



November 14, 2022

*via electronic mail*

**SECURITIES AND EXCHANGE COMMISSION**

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

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

*via PSE EDGE*

**PHILIPPINE STOCK EXCHANGE, INC.**

PSE Tower, 28<sup>th</sup> Street, cor. 5<sup>th</sup> 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  
29<sup>th</sup> Floor BDO Equitable Tower  
8751 Paseo de Roxas, Makati City 1226

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

Gentlemen:

Please see enclosed SEC Form 17-Q (3rd Quarterly Report 2022) of Aboitiz Power Corporation.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

**ABOITIZ POWER CORPORATION**

By:

A blue ink signature of Manuel Alberto R. Colayco, written in a cursive style.

**MANUEL ALBERTO R. COLAYCO**

Corporate Secretary <sup>DRO</sup>

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S.E.C. Registration Number

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(Company's Full Name)

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

MANUEL ALBERTO R. COLAYCO																			
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Contact Person

(02) 8-886-2338									
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Company Telephone Number

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Month Day  
Fiscal Year

2<sup>nd</sup> Quarterly Report 2022

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FORM TYPE

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

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Month Day  
Annual Meeting

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Secondary License Type, if Applicable

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Dept. Requiring this Doc

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **SEPTEMBER 30, 2022**
2. Commission identification number **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  
**32<sup>nd</sup> 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 September 30, 2022)
<b>Common Stock ₱1 Par Value</b>	<b>7,358,604,307</b>
<b>Amount of Debt Outstanding</b>	<b>₱230,507,598,000.00</b>
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 included as part of 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.

#### Nine-Month Period Ended September 30, 2022 versus Nine-Month Period Ended September 30, 2021

The table below shows the comparative figures of the key performance indicators for the nine-month periods ended September 30, 2022 and September 30, 2021, as well a comparison with the figures as of December 31, 2021:

Key Performance Indicators	September 30, 2022	September 30, 2021	December 31, 2021
(INTERIM)			
<i>Amounts in thousands of ₱s, except for financial ratios</i>			
<b>SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES</b>	8,932,099	7,111,247	9,479,696
<b>EBITDA</b>	42,894,183	38,256,595	50,661,619
<b>CASH FLOW GENERATED:</b>			
Net cash flows from operating activities	18,528,650	27,909,371	36,327,039
Net cash flows used in investing activities	(3,826,085)	4,540,240	1,018,172
Net cash flows used in financing activities	(33,630,464)	(38,827,057)	(19,103,664)
<b>Net (Decrease)/Increase in Cash &amp; Cash Equivalents</b>	(18,927,899)	(6,377,446)	18,241,547
Cash & Cash Equivalents, Beginning	57,130,243	38,699,545	38,699,545
Cash & Cash Equivalents, End	38,222,802	32,601,066	57,130,243
<b>CURRENT RATIO</b>	1.46		1.53
<b>DEBT-TO-EQUITY RATIO</b>	1.52		1.75

- Share in net earnings in associates and joint ventures for the first nine months 2022 increased by 26% compared to the first nine months of 2021. The increase was mainly due to the fresh contributions from GNPD.
- EBITDA for the first nine months of 2022 increased by 12%. This was primarily due to fresh contributions from GNPower Dinginin Ltd. Co.'s (GNPD) Units 1 and 2, higher availability of the GN Power Mariveles Energy Center Ltd. Co. (GMEC) facility, higher water inflows for the Company's hydro power generation facilities, and gains from commodity hedges.

- For the first nine months ended 2022, cash and cash equivalents decreased by ₱18.91 billion (bn). This is mainly due to the prepayment of Parent's US Dollar loan, Parent's bond maturities and the higher working capital requirements for fuel purchases.
- Current Ratio as of September 30, 2022 was at 1.46x as compared to 1.53x as of December 31, 2021. The decrease was primarily due to PV Sinag's availment of bridge short-term loan for project financing.
- Debt-to-Equity Ratio as of September 30, 2022 was at 1.52x, lower than the 1.75x recorded at the end of 2021.

## **Results of Operations**

Net income for the first nine months of 2022 of ₱19.51 bn, was 24% higher than the ₱15.69 bn reported in 2021. This translated to earnings per share of ₱2.65 for the period. The Company also recognized non-recurring gains of ₱1.2 bn during the period, largely due to appreciation of US dollars versus the ₱36 mn in non-recurring losses recorded during the same period in 2021. Without these one-off gains, the Company's core net income for the first nine months of 2022 was ₱18.3 bn, 17% higher than the ₱15.7 bn recorded in the same period in 2021. If the Company excluded the impact of Typhoon Odette, liquidated damages and business interruption claims recognized last year, the first nine months of 2022 would have resulted in a 33% gain in core net income and a 42% gain in consolidated net income compared to the same period in 2021. This was primarily due to fresh contributions from GNPD Units 1 and 2, higher availability of the GN Power Mariveles Energy Center Ltd. Co. (GMEC) facility, higher water inflows and gains from commodity hedges.

In the midst of rising commodity prices and Peso devaluation, the Company, as a result of good planning and forecasting, was able to manage its fuel costs, honor its fixed priced contracts and protect its customers. The Company was completely hedged on its fixed priced contracts which protected it in the midst of the coal price increase. The Company has had comprehensive commodity and currency hedging programs in place as early as 2018.

### **Power Generation and Retail Electricity Supply (RES)**

AboitizPower's generation and retail supply business recorded EBITDA of ₱39.0 bn during the first nine months of 2022, 21% higher than the ₱32.3 bn recorded during the corresponding period in 2021. This was primarily due to fresh contributions from GNPD Units 1 and 2, higher availability of the GMEC facility, higher water inflows and gains from commodity hedges. Capacity sold in the first nine months of 2022 increased by 8% to 3,940 megawatts (MW), compared to 3,663 MW for the same period in 2021. Energy sold increased by 19% to 21,892 gigawatt-hours (GWh) for the first nine months of 2022, compared to 18,442 GWh for the corresponding period in 2021.

### **Power Distribution**

During the first nine months of 2022, AboitizPower's distribution business recorded EBITDA of ₱4.8 bn, 22% lower than the ₱6.1 bn recorded in the same period in 2021. This was driven by delayed pass through of higher generation charges. Energy sales increased by 2% to 4,294 GWh for the first nine months of 2022, compared to 4,197 GWh for the same period in 2021. Energy sales from the Residential customer segment decreased by

1% due to lower consumption because of Typhoon Odette and the cooler weather. Commercial and Industrial energy sales were higher by 4% due to recovering demand.

## **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 Company increased by ₱3.82 bn, or 24%. 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 - September 2021)	<b>₱15,686,985</b>
Increase in operating revenues	42,290,980
Increase in operating expenses	(37,322,666)
Increase in interest income	91,897
Decrease in interest expense	473,054
Increase in share in net earnings of associates and joint ventures	1,820,852
Decrease in other income	(2,484,573)
Increase in provision for taxes	(1,093,407)
Decrease in income attributable to non-controlling interests	47,999
Total	3,824,136
Net Income Attributable to Equity Holders of the Parent (January - September 2022)	<b>₱19,511,121</b>

### **Operating Revenues**

(45% increase from ₱93.60 bn to ₱135.89 bn)

The increase in operating revenues was primarily due to higher availability of the GMEC facilities, higher sales from retail electricity and higher WESM dispatch.

### **Operating Expenses**

(51% increase from ₱72.50 bn to ₱109.82 bn)

The increase in operating expenses was mainly due to the higher cost of purchased power and of generated power.

### **Interest Income**

(36% increase from ₱257.00 mn to ₱349.00 mn)

The increase in interest income during the first nine months of 2022 compared to the first nine months 2021 was primarily due to higher interest rates on the Group's money market placements.

### **Interest Expense and other financing costs**

(5% decrease from ₱10.29 bn to ₱9.82 bn)

Interest expense decreased during the first nine months 2022 compared to the same period in 2021 due to lower interest accretion on lease liabilities as timely payments were made on Therma Luzon Inc.'s (TLI) obligation to Power Sector Assets and Liabilities Management Corporation (PSALM).

**Share in Net Earnings of Associates and Joint Ventures**

*(26% increase from ₱7.11 bn to ₱8.93 bn)*

Share in net earnings in associates and joint ventures for the first nine months 2022 increased by 26% compared to the first nine months 2021. The increase was mainly due to the fresh contributions from GNPD Units 1 and 2.

