



May 15, 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 Disclosures Department

Gentlemen:

Please see enclosed SEC Form 17-Q (1st Quarterly Report 2023) of Aboitiz Power Corporation.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:

A handwritten signature in blue ink, appearing to read "Manuel Alberto R. Colayco".

MANUEL ALBERTO R. COLAYCO
Corporate Secretary

COVER SHEET

C 1 9 9 8 0 0 1 3 4

S.E.C. Registration Number

A B O I T I Z P O W E R C O R P O R A T I O N

(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)

MANUEL ALBERTO R. COLAYCO

Contact Person

(02) 8-886-2338

Company Telephone Number

1 2 3 1

Month Day Fiscal Year

1st 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

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2023**
2. Commission identification number **C199800134** 3. BIR Tax Identification No. **200-652-460-000**

4. Exact name of issuer as specified in its charter

ABOITIZ POWER CORPORATION

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
(as of March 31, 2023)

Common Stock ₱1 Par Value 7,358,604,307

Amount of Debt Outstanding ₱247,328,949,000.00

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

Yes [] No []

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

Philippine Stock Exchange

Common

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith.

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

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of Aboitiz Power Corporation's (AboitizPower, Parent, or the "Company") consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures set forth elsewhere in this report.

Top Five Key Performance Indicators

Management uses the following indicators to evaluate the performance of the Company and its subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the "Group"):

1. **Share in Net Earnings of Associates and Joint Ventures.** This represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to the acquisition of said investment, net of goodwill impairment cost, if any. It also indicates the profitability of the investment and investees' contribution to the Group's net income.

Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of the investee at the date of acquisition.

Manner of Computation:

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

2. **Earnings before Interest, Taxes, Depreciation, and 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 to evaluate the Group's ability to service its debts.
3. **Cash Flow Generated.** Using the Consolidated 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.

5. **Debt-to-Equity Ratio.** 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 liabilities by stockholders' equity.

Three-Month Period Ended March 21, 2023 versus Three-Month Period March 31, 2023

The table below shows the comparative figures of the key performance indicators for the three-month period ended March 31, 2023 and March 31, 2022 and as of December 31 2022:

Key Performance Indicators	March 31, 2023	March 31, 2022	December 31, 2022
	(INTERIM)		
<i>Amounts in thousands of ₱s, except for financial ratios</i>			
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	5,128,307	1,227,620	15,134,970
EBITDA	15,722,337	9,886,191	57,596,836
CASH FLOW GENERATED:			
Net cash flows from operating activities	15,484,277	8,389,638	34,213,337
Net cash flows used in investing activities	(2,316,812)	(291,439)	(11,442,216)
Net cash flows used in financing activities	(18,451,424)	(11,668,697)	(14,475,876)
Net (Decrease)/Increase in Cash & Cash Equivalents	(5,282,959)	(3,570,498)	8,295,246
Cash & Cash Equivalents, Beginning	64,763,642	57,130,243	57,130,243
Cash & Cash Equivalents, End	59,311,783	53,613,883	64,763,642
CURRENT RATIO	1.59		1.78
DEBT-TO-EQUITY RATIO	1.77		1.65

- Share in net earnings in associates and joint ventures for the first quarter of 2023 increased by 318% compared to 2022. The increase was mainly due to fresh contributions from GNPowr Dinginin Ltd. Co. (GNPD).
- EBITDA for 2023 increased by 59%. This was primarily due to fresh contributions from GNPD Units 1 and 2, higher availability across the Company's generation portfolio, and higher water inflows for the Group's hydropower plants.
- Cash and cash equivalents decreased by ₱5.45 billion (bn). This is mainly due to the payment of dividends in the first quarter of 2023, partly offset by availment of new loans for renewable projects.
- Current Ratio as of March 31, 2023 was at 1.59x, as compared to 1.78x as of December 31, 2022. The decrease was primarily due to the payment of dividends in the first quarter of 2023 decreasing the cash and cash equivalents.
- Debt-to-Equity Ratio as of March 31, 2023 was at 1.77x, higher than the 1.65x recorded as of December 31, 2022.

Results of Operations

Net income for the first quarter of 2023 was ₱7.53 bn, which was 160% higher than the ₱2.89 bn reported in the first quarter of 2022. This translated to earnings per share of ₱1.02 for 2022. The Company also recognized non-recurring losses of ₱101 million (mn) during the period versus the ₱70 mn in non-recurring losses recorded during the same period last year. Without these one-off losses, core net income for the first quarter of 2023 was ₱7.6 bn, 158% higher year-on-

year (YoY). This was primarily due to fresh contributions from GNPD, higher availability across the Company's portfolio, and higher water inflows for the Group's hydropower plants.

Power Generation and Retail Electricity Supply (RES)

AboitizPower's generation and retail supply business recorded EBITDA of ₱13.1 bn in the first quarter of 2023, 50% higher than the ₱ 8.8 bn recorded in the same period in 2022. This was primarily due to fresh contributions from GNPD, higher availability across the Company's portfolio, and higher water inflows for the Group's hydropower plants. Capacity sold in the first quarter of 2023 increased by 34% to 4,738 megawatts (MW), compared to 3,534 MW in the same period in 2022. Energy sold increased by 44% to 8,725 gigawatt-hours (GWh) for the first quarter of 2023, compared to 6,055 GWh in the same period in 2022.

Power Distribution

During the first quarter of 2023, AboitizPower's distribution business recorded EBITDA of ₱2.9 bn, 129% higher than the ₱1.3 bn recorded in the same period in 2022. Energy sales increased by 8% to 1,404 GWh in the first quarter of 2023, compared to 1,298 GWh in the same period in 2022 due to recoveries in demand from Typhoon Odette. Energy sales from Residential, Commercial, and Industrial customers increased by 7% and 9%, respectively.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income

Net income attributable to equity holders of the Parent increased by ₱4.64 bn, or 160% YoY. The various movements in line items are shown below to account for the increase:

(Amounts in thousands of ₱s)

Net Income Attributable to Equity Holders of the Parent (January - March 2022)	<u>₱2,893,344</u>
Increase in operating revenues	12,863,532
Increase in operating expenses	(11,983,798)
Increase in interest income	451,051
Increase in interest expense	(147,592)
Increase in share in net earnings of associates and joint ventures	3,900,686
Decrease in other income	1,408,134
Increase in provision for taxes	(1,082,754)
Increase in income attributable to non-controlling interests	(775,389)
Total	<u>4,633,870</u>
Net Income Attributable to Equity Holders of the Parent (January - March 2023)	<u>₱7,527,214</u>

Operating Revenues

(36% increase from ₱35.88 bn to ₱48.74 bn)

The increase in operating revenues was primarily due to higher availability across the Company's generation portfolio.

Operating Expenses

(40% increase from ₱29.84 bn to ₱41.82 bn)

The increase in operating expenses was mainly due to the higher cost of purchased power and of generated power. This is consistent with the higher operating revenues discussed above.

Interest Income

(450% increase from ₱100.00 mn to ₱551.00 mn)

The increase in interest income during 2023 as compared to 2022 was primarily due to higher interest rates on money market placements.

Interest Expense and other financing costs

(4% increase from ₱3.50 bn to ₱3.64 bn)

Interest expense increased due to higher level of long-term debt as of March 31, 2023, as compared to March 31, 2022.

Share in Net Earnings of Associates and Joint Ventures

(318% increase from ₱1.23 bn to ₱5.13 bn)

Share in net earnings in associates and joint ventures increased by 318%. The increase was mainly due to fresh contributions from GNPD during the first three months of 2023.

Other Income (Expenses) – net

(reversal from expenses of ₱583.00 mn to income of ₱825.00 mn)

The reversal from expenses to income during the first quarter of 2023, as compared to the first quarter 2022, was mainly due to lower foreign exchange losses during the first three months of 2023.

