Energy	91,551	93,418
SPPC	37,178	42,341
STEAG (Note 25)	—	3,592,972
Others	666,784	648,466
	₱214,325,225	₱195,846,753

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Acquisition cost:		
Balance at beginning of period	₱135,195,009	₱104,462,005
Additions during the period	6,045,168	30,733,004
Newly consolidated subsidiary (see Note 25)	(4,400,611)	—
Balance at end of period	136,839,566	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	13,201,429	20,781,865
Newly consolidated subsidiary (see Note 25)	464,154	—
Cash dividends received and receivable	(2,414,516)	(5,334,283)
Balance at end of period	78,355,283	67,104,216
Gain on dilution	1,014,136	1,014,136
Share in net unrealized mark-to-market losses on FVOCI investments of associates	(1,379,948)	(6,908,680)
Share in cumulative translation adjustments of associates and joint ventures	1,077,488	1,020,800
Share in actuarial losses on retirement benefit plan of associates and joint ventures	(900,569)	(897,997)
	215,005,956	196,527,484
Less allowance for impairment losses	680,731	680,731
	214,325,225	195,846,753
Advances to associates	8,811	8,992
	₱214,334,036	₱195,855,745

9. Intangibles

Set out below is the carrying amount of the Group's intangible assets as of June 30, 2023 and the movements for the six-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	—	1,543,203	—	530,267	—	64,463	2,137,933
Impairment	—	—	—	(47,197)	—	—	(47,197)
Exchange differences	(679,395)	(47,727)	—	(199,118)	—	188,484	(737,756)
Balances at end of period	59,311,034	19,776,731	3,078,431	1,816,396	99,746	1,428,469	85,510,807
Accumulated amortization:							
Balances at beginning of period	—	4,135,101	737,541	—	96,771	813,162	5,782,575
Amortization	—	110,605	38,481	—	1,984	72,022	223,092
Balances at end of period	—	4,245,706	776,022	—	98,755	885,184	6,005,667
Net book values	P59,311,034	P15,531,025	P2,302,409	P1,816,396	P991	P543,285	P79,505,140

10. Other Noncurrent Assets

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Exchangeable notes	P15,526,400	P15,526,400
Input VAT and tax credit receivable	5,308,615	3,850,974
Financial assets at FVOCI	4,713,377	4,626,724
Prepaid taxes	4,347,146	3,643,246
Advances to contractors and projects	1,728,432	2,100,394
Prepaid rent and other deposits	1,148,210	963,963
Financial assets at FVTPL	951,365	899,186
Receivable from NGCP - net of current portion	561,179	560,894
Biological assets	208,589	158,792
Debt investments at amortized cost	42,742	42,861
Others	9,792,885	1,347,190
	P44,328,940	P33,720,624

Prepaid taxes are composed of creditable withholding taxes.

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

11. Trade and Other Payables

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Trade payables	₱31,836,863	₱41,525,655
Nontrade and other payables	6,722,529	5,229,867
Accrued expenses		
Interest	3,371,799	3,229,914
Taxes and fees	1,423,257	1,577,843
Others	3,379,174	2,443,410
Output VAT	5,505,272	4,175,422
Amounts due to contractors and other third parties	2,946,519	2,136,570
PSALM deferred adjustment	—	54,503
Unearned revenue	7,398	81,312
	55,192,811	60,454,496
Less noncurrent portion	1,158,349	1,107,359
	₱54,034,462	₱59,347,137

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

Trade payables include contract liabilities amounting to ₱2.9 billion and ₱3.5 billion as of June 30, 2023 and December 31, 2022, respectively.