**Other Income (Expenses) – net**

*(545% decrease from ₱456.00 mn other income to ₱2.03 bn other expenses)*

The decrease in net other income (expenses)-net during the first nine months 2022 compared to first nine months 2021 was mainly due to higher contract for difference charges and the recognition during the same period in 2021 of the BI claims for the GMEC plant outages.

**Provision for Taxes**

*(67% increase from ₱1.64 bn to ₱2.73 bn)*

The increase in provision for taxes during the first nine months of 2022 was due to higher taxable income and the timing of the adjustments relating to the provisions of Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act during the first half of 2021 which includes a portion of the income tax of 2020.

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

**Assets**

Total assets (as of September 30, 2022 compared to December 31, 2021) increased by ₱26.17 bn, or 6%. The major movements of the accounts leading to the increase were as follows:

- i) Cash and cash equivalents decreased by ₱18.91 bn, or 33% (from ₱57.13 bn to ₱38.22 bn). This is mainly due to the prepayment of Parent's US Dollar loan, Parent's bond maturities and the higher working capital requirements for fuel purchases.
- ii) Trade and other receivables increased by ₱9.42 bn, or 35% (from ₱26.82 bn to ₱36.24 bn), primarily due to higher revenues.
- iii) Inventories increased by ₱8.02 bn or 84% (from ₱9.57 bn to ₱17.59 bn). This was mainly driven by the increase in spare parts, supplies and fuel inventory.
- iv) Other current assets increased by ₱1.81 bn, or 19% (from ₱9.51 bn to ₱11.32 bn). This was mainly driven by TLI's VAT input build up.
- v) Investments and advances increased by ₱10.33 bn, or 16% (from ₱64.95 bn to ₱75.29 bn). This was mainly driven by the take up of share in earnings from associates during the first nine months 2022 which is higher than the receipt of dividends.



- vi) Property, plant and equipment slightly increased by ₱2.59 bn, or 1% (from ₱203.24 bn to ₱205.83 bn). This was primarily due to the Construction-in-Progress of new solar power plant projects and the catch up on capital expenditures which were previously deferred due to the pandemic partly offset by the depreciation of existing assets.
- vii) Intangible assets increased by ₱6.05 bn, or 13% (from ₱46.02 bn to ₱52.07 bn). This was primarily due to the forex revaluation of GMEC goodwill partly offset by amortization of existing assets.
- viii) Deferred income tax assets decreased by ₱198.00 mn, or 14% (from ₱1.44 bn to ₱1.24 bn). This was mainly due to TLI's reversal to net deferred tax liability due to hedging gains.

### **Liabilities**

Compared to December 31, 2021, total liabilities as of September 30, 2022 increased by ₱1.94 bn, or 1%. The major movements of accounts leading to the increase were as follows:

- i) Short-term loans increased by ₱2.50 bn, or 13% (from ₱18.63 bn to ₱21.13 bn). This was mainly due to loan availments by the Group during first nine months of 2022 which were used for working capital purposes and PV Sinag's availment of bridge short-term loan for project financing.
- ii) Trade and other payables increased by ₱4.74 bn, or 21% (from ₱22.74 bn to ₱27.48 bn). This was primarily due to the increase in trade and fuel purchases.
- iii) Income tax payable increased by ₱62.00 mn, or 24% (from ₱265.00 mn to ₱327.00 mn). This was mainly due to higher quarter-to-quarter taxable income: 3rd quarter of 2022 vs 4th quarter of 2021.
- iv) Customers' deposits increased by ₱848.00 mn, or 12% (from ₱7.20 bn to ₱8.05 bn). This was mainly due to the receipt of bill deposits from new customers.
- v) Decommissioning liability decreased by ₱767.00 mn, or 13% (from ₱5.69 bn to ₱4.92 bn). This was mainly due to adjustments in the decommissioning provisions on power plant assets of APRI.
- vi) Long-term debt (current and non-current portions) decreased by ₱2.77 bn (from ₱182.04 bn to ₱179.27 bn). This was mainly due to Parent's bond maturities and the prepayment of US Dollar loan. This was offset by the retail bond issuance in March 2022.
- vii) Lease liabilities (current and noncurrent portions) decreased by ₱3.66 bn (from ₱33.77 bn to ₱30.11 bn), as TLI made regular payments during 2022 of its obligation to Power Sector Assets and Liabilities Management Corporation (PSALM).
- viii) Long-term obligation on power distribution system (current and noncurrent portions) increased by ₱15.00 mn, or 9% (from ₱166.00 mn to ₱180.00 mn), due to interest accretion.
- ix) Net derivative asset and liability changed by ₱7.42 bn (from ₱1.07 bn asset to ₱8.48 bn asset) during the first nine months 2022 due to hedging gains.

- x) Deferred income tax liabilities increased by ₱1.42 bn, or 243% (from ₱585.00 mn to ₱2.01 bn), mainly due to TLI's hedging gain.
- xii) Other noncurrent liabilities decreased by ₱55.00 mn, or 100% (from ₱55.00 mn to ₱0.00 mn), mainly due to the reclassification of the PSALM deferred adjustments to current.

### **Equity**

Equity attributable to equity shareholders of the Parent increased by 16% (from ₱147.95 bn as of December 31, 2021 to ₱172.08 bn as of September 30, 2022) mainly due to the cumulative translation adjustments and cash flow hedge reserve recognized during the first nine months of 2022. Cumulative translation adjustments increased by ₱6.04 bn, due to the upward net adjustment in the net assets translation effect of GMEC and Luzon Hydro Corporation during the period. Cash flow hedge reserve increased by ₱7.42 bn, due to the upward 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 September 30, 2022, the Group's cash and cash equivalents decreased by 33% to ₱38.22 bn, from ₱57.13 bn as of December 31, 2021.

Higher working capital requirements for fuel purchases resulted in lower cash generated from operations during the first nine months 2022 by ₱9.38 bn which was a 34% decrease compared to first nine months 2021.

Net cash flows from (used in) investing activities reversed from positive ₱4.54 bn in the first nine months of 2021 to negative ₱3.83 bn in the first nine months of 2022 mainly due to lower dividends received from associates.

The net cash flows used in financing activities decreased from ₱38.83 bn in the first nine months of 2021 to ₱33.63 bn in the first nine months 2022 mainly due to lower net payment of short-term and long-term loans.

### **Financial Ratios**

As of September 30, 2022, current assets increased by 7% and current liabilities increased by 12% compared to the end of 2021. The current ratio as of September 30, 2022 was at 1.46x compared to 1.53x as of December 31, 2021.

Consolidated debt to equity ratio as of September 30, 2022 was at 1.52x, lower than the 1.75x recorded at the end of 2021. This was due to a 1% increase in total liabilities compared to a higher 16% increase in equity during the first nine months 2022.

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

AboitizPower remains focused on addressing the needs of its markets, namely: (1) providing reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. AboitizPower believes that there is no single technology that completely addresses the country's energy requirements and

that to address the deficiency, a mix of power generation technologies is necessary. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies where and when it makes sense.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

## **PART II--OTHER INFORMATION**

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

## SIGNATURES

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

Issuer	<b>ABOITIZ POWER CORPORATION</b>
Principal Accounting Officer	 <b>Myla M. Espinosa</b>
Signature and Title	<b>VP for Finance</b>
Date	November 14, 2022
Authorized Officer of the Issuer	 <b>Manuel Alberto R. Colayco</b>
Signature and Title	<b>Corporate Secretary</b>
Date	November 14, 2022

# Aboitiz Power Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements

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

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

**ABOITIZ POWER CORPORATION AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET**  
**(With Comparative Figures as of December 31, 2021)****(Amounts in Thousands)**

	September 30, 2022	December 31, 2021
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 5)	₱38,222,802	₱57,130,243
Trade and other receivables (Note 6)	36,237,800	26,820,071
Derivative assets (Note 20)	8,237,335	1,383,903
Inventories	17,593,107	9,574,613
Other current assets (Note 7)	11,323,717	9,511,107
<b>Total Current Assets</b>	<b>111,614,761</b>	<b>104,419,937</b>
<b>Noncurrent Assets</b>		
Investments and advances (Note 8)	75,287,151	64,952,728
Property, plant and equipment	205,825,345	203,239,825
Intangible assets (Note 10)	52,065,950	46,015,496
Derivative assets - net of current portion (Note 20)	245,255	75,718
Net pension assets	87,146	87,146
Deferred income tax assets	1,244,073	1,441,768
Other noncurrent assets	7,214,420	7,183,001
<b>Total Noncurrent Assets</b>	<b>341,969,340</b>	<b>322,995,682</b>
<b>TOTAL ASSETS</b>	<b>₱453,584,101</b>	<b>₱427,415,619</b>