Provision for Taxes

(284% increase from ₱381.00 mn to ₱1.46 bn)

The increase in provision for taxes during 2023 was due to higher taxable income subject to income tax during the first quarter of 2023.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

Total assets as of March 31, 2023 compared to December 31, 2022 decreased by ₱12.38 bn, or 3%. The major movements of the accounts leading to the decrease were as follows:

- i) Cash and cash equivalents decreased by ₱5.45 bn, or 8% (from ₱64.76 bn to ₱59.31 bn). This is mainly due to the payment of cash dividends during the first three months of 2023, which was partly offset by new loans to support renewable power projects.
- ii) Trade and other receivables decreased by ₱5.09 bn, or 14% (from ₱35.34 bn to ₱30.26 bn), primarily due to lower revenues for the first quarter of 2023 as compared to the fourth quarter of 2022.
- iii) Inventories decreased by ₱2.45 bn or 15% (from ₱16.12 bn to ₱13.68 bn). This was mainly driven by the decrease in fuel inventory during the first three months of 2023 due to lower indices.
- iv) Other current assets decreased by ₱717.00 mn, or 5% (from ₱14.08 bn to ₱13.36 bn). This was mainly driven by the utilization during the first quarter of 2023 of prepaid taxes.
- v) Investments and advances increased by ₱5.10 bn, or 7% (from ₱77.93 bn to ₱83.03 bn). This was mainly driven by the take up of share in earnings from associates during the first quarter 2023, which was higher than the receipt of dividends.
- vi) Property, plant, and equipment slightly decreased by ₱852.00 mn (from ₱206.86 bn to ₱206.01 bn). This was primarily due to the depreciation of existing assets, partly offset by planned capital expenditures.

- vii) Intangible assets decreased by ₱997.00 mn, or 2% (from ₱49.77 bn to ₱48.77 bn). This was primarily due to the forex revaluation of GMEC goodwill and the amortization of existing assets.
- viii) Deferred income tax assets increased by ₱128 mn, or 11% (from ₱1.14 bn to ₱1.27 bn). This was mainly due to Therma Luzon, Inc.'s (TLI) adjustments in compliance with the amendments to the Philippine Accounting Standards' (PAS) 12 or "Deferred Tax related to Assets and Liabilities Arising from a Single Transaction".

Liabilities

Compared to December 31, 2022, total liabilities as of March 31, 2023 slightly decreased by ₱2.32 bn, or 1%. The major movements of accounts leading to the decrease were as follows:

- i) Short-term loans increased by ₱922.00 mn, or 4% (from ₱21.40 bn to ₱22.32 bn). This was mainly due to loan availments by the Group during the first quarter of 2023 which were used for working capital purposes.
- ii) Trade and other payables decreased by ₱2.15 bn, or 7% (from ₱32.95 bn to ₱30.80 bn). This was primarily due to the decrease in trade and fuel purchases brought about by lower indices.
- iii) Income tax payable increased by ₱580.00 mn, or 118% (from ₱493.00 mn to ₱1.07 bn). This was mainly due to the timing of income tax payments. Income tax payable as of December 31, 2022 were due in April 2023 while income taxes recognized in the first quarter of 2023 are due in May 2023.
- iv) Long-term debt (current and non-current portions) increased by ₱507.00 mn (from ₱199.45 bn to ₱199.96 bn). This was mainly due to new loans to support renewable power projects, which was partly offset by regular debt servicing across the Group.
- v) Lease liabilities (current and noncurrent portions) decreased by ₱2.50 bn (from ₱27.54 bn to ₱25.04 bn), as TLI made scheduled payments during 2023 of its obligations to PSALM.
- vi) Net derivative liabilities and liability increased by ₱2.69 bn (from ₱2.46 bn asset to ₱229.00 mn liability) during the first quarter of 2023 due to net hedging losses.
- vii) Deferred income tax liabilities decreased by ₱366 mn, or 15% (from ₱2.4bn to ₱2.04 bn). This was mainly due to TLI's DTL on leases adjustments in compliance with the amendments to PAS 12.

Equity

Equity attributable to equity shareholders of the Parent decreased by 6% (from ₱169.08 bn as of December 31, 2022 to ₱159.38 bn as of March 31, 2023) mainly due to the dividends declared in the first quarter of 2023. Cumulative translation adjustments decreased by ₱925.00 mn, due to the downward net adjustment in the net assets translation effect of GMEC and Luzon Hydro Corporation during the period. Cash flow hedge reserve decreased by ₱2.54 bn, due to the downward net adjustment in the fair value of the Group's foreign currency forward and commodity swap contracts.

Material Changes in Liquidity and Cash Reserves of Registrant

As of March 31, 2023, the Group's cash and cash equivalents decreased by 8% to ₱59.31 bn, from ₱64.76 bn as of December 31, 2022.

Lower working capital requirements due to lower indices resulted in higher cash generated from operations during the first quarter of 2023 by ₱7.10 bn, which was an 85% increase compared to first quarter of 2022.

Net cash flows used in investing activities increased from ₱291.00 mn during the first quarter of 2022 to ₱2.32 bn during the first quarter of 2023, mainly due to higher scheduled capital expenditures.

The net cash flows used in financing activities increased from ₱11.67 bn during the first quarter of 2022 to ₱18.45 bn during the first quarter of 2023 mainly due to higher dividend payments.

Financial Ratios

As of March 31, 2023, current assets decreased by 12% and current liabilities decreased by 1%. The current ratio as of March 31, 2023 was at 1.59x compared to 1.78x as of December 31, 2022.

Consolidated debt-to-equity ratio as of March 31, 2023 was at 1.77x, higher than the 1.65x recorded at the end of 2022. This was due to almost unchanged total liabilities, coupled with a 6% decrease in equity in 2023.

Outlook for the Upcoming Year/ Known Trends, Events, and Uncertainties which may have Material Impact on the Registrant

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

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

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, 901 MW is composed of the following ongoing RE projects (arranged based on target commercial operations date): the PV Sinag Power Cayanga Project ("Cayanga Solar Project"); the PV Sinag Power Laoag Project ("Laoag Solar Project") and the SN AboitizPower Magat Battery Energy Storage System Project ("Magat BESS Project").

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

The Laoag Solar Project involves the construction of a 159 MWp solar power plant located in Brgy. Laoag, Aguilar, Pangasinan. The construction activities for the PV farms, control buildings, substations, and transmission lines are ongoing. The overall project status is at 65% completion, with zero lost time incidents. The first phase which has a capacity of 72 MWp is expected to be tested and commissioned by the third quarter of 2023, and the second phase with a capacity of 87 MWp will be in the first quarter of 2024.

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

In addition, AboitizPower has the following RE projects under development which are expected to commercially operate within the next three years: the 150 MWp Aboitiz Solar Power Inc Calatrava Solar Project; the 44 MWp AP Renewable Energy Corporation Tarlac Solar Project; the 84 MWp PV Sinag Power San Manuel Solar Project; the 212 MWp PV Sinag Power Olongapo Solar Project; the 75 MWp SN AboitizPower-Magat Floating Solar Project; and the 54 MW Libmanan Onshore Wind Project.

In relation to AboitizPower's existing capacity, the steam field operator for AP Renewables Inc. (APRI) has completed the drilling of 12 new production wells which are currently producing a minimum 50 MW of aggregated individual well capacity. Moreover, in Tiwi, there is an initiative to convert waste heat from the geothermal brine to power a 17 MW Binary power plant. With the groundbreaking ceremony held last January 2023, construction activities and site development works are ongoing. As of April, project status was at 64% completion with zero lost time incident. It is expected to begin commercial operations by the end of 2023.

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

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

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

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, Aboitiz Equity Ventures Inc., is the first Philippine company to sign up and commit to the Task Force on Climate-Related Financial Disclosure framework. The Company 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.

It has been more than a year since JERA Co., Inc. (JERA) invested in AboitizPower. Both companies, AboitizPower and JERA, have worked closely together in the above mentioned areas. In a recent development on February 10, 2023, AboitizPower and JERA have signed a Memorandum of Understanding to commence a joint study on ammonia co-firing for the decarbonization of its AboitizPower business, in the presence of His Excellency Ferdinand R. Marcos Jr., President of the Republic of the Philippines. 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.

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

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

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.