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

Other payables represent withholding taxes, 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

	June 30, 2023	December 31, 2022
	(Unaudited)	(Audited)
Philippine peso loans	₱28,393,000	₱26,544,000
US dollar loans	9,487,908	12,429,370
Chinese yuan loans	2,172,560	1,950,874
Malaysian Ringgit loans	2,088,675	2,240,194
Indonesia rupia loans	859,883	747,169
Vietnamese dong loans	734,183	1,303,316
Other foreign currency-denominated loans	147,342	152,663
	₱43,883,551	₱45,367,586

The bank loans are unsecured short-term notes payable obtained from local and foreign banks with annual interest rates ranging from 2.5% to 8.30% 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

	June 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Company:				
Financial and nonfinancial institutions - unsecured	2.84% - 7.53%	P57,521,350	2.84% - 7.53%	P57,571,350
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.7% - 4.85%	30,912,187	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%	1,049,204	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%	17,516,389	4.27%	18,117,893
APRI				
Financial institutions - secured	4.91% - 6.67%	10,728,000	4.91% - 6.67%	11,152,000
Hedcor Bukidnon				
Financial institutions - secured	4.29% - 5.59%	7,814,293	4.29% - 5.59%	8,114,434
HSI				
Fixed rate corporate notes - unsecured	5.14% - 5.42%	3,004,400	5.03% - 5.42%	3,004,398
PFC				
Financial institutions - unsecured	4.50% - 5.16%	2,848,000	4.50% - 5.16%	2,855,500
PANC				
Financial institutions - unsecured	4.50% - 6.432%	3,400,000	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%	664,267	4.92%	693,511
CLP				
Financial institution - unsecured	4.92%	28,650	4.92%	28,650
TPVI				
Financial institution - secured	3.32% - 5.06%	1,499,250	3.32% - 5.06%	1,500,000
AESI				
Financial institution - secured	4.87%	582,000	4.87%	588,000
PVSINAG				
Financial institution - secured	7.06% - 8.02%	8,850,000	8.02%	3,600,000
ARI				
Financial institution - unsecured	6.91%	12,000,000	6.91%	12,000,000
TLI				
Financial institution - unsecured	7.39%	15,000,000	7.39%	15,000,000
STEAG				
Financial institution - unsecured	LIBOR + 5%	2,667,816	—%	—

	June 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	Annual Interest Rate	Amount	Annual Interest Rate	Amount
Apo Agua				
Financial institutions - secured	5.75% - 8.26%	8,939,595	5.75% - 8.26%	9,000,000
LWC				
Financial institution - secured	5.47%	239,063	5.47%	250,000
LLI				
Financial institution - unsecured	5.76% - 6.59%	5,100,000	5.47% - 6.59%	5,100,000
AEV International				
US Dollar bonds				
Foreign currency - unsecured	4.20%	22,080,000	4.20%	22,302,000
GCMH				
Financial institution - unsecured	LIBOR + 1.44%	2,208,000	LIBOR + 1.44%	2,230,200
PTAYAM				
Financial institution - unsecured	JIBOR + 3.48%	129,229	JIBOR + 3.48%	124,626
GCFHN				
Financial institution - unsecured	2.50%	9,144	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%	143,674	6.22% - 6.23%	143,531
TCP				
Financial institution - unsecured	5.50% - 7.50%	161,350	5.50% - 7.50%	176,350
Joint Operation - PEC				
Financial institution - secured	5.77% - 6.27%	9,432,902	5.77% - 6.27%	9,951,718
Total		308,305,105		305,528,358
Deferred financing costs		(1,999,824)		(1,989,340)
		306,305,281		303,539,018
Less current portion		18,354,073		17,926,663
Noncurrent portion		P287,951,208		P285,612,355

In March 2023, PV Sinag availed a new loan for a total of P5.25 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 June 30, 2023 and December 31, 2022.

14. Debt Securities

As of June 30, 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 June 30, 2023 and the movements for the six-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	—	285,051	—	3,712	288,763	260,343
Amortization expense	(82,511)	(102,753)	(554,436)	(17,046)	(756,746)	—
Capitalized amortization	(2,262)	—	—	—	(2,262)	—
Interest expense	—	—	—	—	—	1,191,606
Payments	—	—	—	—	—	(5,601,800)
Others	(20,327)	(2,124)	(2)	3,614	(18,839)	(217,536)
At end of the period	₱4,046,007	₱384,084	₱29,741,748	₱195,804	₱34,367,643	₱23,493,536

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

	Jan - Jun 2023	Jan - Jun 2022
Amortization expense of right-of-use assets	₱756,746	₱741,214
Interest expense on lease liabilities	1,191,606	1,717,693
Rent expense - short-term leases	111,076	110,647
Rent expense - low-value assets	3,859	4,306
	₱2,063,287	₱2,573,860

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 ₱141.1 billion and ₱138.9 billion as of June 30, 2023 and December 31, 2022, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements.