**LIABILITIES AND EQUITY****Current Liabilities**

Short-term loans (Note 12)	₱21,129,358	₱18,625,546
Current portions of:		
Long-term debts (Note 13)	17,980,485	18,419,227
Lease liabilities (Note 21)	9,345,575	8,106,781
Long-term obligation on power distribution system	40,000	40,000
Derivative liabilities (Note 20)	—	219,030
Trade and other payables (Note 11)	27,482,991	22,744,322
Income tax payable	327,022	264,647
<b>Total Current Liabilities</b>	<b>76,305,431</b>	<b>68,419,553</b>

(Forward)



**ABOITIZ POWER CORPORATION AND SUBSIDIARIES****UNAUDITED INTERIM CONSOLIDATED BALANCE SHEET**  
**(With Comparative Figures as of December 31, 2021)****(Amounts in Thousands)**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Noncurrent Liabilities</b>		
Noncurrent portions of:		
Long-term debts (Note 13)	<b>₱161,288,595</b>	₱163,618,747
Lease liabilities (Note 21)	<b>20,763,585</b>	25,667,098
Long-term obligation on power distribution system	<b>140,425</b>	125,532
Derivative liabilities - net of current portion (Note 20)	<b>—</b>	174,664
Customers' deposits	<b>8,048,618</b>	7,200,341
Decommissioning liability	<b>4,918,912</b>	5,686,224
Deferred income tax liabilities	<b>2,006,920</b>	585,440
Net pension liabilities	<b>302,812</b>	302,812
Other noncurrent liabilities	<b>—</b>	54,505
<b>Total Noncurrent Liabilities</b>	<b>197,469,867</b>	203,415,363
<b>Total Liabilities</b>	<b>273,775,298</b>	271,834,916
<b>Equity Attributable to Equity Holders of the Parent</b>		
Paid-in capital	<b>19,947,498</b>	19,947,498
Share in other comprehensive income of associates and joint ventures (Note 8)	<b>2,008,534</b>	185,183
Cumulative translation adjustments	<b>9,648,274</b>	1,917,151
Cash flow hedge reserve	<b>6,646,922</b>	917,353
Actuarial losses on defined benefit plans	<b>(1,072,629)</b>	(1,072,629)
Equity reserve	<b>(7,175,742)</b>	(7,175,742)
Retained earnings (Note 22)		
Appropriated	<b>20,060,000</b>	20,060,000
Unappropriated	<b>122,013,413</b>	113,172,268
	<b>172,076,270</b>	147,951,082
<b>Non-controlling Interests</b>	<b>7,732,533</b>	7,629,621
<b>Total Equity</b>	<b>179,808,803</b>	155,580,703
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱453,584,101</b>	₱427,415,619

*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 - Sep 2022	Jan - Sep 2021	Jul - Sep 2022	Jul - Sep 2021
<b>OPERATING REVENUES (Note 18)</b>	<b>₱135,892,554</b>	<b>₱93,601,574</b>	<b>₱53,169,737</b>	<b>₱33,250,457</b>
<b>OPERATING EXPENSES (Note 15)</b>	<b>109,821,518</b>	<b>72,498,852</b>	<b>42,695,995</b>	<b>25,228,198</b>
<b>OPERATING PROFIT</b>	<b>26,071,036</b>	<b>21,102,722</b>	<b>10,473,742</b>	<b>8,022,259</b>
<b>FINANCIAL EXPENSES - net</b>				
Interest income	348,740	256,843	143,683	65,168
Interest expense and other financing costs (Note 19)	(9,821,790)	(10,294,844)	(2,726,921)	(3,182,102)
	(9,473,050)	(10,038,001)	(2,583,238)	(3,116,934)
<b>OTHER INCOME (EXPENSES)</b>				
Share in net earnings of associates and joint ventures (Note 8)	8,932,099	7,111,247	4,564,946	1,881,742
Other income (expense) - net (Note 16)	(2,028,301)	456,272	(1,217,187)	5,615
	6,903,798	7,567,519	3,347,759	1,887,357
<b>INCOME BEFORE INCOME TAX</b>	<b>23,501,784</b>	<b>18,632,240</b>	<b>11,238,263</b>	<b>6,792,682</b>
<b>PROVISION FOR INCOME TAX</b>	<b>2,734,841</b>	<b>1,641,434</b>	<b>1,133,239</b>	<b>739,461</b>
<b>NET INCOME</b>	<b>₱20,766,943</b>	<b>₱16,990,806</b>	<b>₱10,105,024</b>	<b>₱6,053,221</b>
<b>ATTRIBUTABLE TO:</b>				
Equity holders of the parent	₱19,511,121	₱15,686,985	₱9,533,210	₱5,553,236
Non-controlling interests	1,255,822	1,303,821	571,814	499,985
	₱20,766,943	₱16,990,806	₱10,105,024	₱6,053,221
<b>EARNINGS PER COMMON SHARE (Note 17)</b>				
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱2.65	₱2.13	₱1.30	₱0.75

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 - Sep 2022	Jan - Sep 2021	Jul - Sep 2022	Jul - Sep 2021
<b>NET INCOME ATTRIBUTABLE TO:</b>				
Equity holders of the parent	₱19,511,121	₱15,686,985	₱9,533,210	₱5,553,236
Non-controlling interests	1,255,822	1,303,821	571,814	499,985
	<b>20,766,943</b>	16,990,806	<b>10,105,024</b>	6,053,221
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in</i>				
Movement in cumulative translation	7,731,123	3,130,875	3,590,647	2,234,421
Movement in cash flow hedges	5,916,374	6,192,054	(2,275,151)	4,056,666
Share in movement in cumulative translation adjustment of associates	1,815,236	741,679	919,189	405,953
	<b>15,462,733</b>	10,064,608	<b>2,234,685</b>	6,697,040
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in</i>				
Actuarial loss on defined benefit plans,	—	(2)	—	—
Share in actuarial gains (loss) on defined benefit plans of associates and joint	8,115	(1,141)	—	(69)
	<b>8,115</b>	(1,143)	—	(69)
Total other comprehensive income for the	<b>15,470,848</b>	10,063,465	<b>2,234,685</b>	6,696,971
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱36,237,791</b>	₱27,054,271	<b>₱12,339,709</b>	₱12,750,192
<b>ATTRIBUTABLE TO:</b>				
Equity holders of the parent	₱34,795,164	₱25,557,585	₱11,581,090	₱12,057,342
Non-controlling interests	1,442,627	1,496,686	758,619	692,850
	<b>₱36,237,791</b>	₱27,054,271	<b>₱12,339,709</b>	₱12,750,192

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 SEPTEMBER 30, 2022 AND 2021

(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, 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
Net income for the period	—	—	—	—	—	—	—	19,511,121	1,255,822	20,766,943
Other comprehensive income	—	1,823,351	7,731,123	5,729,569	—	—	—	—	186,805	15,470,848
Total comprehensive income	—	1,823,351	7,731,123	5,729,569	—	—	—	19,511,121	1,442,627	36,237,791
Cash dividends - P1.45 per share (Note 22)	—	—	—	—	—	—	—	(10,669,976)	—	(10,669,976)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(1,380,664)	(1,380,664)
Change in non-controlling interests	—	—	—	—	—	—	—	—	40,949	40,949
Balances at September 30, 2022	₱19,947,498	₱2,008,534	₱9,648,274	₱6,646,922	(₱1,072,629)	(₱7,175,742)	₱20,060,000	₱122,013,413	₱7,732,533	₱179,808,803
Balances at January 1, 2021	₱19,947,498	(₱576,692)	(₱1,067,593)	(₱1,379,180)	(₱1,239,612)	(₱7,175,742)	₱33,660,000	₱84,989,900	₱7,426,494	₱134,585,073
Net income for the period	—	—	—	—	—	—	—	15,686,985	1,303,821	16,990,806
Other comprehensive income	—	740,538	3,130,873	6,150,169	428	—	—	—	41,457	10,063,465
Total comprehensive income	—	740,538	3,130,873	6,150,169	428	—	—	15,686,985	1,345,278	27,054,271
Cash dividends - P0.85 per share (Note 22)	—	—	—	—	—	—	—	(6,254,814)	—	(6,254,814)
Reversal of appropriation	—	—	—	—	—	—	(13,600,000)	13,600,000	—	—
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	(1,449,797)	(1,449,797)
Change in non-controlling interests	—	—	—	—	—	—	—	—	2,878	2,878
Balances at September 30, 2021	₱19,947,498	₱163,846	₱2,063,280	₱4,770,989	(₱1,239,184)	(₱7,175,742)	₱20,060,000	₱108,022,071	₱7,324,853	₱153,937,611