Aboitiz Power Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
As of March 31, 2023 (with Comparative Figures as of December 31, 2022)
and For the Three-Month Periods Ended March 31, 2023 and 2022

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET (With Comparative Figures as of December 31, 2022 and January 1, 2022)

(Amounts in Thousands)

	March 31, 2023	December 31, 2022	January 1, 2022
	(Unaudited)	(As Restated - Note 2)	(As Restated - Note 2)
ASSETS			
Current Assets			
Cash and cash equivalents (Note 5)	₱59,311,783	₱64,763,642	₱57,130,243
Trade and other receivables (Note 6)	30,257,679	35,342,951	26,820,071
Derivative assets (Note 20)	388,190	2,666,226	1,383,903
Inventories	13,678,014	16,123,700	9,574,613
Other current assets (Note 7)	13,361,585	14,079,868	9,511,107
Total Current Assets	116,997,251	132,976,387	104,419,937
Noncurrent Assets			
Investments and advances (Note 8)	83,030,945	77,928,459	64,952,728
Property, plant and equipment	206,006,029	206,857,588	203,239,825
Intangible assets (Note 10)	48,774,425	49,771,385	46,015,496
Derivative assets - net of current portion (Note 20)	96,360	245,801	75,718
Net pension assets	83,438	83,438	87,146
Deferred income tax assets	1,267,443	1,139,203	1,203,436
Other noncurrent assets	8,752,035	8,387,477	7,183,001
Total Noncurrent Assets	348,010,675	344,413,351	322,757,350
TOTAL ASSETS	₱465,007,926	₱477,389,738	₱427,177,287

LIABILITIES AND EQUITY

Current Liabilities

Short-term loans (Note 12)	₱22,324,656	₱21,402,715	₱18,625,546
Current portions of:			
Long-term debts (Note 13)	9,846,181	10,279,212	18,419,227
Lease liabilities (Note 21)	9,342,170	9,288,292	8,106,781
Long-term obligation on power distribution system	40,000	40,000	40,000
Derivative liabilities (Note 20)	209,301	116,672	219,030
Trade and other payables (Note 11)	30,800,702	32,948,328	22,744,322
Income tax payable	1,073,154	492,656	264,647
Total Current Liabilities	73,636,164	74,567,875	68,419,553

(Forward)

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET (With Comparative Figures as of December 31, 2022 and January 1, 2022)

(Amounts in Thousands)

	March 31, 2023	December 31, 2022	January 1, 2022
	(Unaudited)	(As Restated - Note 2)	(As Restated - Note 2)
Noncurrent Liabilities			
Noncurrent portions of:			
Long-term debts (Note 13)	₱190,113,196	₱189,172,706	₱163,618,747
Lease liabilities (Note 21)	15,702,746	18,253,664	25,667,098
Long-term obligation on power distribution system	109,725	105,390	125,532
Derivative liabilities - net of current portion (Note 20)	504,657	330,592	174,664
Customers' deposits	8,471,347	8,144,054	7,200,341
Decommissioning liability	5,739,775	5,654,234	5,686,224
Deferred income tax liabilities	2,038,562	2,404,675	847,231
Net pension liabilities	599,491	599,491	302,812
Total Noncurrent Liabilities	223,279,499	224,664,806	203,677,154
Total Liabilities	296,915,663	299,232,681	272,096,707
Equity Attributable to Equity Holders of the Parent			
Paid-in capital	19,947,498	19,947,498	19,947,498
Share in other comprehensive income of associates and joint ventures (Note 8)	1,216,231	1,220,171	185,183
Cumulative translation adjustments	4,537,393	5,462,557	1,917,151
Cash flow hedge reserve	105,497	2,646,733	917,353
Actuarial losses on defined benefit plans	(1,095,698)	(1,095,697)	(1,072,629)
Equity reserve	(7,175,742)	(7,175,742)	(7,175,742)
Retained earnings (Note 22)			—
Appropriated	20,060,000	20,060,000	20,060,000
Unappropriated	121,786,069	128,019,444	112,671,540
	159,381,248	169,084,964	147,450,354
Non-controlling Interests	8,711,015	9,072,093	7,630,226
Total Equity	168,092,263	178,157,057	155,080,580
TOTAL LIABILITIES AND EQUITY	₱465,007,926	₱477,389,738	₱427,177,287

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME**
(Amounts in Thousands, Except Earnings Per Share Amounts)

	Jan - Mar 2023	Jan - Mar 2022
		(As Restated - Note 2)
OPERATING REVENUES (Note 18)	₱48,741,314	₱35,877,782
OPERATING EXPENSES (Note 15)	41,823,211	29,839,413
OPERATING PROFIT	6,918,103	6,038,369
FINANCIAL EXPENSES - net		
Interest income	551,333	100,282
Interest expense and other financing costs (Note 19)	(3,643,442)	(3,495,850)
	(3,092,109)	(3,395,568)
OTHER INCOME (EXPENSES)		
Share in net earnings of associates and joint ventures (Note 8)	5,128,306	1,227,620
Other income (expense) - net (Note 16)	824,670	(583,464)
	5,952,976	644,156
INCOME BEFORE INCOME TAX	9,778,970	3,286,957
PROVISION FOR INCOME TAX	1,463,443	380,689
NET INCOME	₱8,315,527	₱2,906,268
ATTRIBUTABLE TO:		
Equity holders of the parent	₱7,527,214	₱2,893,344
Non-controlling interests	788,313	12,924
	₱8,315,527	₱2,906,268
EARNINGS PER COMMON SHARE (Note 17)		
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱1.02	₱0.39

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Amounts in Thousands)

	Jan - Mar 2023	Jan - Mar 2022 (As Restated - Note 2)
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	₱7,527,214	₱2,893,344
Non-controlling interests	788,313	12,924
	8,315,527	2,906,268
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Movement in cumulative translation adjustments	(925,164)	666,806
Movement in cash flow hedges	(2,517,243)	5,286,074
Share in movement in cumulative translation adjustment of associates and joint ventures (Note 8)	(1)	111,349
	(3,442,408)	6,064,229
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>		
Actuarial loss on defined benefit plans, net of tax	(1)	—
Share in actuarial gains (loss) on defined benefit plans of associates and joint ventures, net of tax (Note 8)	(3,939)	37,561
	(3,940)	37,561
Total other comprehensive income (loss) for the period, net of tax	(3,446,348)	6,101,790
TOTAL COMPREHENSIVE INCOME	₱4,869,179	₱9,008,058
ATTRIBUTABLE TO:		
Equity holders of the parent	₱4,056,873	₱8,909,814
Non-controlling interests	812,306	98,244
	₱4,869,179	₱9,008,058

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022 (Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent									
	Paid-in Capital	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 8)	Cumulative Translation Adjustments	Cash Flow Hedge Reserve	Actuarial Gains (Losses) on Defined Benefit Plans	Equity Reserve	Retained Earnings (Note 22)		Non-controlling Interests	Total
							Appropriated	Unappropriated		
Balances at January 1, 2023	₱19,947,498	₱1,220,171	₱5,462,557	₱2,646,733	(₱1,095,697)	(₱7,175,742)	₱20,060,000	₱130,037,425	₱9,071,823	₱180,174,768
Effect of PAS 12 (Note 2)	—	—	—	—	—	—	—	(2,017,980)	269	(2,017,711)
Balances at January 1, 2023, as restated	19,947,498	1,220,171	5,462,557	2,646,733	(1,095,697)	(7,175,742)	20,060,000	128,019,445	9,072,092	178,157,057
Net income for the period	—	—	—	—	—	—	—	7,527,214	788,313	8,315,527
Other comprehensive income (loss)	—	(3,940)	(925,164)	(2,541,236)	(1)	—	—	—	23,993	(3,446,348)
Total comprehensive income (loss)	—	(3,940)	(925,164)	(2,541,236)	(1)	—	—	7,527,214	812,306	4,869,179
Cash dividends - P1.87 per share (Note 22)	—	—	—	—	—	—	—	(13,760,590)	—	(13,760,590)
Cash dividends paid to non-controlling	—	—	—	—	—	—	—	—	(982,446)	(982,446)
Change in non-controlling interests	—	—	—	—	—	—	—	—	(190,937)	(190,937)
Balances at March 31, 2023	₱19,947,498	₱1,216,231	₱4,537,393	₱105,497	(₱1,095,698)	(₱7,175,742)	₱20,060,000	₱121,786,069	₱8,711,015	₱168,092,263
Balances at January 1, 2022	₱19,947,498	₱185,183	₱1,917,151	₱917,353	(₱1,072,629)	(₱7,175,742)	₱20,060,000	₱113,172,268	₱7,629,621	₱155,580,703
Effect of PAS 12 (Note 2)	—	—	—	—	—	—	—	(500,727)	605	(500,122)
Balances at January 1, 2022, as restated	19,947,498	185,183	1,917,151	917,353	(1,072,629)	(7,175,742)	20,060,000	112,671,541	7,630,226	155,080,581
Net income for the period, as restated	—	—	—	—	—	—	—	2,893,344	12,924	2,906,268
Other comprehensive income	—	148,910	666,806	5,212,655	—	—	—	—	73,419	6,101,790
Total comprehensive income, as restated	—	148,910	666,806	5,212,655	—	—	—	2,893,344	86,343	9,008,058
Cash dividends - P1.45 per share (Note 22)	—	—	—	—	—	—	—	(10,669,976)	—	(10,669,976)
Cash dividends paid to non-controlling	—	—	—	—	—	—	—	—	(4)	(4)
Change in non-controlling interests	—	—	—	—	(11,778)	—	—	—	(21,909)	(33,687)
Balances at March 31, 2022	₱19,947,498	₱334,093	₱2,583,957	₱6,130,008	(₱1,084,407)	(₱7,175,742)	₱20,060,000	₱104,894,909	₱7,694,656	₱153,384,972