17. Other Comprehensive Income

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cumulative Translation Adjustments		
Balance at beginning of period	₱1,809,142	₱2,862,189
Movements	(207,401)	(1,053,047)
Balance at end of period	1,601,741	1,809,142
Cash Flow Hedge Reserve		
Balance at beginning of period	1,376,129	399,055
Movements	(1,432,039)	977,074
Balance at end of period	(55,910)	1,376,129
Actuarial Losses on Defined Benefit Plans		
Balances at beginning of period	(601,318)	(867,916)
Movements	9,305	266,598
Balance at end of period	(592,013)	(601,318)

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Net Unrealized Gains on Financial Assets at FVOCI		
At beginning of period	(31,381)	(118)
Movements	57,817	(31,263)
Balance at end of period	26,436	(31,381)
Share in Cumulative Translation Adjustments of Associates and Joint Ventures		
Balance at beginning of period	237,512	(849,471)
Movements	65,866	1,086,983
Balance at end of period	303,378	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	(9,866)	220,972
Balance at end of period	(911,413)	(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	5,528,732	(6,299,539)
Balance at end of period	(1,427,402)	(6,956,134)
Revaluation Surplus	642,672	642,672
	(P412,511)	(P4,424,925)

18. Revenues

	Jan - Jun 2023	Jan - Jun 2022
Sale of:		
Power	₱106,088,312	₱82,532,061
Goods	47,148,148	48,729,101
Real estate	3,923,522	3,816,046
Service fees	608,689	640,139
Sale of swine at fair value	486,088	26,692
Others	359,572	108,100
	₱158,614,331	₱135,852,139

19. Costs and Expenses

	Jan - Jun 2023	Jan - Jun 2022
Cost of goods sold	₱42,866,016	₱42,772,089
Cost of generated power	36,121,451	25,371,339
Cost of purchased power	35,531,583	26,748,295
Cost of real estate sales	2,142,566	2,068,203
Operating expenses	23,655,233	20,257,054
	₱140,316,849	₱117,216,980

20. Other Income (Expense)

	Jan - Jun 2023	Jan - Jun 2022
Net foreign exchange gain (loss)	(₱434,081)	₱2,232,695
Surcharges	345,801	264,302
Rental income	240,580	116,147
Non-utility operating income	55,719	70,125
Unrealized valuation gains (losses) on financial instruments	33,543	(132,975)
Gain (loss) on disposal of:		
Property, plant and equipment	31,674	(106,200)
Financial assets at FVTPL & FVOCI	17,787	1,052
Dividend income	4,729	643
Write off of project costs and other assets	(8,825)	(582,417)
Others - net	1,245,284	(371,309)
	₱1,532,211	₱1,492,063

“Others - net” comprise non-recurring items like insurance claims, 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 - Jun 2023	Jan - Jun 2022
a. Net income attributable to equity holders of the parent	₱10,468,718	₱11,802,067
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)	₱1.86	₱2.10

There are no dilutive potential common shares for the six-month periods ended June 30, 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	
	June 2023	June 2022	June 2023	December 2022	June 2023	December 2022
Philippines	₱129,938,026	₱107,133,271	₱187,431,683	₱184,529,621	₱20,151,153	₱18,337,986
Rest of Asia	37,573,367	45,893,056	5,379,550	5,325,372	42,953	46,837
	₱167,511,393	₱153,026,327	₱192,811,233	₱189,854,993	₱20,194,106	₱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 June 30, 2023, 8.09% of the Group's long-term debt had annual floating interest rates ranging from 3.32% to 8.26%, and 91.91% 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:

June 30, 2023

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	₱1,597,770	₱8,397,852	₱14,774,555	₱24,770,177