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 - Sep 2022	Jan - Sep 2021	Jul - Sep 2022	Jul - Sep 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	₱23,501,784	₱18,632,240	₱11,238,263	₱6,792,682
Adjustments for:				
Interest expense and other financing costs (Note 19)	9,821,790	10,294,844	2,726,921	3,182,102
Depreciation and amortization	8,832,987	8,378,668	3,049,038	2,914,937
Net unrealized foreign exchange losses	1,943,858	1,909,504	759,932	1,344,240
Loss (gain) on disposal of property, plant and equipment	(1,395)	31,338	1,993	(319)
Share in net earnings of associates and joint ventures (Note 8)	(8,932,099)	(7,111,247)	(4,564,946)	(1,881,742)
Interest income (Note 18)	(348,740)	(256,843)	(143,683)	(65,168)
Unrealized fair valuation gain on derivatives and financial assets at FVTPL (Note 20)	(37,237)	(71,248)	(6,433)	(34,306)
Operating income before working capital changes	34,780,948	31,807,256	13,061,085	12,252,426
Decrease (increase) in:				
Trade and other receivables	(10,595,557)	(4,475,805)	(2,258,823)	(648,061)
Inventories	(8,018,494)	(3,084,774)	(1,690,453)	(1,804,128)
Other current assets	(1,526,849)	1,170,387	(2,110,940)	(83,975)
Increase (decrease) in:				
Trade and other payables	5,548,933	4,459,832	(1,372,644)	856,412
Customers' deposits	848,277	343,503	529,892	105,877
Net cash generated from operations	21,037,258	30,220,399	6,158,117	10,678,551
Income and final taxes paid	(2,508,608)	(2,311,028)	(738,047)	(310,123)
Net cash flows from operating activities	18,528,650	27,909,371	5,420,070	10,368,428
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash dividends received (Note 8)	1,611,880	7,456,908	614,276	1,621,449
Interest received	334,567	267,567	128,892	95,303
Proceeds from redemption of shares (Note 8)	1,148	14,413	1,148	—
Decrease (increase) in other noncurrent assets	1,659,311	2,231,085	(45,797)	753,620
Proceeds from sale of property, plant and equipment	—	3,348	—	(5,503)
Acquisitions through business combinations, net of cash acquired	—	1,367	—	—
Additions to:				
Property, plant and equipment	(7,403,132)	(4,437,399)	(3,555,198)	(2,014,798)
Intangible assets - service concession rights (Note 10)	(29,859)	(24,279)	(13,308)	(6,532)
Additional investments (Note 8)	—	(954,386)	—	—
Net cash flows from (used in) investing activities	(3,826,085)	4,540,240	(2,869,987)	420,539
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payments of long-term debt	(19,753,327)	(22,311,522)	(12,128,646)	(12,683,075)
Proceeds from availments of long-term debt	12,210,000	8,780,000	2,000,000	—
Net availments (payments) of short-term loans (Note 12)	2,503,812	(705,103)	1,900,057	(465,218)
Cash dividends paid (Note 22)	(10,669,606)	(6,254,626)	—	—
Payments of lease liabilities, including interest accretion (Note 21)	(7,995,851)	(7,935,160)	(2,380,730)	(2,881,833)
Payment of dividends to non-controlling interests	(1,380,664)	(1,449,797)	(105,600)	(211,200)
Interest paid	(8,544,828)	(8,950,849)	(3,258,894)	(3,616,366)
Net cash flows used in financing activities	(33,630,464)	(38,827,057)	(13,973,813)	(19,857,692)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(18,927,899)</b>	<b>(6,377,446)</b>	<b>(11,423,730)</b>	<b>(9,068,725)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>20,458</b>	<b>278,967</b>	<b>61,334</b>	<b>74,973</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)</b>	<b>₱38,222,802</b>	<b>₱32,601,066</b>	<b>₱38,222,802</b>	<b>₱32,601,066</b>

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 September 30, 2022, 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 32<sup>nd</sup> 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 September 30, 2022 and December 31, 2021:

	Nature of Business	September 30, 2022		December 31, 2021	
		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. (Hedcor Tudaya)	Power generation	–	100.00	–	100.00
Luzon Hydro Corporation (LHC)	Power generation	–	100.00	–	100.00
Sinag Solar Power Corporation (former 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. (former Hedcor Ifugao, Inc.)	Power generation	–	100.00	–	100.00
Amihan Power, Inc. (former Hedcor Kalinga, Inc.)*	Power generation	–	100.00	–	100.00
Aboitiz Solar Power, Inc. (former Hedcor Itogon Inc.)*	Power generation	–	100.00	–	100.00

Hedcor Manolo Fortich, Inc.*	Power generation	—	<b>100.00</b>	—	100.00
Amihan Frontier Energy, Inc. (former Hedcor Mt. Province, Inc.)*	Power generation	—	<b>100.00</b>	—	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	—	<b>100.00</b>	—	100.00
Hedcor Tamugan, Inc.*	Power generation	—	<b>100.00</b>	—	100.00
RE Resources, Inc. (former Mt. Apo Geopower, Inc.)*	Power generation	—	<b>100.00</b>	—	100.00
Visayas Cleanergy, Inc. (former Negron Cuadrado Geopower, Inc.)*	Power generation	—	<b>100.00</b>	—	100.00
Tagoloan Hydro Corporation*	Power generation	—	<b>100.00</b>	—	100.00
Electricidad, Inc. (former La Filipina Electrika Inc.)*	Power generation	—	<b>100.00</b>	—	100.00
Wind Renewable Energy Corporation*	Power generation	—	<b>100.00</b>	—	100.00
Maaraw Renewable Energy Corporation*	Power generation	—	<b>100.00</b>	—	100.00
Northern Sun Power, Inc.*	Power generation	—	<b>100.00</b>	—	—
Northern Sun Radiance, Inc.*	Power generation	—	<b>100.00</b>	—	—
Hydro Electric Development Corporation*	Power generation	—	<b>99.97</b>	—	99.97
Therma Power, Inc. (TPI) and Subsidiaries	Power generation	<b>100.00</b>	—	100.00	—
Mindanao Sustainable Solutions, Inc.*	Services	—	<b>100.00</b>	—	100.00
Therma Luzon, Inc. (TLI)	Power generation	—	<b>100.00</b>	—	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	—	<b>100.00</b>	—	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	—	<b>100.00</b>	—	100.00
Therma South, Inc. (TSI)	Power generation	—	<b>100.00</b>	—	100.00
Therma Power-Visayas, Inc. (TPVI)	Power generation	—	<b>100.00</b>	—	100.00
Therma Central Visayas, Inc.*	Power generation	—	<b>100.00</b>	—	100.00
Therma Subic, Inc.*	Power generation	—	<b>100.00</b>	—	100.00
Therma Mariveles Holdings, Inc.	Holding company	—	<b>100.00</b>	—	100.00
GNPower Mariveles Energy Center Ltd. Co. (former GNPower Mariveles Coal Plant) (GMEC)	Power generation	—	<b>78.33</b>	—	78.33
Therma Dinginin Holdings, Inc.	Holding company	—	<b>100.00</b>	—	100.00
Therma Visayas, Inc. (TVI)	Power generation	—	<b>80.00</b>	—	80.00
Abovant Holdings, Inc. (Abovant)	Holding company	—	<b>60.00</b>	—	60.00
AboitizPower International Pte. Ltd. (API)	Holding company	<b>100.00</b>	—	100.00	—
Aboitiz Energy Solutions, Inc. (AESI)	Retail electricity supplier	<b>100.00</b>	—	100.00	—
Adventenergy, Inc. (AI)	Retail electricity supplier	<b>100.00</b>	—	100.00	—
Balamban Enerzone Corporation (BEZ)	Power distribution	<b>100.00</b>	—	100.00	—
Lima Enerzone Corporation (LEZ)	Power distribution	<b>100.00</b>	—	100.00	—
Mactan Enerzone Corporation (MEZ)	Power distribution	<b>100.00</b>	—	100.00	—
Malvar Enerzone Corporation	Power distribution	<b>100.00</b>	—	100.00	—
East Asia Utilities Corporation (EAUC)	Power generation	<b>50.00</b>	<b>50.00</b>	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	<b>99.94</b>	—	99.94	—
Cotabato Ice Plant, Inc.	Manufacturing	—	<b>100.00</b>	—	100.00
Davao Light & Power Company, Inc. (DLP)	Power distribution	<b>99.93</b>	—	99.93	—
Maaraw Holdings San Carlos, Inc. (MHSCI)	Holding company	—	<b>100.00</b>	—	100.00
San Carlos Sun Power, Inc. (Sacasun)	Power generation	—	<b>100.00</b>	—	100.00
AboitizPower International B.V.	Holding company	—	<b>100.00</b>	—	100.00
Subic Enerzone Corporation (SEZ)	Power distribution	<b>65.00</b>	<b>34.98</b>	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	<b>60.00</b>	—	60.00	—
Prism Energy, Inc. (PEI)	Retail electricity supplier	<b>60.00</b>	—	60.00	—
Visayan Electric Company (VECO)	Power distribution	<b>55.26</b>	—	55.26	—