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Amounts in Thousands)

	Jan - Mar 2023	Jan - Mar 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱9,778,970	₱3,286,957
Adjustments for:		
Interest expense and other financing costs (Note 19)	3,643,442	3,495,850
Depreciation and amortization (Note 15)	2,962,009	2,852,590
Net unrealized foreign exchange losses (gains)	(204,407)	194,057
Gain on disposal of property, plant and equipment	(17,610)	(1,568)
Share in net earnings of associates and joint ventures (Note 8)	(5,128,307)	(1,227,620)
Interest income (Note 18)	(551,333)	(100,282)
Unrealized fair valuation gain on derivatives and financial assets at FVTPL (Note 20)	(126,039)	(47,575)
Operating income before working capital changes	10,356,725	8,452,409
Decrease (increase) in:		
Trade and other receivables	4,791,429	(2,243,382)
Inventories	2,445,686	(1,316,483)
Other current assets	1,416,031	2,948,554
Increase (decrease) in:		
Trade and other payables	(1,856,701)	668,982
Customers' deposits	327,293	230,493
Net cash generated from operations	17,480,463	8,740,573
Income and final taxes paid	(1,995,187)	(350,935)
Net cash flows from operating activities	15,485,276	8,389,638
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received (Note 8)	418,397	435,719
Interest received	448,661	106,515
Decrease (increase) in other noncurrent assets	(93,709)	937,569
Additions to:		
Property, plant and equipment	(2,901,915)	(1,728,083)
Intangible assets	(188,245)	(43,159)
Net cash flows used in investing activities	(2,316,811)	(291,439)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from availments of long-term debt	1,396,314	6,077,256
Net availments (payments) of short-term loans (Note 12)	921,941	(693,501)
Cash dividends paid (Note 22)	(13,760,113)	(10,669,606)
Payments of lease liabilities, including interest accretion (Note 21)	(2,732,490)	(2,946,503)
Payment of dividends to non-controlling interests	(982,446)	(4)
Interest paid	(3,294,630)	(3,436,339)
Net cash flows used in financing activities	(18,451,424)	(11,668,697)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,282,959)	(3,570,498)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS	(168,900)	54,138
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	64,763,642	57,130,243
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱59,311,783	₱53,613,883

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONDENSED NOTES TO FINANCIAL STATEMENTS

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

1. Corporate Information

Aboitiz Power Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission on February 13, 1998. The Company is a publicly-listed holding company of the entities engaged in power generation and power distribution in the Aboitiz Group. On December 16, 2021, JERA Asia Private Limited completed the acquisition of the Company's share from Aboitiz Equity Ventures, Inc. (AEV) and Aboitiz & Company, Inc. (ACO) totaling to 27%. As of March 31, 2023, Aboitiz Equity Ventures, Inc. (AEV, also incorporated in the Philippines) owns 52% of the Company. 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.

2. Group Information

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

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

	Nature of Business	March 31, 2023		December 31, 2022	
		Direct	Indirect	Direct	Indirect
Aboitiz Renewables, Inc. (ARI) and Subsidiaries	Power generation	100.00	–	100.00	–
AP Renewables, Inc. (APRI)	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Energy, Inc.	Power generation	–	100.00	–	100.00
Aboitiz Power Distributed Renewables, Inc.	Power generation	–	100.00	–	100.00
Hedcor, Inc. (HI)	Power generation	–	100.00	–	100.00
Hedcor Sibulan, Inc. (HSI)	Power generation	–	100.00	–	100.00
Hedcor Tudaya, Inc. (HTI)	Power generation	–	100.00	–	100.00
Luzon Hydro Corporation (LHC)	Power generation	–	100.00	–	100.00
Sinag Solar Power Corporation (formerly AP Solar Tiwi, Inc.)*	Power generation	–	100.00	–	100.00
Retensol, Inc.*	Power generation	–	100.00	–	100.00
AP Renewable Energy Corporation*	Power generation	–	100.00	–	100.00
Aseagas Corporation (Aseagas)*	Power generation	–	100.00	–	100.00
Bakun Power Line Corporation*	Power generation	–	100.00	–	100.00
Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
Cordillera Hydro Corporation*	Power generation	–	100.00	–	100.00
Hedcor Benguet, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)	Power generation	–	100.00	–	100.00
Hedcor Kabayan, Inc.*	Power generation	–	100.00	–	100.00
PV Sinag Power, Inc. (formerly Hedcor Ifugao, Inc.)*	Power generation	–	100.00	–	100.00

	Nature of Business	March 31, 2023		December 31, 2022	
		Direct	Indirect	Direct	Indirect
Amihan Power, Inc. (formerly Hedcor Kalinga, Inc.)*	Power generation	–	100.00	–	100.00
Aboitiz Solar Power, Inc. (formerly Hedcor Itogon Inc.)*	Power generation	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power generation	–	100.00	–	100.00
Amihan Frontier Energy, Inc. (formerly Hedcor Mt. Province, Inc.)*	Power generation	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	–	100.00	–	100.00
Hedcor Tamugan, Inc.*	Power generation	–	100.00	–	100.00
RE Resources, Inc. (formerly Mt. Apo Geopower, Inc.)*	Power generation	–	100.00	–	100.00
Visayas Cleanergy, Inc. (formerly Negron Cuadrado Geopower, Inc. (NCGI))*	Power generation	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power generation	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power generation	–	100.00	–	100.00
Electricidad, Inc. (formerly La Filipina Electrica, Inc.)*	Power generation	–	100.00	–	100.00
Wind Renewable Energy Corporation*	Power generation	–	100.00	–	100.00
Maaraw Renewable Energy Corporation*	Power generation	–	100.00	–	100.00
Maaraw Holdings San Carlos, Inc. (MHSCI, see Note 9)	Holding company	–	100.00	–	100.00
San Carlos Sun Power, Inc. (Sacasun, see Note 9)	Power generation	–	100.00	–	100.00
Luzon Alternative Energy Sources, Inc.*	Power generation	–	100.00	–	100.00
Luzon Cleanergy Generation, Inc.*	Power generation	–	100.00	–	100.00
Luzon Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
Maaraw Holdings Bais, Inc.*	Power generation	–	100.00	–	100.00
Mindanao Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
North Luzon Green and Sustainable Energy, Inc.*	Power generation	–	100.00	–	100.00
North Luzon Green Power, Inc.*	Power generation	–	100.00	–	100.00
North Luzon Natural Energy, Inc.*	Power generation	–	100.00	–	100.00
Northern Sun Power, Inc.*	Power generation	–	100.00	–	100.00
Northern Sun Radiance, Inc.*	Power generation	–	100.00	–	100.00
South Cleanergy, Inc.*	Power generation	–	100.00	–	100.00
South Luzon Energy Solutions, Inc.*	Power generation	–	100.00	–	100.00
South Luzon Power Development, Inc.*	Power generation	–	100.00	–	100.00
South Luzon Sustainable Energy, Inc.*	Power generation	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power generation	–	99.97	–	99.97
Therma Power, Inc. (TPI) and Subsidiaries	Power generation	100.00	–	100.00	–
Mindanao Sustainable Solutions, Inc.*	Services	–	100.00	–	100.00
Therma Luzon, Inc. (TLI)	Power generation	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power generation	–	100.00	–	100.00
Therma Power-Visayas, Inc. (TPVI)	Power generation	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power generation	–	100.00	–	100.00
Therma Subic, Inc.*	Power generation	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding company	–	100.00	–	100.00
GNPower Mariveles Energy Center Ltd. Co. (formerly GNPow Mariveles Coal Plant) (GMEC)	Power generation	–	78.33	–	78.33
Therma Dinginin Holdings, Inc.	Holding company	–	100.00	–	100.00
Therma Visayas, Inc. (TVI)	Power generation	–	80.00	–	80.00