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 - Jun 2023	Jan - Jun 2022
Long-term debts	₱8,025,277	₱6,391,247
Lease liabilities (see Note 15)	1,191,606	1,717,693
Bank loans	1,041,611	535,133
Other long-term obligations	95,040	190,618
Customers' deposits	5,292	—
Loss on loan extinguishment (see Note 13)	—	61,444
	₱10,358,826	₱8,896,135

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 June 30, 2023 and 2022:

	Increase (decrease) in basis points	Effect on income before tax
June 30, 2023	200	(P245,666)
	(100)	122,833
June 30, 2022	200	(P249,636)
	(100)	124,818

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant during the first six 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 June 30, 2023 and December 31, 2022, foreign currency denominated borrowings account for 22.59% and 24.00%, respectively, of total consolidated borrowings.

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

	June 30, 2023		December 31, 2022	
	US dollar	Philippine peso Equivalent ¹	US dollar	Philippine peso Equivalent ²
Financial assets				
Cash and cash equivalents	\$1,415,198	₱78,118,930	\$544,778	₱30,374,097
Short-term deposits	112,829	6,228,160	380,161	21,195,877
Trade and other receivables	141,470	7,809,144	175,017	9,758,073
Investments in FVTPL and FVOCI	101,781	5,618,311	98,256	5,478,263
Total financial assets	1,771,278	97,774,546	1,198,212	66,806,310
Financial liabilities				
Bank loans	73,406	4,052,011	137,452	7,663,636
Trade and other payables	296,118	16,345,713	257,192	14,339,740
Long-term debts	440,000	24,288,000	440,000	24,532,200
Lease liabilities	197,964	10,927,613	241,244	13,450,559
Total financial liabilities	1,007,488	55,613,337	1,075,888	59,986,135
Net foreign currency denominated assets	\$763,790	₱42,161,209	\$122,324	₱6,820,175

¹\$1= ₱55.20

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
June 30, 2023	US dollar strengthens by 5%	₱2,108,060
	US dollar weakens by 5%	(2,108,060)
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 June 30, 2023 and December 31, 2022, the Group's exposure to equity price risk is minimal.

Credit Risk

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

Concentration risk

Credit risk concentration of the Group's receivables according to the customer category as of June 30, 2023 and December 31, 2022 is summarized in the following table:

	June 30, 2023	December 31, 2022
Power distribution:		
Industrial	₱9,390,510	₱10,089,301
Residential	2,851,167	3,394,574
Commercial	1,341,518	1,059,520
City street lighting	1,337	27,372
Power generation:		
Power supply contracts	11,797,223	13,033,267
Spot market	2,661,397	2,745,316
	₱28,043,152	₱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 June 30, 2023 and December 31, 2022, the portion of the total long-term debt, inclusive of

customers' deposits, that will mature in less than one year is 8.30% 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 ₱95.5 billion, ₱6.3 billion and ₱56.5 billion as of June 30, 2023, respectively and ₱101.5 billion, ₱20.9 billion and ₱61.3 billion as of December 31, 2022, respectively. These financial assets will be used to fund short-term and operational liquidity needs of the Group.

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

June 30, 2023

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	Less than 1 year	1-5 years	> 5 years
Financial liabilities:						
<i>Operating</i>						
Trade and other payables*	₱51,099,623	₱51,099,623	₱3,421,670	₱46,519,604	₱1,158,349	₱—
Customers' deposits	8,770,829	8,770,829	—	—	696,394	8,074,435
<i>Financing</i>						
Bank loans	43,883,551	43,883,551	—	43,883,551	—	—
Long-term debts	306,305,281	308,305,105	—	18,483,970	147,460,625	142,360,510
Lease liabilities	23,493,536	25,637,286	—	11,379,360	12,212,532	2,045,394
Long-term obligation on PDS	154,060	200,000	—	40,000	160,000	—
<i>Others</i>						
Derivative liabilities	759,070	759,070	—	759,070	—	—
	₱434,465,950	₱438,655,464	₱3,421,670	₱121,065,555	₱161,687,900	₱152,480,339

*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 June 30, 2023 and December 31, 2022.