\* No commercial operations as of September 30, 2022

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

#### Basis of Financial Statement Preparation

The accompanying 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 accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. Accordingly, 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, 2021, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

On October 25, 2022, the Audit Committee of the Board of Directors (BOD) of the Company approved and authorized the release of the accompanying 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, 2022. The adoption of these amendments did not have a significant impact on 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 PFRS 3, *Reference to the Conceptual Framework*

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



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

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

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

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

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

The amendment specifies which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

This amendment applies to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

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

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

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

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- PAS 41, *Agriculture – Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

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#### 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 impact of the continuing effect 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.

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#### 5. Cash and Cash Equivalents

	September 30, 2022	December 31, 2021
Cash on hand and in banks	<b>₱17,401,932</b>	₱17,239,024
Short-term deposits	<b>20,820,870</b>	39,891,219
	<b>₱38,222,802</b>	₱57,130,243

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.

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## 6. Trade and Other Receivables

	September 30, 2022	December 31, 2021
Trade receivables - net of allowance for expected credit losses	<b>₱28,094,044</b>	₱19,618,892
Others		
Dividends receivable	—	1,192,000
Advances to contractors	<b>228,697</b>	191,904
Non-trade receivable	<b>7,537,324</b>	4,726,071
Interest receivable	<b>62,516</b>	48,343
PSALM deferred adjustment	<b>315,219</b>	1,042,861
	<b>₱36,237,800</b>	₱26,820,071

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

Non-trade receivable relates mostly to claims from insurance against the property damage of TSI, receivable of GMEC from the National Grid Corporation of the Philippines (NGCP) related to the sale of transmission assets in 2019, and TLI's accrual of income from coal commodity hedge.

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## 7. Other Current Assets

	September 30, 2022	December 31, 2021
Restricted cash	<b>₱4,093,820</b>	₱4,073,381
Input VAT	<b>2,570,065</b>	1,387,464
Prepaid expenses	<b>1,930,958</b>	818,610
Advances to National Grid Corporation of the Philippines (NGCP)	<b>551,506</b>	615,785
Prepaid tax	<b>1,960,257</b>	2,529,435
Others	<b>217,111</b>	86,432
	<b>₱11,323,717</b>	₱9,511,107

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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 and real property tax.

## 8. Investments and Advances

	September 30, 2022	December 31, 2021
Acquisition cost:		
Balance at beginning of the period	₱61,410,545	₱60,470,649
Additions during the period	—	954,386
Step acquisition to subsidiary	—	(77)
Redemptions during the period	(1,148)	(14,413)
Balance at end of the period	61,409,397	61,410,545
Accumulated equity in net earnings:		
Balance at beginning of the period	3,914,203	2,482,442
Share in net earnings	8,932,099	9,479,696
Step acquisition to subsidiary	—	1,082
Dividends received or receivable	(419,879)	(8,049,017)
Balance at end of the period	12,426,423	3,914,203
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	24,778	16,663
Share in cumulative translation adjustments of associates and joint ventures	1,885,154	69,918
	2,008,534	185,183
	75,844,354	65,509,931
Less allowance for impairment losses	568,125	568,125
Investments at equity	75,276,229	64,941,806
Advances	10,922	10,922
	₱75,287,151	₱64,952,728

### 2022

In 2022, AEV Aviation, Inc. (AAI) redeemed 1,148 RPS held by the Company for ₱1.1 million.

### 2021

In 2021, the Group, through TPI and ATI, made capital contributions to GNPD amounting to ₱952.1 million.

In 2021, the Group made capital contributions to MEC amounting to ₱2.2 million.

In 2021, AEV Aviation, Inc. (AAI) redeemed 14,413 RPS held by the Company for ₱14.4 million.

In 2021, the Group, through Aboitiz Renewables, Inc. acquired 100% of La Filipina Electrika, Inc. (LFEI) from TPI (40%) and La Filipina Uy Gongco Corporation (60%) at its par value of ₱192,500. As a result, LFEI (formerly an associate) became a subsidiary.

The Group's associates and joint ventures and the corresponding equity ownership as of September 30, 2022 and December 31, 2021 are as follows:

	Nature of Business	Percentage of ownership	
		September 30, 2022	December 31, 2021
Manila-Oslo Renewable Enterprise, Inc. (MORE) <sup>1</sup>	Holding company	<b>83.33</b>	83.33
GNPower Dinginin Ltd. Co. (GNPD) <sup>1</sup>	Power generation	<b>70.00</b>	70.00
AA Thermal, Inc. (ATI) <sup>1</sup>	Holding company	<b>60.00</b>	60.00
Hijos de F. Escaño, Inc. (Hijos)	Holding company	<b>46.73</b>	46.73
Mazzaraty Energy Corporation (MEC)	Retail electricity supplier	<b>44.87</b>	44.87
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	<b>43.78</b>	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	<b>42.84</b>	42.84
STEAG State Power, Inc. (STEAG)	Power generation	<b>34.00</b>	34.00
AEV Aviation, Inc. (AAI)	Service	<b>26.69</b>	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	<b>26.40</b>	26.40
Redondo Peninsula Energy, Inc. (RPEI)*	Power generation	<b>25.00</b>	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	<b>20.00</b>	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	<b>20.00</b>	20.00

<sup>1</sup> Joint venture.

\* No commercial operations as of September 30, 2022

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, 2021 audited financial statements.

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

	September 30, 2022	December 31, 2021
ATI	<b>₱28,923,438</b>	₱26,517,258
GNPD	<b>27,187,444</b>	22,164,022
MORE	<b>9,942,897</b>	8,151,748
CEDC	<b>3,573,512</b>	2,928,493
STEAG	<b>3,485,626</b>	3,211,116
PEVI	<b>647,533</b>	586,219
SFELAPCO	<b>506,292</b>	437,673
RPEI	<b>359,037</b>	361,663
Hijos	<b>283,009</b>	212,038
WMPC	<b>160,513</b>	179,639
SPPC	<b>43,940</b>	48,368
Others	<b>162,988</b>	143,569
	<b>₱75,276,229</b>	₱64,941,806

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## 9. Joint Operation

Name of Joint Operation	Nature of Business	Percentage of Ownership	
		September 30, 2022	December 31, 2021
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