	Nature of Business	March 31, 2023		December 31, 2022	
		Direct	Indirect	Direct	Indirect
Abovant Holdings, Inc.	Holding company	–	60.00	–	60.00
AboitizPower International Pte. Ltd. (API)	Holding company	100.00	–	100.00	–
Cleanergy Asia Power Holdings Pte Ltd.	Holding company	–	100.00	–	100.00
AP Lariang Pte Ltd.	Holding company	–	100.00	–	100.00
Aboitiz Energy Solutions, Inc. (AESI)	Retail electricity supplier	100.00	–	100.00	–
Adventenergy, Inc. (AI)	Retail electricity supplier	100.00	–	100.00	–
Balamban Enerzone Corporation (BEZ)	Power distribution	100.00	–	100.00	–
Lima Enerzone Corporation (LEZ)	Power distribution	100.00	–	100.00	–
Mactan Enerzone Corporation (MEZ)	Power distribution	100.00	–	100.00	–
Malvar Enerzone Corporation (MVEZ)	Power distribution	100.00	–	100.00	–
East Asia Utilities Corporation (EAUC)	Power generation	50.00	50.00	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	99.94	–	99.94	–
Cotabato Ice Plant, Inc.	Manufacturing	–	100.00	–	100.00
Davao Light & Power Company, Inc. (DLP)	Power distribution	99.93	–	99.93	–
Subic Enerzone Corporation (SEZ)	Power distribution	65.00	34.98	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	60.00	–	60.00	–
Prism Energy, Inc. (PEI)	Retail electricity supplier	60.00	–	60.00	–
Visayan Electric Company (VECO)	Power distribution	55.26	–	55.26	–
Cell Power Energy Corporation (formerly Olongapo Energy Corporation)*	Power generation	100.00	–	100.00	–

* No commercial operations as of March 31, 2023

3. Basis of Financial Statement Preparation and Changes in Accounting Policies

Basis of Financial Statement Preparation

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments and financial assets at FVTPL which are measured at fair value. 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 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited consolidated financial statements, and should be read in conjunction with the Group's annual audited consolidated financial statements as of and for the year ended December 31, 2022, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On April 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

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 Tax related to Assets and Liabilities arising from a Single Transaction*, there were no other significant changes affecting the 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).

The Group applied the requirements of this amendment and recognized deferred income tax assets and liabilities amounting to ₱7.74 billion and ₱8.24 billion, respectively, as of January 1, 2022. Impact to retained earnings amounted to ₱500.1 million as of January 1, 2022.

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

4. 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 disclosures of contingent liabilities. However, uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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

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

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

5. Cash and Cash Equivalents

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Cash on hand and in banks	₱28,193,488	₱26,275,516
Short-term deposits	31,118,295	38,488,126
	₱59,311,783	₱64,763,642

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 deposits rates.

6. Trade and Other Receivables

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade receivables - net of allowance for expected credit losses	₱23,638,525	₱27,019,951
Others:		
Nontrade receivable	5,739,77	7,067,58
Dividends receivable	396,000	792,515
Advances to contractors	257,812	285,501
Interest receivable	225,571	122,899
PSALM deferred adjustment	—	54,505
	₱30,257,679	₱35,342,951

Trade and other receivables are non-interest bearing and are generally on 10 - 30 days' term.

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 receivable relates mostly to claims from insurance against the property damage, TLI's accrual of income from coal commodity hedge and advances to partners in GMEC.

7. Other Current Assets

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Restricted cash	₱5,729,920	₱6,023,425
Prepaid tax	4,034,058	3,929,664
Input VAT	2,277,372	2,774,959
Advances to National Grid Corporation of the Philippines (NGCP)	551,506	551,506
Prepaid expenses	459,012	665,903
Others	309,717	134,411
	₱13,361,585	₱14,079,868

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.

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

Prepaid expenses mainly includes prepayments for insurance.

8. Investments and Advances

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Acquisition cost:		
Balance at beginning of period	₱61,404,940	₱61,410,545
Redemptions during the period	—	(5,605)
Balance at end of period	61,404,940	61,404,940
Accumulated equity in net earnings:		
Balance at beginning of period	15,862,661	3,914,203
Share in net earnings	5,128,306	15,134,970
Dividends	(21,879)	(3,186,512)
Balance at end of period	20,969,088	15,862,661
Share in net unrealized valuation gain on FVOCI investment of an associate	98,602	98,602
Share in actuarial gains on defined benefit plans of associates and joint ventures	61,700	65,640
Share in cumulative translation adjustments of associates and joint ventures	1,055,929	1,055,930
	1,216,231	1,220,172
	83,590,259	78,487,773
Less allowance for impairment losses	568,125	568,125
Investments at equity	83,022,134	77,919,648
Advances	8,811	8,811
	₱83,030,945	₱77,928,459

The Group's associates and joint ventures and the corresponding equity ownership as of March 31, 2023 and December 31, 2022 are as follows:

	Nature of Business	Percentage of ownership	
		March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Manila-Oslo Renewable Enterprise, Inc. (MORE) ¹	Holding company	83.33	83.33
GNPower Dinginin Ltd. Co. (GNPD) ^{1,3}	Power generation	70.00	70.00
AA Thermal, Inc. (ATI) ^{1,2}	Holding company	60.00	60.00
Hijos de F. Escaño, Inc. (Hijos)	Holding company	46.73	46.73
Mazzaraty Energy Corporation (MEC)	Retail electricity supplier	44.87	44.87
Sinag Naraw Power, Inc.*	Power generation	44.00	44.00
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	42.84	42.84
STEAG State Power, Inc. (STEAG)	Power generation	34.00	34.00
AEV Aviation, Inc. (AAI)	Service	26.69	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	26.40	26.40
Redondo Peninsula Energy, Inc. (RPEI)*	Power generation	25.00	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	20.00	20.00

¹ Joint venture.

² Economic interest

³ Includes 30% indirect ownership through AA Thermal.

* No commercial operations as of March 31, 2023

The principal place of business and country of incorporation of the Group's associates and joint venture are in the Philippines. Associates and joint ventures are the same as those presented as of December 31, 2022 audited financial statements.

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

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
ATI ¹	₱32,893,212	₱30,986,871
GNPD ²	31,651,251	29,109,463
MORE	9,561,932	9,292,756
CEDC	3,351,618	3,075,932
STEAG	3,723,271	3,592,972
PEVI	610,110	624,304
SFELAPCO	473,700	485,966
RPEI	93,144	93,418
Hios	283,00	283,009
WMPC	182,356	174,927
SPPC	40,235	42,341
Others	158,296	157,689
	₱83,022,134	₱77,919,648

¹ Includes indirect ownership from GNPD.

² Direct ownership only.

9. Joint Operation

Name of Joint Operation	Nature of Business	Percentage of Ownership	
		March 31, 2023	December 31, 2022
Pagbilao Energy Corporation (PEC)	Power generation	50%	50%

* PEC's principal place of business and country of incorporation is the Philippines

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 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 joint operations are included in the unaudited interim condensed consolidated financial statements on a line-by-line basis.

10. Intangible Assets

March 31, 2023

	Goodwill	Franchise	Service concession rights	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of period	₱44,920,394	₱3,078,433	₱5,661,564	₱806,790	₱60,068	₱605,000	₱55,132,249
Additions	—	—	17,683	160,428	—	10,134	188,245
Exchange differences	(1,101,916)	—	(24,468)	—	—	—	(1,126,384)
Balances at end of period	43,818,478	3,078,433	5,654,779	967,218	60,068	615,134	54,194,110
Accumulated amortization:							
Balances at beginning of period	—	737,543	4,160,737	—	60,068	402,516	5,360,864
Amortization	—	19,241	24,074	—	—	15,506	58,821
Balances at end of period	—	756,784	4,184,811	—	60,068	418,022	5,419,685
Net book values	₱43,818,478	₱2,321,649	₱1,469,968	₱967,218	₱—	₱197,112	₱48,774,425

11. Trade and Other Payables

	March 31, 2023	December 31, 2022
	(Unaudited)	(Audited)
Trade payables	₱18,312,830	₱21,205,575
Output VAT	3,455,018	3,261,895
Amounts due to contractors and other third parties	815,445	1,102,755
PSALM deferred adjustment	—	54,505
Accrued expenses:		
Interest	1,970,395	2,261,797
Materials and supplies cost	17,040	17,040
Taxes and fees	1,710,179	1,574,393
Claims conversion costs	46,370	58,859
Insurance	133,099	59,119
Dividends payable (see Note 22)	464,126	268,433
Unearned revenues	172,001	179,059
Customers' deposit	56,316	39,052
Nontrade	2,949,354	2,170,066
Others	698,529	695,780
	₱30,800,702	₱32,948,328

Trade payables are noninterest-bearing and generally on 30-day terms.