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

Gearing ratios of the Group as of June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023	December 31, 2022
Bank loans	₱43,883,551	₱45,367,586
Long-term obligations	329,798,817	331,399,941
Cash funds	(108,097,654)	(128,465,354)
Net debt (a)	265,584,714	248,302,173
Equity	359,806,884	350,182,089
Equity and net debt (b)	₱625,391,598	₱598,484,262
Gearing ratio (a/b)	42.47%	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.

	June 30, 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	₱23,493,536	₱22,100,135	₱27,860,923	₱25,939,517
Long-term debt - fixed rate	281,535,104	261,773,005	275,843,740	237,738,956
PSALM deferred adjustment	—	—	54,503	54,224
Long-term obligation on PDS	154,060	143,225	145,390	143,225
	₱305,182,700	₱284,016,365	₱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:

	June 30, 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	(3,021,312)	1,729,380
Net changes in fair value of derivatives not designated as accounting hedges	402,138	(52,377)
Fair value of settled instruments	27,351	621,549
At end of period	(₱188,362)	₱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 June 30, 2023, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Investments in financial assets:				
At FVTPL	₱951,365	₱951,365	₱—	₱—
At FVOCI	4,713,377	4,713,377	—	—
Exchangeable notes	15,526,400	15,526,400	—	—
Derivative asset	570,708	—	570,708	—
Derivative liability	759,070	—	759,070	—
Disclosed at fair value:				
Lease liabilities	22,100,135	—	—	22,100,135
Long-term debt - fixed rate	261,773,005	—	—	261,773,005
Long-term obligation on PDS	143,225	—	—	143,225

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

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 June 30, 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 ₱8.0 billion and ₱6.4 billion to non-controlling interests during the six-month periods ended June 30, 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. On June 6, 2023, AP was able to meet all conditions relevant to the sale, accordingly, as of that date, AP owns 69.4% of STEAG State Power Inc. As of July 26, 2023, the Group is still in the process of compiling all of the necessary information needed in finalizing its initial purchase price allocation, as such, certain disclosures are not yet available.

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

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

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

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	June 30, 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	$\frac{\text{Debt} - \text{Cash funds}}{\text{Total equity}}$	0.7	0.7
Gearing ratio ^A	$\frac{\text{Debt} - \text{Cash funds}}{\text{Total equity} + (\text{Debt} - \text{Cash funds})}$	42.5%	41.5%
Interest coverage ratio	$\frac{\text{Earnings before interest and taxes}}{\text{Interest expense}}$	4.0	3.6
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	11.5%	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 2022**

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

2.) ₱10.0 billion bonds issued in 2021

	Projected Usage (Per Prospectus)	Actual Usage
Refinance facilities drawn to fund the early redemption of the 2015 Series B Bonds	₱8,467,030	₱8,467,030
Partially finance Aboitiz InfraCapital's 2021 equity contributions to Apo Agua to fund its requirements for the construction of a hydroelectric-powered bulk water treatment facility in Davao	750,000	750,000
Finance future funding requirements of Aboitiz InfraCapital in 2022 for its towers project	643,629	647,997
Bond issuance costs	139,341	134,973
TOTAL	₱10,000,000	₱10,000,000

3.) ₱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.

4.) ₱5.0 billion bonds issued in 2019

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

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

1. AGING OF RECEIVABLES

AS OF : JUNE 30, 2023

(amounts in thousand pesos)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	16,757,079	3,705,922	1,374,362	6,205,789	28,043,152
Food Manufacturing	7,919,114	549,746	254,058	1,866,693	10,589,611
Real Estate	6,019,724	286,945	312,923	4,845,579	11,465,171
Holding and Others	3,046,532	22,128	99,377	227,398	3,395,435
	33,742,449	4,564,741	2,040,720	13,145,459	53,493,369
Others	7,592,716	153,410	83,285	672,133	8,501,544
	41,335,165	4,718,151	2,124,005	13,817,592	61,994,913
Less Allowance for Expected Credit Losses					5,172,503
					56,822,410

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