September 30, 2022

	Goodwill	Service concession rights	Franchise	Project development costs	Customer contracts	Software and licenses	Total
Cost:							
Balances at beginning of period	₱41,163,608	₱5,519,218	₱3,078,431	₱448,995	₱60,068	₱571,797	₱50,842,117
Additions	—	29,859	2	214,343	—	23,535	267,739
Exchange differences	6,023,810	160,910	—	—	—	—	6,184,720
Balances at end of period	47,187,418	5,709,987	3,078,433	663,338	60,068	595,332	57,294,576
Accumulated amortization:							
Balances at beginning of period	—	3,764,826	660,581	—	60,068	341,146	4,826,621
Amortization	—	298,120	57,722	—	—	46,163	402,005
Balances at end of period	—	4,062,946	718,303	—	60,068	387,309	5,228,626
Net book values	₱47,187,418	₱1,647,041	₱2,360,130	₱663,338	₱—	₱208,023	₱52,065,950

## 11. Trade and Other Payables

	September 30, 2022	December 31, 2021
Trade payables	<b>₱18,767,980</b>	₱11,963,685
Output VAT	<b>3,150,860</b>	3,388,646
Amounts due to contractors and other third parties	<b>970,800</b>	949,951
PSALM deferred adjustment	<b>315,219</b>	1,042,861
Accrued expenses:		
Interest	<b>1,311,386</b>	2,122,020
Materials and supplies cost	<b>66,087</b>	66,087
Taxes and fees	<b>1,084,748</b>	1,016,249
Claims conversion costs	<b>72,010</b>	68,180
Insurance	<b>42,386</b>	25,713
Dividends payable (see Note 22)	<b>268,928</b>	252,003
Unearned revenues	<b>33,399</b>	36,461
Customers' deposit	<b>28,593</b>	129,992
Nontrade	<b>672,982</b>	1,077,356
Others	<b>697,613</b>	605,118
	<b>₱27,482,991</b>	₱22,744,322

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

		September 30, 2022	December 31, 2021
Peso loans - financial	4.0% - 4.92% in 2022		
institutions - unsecured	1.9% - 4.92% in 2021	<b>₱15,420,025</b>	₱14,003,000
Dollar loans - financial	2.75% - 3.75% in 2022		
institutions - unsecured	2.07% - 3.75% in 2021	<b>5,647,190</b>	4,581,237
Temporary advances	Noninterest-bearing	<b>62,143</b>	41,309
		<b>₱21,129,358</b>	₱18,625,546

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

	2022 Interest Rate	2021 Interest Rate	September 30, 2022	December 31, 2021
Company:				
Bonds (see Note 14)	3.82% - 8.51%	3.13% - 8.51%	<b>₱51,000,000</b>	₱50,000,000
Financial institutions - unsecured	4.00% - 4.33%	4.00% - 4.33%	<b>10,900,000</b>	10,900,000
Financial institutions - unsecured	—	LIBOR + 1.20%	—	2,804,945
Subsidiaries:				
GMEC				
Financial institutions - unsecured	LIBOR + 1.7% - 4.85%	LIBOR + 1.7% - 4.85%	<b>34,284,062</b>	32,260,286
TMI				
Financial institutions - secured	4.54% - 6.26%	4.54%	<b>2,600,000</b>	1,790,000
HSAB				
Financial institutions - secured	4.92%	4.92%	<b>1,124,117</b>	1,145,000
TVI				
Financial institutions - secured	5.56% - 9.00%	5.56% - 9.00%	<b>24,479,052</b>	26,947,493
AESI				
Financial institutions - unsecured	4.87%	4.87%	<b>588,000</b>	594,000
TSI				
Financial institutions - secured	4.27%	4.27%	<b>17,827,893</b>	18,314,624
APRI				
Financial institutions - secured	4.91% - 6.67%	4.48% - 5.20%	<b>11,576,000</b>	10,600,000
Hedcor Bukidnon				
Financial institutions - secured	4.29% - 5.59%	4.00% - 5.34%	<b>8,114,434</b>	8,714,717
TPVI				
Financial institutions - secured	3.32%-5.06%	3.32%-5.06%	<b>1,500,000</b>	1,500,000
Hedcor Sibulan				
Fixed rate corporate notes - unsecured	4.63% - 5.42%	4.63% - 5.42%	<b>3,403,401</b>	3,403,401
HI				
Financial institution - secured	7.41% - 7.87%	7.41% - 7.87%	<b>1,370,000</b>	1,500,000
VECO				
Financial institution - unsecured	4.73% - 4.92%	4.73% - 4.92%	<b>384,000</b>	384,000
HTI				
Financial institution - secured	4.92%	4.92%	<b>722,756</b>	752,000
LHC				
Financial institutions - secured	—	LIBOR + 2.00%	—	7,650
DLP				
Financial institution - unsecured	4.73% - 4.92%	4.73% - 4.92%	<b>288,000</b>	288,000
AI				
AEV - unsecured	3.50%	3.50%	<b>300,000</b>	300,000
CLP				
Financial institution - unsecured	4.73% - 4.92%	4.73% - 4.92%	<b>57,600</b>	57,600
Joint operation (see Note 9)				
Financial institutions - secured	5.77% - 6.27%	5.77% - 6.27%	<b>9,951,719</b>	11,146,343
			<b>180,471,034</b>	183,410,059
Less deferred financing costs			<b>1,201,954</b>	1,372,085
			<b>179,269,080</b>	182,037,974
Less current portion - net of deferred			<b>17,980,485</b>	18,419,227
			<b>₱161,288,595</b>	₱163,618,747

In July 2022, the Company fully paid the 2-year bond availed in 2020 amounting to ₱9.00 billion.

In July 2022, APRI availed a new loan for a total of ₱1.40 billion.

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

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

In March 2022, the Company issued ₱3.00 billion 5-year bond due 2027 and ₱7.00 billion 7-year bond due 2029 at an annual fixed rate equivalent to 5.31% and 5.74%, respectively, and as part of the third tranche of its ₱30.00 billion debt securities program.

In March 2022, TMI availed a new loan for a total of ₱210 million.

#### 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.

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## **14. Debt Securities**

As of September 30, 2022, the Company registered and issued peso-denominated fixed-rate retail bonds totaling ₱51.0 billion under the following terms:

<b>Maturity</b>	<b>Interest Rate (p.a.)</b>	<b>Amount</b>
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
5.25-year bonds to mature on January 25, 2024	7.51%	7,700,000
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
		<b>₱51,000,000</b>

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**15. Operating Expenses**

	For the periods ended September 30	
	2022	2021
Cost of purchased power	<b>₱45,110,182</b>	₱29,094,492
Cost of generated power	<b>42,061,270</b>	20,734,530
Depreciation and amortization	<b>8,832,987</b>	8,378,668
Operations and maintenance	<b>8,183,580</b>	7,396,770
General and administrative	<b>5,633,499</b>	6,894,392
	<b>₱109,821,518</b>	₱72,498,852

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**16. Other Income (Expenses)**

	For the periods ended September 30	
	2022	2021
Surcharges	<b>₱449,763</b>	₱468,519
Rental income	<b>160,760</b>	84,707
Non-utility operating income	<b>106,476</b>	104,635
Gains (losses) on disposal of property, plant and equipment	<b>1,395</b>	(31,338)
Net foreign exchange loss	<b>(1,124,777)</b>	(1,247,604)
Others - net	<b>(1,621,918)</b>	1,077,353
	<b>(₱2,028,301)</b>	₱456,272

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

"Others" include contract for difference charges and other non-recurring items like sale of scrap and sludge oil.