Accrued taxes and fees represent accrual of real property tax, transfer tax and other fees.

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

Others include withholding taxes and other accrued expenses and are generally payable within 12 months from the balance sheet date.

12. Short-term Loans

		March 31, 2023	December 31, 2022
		(Unaudited)	(Audited)
Peso loans - financial	4.92% - 6.13% in 2023		
institutions - unsecured	4.50% - 7.00% in 2022	₱16,971,500	₱16,637,000
Dollar loans - financial	6.70% - 7.00% in 2023		
institutions - unsecured	4.50% - 7.00% in 2022	5,353,156	4,765,715
		₱22,324,656	₱21,402,715

The Peso and Dollar loans are unsecured short-term notes payable obtained from financial institutions for working capital purposes. These loans are covered by the respective borrower's existing credit lines with the banks and are not subject to any significant covenants and warranties.

13. Long-term Debts

	2023 Interest Rate (Unaudited)	2022 Interest Rate (Audited)	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Company:				
Bonds (see Note 14)	3.82% - 8.51%	3.82% - 8.51%	₱43,300,000	₱43,300,000
Financial institutions - unsecured	4.00% - 4.33%	4.00% - 4.33%	10,850,000	10,850,000
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.7% - 4.85%	LIBOR + 1.7% - 4.85%	30,449,393	32,630,156
TMI				
Financial institutions - secured	4.54% - 7.68%	4.54% - 7.68%	2,600,000	2,600,000
HSAB				
Financial institutions - secured	4.92%	4.92%	1,103,234	1,103,234
TVI				
Financial institutions - secured	5.56% - 9.00%	5.56% - 9.00%	23,459,092	24,479,052
AESI				
Financial institutions - unsecured	4.87%	4.87%	588,000	588,000
TSI				
Financial institutions - secured	4.27%	4.27%	17,516,387	18,117,893
APRI				
Financial institutions - secured	4.91% - 6.67%	4.91% - 6.67%	11,152,000	11,152,000
Hedcor Bukidnon				
Financial institutions - secured	4.29% - 5.59%	4.29% - 5.59%	7,814,293	8,114,434
TPVI				
Financial institutions - secured	3.32% - 5.06%	3.32% - 5.06%	1,500,000	1,500,000
Hedcor Sibulan				
Financial institutions - unsecured	5.14% - 5.42%	5.03% - 5.42%	3,004,398	3,004,398
HI				
Financial institution - secured	7.41% - 7.87%	7.41% - 7.87%	1,333,000	1,370,000
PVSinag				
Financial institution - secured	7.06% - 8.02%	8.02%	8,850,000	3,600,000
ARI				
Financial institution - unsecured	6.91%	6.91%	12,000,000	12,000,000
VECO				
Financial institution - unsecured	4.92%	4.73% - 4.92%	191,000	190,881
HTI				
Financial institution - secured	4.92%	4.92%	693,512	693,511
DLP				
Financial institution - unsecured	4.92%	4.73% - 4.92%	143,250	143,250
AI				
AEV - unsecured	3.50%	3.50%	300,000	300,000
TLI				
Financial institution - unsecured	7.39%	7.39%	15,000,000	15,000,000
CLP				
Financial institution - unsecured	4.92%	4.92%	28,650	28,650
Joint operation (see Note 9)				
Financial institutions - secured	5.77% - 6.27%	5.77% - 6.27%	9,432,901	9,951,718
			201,309,110	200,717,177
Less deferred financing costs			1,349,733	1,265,259
			199,959,377	199,451,918
Less current portion - net of deferred			9,846,181	10,279,212
			₱190,113,196	₱189,172,706

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

Loan covenants

The loan agreements on long-term debt of the Group provide for certain restriction 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 based on each loan covenant required as of calculation date.

14. Debt Securities

As of March 31, 2023, the Company registered and issued peso-denominated fixed-rate retail bonds totaling ₱43.3 billion under the following terms:

Maturity	Interest Rate (p.a.)	Amount
10-year bonds to mature on October 25, 2028	8.51%	₱2,500,000
10-year bonds to mature on July 3, 2027	5.34%	3,000,000
7-year bonds to mature on March 17, 2029	5.74%	7,000,000
7-year bonds to mature on December 2, 2028	5.03%	7,200,000
7-year bonds to mature on October 14, 2026	5.28%	7,250,000
5-year bonds to mature on March 17, 2027	5.31%	3,000,000
5-year bonds to mature on March 16, 2026	3.82%	8,000,000
5-year bonds to mature on July 6, 2025	3.94%	550,000
4-year bonds to mature on December 2, 2025	4.00%	4,800,000
		₱43,300,000

15. Operating Expenses

	For the periods ended March 31	
	2023	2022
Cost of generated power	₱16,993,433	₱10,328,864
Cost of purchased power	16,889,660	12,212,618
Operations and maintenance	3,021,639	2,673,829
Depreciation and amortization	2,962,009	2,852,590
General and administrative	1,956,470	1,771,512
	₱41,823,211	₱29,839,413

16. Other Income (Expenses)

	For the periods ended March 31	
	2023	2022
Surcharges	₱175,143	₱63,895
Rental income	150,190	23,278
Non-utility operating income	34,636	30,227
Net foreign exchange losses	(33,015)	(400,221)
Gains on disposal of property, plant and equipment	17,610	1,568
Others - net	480,106	(302,211)
	₱824,670	(₱583,464)

Included in “Net foreign exchange gain (loss)” are the net gains and losses relating to currency forward transactions.

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

17. Earnings Per Common Share

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

	For the periods ended March 31	
	2023	2022
a. Net income attributable to equity holders of the parent	₱7,527,214	₱2,893,344
b. Weighted average number of outstanding shares	7,358,604,307	7,358,604,307
Basic and diluted earnings per share (a/b)	₱1.02	₱0.39

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

18. 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, which is the Group's CODM, are as follows:

- "Power Generation" segment, which is engaged in the generation and supply of power to various customers under power supply contracts, ancillary service procurement agreements and for trading in WESM;
- "Power Distribution" segment, which is engaged in the distribution and sale of electricity to the end-users; and
- "Parent Company and Others", which includes the operations of the Company, retail electricity sales to various off takers that are considered to be eligible contestable customers and electricity related services of the Group such as installation of electrical equipment.

The power generation segment's revenue from contracts with customers is mainly from power supply contracts. Set out below is the disaggregation of the Group's revenue from contracts with customers:

January - March 2023

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱15,920,186	₱—	₱—	₱15,920,186
Revenue from distribution services	—	14,316,873	—	14,316,873
Revenue from retail electricity sales	—	—	11,067,371	11,067,371
Revenue from non-power supply contracts	7,410,672	—	—	7,410,672
Revenue from technical and management services	—	—	26,212	26,212
	₱23,330,858	₱14,316,873	₱11,093,583	₱48,741,314

January - March 2022

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱13,314,440	₱—	₱—	₱13,314,440
Revenue from distribution services	—	10,525,842	—	10,525,842
Revenue from retail electricity sales	—	—	6,386,250	6,386,250
Revenue from non-power supply contracts	5,538,468	—	—	5,538,468
Revenue from technical and management services	—	—	112,782	112,782
	₱18,852,908	₱10,525,842	₱6,499,032	₱35,877,782

The revenue from contracts with customers is consistent with the revenue with external customers presented in Segment information.

The Group has only one geographical segment as all of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

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 unaudited interim condensed consolidated statements of income. Interest expense and other financing costs, 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 which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arm's-length transaction basis.