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**17. Earnings Per Common Share**

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

	For the periods ended September 30	
	2022	2021
a. Net income attributable to equity holders of the parent	<b>₱19,511,121</b>	₱15,686,985
b. Weighted average number of outstanding shares	<b>7,358,604,307</b>	7,358,604,307
Basic and diluted earnings per share (a/b)	<b>₱2.65</b>	₱2.13

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

## 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 - September 2022

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱50,944,774	₱—	₱—	₱50,944,774
Revenue from distribution services	—	39,520,551	—	39,520,551
Revenue from retail electricity sales	—	—	23,788,263	23,788,263
Revenue from non-power supply contracts	21,584,952	—	—	21,584,952
Revenue from technical and management services	—	—	54,014	54,014
	₱72,529,726	₱39,520,551	₱23,842,277	₱135,892,554

### January - September 2021

	Power Generation	Power Distribution	Parent and Others	Total
Revenue from power supply contracts	₱36,367,569	₱—	₱—	₱36,367,569
Revenue from distribution services	—	32,476,789	—	32,476,789
Revenue from retail electricity sales	—	—	14,508,709	14,508,709
Revenue from non-power supply contracts	10,186,176	—	—	10,186,176
Revenue from technical and management services	—	—	62,331	62,331
	₱46,553,745	₱32,476,789	₱14,571,040	₱93,601,574

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 - September 2022**

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
<b>REVENUE</b>					
External	₱72,529,726	₱39,520,551	₱23,842,277	₱—	₱135,892,554
Inter-segment	26,290,624	1,264,811	1,162,092	(28,717,527)	—
<b>Total Revenue</b>	<b>₱98,820,350</b>	<b>₱40,785,362</b>	<b>₱25,004,369</b>	<b>(₱28,717,527)</b>	<b>₱135,892,554</b>
<b>Segment Results</b>	<b>₱23,467,292</b>	<b>₱2,635,847</b>	<b>(₱32,104)</b>	<b>₱1</b>	<b>₱26,071,036</b>
Unallocated corporate income (loss)					
- net	(3,377,388)	879,495	469,592	—	(2,028,301)
<b>INCOME FROM OPERATIONS</b>	<b>20,089,904</b>	<b>3,515,342</b>	<b>437,488</b>	<b>1</b>	<b>24,042,735</b>
Interest expense	(6,703,522)	(464,525)	(2,653,743)	—	(9,821,790)
Interest income	84,052	5,394	259,294	—	348,740
Share in net earnings of associates and joint ventures	8,600,749	259,567	22,459,983	(22,388,200)	8,932,099
Provision for income tax	(1,759,201)	(681,050)	(294,590)	—	(2,734,841)
<b>NET INCOME</b>	<b>₱20,311,982</b>	<b>₱2,634,728</b>	<b>₱20,208,432</b>	<b>(₱22,388,199)</b>	<b>₱20,766,943</b>
<b>OTHER INFORMATION</b>					
Investments	₱73,676,406	₱1,184,569	₱222,049,077	(₱221,633,823)	₱75,276,229
<b>Segment Assets</b>	<b>₱336,605,481</b>	<b>₱39,352,630</b>	<b>₱260,084,996</b>	<b>(₱182,459,007)</b>	<b>₱453,584,100</b>
<b>Segment Liabilities</b>	<b>₱179,795,074</b>	<b>₱32,615,670</b>	<b>₱78,856,278</b>	<b>(₱17,491,721)</b>	<b>₱273,775,301</b>
<b>Depreciation and Amortization</b>	<b>₱7,748,346</b>	<b>₱933,599</b>	<b>₱42,278</b>	<b>₱108,764</b>	<b>₱8,832,987</b>

## January - September 2021

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱46,553,745	₱32,476,789	₱14,571,040	₱—	₱93,601,574
Inter-segment	20,431,003	1,336,899	663,491	(22,431,393)	—
<b>Total Revenue</b>	<b>₱66,984,748</b>	<b>₱33,813,688</b>	<b>₱15,234,531</b>	<b>(₱22,431,393)</b>	<b>₱93,601,574</b>
Segment Results	₱16,967,142	₱4,203,758	(₱68,178)	₱—	₱21,102,722
Unallocated corporate income (loss) - net	(306,261)	744,211	18,322	—	456,272
INCOME FROM OPERATIONS	16,660,881	4,947,969	(49,856)	—	21,558,994
Interest expense	(7,041,481)	(450,758)	(2,802,605)	—	(10,294,844)
Interest income	94,553	4,888	157,402	—	256,843
Share in net earnings of associates and joint ventures	6,900,656	208,479	18,945,357	(18,943,245)	7,111,247
Provision for income tax	(698,440)	(783,888)	(159,106)	—	(1,641,434)
<b>NET INCOME</b>	<b>₱15,916,169</b>	<b>₱3,926,690</b>	<b>₱16,091,192</b>	<b>(₱18,943,245)</b>	<b>₱16,990,806</b>
OTHER INFORMATION					
Investments	₱63,250,126	₱1,045,432	₱186,568,598	(₱186,222,029)	₱64,642,127
<b>Segment Assets</b>	<b>₱300,108,502</b>	<b>₱35,314,795</b>	<b>₱216,138,882</b>	<b>(₱146,410,653)</b>	<b>₱405,151,526</b>
<b>Segment Liabilities</b>	<b>₱169,535,322</b>	<b>₱28,813,330</b>	<b>₱66,001,043</b>	<b>(₱13,135,780)</b>	<b>₱251,213,915</b>
<b>Depreciation and Amortization</b>	<b>₱7,367,405</b>	<b>₱865,474</b>	<b>₱37,025</b>	<b>₱108,764</b>	<b>₱8,378,668</b>

## 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. 12.57% of the Group's debt will mature in less than one year as of September 30, 2022 (December 31, 2021: 13.67%). 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 September 30, 2022 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	₱21,129,358	₱21,129,358	₱—	₱21,129,358	₱—	₱—
Trade and other payables	23,212,981	23,212,981	1,916,850	21,296,131	—	—
Long-term debts	179,269,080	180,471,034	—	18,117,076	77,200,004	85,153,954
Customers' deposits	8,048,618	8,048,618	—	—	488,493	7,560,125
Lease liabilities	30,109,160	37,736,915	—	11,625,158	21,140,448	4,971,309
Long-term obligation on PDS	180,425	200,000	—	40,000	160,000	—
	₱261,949,622	₱270,798,906	₱1,916,850	₱72,207,723	₱98,988,945	₱97,685,388

#### 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 September 30, 2022, 10% of the Group's long-term debt had annual floating interest rates ranging from 1.91% to 3.70%, and 90% have annual fixed interest rates ranging from 4.00% to 9.00%. As of December 31, 2021, 10% of the Group's long-term debt had annual floating interest rates ranging from 1.32% to 2.27%, and 90% have annual fixed interest rates ranging from 4.00% 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 September 30, 2022

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱1,134,473	₱6,008,610	₱9,893,941	₱17,037,024

#### As of September 30, 2021

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱1,150,946	₱7,324,378	₱9,330,440	₱17,805,764



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 period ended September 30	
	2022	2021
Short-term loans and long-term debt	<b>₱7,895,311</b>	₱7,671,885
Lease liabilities (Note 21)	<b>1,686,715</b>	2,007,517
Customers' deposits	<b>1,140</b>	2,186
Other long-term obligations	<b>238,624</b>	165,754
	<b>₱9,821,790</b>	₱10,294,844

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
<b>September 2022</b>	<b>100</b>	<b>(₱170,370)</b>
	<b>(50)</b>	<b>85,185</b>
September 2021	100	(₱178,058)
	(50)	89,029

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 21.58% and 23.89% of total consolidated borrowings as of September 30, 2022 and December 31, 2021, respectively.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of September 30, 2022 and December 31, 2021, translated to Philippine Peso:

	September 30, 2022		December 31, 2021	
	US Dollar	Philippine Peso equivalent <sup>1</sup>	US Dollar	Philippine Peso equivalent <sup>2</sup>
Financial assets:				
Cash and cash equivalents	\$89,309	₱5,235,740	\$65,645	₱3,347,829
Trade and other receivables	4,889	286,618	3,414	174,111
Total financial assets	94,354	5,531,504	69,059	3,521,940
Financial liabilities:				
Short-term loans	—	—	810	41,309
Trade and other payables	31,374	1,839,301	29,589	1,509,010
Long-term debt	—	—	55,000	2,804,945
Lease liabilities	262,090	15,365,026	321,601	16,401,329
Total financial liabilities	293,464	17,204,327	407,000	20,756,593
Total net financial liabilities	(\$199,110)	(₱11,672,823)	(\$337,941)	(₱17,234,653)

<sup>1</sup>\$1 = 58.625

<sup>2</sup>\$1 = 51.00

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 September 30:

	Increase (decrease) in US Dollar	Effect on income before tax
<b>2022</b>		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱583,641)
US Dollar denominated accounts	US Dollar weakens by 5%	583,641
<b>2021</b>		
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱914,801)
US Dollar denominated accounts	US Dollar weakens by 5%	914,801

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:

	September 30, 2022	December 31, 2021
Power distribution:		
Industrial	<b>₱8,390,243</b>	₱4,934,502
Residential	<b>2,726,643</b>	2,566,449
Commercial	<b>900,622</b>	778,568
City street lighting	—	109,700
Power generation:		
Power supply contracts	<b>15,791,825</b>	11,930,242
Non-power supply contracts	<b>3,729,532</b>	2,318,412
	<b>₱31,538,865</b>	<b>₱22,637,873</b>

#### 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 September 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022	December 31, 2021
Short-term loans	<b>₱21,129,358</b>	₱18,625,546
Long-term debt	<b>179,269,080</b>	182,037,974
Lease liabilities	<b>30,109,160</b>	33,773,879
Cash and cash equivalents	<b>(38,222,802)</b>	(57,130,243)
Restricted cash	<b>(4,093,820)</b>	(4,073,381)
Net debt (a)	<b>188,190,976</b>	173,233,775
Equity	<b>179,808,803</b>	155,580,703
Equity and net debt (b)	<b>367,999,779</b>	328,814,478
Gearing ratio (a/b)	<b>51.14 %</b>	52.68 %

No changes were made in the objectives, policies or processes during the period ended September 30, 2022.

## 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.

	September 30, 2022		December 31, 2021	
	Carrying	Fair	Carrying	Fair
	Amounts	Values	Amounts	Values
<b>Financial Asset</b>				
PSALM deferred adjustment	<b>₱315,219</b>	<b>₱306,891</b>	₱1,097,366	₱1,032,511
<b>Financial Liabilities</b>				
Lease liabilities	<b>₱30,109,160</b>	<b>₱28,051,996</b>	₱33,773,879	₱31,893,831
Long-term debt - fixed rate	<b>162,232,056</b>	<b>174,560,911</b>	167,148,931	171,255,721
PSALM deferred adjustment	<b>315,219</b>	<b>306,891</b>	1,097,366	1,032,511
Long-term obligation on power distribution system	<b>180,425</b>	<b>151,878</b>	165,532	151,878
	<b>₱192,836,860</b>	<b>₱203,071,676</b>	₱202,185,708	₱204,333,941

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 nine-month period ended September 30, 2022 and for the year ended December 31, 2021 are as follows:

	2022	2021
At beginning of period	₱1,065,927	(₱1,788,802)
Net changes in fair value of derivatives designated as cash flow hedges	7,416,615	2,422,452
Net changes in fair value of derivatives not designated as accounting hedges	37,237	18,333
Fair value of settled instruments	(37,189)	413,944
At end of period	₱8,482,590	₱1,065,927

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

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Derivative assets	<b>₱8,482,590</b>	<b>₱—</b>	<b>₱8,482,590</b>	<b>₱—</b>
Disclosed at fair value:				
Lease liabilities	<b>28,051,996</b>	—	—	<b>28,051,996</b>
Long-term debt - fixed rate	<b>174,560,911</b>	—	—	<b>174,560,911</b>
Long-term obligation on PDS	<b>151,878</b>	—	—	<b>151,878</b>
PSALM deferred adjustment	<b>306,891</b>	—	—	<b>306,891</b>

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

## 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 nine-month period ended September 30, 2022:

	Right-of-use assets				Total	Lease liabilities
	Land	Building	Power Plant	Equipment and Others		
At beginning of the period	₱2,923,429	₱53,060	₱31,405,054	₱152,741	₱34,534,284	₱33,773,879
Amortization expense	(135,532)	(21,168)	(804,317)	(7,849)	(968,866)	—
Interest expense	—	—	—	—	—	1,686,715
Payments	—	—	—	—	—	(7,995,851)
Others	—	—	—	124,481	124,481	2,644,417
At end of the period	₱2,787,897	₱31,892	₱30,600,737	₱269,373	₱33,689,899	₱30,109,160

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

	For periods ended September 30	
	2022	2021
Amortization expense of right-of-use assets	<b>₱968,866</b>	₱625,400
Interest expense on lease liabilities	<b>1,686,715</b>	1,919,321
Rent expense - short-term leases	<b>67,319</b>	33,133
	<b>₱2,722,900</b>	₱2,577,854

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## 22. Retained Earnings

- a. On March 4, 2022, the BOD approved the declaration of regular cash dividends of ₱1.45 a share (₱10.67 billion) to all stockholders of record as of March 18, 2022. These dividends were paid on March 30, 2022.
- b. The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to ₱97.48 billion and ₱77.58 billion as at September 30, 2022 and December 31, 2021, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements.

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## 23. Disclosures

### 1. COVID 19

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

The Group has experienced the negative effect of the COVID-19 pandemic in its 2020 operations, but on a lesser magnitude. This includes lower energy dispatch level because of the decreased demand during the community quarantines as well as certain delays in terms of collections of energy billings because of the staggered payment scheme implemented by the Energy Regulatory Commissions in 2020. In addition, because of the decrease in energy demand, market prices are down. Significant improvements have been felt starting on the latter part of 2020, as the economy started to improve, and has been continuing during the first nine months of 2022.

The Group has an in-placed and extensive business continuity plan on similar risk, including the lay out of the necessary steps that will help address or minimize the Group's business exposures. However, considering the evolving nature of this outbreak, the Group will continue to monitor the situation and adjust the steps it is currently implementing in subsequent periods.

### 2. 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.

### **3. 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.

### **4. Property, Plant and Equipment**

During the nine-month period ended September 30, 2022, the Group's additions to property, plant and equipment amounted to ₱7.40 billion mainly coming from Construction-in-progress subcategory of property, plant and equipment.

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

The Group's material partly-owned subsidiary, VECO, paid cash dividends amounting to ₱1.06 billion and ₱938.1 million to non-controlling interests during the nine-month periods ended September 30, 2022 and 2021, respectively.

**6. 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 billion, plus locked box interest at a simple rate of 4% per annum (on the basis of a 365-day year) from January 1, 2021 to March 31, 2022. Subject to fulfillment of applicable conditions for closing, the Company will own 69.4% of STEAG.

**7. 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.

**8. Subsequent Event**

The Company prepaid its 5.25-year fixed-rate retail bonds issued on October 25, 2018, with an aggregate principal amount of ₱ 7.7 billion maturing in January 2024. The prepayment was made through the Philippine Depository & Trust Corp. on October 25, 2022.

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**SCHEDULE A - USE OF PROCEEDS****1) Series "B" and "C" of the Thirty Billion Shelf Registration issued in 2021**

As of September 30, 2022, 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	255,164
Bond issuance costs	160,151	150,195
<b>TOTAL</b>	<b>12,000,000</b>	<b>10,405,359</b>

	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 September 30, 2022:	₱1,594,641
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**2) Series "D" and "E" of the Thirty Billion Shelf Registration issued in 2022**

As of September 30, 2022, 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	—
Fund future renewable projects	2,165,427	—
Bond issuance costs	134,573	129,875
<b>TOTAL</b>	<b>10,000,000</b>	<b>129,875</b>

	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 September 30, 2022:	₱9,870,125
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**SCHEDULE B – RELEVANT FINANCIAL RATIOS**

	Formula	Sep 30, 2022	Dec 31, 2021
<b>LIQUIDITY RATIOS</b>			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	<b>1.46</b>	1.53
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	<b>1.08</b>	1.25
<b>SOLVENCY RATIOS</b>			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	<b>1.52</b>	1.75
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	<b>2.52</b>	2.75
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity}}$	<b>1.05</b>	1.11
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total equity} + (\text{Debt - Cash \& cash equivalents})}$	<b>51.14%</b>	52.68%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	<b>n.a</b>	2.86
<b>PROFITABILITY RATIOS</b>			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	<b>n.a</b>	21%
Return on equity	$\frac{\text{Net income after tax}}{\text{Total equity}}$	<b>n.a</b>	18%

*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 September 30, 2022

	30 Days	60 Days	90 Days	Over 90 Days	Total
<b>Trade receivables</b>					
Power Distribution Customers	3,448,873	1,328,717	257,360	1,612,376	6,647,326
Power Generation Customers	14,647,180	395,579	234,253	4,244,345	19,521,357
Management & Other Services Customers	5,165,857	38,025	44,848	121,452	5,370,182
	23,261,910	1,762,321	536,461	5,978,173	31,538,865
<b>Less : Allowance for estimated credit losses</b>					3,444,820
<b>Net trade receivables</b>					28,094,045
<b>Non-trade receivables</b>	8,141,723	-	-	2,032	8,143,755
<b>Grand Total</b>	31,403,633	1,762,321	536,461	5,980,205	36,237,800

### 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