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:

January - March 2023

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱23,330,858	₱14,316,873	₱11,093,583	₱—	₱48,741,314
Inter-segment	8,878,389	431,613	550,835	(9,860,837)	—
Total Revenue	₱32,209,247	₱14,748,486	₱11,644,418	(₱9,860,837)	₱48,741,314
Segment Results	₱5,517,877	₱2,177,310	(₱777,084)	₱—	₱6,918,103
Unallocated corporate income (loss) - net	674,822	396,742	(246,894)	—	824,670
INCOME FROM OPERATIONS	6,192,699	2,574,052	(1,023,978)	—	7,742,773
Interest expense	(2,560,495)	(210,252)	(872,695)	—	(3,643,442)
Interest income	231,256	6,333	313,744	—	551,333
Share in net earnings of associates and joint ventures	5,132,278	(4,578)	8,440,549	(8,439,943)	5,128,306
Provision for income tax	(853,987)	(564,363)	(45,093)	—	(1,463,443)
NET INCOME	₱8,141,751	₱1,801,192	₱6,812,527	(₱8,439,943)	₱8,315,527
OTHER INFORMATION					
Investments	₱81,497,019	₱1,114,554	₱207,128,863	(₱206,718,302)	₱83,022,134
Segment Assets	₱330,865,564	₱40,731,187	₱256,492,475	(₱163,081,300)	₱465,007,926
Segment Liabilities	₱188,620,834	₱33,484,392	₱85,649,338	(₱10,838,901)	₱296,915,663
Depreciation and Amortization	₱2,580,150	₱328,593	₱17,011	₱36,255	₱2,962,009

January - March 2022 (As restated; see Note 2)

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱18,852,908	₱10,525,842	₱6,499,032	₱—	₱35,877,782
Inter-segment	6,315,004	352,036	145,453	(6,812,493)	—
Total Revenue	₱25,167,912	₱10,877,878	₱6,644,485	(₱6,812,493)	₱35,877,782
Segment Results	₱5,143,435	₱728,975	₱165,961	(₱2)	₱6,038,369
Unallocated corporate income (loss) - net	(700,223)	146,195	(29,436)	—	(583,464)
INCOME FROM OPERATIONS	4,443,212	875,170	136,525	(2)	5,454,905
Interest expense	(2,520,047)	(150,881)	(824,922)	—	(3,495,850)
Interest income	24,877	1,282	74,123	—	100,282
Share in net earnings of associates and joint ventures	1,158,605	68,830	3,861,138	(3,860,953)	1,227,620
Provision for income tax	(127,306)	(157,787)	(95,596)	—	(380,689)
NET INCOME	₱2,979,341	₱636,614	₱3,151,268	(₱3,860,955)	₱2,906,268
Depreciation and Amortization	₱2,496,789	₱306,577	₱12,969	₱36,255	₱2,852,590
OTHER INFORMATION (December 31, 2022)					
Investments	₱76,368,680	₱1,141,014	₱216,302,809	(₱215,892,855)	₱77,919,648
Segment Assets	₱318,880,974	₱41,442,127	₱289,932,100	(₱172,865,463)	₱477,389,738
Segment Liabilities	₱193,988,563	₱32,329,326	₱84,514,382	(₱11,599,590)	₱299,232,681

19. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as trade and other receivables, investments in equity securities, short-term loans, trade and other payables, lease liabilities, long-term obligation on power distribution system and customers' deposits, which generally arise directly from its 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 and interest rate swap agreement to hedge its floating rate exposure on its foreign currency-denominated loan.

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, credit risk, liquidity risk, commodity price risk and foreign exchange risk.

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.

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.

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. 8.22% of the Group's debt will mature in less than one year as of March 31, 2023 (December 31, 2022: 8.32%). For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The financial assets that will be principally used to settle the financial liabilities presented in the following table are from cash and cash equivalents and trade and other receivables. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following table summarizes the maturity profile of the Group's financial liabilities as of March 31, 2023 based on contractual undiscounted principal payments:

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Short-term loans	₱22,324,656	₱22,324,656	₱—	₱22,324,656	₱—	₱—
Trade and other payables	25,634,027	25,634,027	6,442,256	19,191,771	—	—
Long-term debts	199,959,377	201,309,110	—	9,916,253	95,735,772	95,657,085
Customers' deposits	8,471,347	8,471,347	—	—	491,769	7,979,578
Lease liabilities	25,044,916	25,044,916	—	11,163,226	11,893,421	1,988,269
Long-term obligation on PDS	149,725	200,000	—	40,000	160,000	—
Derivative liabilities	713,958	713,958	—	209,301	504,657	—
	₱282,298,006	₱283,698,014	₱6,442,256	₱62,845,207	₱108,785,619	₱105,624,932

Commodity swap contracts

TLI has entered into commodity swap contracts to hedge the price volatility of forecasted coal purchases. The commodity swaps do not result in physical delivery of coal, but are designated as cash flow hedges to offset the effect of price changes in coal. TLI hedges approximately 30% of its expected coal purchases considered to be highly probable. There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign currency forward and commodity swap contracts match the terms of the expected highly probable forecasted transactions.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2023, 5% of the Group's long-term debt had annual floating interest rates ranging from 1.97% to 7.68%, and 95% have annual fixed interest rates ranging from 4.27% to 9.00%. As of December 31, 2022, 8% of the Group's long-term debt had annual floating interest rates ranging from 1.97% to 7.68%, and 92% have annual fixed interest rates ranging from 4.27% to 9.00%.

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

As of March 31, 2023

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱789,807	₱4,023,003	₱6,024,179	₱10,836,989

As of March 31, 2022

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱794,018	₱6,470,989	₱7,416,039	₱14,681,046

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

The interest expense and other financing costs recognized according to source are as follows:

	For the periods ended March 31	
	2023	2022
Short-term loans and long-term debt	₱2,916,840	₱2,538,790
Lease liabilities (see Note 21)	618,355	871,085
Customers' deposits	20	16
Other long-term obligations	108,227	85,959
	₱3,643,442	₱3,495,850

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rate borrowings):

	Increase (decrease) in basis points	Effect on income before tax
March 2023	100	(₱108,370)
	(50)	54,185
March 2022	100	(₱146,810)
	(50)	73,405

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

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated obligations. To manage its foreign exchange risk, stabilize cash flows and improve investment and cash flow planning, the Group enters into foreign currency forward contracts aimed at reducing and/or managing the adverse impact of changes in foreign exchange rates on financial performance and cash flows. Foreign currency denominated borrowings account for 19.31% and 20.48% of total consolidated borrowings as of March 31, 2023 and December 31, 2022, respectively.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of March 31, 2023 and December 31, 2022, translated to Philippine Peso:

	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)	
	US Dollar	Philippine Peso equivalent ¹	US Dollar	Philippine Peso equivalent ²
Financial assets:				
Cash and cash equivalents	\$1,479,904	₱80,447,581	\$217,588	₱12,131,619
Trade and other receivables	1,932	105,024	2,467	137,548
Advances to associates	26,617	1,446,900	3	167
Total financial assets	1,508,453	81,999,505	220,058	12,269,334
Financial liabilities:				
Trade and other payables	146,411	7,958,902	30,076	1,676,887
Lease liabilities	219,873	11,952,296	241,244	13,450,559
Total financial liabilities	366,284	19,911,198	271,320	15,127,446
Total net financial assets (liabilities)	\$1,142,169	₱62,088,307	(\$51,262)	(₱2,858,112)

¹\$1 = 54.36

²\$1 = 55.76

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before tax for the periods ended March 31:

	Increase (decrease) in US Dollar	Effect on income before tax
2022		
US Dollar denominated accounts	US Dollar strengthens by 5%	₱3,104,415
US Dollar denominated accounts	US Dollar weakens by 5%	(3,104,415)
2022		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱573,194)
US Dollar denominated accounts	US Dollar weakens by 5%	573,194

The increase in US Dollar rate represents the depreciation of the Philippine Peso while the decrease in US Dollar rate represents appreciation of the Philippine Peso.

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

Credit risk

For its cash investments (including restricted portion), financial assets at FVTPL 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 investments. With respect to cash investments and financial assets at FVTPL, 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 only enter into transactions with 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 it has internal mechanisms 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 is summarized in the following table:

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Power distribution:		
Industrial	₱8,885,036	₱10,089,301
Residential	2,484,935	3,394,574
Commercial	799,545	1,059,520
City street lighting	17,724	27,372
Power generation:		
Power supply contracts	11,954,726	13,033,268
Non-power supply contracts	2,810,031	2,745,316
	₱26,951,997	₱30,349,351

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.

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. The Group determines net debt as the sum of interest-bearing short-term and long-term loans (comprising long-term debt and lease liabilities) less cash and short-term deposits (including restricted cash).

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

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Short-term loans	₱22,324,656	₱21,402,715
Long-term debt	199,959,377	199,451,918
Lease liabilities	25,044,916	27,541,956
Cash and cash equivalents	(59,311,783)	(64,763,642)
Restricted cash	(5,729,920)	(6,023,425)
Net debt (a)	182,287,246	177,609,522
Equity	168,092,263	178,157,057
Equity and net debt (b)	350,379,509	355,766,579
Gearing ratio (a/b)	52.03%	49.92%

No changes were made in the objectives, policies or processes during the period ended March 31, 2023.

20. Financial Instruments

Fair Value of Financial Instruments

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

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available and the only observed transactions are forced transactions or distressed sales, then the market is considered

inactive. For a financial instrument with no active market, its fair value is determined using a valuation technique (e.g. discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

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

	March 31, 2023		December 31, 2022	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Asset				
PSALM deferred adjustment	₱—	₱—	₱54,503	₱54,244
Financial Liabilities				
Lease liabilities	₱25,044,916	₱23,424,707	₱27,541,956	₱25,619,783
Long-term debt - fixed rate	189,122,388	175,759,156	183,049,706	170,193,814
PSALM deferred adjustment	—	—	54,503	54,244
Long-term obligation on power distribution system	149,725	143,225	145,390	143,225
	₱214,317,029	₱199,327,088	₱210,791,555	₱196,011,066

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

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

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.

Floating-rate borrowings. Since repricing of the variable-rate interest bearing loan is done on a quarterly basis, the carrying value approximates the fair value.

Lease liabilities. The fair value of the lease liabilities was calculated by discounting future cash flows using applicable interest 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 approximates the 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 transformer 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. These equity securities are carried at fair value.

Derivative financial instruments. The fair value of forward contracts 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 interest rate swap and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

The Group enters into non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities and purchases.

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 commodity swap contracts to hedge the price volatility of its forecasted coal purchases.

The movements in fair value changes of all derivative instruments for the three-month period ended March 31, 2023 and for the year ended December 31, 2022 are as follows:

	2023 (Unaudited)	2022 (Audited)
At beginning of period	₱2,464,763	₱1,065,927
Net changes in fair value of derivatives designated as cash flow hedges	(2,520,106)	1,729,380
Net changes in fair value of derivatives not designated as accounting hedges	133,523	57,109
Fair value of settled instruments	(307,588)	(387,653)
At end of period	(₱229,408)	₱2,464,763

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; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of March 31, 2023, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Derivative assets	₱484,550	₱—	₱484,550	₱—
Derivative liabilities	713,958	—	713,958	—
Disclosed at fair value:				
Lease liabilities	23,424,707	—	—	23,424,707
Long-term debt - fixed rate	175,759,156	—	—	175,759,156
Long-term obligation on PDS	143,225	—	—	143,225

During the three-month period ended March 31, 2023, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

21. Leases

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

	Land	Building	Power Plant	Equipment and Others	Total	Lease liabilities
At beginning of the	₱3,186,563	₱26,401	₱30,296,184	₱143,779	₱33,652,927	₱27,541,956
Amortization expense	(34,749)	(6,894)	(277,218)	(8,753)	(327,614)	—
Interest expense	—	—	—	—	—	618,355
Payments	—	—	—	—	—	(2,732,490)
Others	—	—	—	18,120	18,120	(382,905)
At end of the period	₱3,151,814	₱19,507	₱30,018,966	₱153,146	₱33,343,433	₱25,044,916

Set out below, are the amounts recognized in the unaudited interim consolidated statements of income:

	For periods ended March 31	
	2023	2022
Amortization expense of right-of-use assets	₱327,614	₱317,342
Interest expense on lease liabilities	618,355	871,085
Rent expense - short-term leases	13,585	19,775
	₱959,554	₱1,208,202

22. Retained Earnings

- a. On March 3, 2023, the BOD approved the declaration of regular cash dividends of ₱1.87 a share (₱13.76 billion) to all stockholders of record as of March 17, 2023. These dividends were paid on March 30, 2023.
- b. The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱97.68 billion and ₱103.97 billion as at March 31, 2023 and December 31, 2022, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements.

23. Disclosures

1. 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 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.

2. Pagbilao IPP Administration Agreement

TLI and PSALM executed the IPP Administration Agreement wherein PSALM appointed TLI to manage the 700MW contracted capacity (the "Capacity") of NPC in the coal-fired power plant in Pagbilao, Quezon.

The IPP Administration Agreement includes the following obligations TLI would have to perform until the transfer date of the power plant (or the earlier termination of the IPP Administration Agreement):

- a. Supply and deliver all fuel for the power plant in accordance with the specifications of the original Energy Conservation Agreement (ECA); and
- b. Pay to PSALM the monthly payments (based on the bid) and energy fees (equivalent to the amount paid by NPC to the IPP).

TLI has the following rights, among others, under the IPP Administration Agreement:

- a. The right to receive, manage and control the Capacity of the power plant for its own account and at its own cost and risk;
- b. The right to trade, sell or otherwise deal with the Capacity (whether pursuant to the spot market, bilateral contracts with third parties or otherwise) and contract for or offer related ancillary services, in all cases for its own account and its own risk and cost. Such rights shall carry the rights to receive revenues arising from such activities without obligation to account therefore to PSALM or any third party;
- c. The right to receive the transfer of the power plant at the end of the IPP Administration Agreement (which is technically the end of the ECA) for no consideration; and
- d. The right to receive an assignment of NPC's interest to existing short-term bilateral Power Supply Contract from the effective date of the IPP Administration Agreement the last of which were scheduled to end in November 2011.

3. **Property, Plant and Equipment**

During the three-month period ended March 31, 2023, the Group's additions to property, plant and equipment amounted to ₱2.90 billion mainly coming from Construction-in-Progress subcategory of property, plant and equipment.

4. **Dividends to Non-controlling Interests**

The Group's material partly-owned subsidiary, VECO, paid cash dividends amounting to ₱1.21 billion and ₱981.5 million to non-controlling interests during the three-month periods ended March 31, 2023 and 2022, respectively.

5. **Share Purchase Agreement entered into by STEAG GmbH and the Company**

On September 15, 2022, STEAG GmbH entered into a Share Purchase Agreement with the Company for the purchase by the Company of an additional 35.4% stake in STEAG. The total purchase price for the shares is US\$36.1 million, plus locked box interest at a simple rate of 4% per annum (on the basis of a 365-day year) from 1 January 2021 to 31 March 2022. Subject to fulfillment of applicable conditions for closing, the Company will own 69.4% of STEAG.

6. **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 - USE OF PROCEEDS

1) Series "B" and "C" of the Thirty Billion Shelf Registration issued in 2021

As of March 31, 2023, the proceeds from the 2021 bonds were utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Partially fund the equity contributions for the construction of the 74 MW Solar power plant in	1,000,000	1,000,000
Refinancing of the 2020 Series E Bonds Maturing in 2022	9,000,000	9,000,000
Fund future renewable projects	1,839,849	1,849,805
Bond issuance costs	160,151	150,195
TOTAL	12,000,000	12,000,000

	Per Final Prospectus	Actual
Gross proceeds	12,000,000	12,000,000
Net proceeds	11,839,849	11,849,805

Balance of the proceeds as of March 31, 2023:	₱—
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2) Series "D" and "E" of the Thirty Billion Shelf Registration issued in 2022

As of March 31, 2023, the proceeds from the 2021 bonds were utilized for the following:

Name of Project	Projected Usage (Per Prospectus)	Actual Usage
Early redemption of the 2018 Series B Bonds	7,700,000	7,700,000
Fund future renewable projects	2,165,427	945,803
Bond issuance costs	134,573	129,875
TOTAL	10,000,000	8,775,678

	Per Final Prospectus	Actual
Gross proceeds	10,000,000	10,000,000
Net proceeds	9,865,427	9,870,125

Balance of the proceeds as of March 31, 2023:	₱1,224,322
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SCHEDULE B – RELEVANT FINANCIAL RATIOS

	Formula	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.59	1.78
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	1.22	1.38
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.77	1.68
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.77	2.68
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity}}$	1.08	0.99
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - Cash \& cash equivalents})}$	52.03%	49.92%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	n.a	3.57
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	n.a	15.36%
Return on equity	$\frac{\text{Net income after tax}}{\text{Total equity}}$	n.a	20.08%

*Ratio marked * is deemed not applicable (n.a.) for the interim reporting period since this would not be comparable to the ratio reported in the previous period.*

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

1.) AGING OF RECEIVABLES

As of March 31, 2023

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade receivables					
Power Distribution Customers	4,124,485	1,182,339	183,161	1,400,300	6,890,285
Power Generation Customers	10,000,323	295,623	244,845	4,223,966	14,764,757
Management & Other Services Customers	3,353,480	1,219,346	412,460	311,669	5,296,955
	17,478,288	2,697,308	840,466	5,935,935	26,951,997
Less : Allowance for estimated credit losses					3,313,472
Net trade receivables					23,638,525
Non-trade receivables	6,617,574	-	-	1,580	6,619,154
Grand Total	24,095,862	2,697,308	840,466	5,937,515	30,257,679

2.) ACCOUNTS RECEIVABLE DESCRIPTION

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